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## Press Release

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May 1, 2011

### PROJECT FINANCING STABILIZATION BANK

#### 1. Introduction

The main purpose of creating the Project Financing Stabilization Bank (“the PFS Bank” hereafter) is to create an entity where all the project financing loans taken out on a project construction site can be pooled together and purchased by one bank, thereby simplifying the valuation and enabling the PFS Bank to take firm actions to restructure and stabilize the industry on an individual project basis.

#### 2. Form of establishment

UAMCO(United Asset Management Company), the formerly established private company funded by a group of commercial banks to purchase non-performing loans, will act as the General Partner whereas commercial banks that have lent to the particular project site will act as Limited Partners.

#### 3. Participating institutions

Banks that want to sell-off their PF loans.

#### 4. Target purchase

Priority will be given to commercial-banks-lent PF loans given to contractors currently going under the workout programs. Project sites that have more than 75% of PF loans from commercial banks will be at the top of the purchase list.

#### 5. Purchase price

The purchase price of PF loans will be set at market price negotiated by participating banks.

#### 6. Estimated size of the first PFS Bank

Although further analysis needs to be made, exempting project sites that are making progress through their self normalization process, among estimated KRW 1.6 trillion of loan amount by project sites that have borrowed more than 75% of PF loans from commercial banks, setting aside loans that are hard to negotiate a price on, there are roughly KRW 1.0 trillion worth of loans to be purchased by the first PFS bank.



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## 7. Funding requirement

There are principally two types of funding requirements for the newly created PFS Bank which will essentially be a private equity fund: costs to purchase the insolvent PF loans; and new funds required to stabilize and revitalize the project site. Participating banks will fund the purchase of insolvent PF loans, and the PFS Bank itself will raise additional funds from various investors.

## 8. Planned schedule

The first PFS Bank will go into preparation in May, and will be launched during June 2011. The second and third PFS Bank will follow suit afterwards.

\*Please see attached: *Proposed Structure of the PFS Bank*

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<Attachment>

**Proposed Structure of the PFS Bank**

