

## Press Release

March 20, 2009

### BANK RECAPITALIZATION FUND OVERSIGHT COMMITTEE'S THIRD EXECUTION BLUEPRINT

- The Bank Recapitalization Fund Oversight Committee has unveiled its third blueprint as to the basic guidelines for the first round of purchasing banks' hybrid bonds and subordinate bonds scheduled at the end of March. The purchasing criteria will be determined based on the current and past interest rates, and the interest spread for those bonds.
- Also, the government evaluated the progress banks have made based on the Fund's policy objectives and the progress of subject banks' implementation of their MOU commitment, prerequisite to the government guarantee on their external debts.

#### Progress evaluation of subject Banks' MOU implementation:

Excellent	Woori, Hana, Shinhan, Kookmin, Kyungnam, KIB
Satisfactory	KEB, Daegu, Busan, Kwangju, Jeju, Cheonbuk, NACF, NFFC

- As for regional banks, to account for the considerable discrepancy in their credit ratings as opposed to nation-wide banks, 30bp difference will be assumed.

#### Bonds being issued

##### A. Hybrid bonds with 30-year maturity and a call-option after 5 years

	Excellent	Satisfactory
Nation-wide banks	6.59%	6.89%

Regional banks	6.89%	7.19%
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B. Subordinate bonds with 5-year maturity

	Excellent	Satisfactory
Nation-wide banks	6.49%	6.59%
Regional banks	6.79%	6.89%

- The Korea Exchange Bank has informed the FSC that it would not use its credit line for issuing hybrid bonds but would go ahead as planned with issuing subordinate bonds (KRW 250 billion).
- The first round of bond purchasing will be implemented at the end of March after receiving banks' application to sell their bonds during the month.
  - Based on the result of the market survey, it is expected that the first round will total approximately KRW 3.8 trillion for hybrid bonds and KRW 0.5 trillion for subordinate bonds.
- The fund will be operated via a “matching” method in which the fund amount will be set to match the amount in demand in accordance with the needs in supporting the real economic sectors, corporate restructuring, and foreign currency markets.
  - By monitoring the progress the participating banks have made with their implementation of the MoU, those who have inadequately served their commitment to supporting the real economic sectors and other preconditions to the Fund, several countermeasures could be applied to them such as limiting their access amount and raising applicable interest rates.

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