KDB Financial Group

U.S. Section 165(d) Tailored Resolution Plan

Public Section

This document contains forward-looking statements. Statements that are not historical facts, including statements about KDB Financial Group's beliefs and expectations, are forward-looking statements. These statements are based on current plans, estimates and projections, and therefore undue reliance should not be placed on them. The forward-looking information contained in this document is presented for the purpose of interpreting the information contained herein and may not be appropriate for other purposes. Forward-looking statements speak only as of the date they are made, and KDB Financial Group undertakes no obligation to update publicly any of them in light of new information or future event.

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a. Public Section

a.1 Introduction

KDB Financial Group Inc. (“KDBFG”) is a foreign banking organization duly organized and existing under the laws of Korea. KDBFG’s subsidiary, the Korea Development Bank (“KDB Bank”),has established a New York state-licensed branch (“KDB NY”) in New York, NY. KDBFG also holds a controlling interest in a broker-dealer subsidiary, Daewoo Securities Co., Ltd (“Daewoo Securities”), which owns 100% of a registered broker-dealer with the U.S. Securities and Exchange commission(“SEC”), Daewoo Securities (America) Inc. (“DSAI”). This resolution plan (the “U.S. Resolution Plan”) is being filed by KDBFG pursuant to Section 165(d) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”) and implementing regulations issued by the Board of Governors of the Federal Reserve System (the"FRB") (12 C.F.R. Part 243) and the Federal Deposit Insurance Corporation (the"FDIC") (12 C.F.R. Part 381) (collectively, the "Regulation").

Section 165(d) of the Dodd-Frank Act and the Regulation require a foreign bank or company that is, or is treated as, a bank holding company under section 8(a) of the International Banking Act of 1978 (the "IBA")[12 U.S.C. §§3101 *et seq.*] and that has $50 billion or more in total consolidated assets to submit annually a plan for the rapid and orderly resolution of the U.S. operations of a "covered company" in the event of material financial distress or failure. Foreign-based covered companies with less than $100 billion in total U.S. nonbank assets must submit their initial resolution plan to the FRB and the FDIC on or before December 31, 2013.

KDBFG is treated as a bank holding company under Section 8(a) of the IBA because it controls KDB Bank, which maintains a branch office in the U.S. Accordingly, KDBFG is a "foreign-based covered company" subject to the Regulation. This Public Section of the U.S. Resolution Plan provides an executive summary of KDBFG's overall resolution strategy. All financial and other information included in this U.S. Resolution Plan are, unless otherwise indicated, reported in Korean won and as of December 31, 2013, KDBFG's fiscal year-end.

a.2 Overview of KDBFG

KDBFG, the controlling company, was incorporated as a result of the spin-off of KDB Bank and by issuing the common stock on October 28, 2009. On November 24, 2009, KDBFG acquired 100% ownership of KDB Bank through stock swap transactions. KDBFG engages in management of its subsidiaries, which operate in the financial services industry, and is located at 14 Eunhaeng-ro, Yongdungpo-gu, Seoul, Korea.

The portfolio subsidiaries of KDBFG are able to offer a full range of financial services through cross-subsidiary cooperation on the development of customized products. KDBFG's primary business activities include: (a) corporate banking; (b) investment banking; (c) asset management; and (d) brokerage. For corporate banking, KDBFG provides transaction services including loans and trade finance for corporate clients. Investment banking's primary services are comprised of corporate funding, advisory, mergers and acquisitions, and principal investment. Asset management and brokerage offer services for both individual and corporate clients. These primary activities are conducted through five key subsidiaries of KDBFG listed below:

a.2.1 KDB Bank

KDB Bank was established on April 1, 1954, to supply and manage major industrial projects to expedite industrial developments and enhance the national economy. KDB Bank is primarily engaged in the banking industry under the Korea Development Bank Act and other applicable statutes, and provides asset management, investment trust management and investment advisory services. The head office is located in Seoul, Korea.

a.2.2 Daewoo Securities

Daewoo Securities was originally established on September 23, 1970 under the name of Dong Yang Securities Co., Ltd. and changed its name to Daewoo Securities on October 20, 1983. Daewoo Securities' shares have been listed on the Korea Exchange since December 31, 1975. Daewoo Securities engages in investment sales and trading, brokerage, and other related business transactions. The head office is located in Seoul, Korea.

a.2.3 KDB Capital

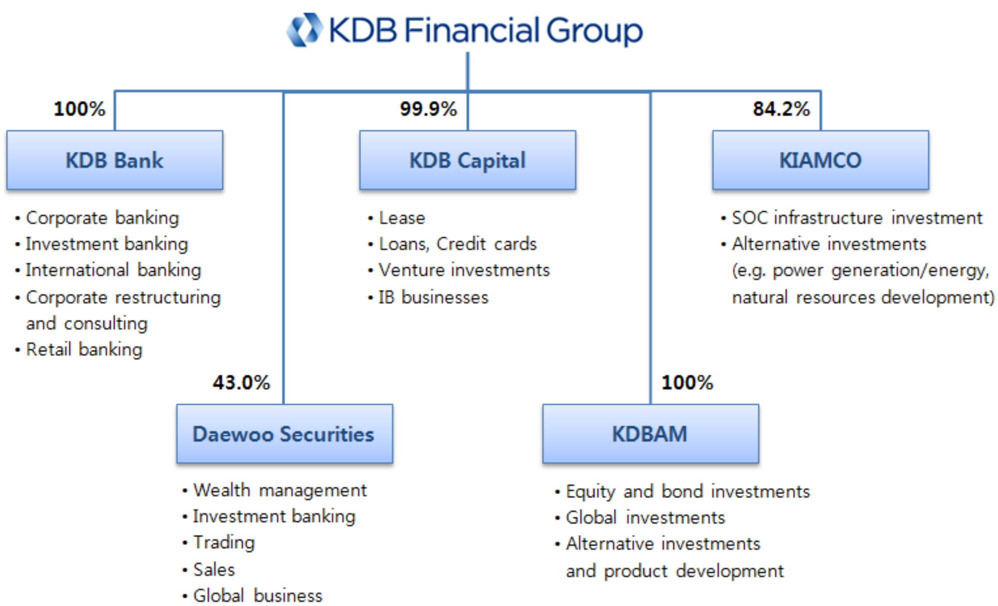
KDB Capital Corporation ("KDB Capital") was established on December 16, 1972 to engage in leasing industrial machinery, equipment, aircraft, ships and automobiles, and investing as well as providing financing services to venture capital companies. The head office is located in Seoul, Korea.

a.2.4 KDBAM

KDB Asset Management Co., Ltd. ("KDBAM") was established on May 13, 1996 to engage in the securities trading, brokerage, advisory, underwriting, trust business and other related business activities. The head office is located in Seoul, Korea.

a.2.5 KIAMCO

KDB Infrastructure Investment Asset Management Company, Ltd. ("KIAMCO") was established on October 28, 2003 to engage in providing asset management services for the Korea Infrastructure Fund. The head office is located in Seoul, Korea.



As of December 31, 2013, KDBFG holds a 43% ownership interest in Daewoo Securities, the parent company of DSAI. The rest of the 57% ownership is divided as follows; 31.3% is individual investors, 13.0% is Foreign Investors, 11.4% is institutional investors and 1.3% is treasury stock. DSAI is a wholly owned subsidiary of Daewoo Securities.

a.2.6 U.S. Operations

In the United States, KDBFG's bank subsidiary KDB Bank operates through KDB NY. In addition, KDBFG holds a controlling interest in the DSAI through Daewoo Securities. These are the only U.S. operations of KDBFG and its subsidiaries.

KDB Capital, KDBAM, and KIAMCO do not maintain any operations in the United States.

a.3 Summary of the Resolution Plan

a.3.1 Overview of U.S. Resolution Plan

KDBFG has limited operations in the United States which are primarily housed in KDB NY and DSAI. KDBFG's U.S. Resolution Plan is intended to provide the FRB and the FDIC with an explanation of KDBFG's plan for the rapid and orderly resolution of its U.S. operations in the event of the material financial distress or failure of the covered company. The U.S. Resolution Plan includes the information required by the Regulation, including a description of KDBFG's U.S. operations and determination process of core business lines, critical operations, and material entities.

a.3.2 Names of Material Entities

Under the Regulation, a "material entity" is a subsidiary or foreign office of the "covered company" that is significant to the activities of a critical operation or core business line. "Critical operations" are those operations, including associated services, functions and support the failure or discontinuance of which would pose a threat to the financial stability of the United States. "Core business lines" are those business lines, including associated operations, services, functions and support that, in the covered company's view, upon failure would result in a material loss of revenue, profit, or franchise value.

KDBFG has determined that it does not have any critical operations that, upon their failure or discontinuance, would pose a threat to the financial stability of the United States. Overall, the relatively limited scope, nature and volume of KDBFG's U.S. operations are such that their failure or discontinuance would not pose a threat to the stability of the U.S. financial system. The FRB and the FDIC also have not designated any operations of the covered company as a critical operation.

KDBFG has also determined that it had no core business lines based on analysis performed on a quantitative as well as a qualitative basis. On a qualitative basis, failure of KDBFG's U.S. operations would not have a material effect on the overall franchise value of the company. As such, KDBFG determined that none of the business lines conducted in the United States should be considered as a core business line for the purposes of this U.S. Resolution Plan.

Because none of the business lines of KDBFG that are conducted in the United States have been determined to be "core business line" or a "critical operation", KDBFG has identified no "material entity" for purposes of the U.S. Resolution Plan.

a.3.3 Description of Core Business Lines

As noted above, for purpose of the U.S. Resolution Plan, KDBFG has identified no core business lines. None of the business lines in U.S. operation is significant in quantitative aspects when compared to the global financials of KDBFG. In addition to the above quantitative analysis, a qualitative analysis was used to determine whether the business lines operating in the United States would have a material effect on the overall franchise value of KDBFG. Pursuant to KDBFG's qualitative and quantitative analyses, no core business lines were identified.

a.4 Summary of Financial Information Regarding Assets, Liabilities, Capital and Major Funding Sources

The following table is summary of consolidated financial information under IFRS as of December 31, 2013.

Consolidated Balance Sheet (As of December 31, 2013)

	In millions of won
	2013
Assets	
Cash and due from banks	11,108,809
Financial assets held for trading	13,685,836
Financial assets designated at fair value through profit or loss	2,722,933
Available-for-sale financial assets	39,610,171
Held-to-maturity financial assets	133,383
Loans	103,488,888
Derivative financial assets	4,751,937
Investments in associates	2,559,123
Property and equipment, net	1,451,888
Investment property, net	386,626
Intangible assets, net	2,925,110
Deferred tax assets	1,150,483
Current tax assets	79,539
Other assets	13,907,388
Non-current assets held for sale	433,753
Total assets	198,395,867
Liabilities	
Financial liabilities held for trading	723,707
Financial liabilities designated at fair value through profit or loss	8,547,126
Deposits	41,274,836
Borrowings	37,021,231
Bonds	60,698,247
Derivative financial liabilities	4,225,210
Policy reserves	10,397,382
Defined benefit liabilities	457,198
Provisions	1,142,826
Deferred tax liabilities	72,747
Current tax liabilities	103,945
Other liabilities	11,127,794
Total liabilities	175,792,249
Equity	
Issued capital	1,814,542
Capital surplus	13,647,225
Capital adjustment	6,709
Accumulated other comprehensive loss	-314,882
Retained earnings	3,157,451

Total equity attributable to equity holders of the Company	18,311,045
Non-controlling interests	4,292,573
Total equity	22,603,618
Total liabilities and equity	198,395,867

a.4.1 Capital Adequacy

At December 31, 2013, KDBFG's consolidated capital ratios, as computed under the Basel III guidelines, were maintained at a high level, with Tier 1 Capital Ratio of 11.38%, Tier 2 Capital Ratio of 2.68% and a Total Capital Ratio of 14.06%.

a.4.2 Major Funding Sources; Liquidity Risk Management

KDBFG funds itself through a diversified deposit base, by issuing short-term and long-term debt, borrowing under unsecured and secured financing facilities, and issuing preferred equity in certain entities. KDBFG attempts to diversify funding sources by continuously expanding deposits base through corporate deposits.

As of December 31, 2013, KDB bank' deposits recorded 39.3 trillion won at year-end, down 1.8% year-on-year. Borrowings stood at 25.9 trillion won, up 5.7%, and financial bonds were 57.2 trillion won, up 17.9%. The majority of the total financing came through financial bonds and the portion of deposits maintained last year's level, reflecting the new policy of the banking.

For Daewoo Securities, total liabilities stood at 22.1 trillion won in FY2013 (the year that ended on December 31, 2013), up 3.3% (0.7 trillion won) from 21.4 trillion in FY2012 (the year that ended on March 31, 2012). Securitized derivatives increased by 0.6 trillion won as a result of the increased issuance of DLS and ELS products, and borrowed liabilities rose by 0.2 trillion won, pushed up by a growth in RP sales to customers. Shareholders' equity was 3.9 trillion won, down by 3.4% (137.2 billion won) from 4.0 trillion won in FY2012.

Liquidity Risk Management

KDBFG defines liquidity risk as the possibility of incurring loss due to a temporary shortage in funds caused by a maturity mismatch or an unexpected capital outlay. Liquidity risk increases when funding rates rise, assets are sold below a normal price, or a good investment opportunity is missed.

To better manage liquidity risk, KDBFG and its subsidiaries comply with the liquidity-related supervision ratios required by the respective authorities and calculate measurement indices such as liquidity ratio and liquidity gap.

KDB Bank and Daewoo Securities, in particular, separately conduct liquidity stress tests by crisis-type scenario to maintain a liquidity gap structure that is stable in diverse market conditions. Moreover, to prepare for unexpected liquidity problems arising from rapid changes in the market environment or in monetary policy, each subsidiary has set up a wide-range contingency plan.

The operational status of liquidity risk management is also regularly reported to KDBFG's Board of Directors.

a.4.3 Description of Derivative and Hedging Activities

KDBFG's derivative financial instruments consist of trading derivatives and hedging derivatives, depending on the nature of each transaction. KDBFG enters into hedging derivative transactions mainly for the purpose of hedging fair value risks to changes in fair values of the underlying assets and liabilities.

KDBFG enters into trading derivative transactions such as futures, forwards, swaps and options for arbitrage transactions by speculating on the future value of the underlying assets. Derivatives held-for trading transactions include contracts with KDBFG's clients and its liquidation position.

For the purpose of hedging the exposure to the variability of fair values of funds in Korean won by changes in interest rates or exchange rates, KDBFG mainly uses interest rate swaps or currency rate swaps. The main counterparties are foreign financial institutions and local banks. In addition, to hedge the exposure to the variability of fair values of bonds in foreign currency by changing in interest rate or foreign exchange rate, KDBFG mainly uses interest rate swaps or currency rate swaps.

The use of derivatives for hedging helps minimize unplanned fluctuations in earnings, fair values of assets and liabilities, and cash flows caused by interest rate, foreign currency and other market value volatility. These derivatives are qualified as fair value hedges or cash flow hedges for accounting purposes.

a.4.4 Memberships in Material Payment, Clearing, and Settlement systems

KDBFG, acting through KDB NY, is a member of certain U.S. payment, clearing and settlement systems that enable it to access systems necessary to service its customers and clients. The following is list of KDB NY's memberships in material payment, clearing and settlement systems:

Entity Holding Membership	Type	System
KDB NY	Clearing, Settlement, Payment	Federal Reserve Funds Transfer System – Fedwire Securities Service/Fedwire Funds
	Communications	Society for Worldwide Interbank Financial Telecommunications – SWIFT alliance

a.5 Description of Foreign Operations

While KDBFG does maintain foreign operations, KDBFG's operations and employees primarily are executed and located in the Korea. As a result, the vast majority of revenues, profits, assets and liabilities are related to the KDBFG's domestic operations. As of December 31, 2013, KDB Bank operates 8 overseas branches including KDB NY, as well as 5 overseas subsidiaries and 6 overseas representative offices. Daewoo Securities have 1 overseas branch, 6 overseas subsidiaries including DSAI, 3 overseas representative offices, and 1 oversea investment advisory subsidiary. Lastly, KDB Capital has 1 overseas subsidiary in operations.

Domestic and Overseas revenue information for the year ended December 31, 2013 and non-current assets information as of December 31, 2013 are as follows.

(In millions of won)

Geographic Areas	Revenue	Non-current Assets
Domestic	30,957,927	7,710,695
Overseas	1,247,791	45,805

Source: 2013 Audited Financial Statements under IFRS for KDBFG

a.6 Material Supervisory Authorities

The consolidated operations of KDBFG, including its subsidiaries and overseas offices, are subject to supervision and regulation under the applicable laws and regulations of the countries in which it operates.

KDBFG is co-supervised by the Korean Financial Services Commission (the "FSC"), the Korean Financial Supervisory Service (the "FSS"), and the Bank of Korea ("BOK"). The FSC's primary functions are 1) protecting the integration of Korea's financial markets by promoting sound credit system and fair business practices, and 2) serving as a consolidated policy making body for all matters pertaining to supervision of the financial industry as a whole. The FSS' primary functions are examination and supervision of financial institutions. The BOK's primary functions are 1) issuing banknotes and coins, 2) formulating and implementing monetary and credit policy, 3) operation and oversight of the payment and settlement systems, 4) managing the nation's foreign exchange reserves and 5) supervisory functions for financial institutions.

KDB NY is licensed by the New York State Department of Financial Services ("NYSDFS").

DSAI is a corporation registered as a broker-dealer with the U.S. Securities and Exchange Commission ("SEC") and is a member firm of the Financial Industry Regulatory Authority ("FINRA") and the Securities Investor Protection Corporation ("SIPC").

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a.7 Principal Officers

The table below lists key members of the Board of Directors of KDBFG.

Name	Title
Kyttack Hong	Chairman & Chief Executive Officer
Yong Keun Lee	Member

Il Hwa Hong	Member
Jae Woon Koo	Member

The table below lists key management of KDBFG

Name	Title
Kyttack Hong	Chairman &CEO
Dong Hyun Koo	Deputy President & COO & CAO
Yoon Suk Choi	Deputy President & CFO
In Joo Kim	Deputy President & CSO

a.8 Resolution Planning Corporate Governance Structure and Processes

KDBFG has integrated resolution planning into its corporate governance structure and processes to ensure that the U.S. Resolution Plan receives appropriate oversight from designated senior management officials, councils and the Board of Directors.

KDBFG has developed the U.S. Resolution Plan in accordance with the following corporate governance structure and processes.

KDBFG's U.S. Resolution Plan is prepared by Resolution Plan Office("RPO") with assistance from Resolution Plan Steering Group("RPSG"). The plan is reviewed and approved by both RPO and RPSG with oversight from Resolution Plan Council("RPC"). KDBFG's U.S. Resolution Plan approved by RPC is submitted to the Board of Directors for final approval.

In its capacity, the Board of Directors is the most senior management body of KDBFG. The Board of Directors located in Seoul (Korea) is ultimately responsible for evaluating and approving KDBFG's U.S. Resolution Plan.

RPC has been established for the purpose of developing, executing and managing the KDBFG's strategy and U.S. Resolution Plan. It has the primary responsibility for oversight of the U.S. Resolution Planning and U.S. Resolution Plan submitted to KDBFG's the Board of Directors for approval. RPC includes three senior managements, each from KDBFG, KDB Bank and Daewoo Securities.

RPSG consists of Working Group from KDBFG, KDB Bank and Daewoo Securities. RPSG supports RPO in U.S by supplementing any additional preparation needed, providing advice on all issues relating to U.S. resolution planning, and makes approval of the U.S. Resolution Plan before submission to RPC.

RPO is consists of U.S Approver Group and U.S. Working Group. Responsibilities for the approval group include oversight, review of draft, and approval of the U.S. Resolution Plan. Responsibilities for the working group include day-to-day project management and functional leadership for oversight, development, maintenance, implementation, filing and compliance of resolution plan, as well as updating as part of business as usual processes.

a.9 Material Management Information Systems

KDBFG utilizes management information systems ("MIS") and applications to ensure timely access to accurate and comprehensive data, including those for risk management, accounting, and financial and regulatory reporting. In preparing the U.S. Resolution Plan, the KDBFG has identified key MIS applications and maintains inventories of such systems and applications.

The MIS are primarily used to collect, retain and report information internally, as well as to perform functions necessary to support operations. Multiple reports are generated on a periodic basis for use by senior management to assess the financial health, risks and operations. KDBFG's MIS is capable of collecting, maintaining, and reporting information in a timely manner to management and to regulators.

a.10 High-Level Description of Resolution Strategy

The U.S. Resolution Plan takes into consideration possible strategies for the orderly resolution of KDBFG's U.S. operations under applicable resolution regimes in the event of material financial distress or failure. The strategies are designed to be executed within a reasonable period of time and in a manner that avoids or substantially mitigates systemic impact on U.S. financial stability.

As required by the Regulation, the U.S. Resolution Plan assumes that the material financial distress is a result of an idiosyncratic event that is specific to KDBFG and occurs at a time where general macroeconomic conditions are consistent with certain baseline assumptions in which other financial institutions and markets generally are not experiencing a system-wide financial panic or crisis. This strategy addresses how the U.S. operations of KDBFG may undergo an orderly resolution without extraordinary government support in the U.S. or Koreas. The U.S. Resolution Plan assumes that the KDB NY would be seized by the Superintendent of the NYDFS (the "Superintendent") who would commence liquidation proceedings under New York Banking Law ("NYBL").

Because KDB NY is a New York state-licensed branch, the U.S. Resolution Plan contemplates that KDB NY would be subject to the insolvency and liquidation provisions for foreign bank branches under the NYBL, rather than the U.S. Bankruptcy Code, in the event of KDB NY's insolvency. The NYBL generally includes a ring-fencing regime that would effectively draw a fence around the KDB NY and treat it as a separate entity from KDBFG. Under the NYBL provisions regarding the involuntary liquidation of foreign bank branches, the Superintendent may seize certain U.S. assets of KDB NY if, among other things, KDB NY is in liquidation either in the home country or elsewhere or there is reason to doubt that KDB NY is able or willing to pay the claims of its creditors. [N.Y. Banking Law, §606(4)(a).] The Superintendent is authorized to take possession of (1) all KDB NY assets wherever located that constitute part of the business of KDB NY and appear on the books as such and (2) all assets of KDB Bank located within New York regardless of whether they constitute part of the business of KDB NY. The property would be liquidated to pay creditors with permissible claims against KDB NY in accordance with NYBL.

DSAI is not a non-banking material entity for the purposes of U.S. Resolution Plan. Upon its failure, it is assumed that DSAI would be resolved either through reorganization under Chapter 11 ("Chapter 11") of the United States Bankruptcy Code ("Bankruptcy Code") or liquidation under Chapter 7("Chapter 7"), depending on circumstances at the time.

Although DSAI is a registered broker-dealer and a member of SIPC, DSAI would only be eligible for resolution under the Securities Investor Protection Act of 1970 ("SIPA") if it has "customers" as defined under SIPA upon its entry into resolution. Generally, SIPA is applicable only when customers entrust assets to the broker-dealer. DSAI does not generally hold customer assets in the ordinary course of business, but rather settles all transactions on a delivery versus payment/receive versus payment ("DVP/RVP") basis through clearing accounts with J.P. Morgan Chase or Pershing (The Bank of New York Mellon). However, DSAI could in limited circumstances hold assets for customers if there are DVP/RVP transactions that fail. Therefore, only a small number of DSAI's customers, if any, are likely to satisfy the SIPA definition of customers at any given time. However, if DSAI does have SIPA customers upon its entry into resolution, SIPC would likely initiate proceedings under SIPA by filing a protective decree with the appropriate U.S. District Court and appointing a trustee to oversee the liquidation of DSAI. SIPA incorporates the provisions of Chapter 7 of the Bankruptcy Code to the extent such provisions are consistent with SIPA, and the liquidation of DSAI would proceed accordingly.