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Press Release

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FSC/FSS Response to October 8th International Herald Tribune Article “Korean banks forget mistakes”

In an October 8th article entitled “Korean banks forget mistakes” by Martin Hutchinson, the International Herald Tribune makes the following assertions:

- As in 1997, the banks borrowed dollars to lend won. Now the won’s drop has brought a crisis.
- Heavy domestic small business and credit card loan demand led Korean banks to incur short-term foreign currency liabilities of \$45 billion at December 2007.

Response to the assertion of Korean banks borrowing in dollars and lending in won

As of end-June, 2008, Korean banks are mostly financing won-denominated loans (KRW873 trillion) with won-denominated deposits (KRW614 trillion), CDs (KRW129 trillion), and bond issues (KRW230 trillion). Foreign currency assets came to US\$227.7 billion, which closely matched foreign currency liabilities of US\$236.2 billion.

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