

Corporate Banking

In 2001, the amount of equipment capital loans decreased 4.7 percent to W5,683.4 billion from the previous year. However, excluding borrowings from the government and tied loans from the IBRD and ADB, equipment capital loans increased 4.3% in volume to W5,130.1 billion from W4,920.8 billion in 2000. Despite the overall fall in facility investments due to the economic slowdown, the growth of equipment capital loans to the private sector was the result of aggressive marketing activities and diverse efforts to revitalize capital supply. Such efforts included underwriting long-term corporate bonds for equipment capital, and yen-denominated fixed-rate loans using financial resources with low interest rates.

A closer look at equipment capital loans (excluding borrowings from the government and tied loans from the IBRD and ADB) showed that the loan total from domestic funding sources increased 12.9 percent to W4,680.8 billion. That from overseas funding sources fell 42.1 percent to W449.3 billion due to the reduced demand for imported equipment, the high risk of exchange losses, and the fall in the interest rate gap between domestic and international loans.

The amount of the working capital support plan was reduced to W2,720 billion from W4,000 billion in 2000 due to the recession and increased funding demand from the direct financial market for large enterprises. As a result, the amount of working capital loans (excluding borrowings from the government) decreased 31.3 percent to W2,709.1 billion in 2001. The Bank introduced special working capital loans for SMEs to support management stabilization and financial soundness at such firms. It also introduced foreign currency-

denominated working capital for the support of foreign capital transactions. Furthermore, the KDB reinforced its role as a development bank providing industrial finance support. For example, it provided W500 billion to stabilize the management of companies suffering from temporary financial difficulties in the wake of the terrorist attacks on the United States.

Looking at each industry's loan portfolio, the relative proportion of loan type was similar to that in 2000. Loans to the manufacturing

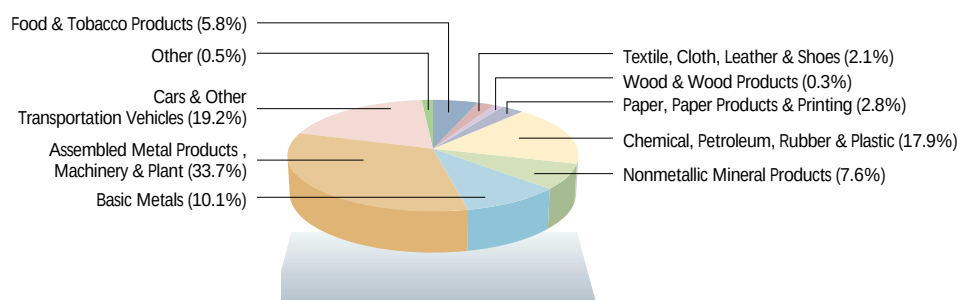
New Loans and Investments by Industry

	Equipment Capital	Working Capital	Sub-total Loans	Investments	Total
(Billions of Won)					
Agriculture, Forestry & Fisheries	3.3	0.9	4.2	-	4.2
Mining	0.2	30.6	30.8	-	30.8
Manufacturing	2,458.2	2,420.9	4,879.1	2,548.7	7,427.8
Electricity, Gas & Water	2,158.8	2.0	2,160.8	3,009.8	5,170.6
Construction	52.8	44.5	97.3	775.0	872.3
Wholesale & Retail trade, Restaurants & Hotels	206.9	98.0	304.9	16.0	320.9
Transport, Storage & Communication	528.4	372.0	900.4	411.1	1,311.5
Finance, Insurance, Real estate & Services	113.0	60.0	173.0	2,357.0	2,530.0
Other services	161.8	48.3	210.1	89.8	299.9
Total	5,683.4	3,077.2	8,760.6	9,207.4	17,968.0

Notes 1) Borrowings from the government and special purpose funds are included in the table.

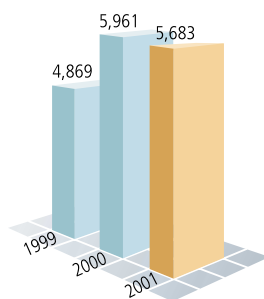
2) Tied loans from IBRD and ADB are included in equipment capital of the finance industry.

> New Loans in the Manufacturing Sector

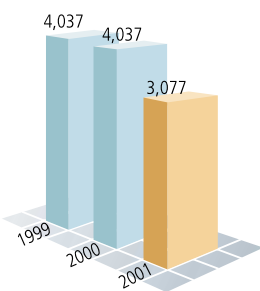


industry in 2001 amounted to W4,879.1 billion and took up 55.7 percent of total loans. Those to the non-manufacturing sector reached W3,881.5 billion for a 44.3 percent share. Within the manufacturing industry, assembled Metal products, Machinery & Plants accounted for 18.8 percent of total loans, while Chemical, Petroleum, Rubber & Plastic products took up 9.9 percent. Among non-manufacturing industries, Electricity, Gas & Water occupied 24.7 percent, and Transport, Storage & Communication 10.3 percent of total loans.

> **Equipment Capital Loans**
(Billions of Won)



> **Working Capital Loans**
(Billions of Won)



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