

GOVERNMENT DECIDES TO SELL ITS 30% STAKE IN WOORI BANK TO MULTIPLE BUYERS

The Public Fund Oversight Committee (PFOC) decided to sell the government's 30% stake in Woori Bank to multiple buyers with an aim to close the deal by the end of this year.

Since the PFOC announced its two-track approach in July 2015¹, the government has been tapping demand for the both options. We found that it would be difficult to proceed with the plan of selling a controlling stake to a single buyer under the current market situation, while there is considerable potential demand for acquiring a smaller stake.

As a result, the PFOC came to a conclusion that selling the government's stake to multiple buyers in a smaller stake of 4 to 8% each is the best option to sell Woori Bank in a swift manner, while maximizing the recovery of public funds and contributing to further development of the financial industry.

1. **(Shares for sale)** 30% out of 48.09% owned by the Korea Deposit Insurance Corporation (KDIC) will be put up for sale
2. **(Minimum and maximum bidding volume)** Minimum bidding volume is 4%, including the percentage of the shares bought in previously. The bidding volume cannot exceed 8%, excluding the previously-bought shares. However, under the Banking Act, non-financial companies must acquire FSC approval in order to buy a stake more than 4% and are not permitted to acquire a bank's stake exceeding 10%.
3. **(Competitive auction)** The bidding will proceed in competitive auction scheme. In principle, the shares will be sold to the highest bidders, however, the PFOC will take into account factors other than bidding price considering the winning shareholders' potential influence on Woori Bank's management. Further details of non-price factors will be decided by the PFOC.
4. **(Incentives for final bidders)** A winning bidder who newly acquired more than 4% will be granted right to recommend one outside director. The PFOC will devise differentiated incentives for bidders depending on their bidding volume in order to encourage bidders to bid for a larger amount of shares.
5. **(Schedule)** Public notice for sale (Aug. 24), Acceptance of LOIs (Sept. 23), Closing of bidding process and selection of winning bidders (Nov.), Closing a deal (Dec. 2016)

※ The schedule is tentative and may be revised depending on progress

¹ Press Release (July 21, 2015), *Statement on Privatization Plan for Woori Bank*