

October 27, 2008  
The Bank of Korea

## Monetary Policy Decision

The Monetary Policy Committee of the Bank of Korea decided today to lower the Base Rate by 75 basis points from 5.00% to 4.25%.

In a related action, the Committee also lowered the interest rates on Aggregate Credit Ceiling Loans by 75 basis points from 3.25% to 2.50%.

(The following is an English translation of the Monetary Policy Committee statement.)

The Monetary Policy Committee of the Bank of Korea decided today to lower the Base Rate by 75 basis points from 5.00% to 4.25%.

The Committee judges that a large cut in the Base Rate is called for in order to guard securely against the possibility of a sharp contraction of real economic activity against the backdrop of the large swings of the exchange rate and stock prices and the partial seizing-up of the credit markets under the impact of the international financial market turmoil on domestic markets.

Looking ahead, the Committee will do what is needed to ward off the risk of a severe slowdown in economic activity while keeping a vigilant watch on the changes in the upside risk to inflation.