

## Press Release

February 9, 2009

### MOODY'S CREDIT RATING ADJUSTMENT ON FOREIGN CURRENCY LONG-TERM DEBT OF EIGHT KOREAN BANKS

On February 9, Moody's credit rating agency adjusted the ratings of foreign currency long-term debts of eight Korean banks to the level of Korea's sovereign credit rating (A2): Hana Bank, IBK, KEXIM, Kookmin Bank, KDB, NACF, Shinhan Bank and Woori Bank. This is a follow-up action on Moody's earlier announcement (January 15) of its plan to review Korean banks' foreign debt ratings.

It should be noted that this rating adjustment reflects the change in Moody's method of rating banks' credit rating<sup>1</sup>, and not any deterioration in Korean banks' creditworthiness or in their external funding status, which remain the same.

<Changes in Foreign Currency Long-term Debt Ratings>

		Hana	IBK	KEXIM	Kookmin	KDB	NACF	Shinhan	Woori
Before adjustment	senior	A1	Aa3	Aa3	Aa3	Aa3	A1	A1	A1
	subordinate	A2	Aa3		A1		A2	A2	A2
	hybrid							A3	A3
After adjustment	senior	A2	A2	A2	A2	A2	A2	A2	A2
	subordinate	A2*	A2		A2		A2*	A2*	A2*
	hybrid							A3*	A3*

\* In tandem with the downgrade of the foreign currency long-term senior debt ratings, the subordinated and hybrid debt ratings were also expected to fall, but they have remained unchanged and shall be reviewed for possible downgrade.

<sup>1</sup> For the rating of banks' foreign currency debts, Moody's takes into account not only of the performance of banks but also of the government's capacity to guarantee their external debts. Thus, some observers in the market had pointed out that Moody's credit ratings of Korean banks, unlike those by other credit rating agencies such as S&P and Fitch, were overrated as their ratings were above Korea's sovereign rating.

Therefore, this rating action should be interpreted as Moody's adjustment of Korean banks' foreign currency debts, which were higher than the sovereign credit rating (A2) despite the banks' increased reliance on the government for the access to foreign currency funding since the outbreak of the global credit crunch.

By the same token, Moody's has mentioned its intention to review 4 Korean banks' Bank Financial Strength Rating (BFSR)-- Kookmin, Woori, Shinhan, Hana-- for their possible down grading as they are deemed higher than other banks also. As such, the Financial Services Commission will continue to monitor for these banks' creditworthiness.

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