

PRESS ANNOUNCEMENT

For immediate release

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Thomas Murray rates Korea Exchange Bank A+ for Korean Domestic Custody

LONDON – Thomas Murray, the specialist custody rating, risk management and research firm has awarded Korea Exchange Bank a public Korean domestic custody rating of:

Public Domestic Custody Rating	Core Services											
	Overall Rating	Credentials	Settlements	Safekeeping	Income Collection	Corporate Actions	Corporate Governance	Cash/Fx Management	Taxation	Securities Lending	Internal Operations	Risks
KEB, Korea												
Domestic Custody Rating:	A+	A+	A	A+	AA-	AA-	A-	AA-	N/A	AA-	A	A

Korea Exchange Bank demonstrates a strong Korean domestic custody offering and has been awarded a rating of A+ (with an On Watch outlook) by Thomas Murray. Korea Exchange Bank is On Watch due to the uncertainties surrounding the proposed sale by Lone Star of its holding. The bank is the major provider for foreign exchange services in Korea and accounts for a significant market share of foreign exchange transactions. Following the restructuring of the bank by Lone Star the bank appears to have been run on sound operating principles and strong control measures appear to be in place. The bank has an extensive local client base but currently limited experience with international investors. It was a substantial provider of custody services to foreign investors prior to the Asian banking crisis in the late 1990's.

The bank demonstrated strengths in the areas of income collection and corporate action processing as well as cash management. Proxy voting services are offered on a passive basis; however this appears to be largely as a result of current lack of client demand rather than an inability to deliver the service. The bank has implemented a web-based internet reporting tool and has made good use of SWIFT messaging automating a wide range of message formats. Financial risk is considered low to moderate as the bank has seen consistent improvement in its credit ratings since the Asian banking crisis.

Simon Thomas, CEO and Chief Ratings Officer of Thomas Murray said: "Thomas Murray is delighted to be able to announce the public Korean domestic custody rating of Korea Exchange Bank. Korea Exchange Bank, a company currently controlled by the US based Lone Star Funds, has continued to take its local custody business from strength to strength. The bank plans to draw on its existing business expertise to further develop its customised approach to custody services and expand its international client business in the Korean securities market. The rating reflects the bank's strong custody service to local investors and the capabilities for support to international investors in the Korean securities market."

Nak-Keun Lee, Head of Korea Exchange Bank Global Corporate Banking Group said " We will continue to make substantial investments in the custody business and are committed to

expanding the custody service for international investors seeking local Korean custody. We intend to continuously raise the level of service to all our clients and the Custody business is considered a core business of the bank”.

Chong-Ik Lee Head of Korea Exchange Bank Securities Services Division, said “Korea Exchange Bank is pleased to have worked closely with Thomas Murray on the Korean domestic custody rating. We found that Thomas Murray’s rating methodology provided our Korean custody business with a comprehensive benchmark assessment of our operating processes and has been helpful in identifying areas to focus the future businesses developments on. The A+ rating is an indicator of the progress and improvements that have been made by the bank since the Asian banking crisis. We are sure that from the point of view of both current and prospective clients, the domestic custody rating from Thomas Murray being an independent expert will give Korea Exchange Bank a platform on which to further develop its custody business and the ability to differentiate itself in the Korean securities market”.

The domestic custody rating is a business rating that assesses the operational performance of domestic custodians – financial institutions that hold securities in safekeeping for global custodian, broker dealer and domestic clients. The methodology considers the business credentials and service capabilities of custodians, and the quality and effectiveness of their operational infrastructure. It also assesses the custodian’s willingness and ability to protect their clients from losses and incorporates a risk analysis of the custodian. As part of the rating the breadth and quality of the custodian’s services is assessed. The ratings are on a consistent global scale, using the familiar AAA to C ratings methodology. Once the rating is assigned there is an ongoing surveillance process to monitor the custodian.

For further information contact:

Simon Thomas/Roger Fishwick	Chong-IK Lee	Sung Hwan Cho
Thomas Murray	Korea Exchange Bank	Korea Exchange Bank
+44 (0) 207-830-8300	+82 (2) 729 0407	+82 (2) 729 0466
sthomas@thomasmurray.com	cilee@keb.co.kr	shcho60@keb.co.kr
rfishwick@thomasmurray.com		

Thomas Murray

Thomas Murray is a specialist custody rating, risk management and research firm specialising in the global securities services industry. Thomas Murray was established in 1994. The Company tracks and analyses over 250 custodians globally and monitors the risk of over 100 capital market infrastructures. The Company has a strong position as a provider of public and private ratings and risk assessments on global custodians, domestic custodian banks and capital market infrastructures.

www.thomasmurray.com

Korea Exchange Bank

The bank was initially established as a state-owned bank in 1967 to specialize in foreign exchanges and trade finance, and went public in 1991. Korea Exchange Bank provides comprehensive banking services including custody to customers at home and abroad. Also it has offered securities custody and settlement services to international institutional investors since 1988. The bank is supervised by the Bank of Korea.

www.keb.co.kr

<http://ss.keb.co.kr> (for custody services)