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Press Release

July 30, 2010

PRIVATIZATION PLAN FOR WOORI FINANCIAL GROUP

The Public Funds Oversight Committee has held the 22nd Meeting today to finalize its plans to sell the remaining shares of Woori Financial Group (WFG) held by the Korea Deposit Insurance Corporation (KDIC), where a consensus has been reached that after successfully making two block sales, once in November 2009 and once in April 2010, totaling 16% of WFG, bringing the total amount of shares held by the KDIC down to a 50% level, an appropriate condition has been set to finalize the privatization of WFG.

The privatization will be carried out with the three basic principles: maximizing recovery of injected public funds; making an early privatization; and contributing to sound and productive advancement of the financial industry.

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(1) Method of privatization

In line with the three basic principles, the sale of WFG shares will be done through two steps of open competitive bidding process by domestic and foreign investors; first, by preliminary bidding; and second, by final bidding.

(2) Simultaneous sale of WFG and regional banks

Both the shares of WFG and the shares of regional banks held by WFG (Kyungnam Bank and Kwangju Bank) will be sold separately but up for the bidding at the same time.

Although the two regional banks are under WFG, it has been viewed as more effective to sell them separately due to them not having an integrated data processing network with WFG and with low level of synergy effect. Moreover, because their value would be greater when sold separately taking into account their regional focused businesses. However, the bidding will be carried out simultaneously to prevent any delay in the overall privatization process.

The sale of regional banks will be for 50% plus one share or done through a complete merger. And the actual amount of shares of WFG to be sold or whether it will be done through a merger will be determined and finalized with close discussions with the to-be-selected sales advisory firms.



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(3) Selection of sales advisory firms

Considering the size and complexity of having to simultaneously sell shares of regional banks and WFG, three advisory firms will be selected through a competitive bid, two domestic firms and one foreign firm.

(4) Cancellation or partial alleviation of MOU

Depending on how much of WFG shares are sold, if it reaches a certain level, the MOU with the KDIC will be cancelled or partially alleviated to hand over the management to the private sector.

Through the privatization process, the government hopes to sell all or most of remaining 57% of Woori Financial Group shares held by the KDIC to finalize the ten-year effort in its privatization since it was nationalized during the Asian financial crisis, at the same time, contribute to the advancement of Korea's financial industry.

Also by privatization, WFG will be able to save roughly KRW 400 billion annually on interest payments* on the public funds injected, while enhancing the effectiveness of its management previously constrained by MOUs.

*Based on 6% annum coupon payments to KDIC bonds, assuming the total worth of KRW 6.7 trillion @ end-June per share price of KRW 14,600.

On regulations on owning bank shares and bank holding company shares, the Enforcement Decree of the Banking Act and the Financial Holding Companies Act is applied.

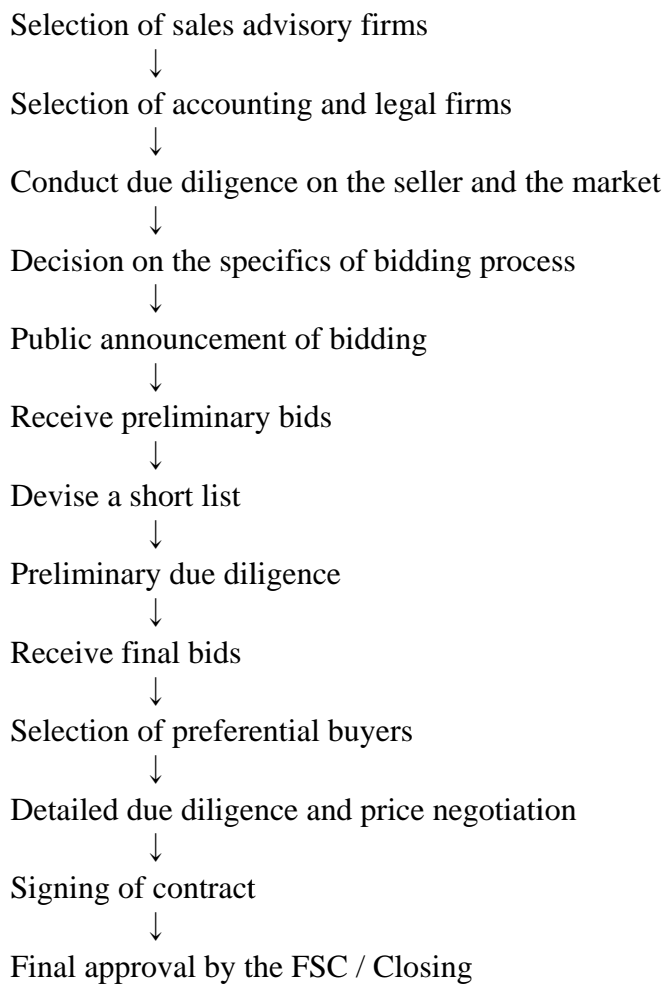
*Please refer to our press release "Amendments to the Enforcement Decree of the Banking Act and the Financial Holding Companies Act Have Passed Through the Vice-Ministerial Meeting" (Oct. 1, 2009). (www.fsc.go.kr/eng)

*On details of WFG's previous block sales, please refer to "KDIC sells its stake in Woori Finance Holdings" (Nov. 24, 2010) by KDIC. (www.kdic.or.kr/english/index.jsp)



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<Step-by-step Process>



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