

Korea Credit Bureau Hosts A Seminar on New Credit Paradigm

Yantai, China — September 3, 2010— Korea Credit Bureau hosted its 3rd annual conference on New Credit Paradigm featuring leading authorities in Korean banking and other financial services industries in Yantai, China during September 3rd and September 5th 2010. The conference focused on the current financial crisis and how to move forward as industry leaders in Korea.

Keynote speakers included J. Lawrence Han, President and CEO of Pacific Allied Asset Management, and Yong-Duk Kim, former Chairman of the Financial Supervisory Services (“FSS”) in Korea. The FSS is the major banking regulatory agency in Korea, comparable to the Federal Deposit Insurance Commission (“FDIC”) in the United States.

J. Lawrence Han presented a keynote speech titled "Financial Crisis & New Paradigm in M&A in Korean-American Banking Industry Before & After Recent Financial Crisis". The presentation focused on the chronicles of major financial crises in the U.S. and three case studies on mergers and acquisitions of Korean-American community banks in the U.S.

In his remarks he stated, “The first major economic challenge to the Korean-American community was triggered by the Savings & Loan Crisis of 1989, which followed the U.S. economic recession. The crisis severely diminished people’s wealth both in the Korean-American community and that of the United States. The second cause was the subprime and investment bank crisis from 2007. It became a much bigger disaster than people anticipated in terms of its magnitude and wide-reaching effects. The Korean-American banking industry had experienced considerable diminishing in its capital, mainly caused by the non-performing loans. The decline in capital below government regulations eventually triggered the Troubled Asset Relief Fund (TARP) from the FDIC. As a consequence, the FDIC interfered in banking operations of those that received TARP.”

He added, "Responding to a rapidly growing Korean population in the California region in the 1980's, a number of new Korean-American banks were established. As of June, 2009, Korean-American banks encompass approximately \$21 billion in assets and about \$17 billion in deposits." “There is no doubt that the recent financial crisis is the major external cause for the devastation of the Korean-American banking industry. However, the internal causes cannot be overlooked. These causes include 1) a malfunctioned growing strategy; 2) a high concentration on the commercial real estate portfolios; and 3) a lack of industry specialists.

Mr. Han concluded by reasoning that, “The paradigm of the Korean-American banking industry is changing. It can no longer rely solely on the expected population growth of the Korean community or the non-diversification of its customer base and its portfolio, which heavily focuses on commercial real estate. It will need to evolve and reach out to other cross-cultural territories to develop new customer base and refocus on conventional banking. If the Korean-American banking industry does not fit to the changes of the financial market and its new ecosystem it may already be too late and subject to M&A by other foreign and local investors.”

The seminar was held at the Crown Plaza Hotel in Yantai, China, and the guests included leading authorities in Korean banking, insurance, and credit card industries.