

FSC PLANS TO REVISE THE KDIC-WOORI BANK MOU

The FSC plans to revise an MOU signed with Woori Bank in 2000 in a bid to boost corporate value of Woori Bank and give the bank more autonomy in its management. We expect the revision to help assure market participants the government's commitment to privatize Woori Bank and improve the bank's corporate value to facilitate the sale.

1. Under the current MOU, the KDIC's control is eased when its stake in Woori Bank falls below 50%. The revision will add a new requirement so that the KDIC's control could be eased if accumulated recoupment of public funds exceeds 50% of the total injection of public funds into Woori Bank.

* Woori Bank has recouped KRW 8.2 trillion, 64.2% of the total injection of public funds worth KRW 12.8 trillion as of end-September 2015.
2. The revision will specify conditions to terminate the MOU as the sale of the controlling stake in Woori Bank is open to both single buyer and multiple investors to form an oligopoly of shareholders. With the revision, the MOU could be terminated after approval by the Public Fund Oversight Committee (PFOC) in case that the KDIC no longer exercises effective control over the bank's management – e.g. the controlling stake is sold to multiple investors to form an oligopoly of shareholders.
3. To give the bank more autonomy in generating profits, profitability will be evaluated by ROA and ROE, while factors such as the ratio of selling, general & administrative expenses to adjusted operating income and adjusted operating income per capita will be removed.
4. To help the bank's management work under a long-term plan, targets and evaluations under the MOU will be more focused on mid-to-long term ones.

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