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Press Release

March 11, 2011

AMENDMENT TO DEPOSITOR PROTECTION ACT PASSED AT THE NATIONAL ASSEMBLY

The National Assembly approved an amendment to the Depositor Protection Act on March 11, 2011.

Key Contents

1. Creation of a special-purpose account for savings banks

The revision is to create a special-purpose account within the Deposit Insurance Fund that will be only used for the restructuring of savings banks.

2. Funding Source

The special fund for savings banks will be financed by part of the deposit insurance fees and the government contribution. Under the revised Depositor Protection Act, each financial sector is required to contribute 45% of their insurance fees to the special account for savings banks, while savings banks are required to deposit 100% of their insurance contribution to the special account. The revision has also laid a legal ground for the government to inject public fund into the special account for savings banks.

3. Duration

The special account will be run temporarily until troubled savings banks would be stabilized. Taking into account the period of repayment, the special account will remain valid by December 31, 2026.

4. Supervision

The Korea Deposit Insurance Corporation (KDIC) is required to annually report plans on how to manage the special fund and the results to the Standing Committee of the National Assembly, and publish a white paper on the operation of the special fund.



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5. Liquidation

When liquidating the special account, government contribution out of the remaining balance would belong to the national treasury, and the remainder would go to each sector's insurance deposit accounts (except for savings banks') by the proportion of contributions they made.

6. The revised Depositor Protection Act enters into force on April 1, 2011.

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