

National Agricultural Cooperative Federation

U.S. 165(d) Tailored Resolution Plan
Public Section
December 2015

I. Introduction

The U.S. Resolution Plan of National Agricultural Cooperative Federation ('NACF') is being filed pursuant to implementing regulations (the 'Final Rule') issued by the Board of Governors of the Federal Reserve System ('FRB') (12 CFR Part 243) and the Federal Deposit Insurance Corporation ('FDIC') (12 CFR Part 381) pursuant to Section 165(d) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the 'Dodd-Frank Act').

Any foreign bank or company that is treated as a bank holding company under Section 8(a) of the International Banking Act of 1978 (the 'IBA') and has \$50 billion or more in global total consolidated assets is a 'Covered Company' for purposes of Section 165(d) and the Final Rule. A Covered Company is required to periodically submit to the FRB and FDIC a plan discussing the rapid and orderly resolution of its U.S. operations in the event of material financial distress or failure.

NACF is the top-tier parent company of all subsidiaries of NH group including Nonghyup Financial Group ('NHFG'). NACF directly owns 100% of the issued and outstanding shares of NHFG, one of the four largest financial groups in Korea.

In a multi-tiered holding company structure, the covered company is the top-tier of the multi-tiered holding company. NACF is a Covered Company under the Regulation because the global total consolidated assets of NACF, including its U.S. operations, exceeded \$50 billion as of December 31, 2014. As a result, NACF is required to file a U.S. Resolution Plan under Section 165(d) and the Final Rule.

The Final Rules permit certain eligible Covered companies to file a tailored resolution plan and NACF has been approved by the FRB and FDIC to file a tailored resolution plan for 2015 submission.

II. Overview of the National Agricultural Cooperative Federation

NACF was established in 1961 with a mission to serve the economic and social welfare of farmers, thereby contributing to the development of Korea's national economy.

NACF is the apex organization of 1,155 primary member cooperatives representing more than 2.4 million member farmers in Korea. Member farmers are the owners, users, and controllers of the agricultural cooperatives in which they are involved. Similarly 1,155 primary cooperatives are the owners of the federation, NACF.

Over the past five decades, its financial operations (bank, insurance, securities, capital and futures) have enjoyed substantial growth, leading it to become one of the nation's largest financial institutions. On March 2, 2012, NACF physically separated its operations and established the financial holding company (NongHyup Financial Group) and the agricultural holding company (NongHyup Agribusiness Group) through the revised Agricultural Cooperative Law and a resolution by the Board of Directors.

NHFG is a financial holding company established and organized under the Financial Holding Companies Act of Korea with its head office in Seoul, Korea.

NHFG has been poised to flexibly respond to the ever-changing social, economic and financial environment, while providing quality financial services to its customers through its subsidiaries, including NongHyup Bank, NongHyup Life Insurance, NongHyup Property & Casualty Insurance, NongHyup Investment & Securities, NH-CA Asset Management, NH Capital, NH Investment & Futures and NH Savings Bank.

NHFG is the second largest financial group in Korea in terms of total asset value. As of December 31, 2014, NHFG's consolidated assets totaled approximately KRW 315.7 trillion (U.S. 287.2 billion) and its consolidated equities amounted to KRW 20.3 trillion (U.S. \$18.5 billion).

NHFG has the most balanced business portfolio among all Korean financial groups, providing comprehensive financial services such as commercial banking services, credit card services, securities brokerage services and insurance services.

Exhibit 1: NACF Organization

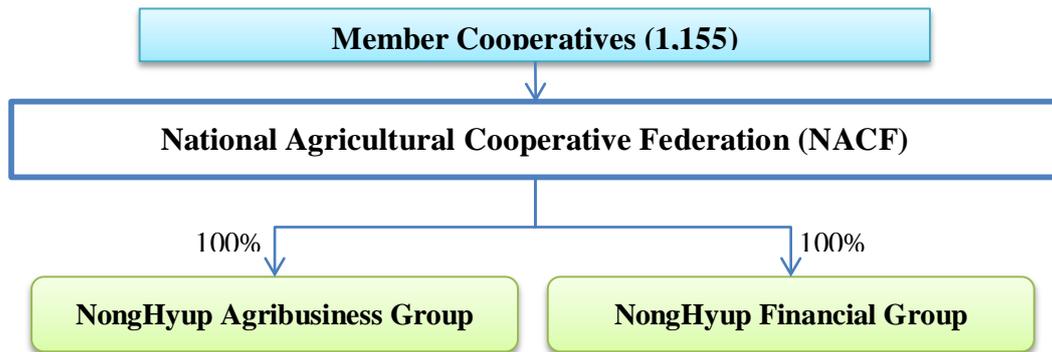
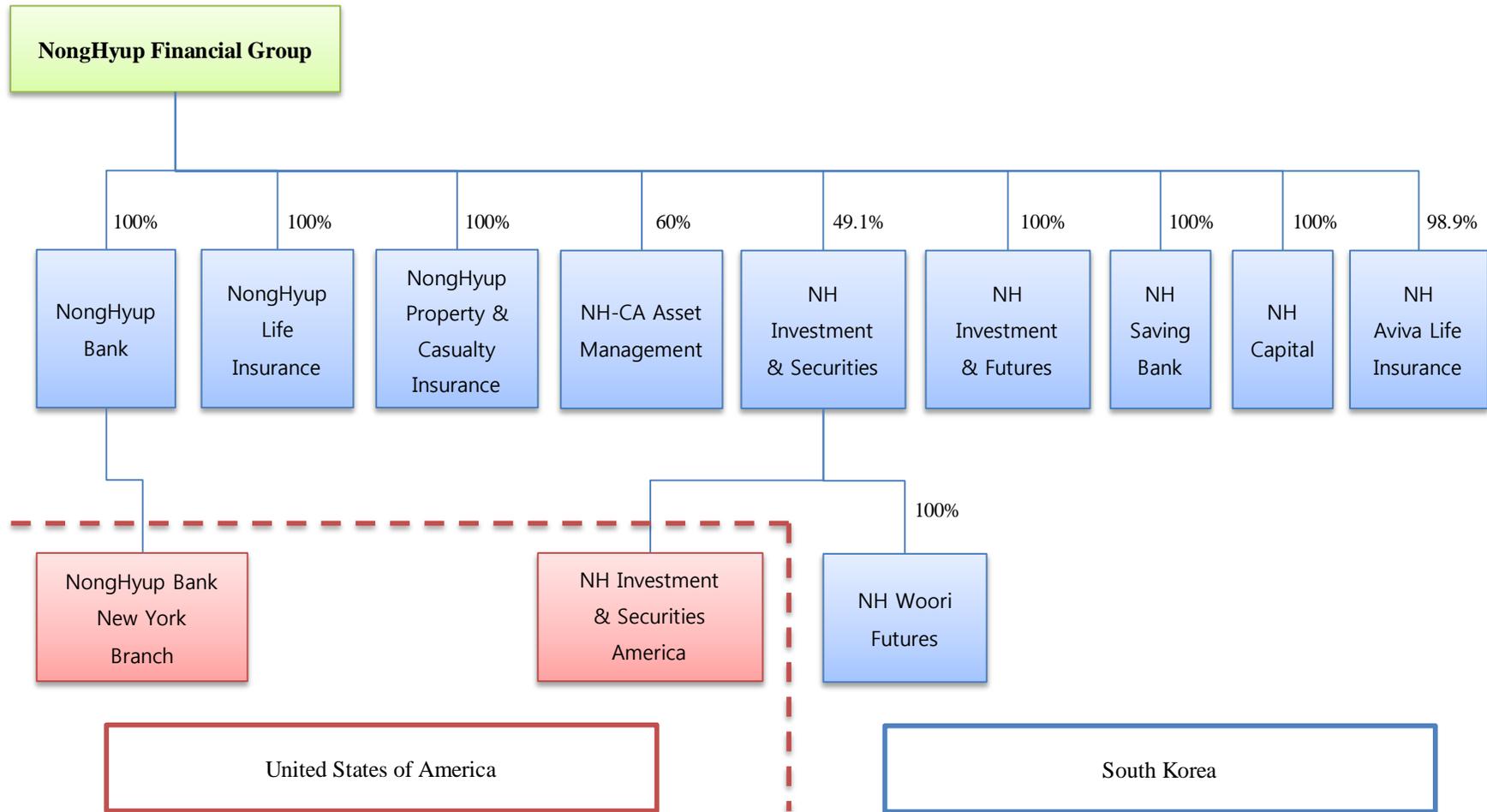


Exhibit 2: NHFG Organization



III. Overview of Resolution Plan

1. Core Business Lines

Core Business Lines are defined in the Final Rule as the business lines of the Covered Company which are conducted in whole or material part in the U.S., and the failure of which would result in a material loss of revenue, profit, or franchise value to the Covered Company.

Based on analysis performed on a quantitative, as well as, a qualitative basis, failure of NACF's U.S. operations would not have a material effect on the overall value of the covered company.

As such, for the purpose of this U.S. Resolution Plan, NACF has determined that it had no core business lines, banking and non-banking that were conducted in the U.S. as of December 31, 2014.

2. Critical Operations

Critical Operations are defined in the Final Rule as those operations of the Covered Company which are conducted in whole or material part in the U.S., including associated services, functions and support, the failure or discontinuance of which, would pose a threat to the stability of the U.S. financial system.

The Bank conducted an analysis that resulted in the determination that the Bank does not have Critical Operations. Additionally, the FRB and FDIC have not designated any operations of NACF that conducted in whole or material part In the U.S. as a Critical Operation. Thus, for the purposes of this U.S. Resolution Plan, NACF does not have any Critical Operations.

3. Material Entities

Material Entities are defined as a subsidiary or foreign office of the Covered Company that is significant to the activities of a Critical Operation or Core Business Line.

None of the business lines of NACF conducted in the United States have been determined to be a "Core Business Line" or a "Critical Operation". Therefore, for the purposes of this Resolution Plan, NHFG has no material entities.

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

1. Financial Statements of NACF and NHFG

NHFG came into existence because of a split-off from NACF on March 2, 2012, for the purpose of controlling and managing companies or closely related companies that conduct financial business and supporting funding for subsidiaries.

In accordance with the provisions of the NACF Act 134-3, NongHyup Bank, NongHyup Life Insurance Co., Ltd. (NongHyup Life Insurance); NH Property and Casualty Insurance Co., Ltd. (NH Property and Casualty Insurance); NH Investment and Securities Co.,Ltd. (NH Investment and Securities); NH-CA Asset Management; NH Capital Co., Ltd. (NH Capital) and NH Investment and Futures Co., Ltd. (NH Investment and Futures) became subsidiaries of the NHFG.

The entity's headquarter is located at 16 Saemoonan-ro (Chungjeong-ro 1 street) Joong-gu in Seoul. As of December 31, 2014, the NHFG and its subsidiaries' capital stock amounts to ₩1,414,095 million with 282,819,093 shares of common stock outstanding, owned 100% by the NACF.

Exhibit 3 : Non- consolidated balance sheet of NACF as of December 31, 2014

(In millions of Korean Won)

Description	2014
Assets of General Business Sector	26,684,465
Assets of Agricultural Marketing & Supply Business	7,333,697
1. Current Assets	3,466,788
(1) Quick Assets	3,278,957
• Cash & Cash Equivalents	48,562
• Short-term Financial instruments	100,619
• Trade Receivable	262,226
(Allowance for Doubtful Accounts)	(2,379)
• Accounts Receivable from Consignment Trading, net	909,953
(Allowance for Doubtful Accounts)	(3,750)
• Short-term Loans	946,444
(Allowance for Doubtful Accounts)	(10,420)
• Others	1,028,869
(Allowance for Doubtful Accounts)	(1,167)
(2) Inventories	187,831

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2. Non-current Assets	3,866,909
(1) Investment Assets	2,229,283
(2) Tangible Assets	1,275,242
(3) Intangible Assets	6,422
(4) Others	355,962
Assets of Livestock Marketing and Supply Business	925,775
1. Current Assets	337,538
(1) Quick Assets	306,852
• Cash & Cash Equivalents	49,321
• Short-term Financial instruments	2,500
• Trade Receivables	17,773
(Allowance for Doubtful Accounts)	(676)
• Accounts Receivable from Consignment Trading, net	36,862
(Allowance for Doubtful Accounts)	(338)
• Short-term Loans	193,696
(Allowance for Doubtful Accounts)	(1,772)
• Others	9,495
(Allowance for Doubtful Accounts)	(9)
(2) Inventories	9,745
(3) Consumable Biological Assets	20,941
2. Non-current Assets	588,237
(1) Investment Assets	309,939
(2) Tangible Assets	270,976
(3) Intangible Assets	1,606
(4) Bearer Biological Assets	2,984
(5) Others	2,732
Assets of Administrative Sector	18,424,993
1. Current Assets	101,998
(1) Quick Assets	101,998
• Cash & Cash Equivalents	8
• Accounts Receivable, net	406
• Accrued Income	93,169
• Prepaid Expenses	8,189
• Others	226
2. Non-current Assets	18,322,995
(1) Investment Assets	17,724,025
(2) Tangible Assets	493,917
(3) Intangible Assets	87,921
(4) Others	17,132
Assets of Special Business Sector	89,976,058
Extension & Support Service	4,929,350
Mutual Credit Business	85,046,708
Total Assets	116,660,523
Liabilities of General Business Sector	10,779,260
Liabilities of Agricultural Marketing & Supply Business	3,732,238
1. Current Liabilities	2,180,334
(1) Account Payables	232,750

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(2) Short-term Borrowings	66,302
(3) Current Portion of Long-term Borrowings	598,615
(4) Others	1,282,667
2. Non-current Liabilities	1,551,904
(1) Long-term Borrowings, net of current portion	1,483,320
(2) Accrued Severance Benefits	6,765
(3) Others	61,819
Liabilities of Livestock Marketing and Supply Business	107,598
1. Current Liabilities	75,380
(1) Account Payables	6,792
(2) Withholdings from Consignment Trading	28,145
(3) Others	40,443
2. Non-current Liabilities	32,218
(1) Long-term Borrowings, net of current portion	7,123
(2) Accrued Severance Benefits	3,205
(3) Others	21,890
Liabilities of Administrative Sector	6,939,424
1. Current Liabilities	1,425,437
(1) Account Payables	8,007
(2) Accrued Expenses	111,824
(3) Others	1,305,606
2. Non-current Liabilities	5,513,987
(1) Bonds Payable	5,140,000
(Discount on Bonds Payable)	(354)
(2) Accrued Severance Benefits	181,065
(Pension Assets for Severance Benefit)	(179,681)
(3) Others	372,957
Liabilities of Special Business Sector	88,947,849
Extension & Support Service	196,655
Mutual Credit Business	88,751,194
Total Liabilities	99,727,109
Equity	
1. Capital Stock	8,344,691
2. Capital Surplus	175,155
3. Capital Adjustment	(12,034)
4. Accumulated Other Comprehensive Income	557,404
5. Retained Earnings	7,868,198
• Legal Reserve	3,727,550
• Voluntary Reserve	3,486,951
• Retained Earnings	653,697
Total Equity	16,933,414
Total Liabilities & Equity	116,660,523

Exhibit 4: Consolidated balance sheet of NHFG as of December 31, 2014

(In millions of Korean Won)

Description	2014
Assets	
Cash and due from banks	16,660,044
Trading financial assets	35,936,207
Financial assets at fair value through profit or loss (FVTPL)	2,298,494
Derivative assets	1,342,785
Available-for-sale (AFS) financial assets	30,012,470
Held-to-maturity (HTM) financial assets	30,392,710
Loans and receivables	187,258,471
Investments in associates and joint ventures	232,695
Tangible assets	2,960,983
Investment properties	965,559
Intangible assets	605,464
Current income tax assets	115,272
Current income tax assets	449,456
Other assets	1,592,809
Disposal group held for sale	4,888,385
Assets classified as held for sale	2,435
Total assets	315,714,239
Liabilities	
Deposits	162,120,831
Trading financial liabilities	886,774
Financial liabilities at fair value through profit or loss	13,534,329
Derivative liabilities	1,997,789
Borrowings	30,575,042
Debentures	15,409,588
Provisions	340,938
Retirement benefit obligations	390,658
Insurance contract liabilities	52,586,000
Current income tax liabilities	27,126
Deferred tax liabilities	231,533
Other liabilities	12,526,773
Liabilities directly associated with disposal group held for sale	4,802,312
Total liabilities	295,429,693
Equity	
Equity attributable to equity holders of the parent	17,501,662
Capital stock	1,414,095
Other paid-in capital	14,660,738
Retained earnings	1,297,314

Other component of equity	99,140
Equity directly associated with disposal group held for sale	30,375
Non-controlling shareholder's equity	2,782,884
Total equity	20,284,546
Total liabilities and equity	315,714,239

2. Capital Adequacy

NHFG is required to maintain its capital adequacy ratio against risk-weighted assets in accordance with the criteria set by the Bank of International Settlements (the 'BIS capital adequacy ratio'), and it must be 8/100 or more according to the Financial Holding Companies Act. The Bank for International Settlements' Basel Committee for International Banking Supervision has drawn up global standards for capital adequacy determining how much capital financial institutions should set aside as a proportion of risky assets. BIS capital adequacy ratio is calculated as the sum of the basic and supplementary capital reflecting items deducted from capital, which is divided by risk-weighted assets.

The basic capital consists of paid-up capital, statutory reserves and retained earnings for permanent capital; and supplementary capital consists of the items of capital contribution containing liability characteristics that meet the criteria as determined and announced by the Financial Services Commission with the limit of 100% of basic capital. Deduction items are deducted from basic and supplementary capital for the purpose of capital management, which has no capital characteristics, such as deferred tax assets.

Details of the NHFG's BIS capital adequacy ratio as of December 31, 2014 and 2013 are as follows.

Exhibit 5: Capital Adequacy of NHFG

Classification	Year ended December 31	
	2014	2013
Equity capital ratio	14.15	14.29
Basic capital ratio	11.67	11.48
Common Equity capital ratio	9.96	10.92

Total Equity=Basic capital+Supplementary capital,
Basic capital=Common Equity capital+other basic capital

V. A Description of Foreign operation

1. U.S. Operations

In the United States, NACF operates a branch of NongHyup Bank, Korea, and a registered broker-dealer, NH Investment & Securities America, Inc., which is a wholly-owned subsidiary of NH Investment & Securities, Korea.

The New York branch of NongHyup Bank('NHBNY') and NH Investment & Securities America, Inc('NISA') were opened in 2013 and 1992 respectively and both have located in New York.

NHBNY is engaged in corporate banking operations such as remittance/money transmittal services; trade finance services, such as letters of credit and bankers acceptances; financing for Korean and other companies with subsidiaries or branches in the United States; and funding activities, such as borrowings in the U.S., Korea or other countries' money market and issuing Yankee Certificate of Deposit.

NISA acts as an agent for customers in the purchase and sale of Korean and U.S. Securities. NISA executes and clears Korean securities trades through its parent company, NH Investment & Securities, while it clears U.S. securities trades through third-party vendors. However, NISA does not perform any trading or derivative transactions on its own behalf.

2. Other Foreign Operations

As of December 31, 2014 NongHyup Bank operates 1 branch and 2 representative offices in 3 countries around the world, and NH Investment & Securities operates 7 subsidiaries and 1 representative office in 7 countries around the world.

Exhibit 6: Financial information of Foreign Operations

(Units: \$ U.S. million)

Geographic Area	NH Bank		
	Domestic	U.S.	Other Countries
Total Asset	192,071	416	-
Revenue	11,269	7	-
Net Income	320	2	-
Geographic Area	NH Investment & Securities		
	Domestic	U.S.	Other Countries
Total Asset	37,123	5	226
Revenue	4,353	2	37
Net Income	76	△1	△1

(USD 1 = KRW 1,099.2)

VI. A Description of Derivative activities an Hedging activity

1. NHFG

NHFG enters into a variety of derivative contracts to manage its exposure to interest rate and foreign exchange rate risk associated with the financials instruments, including currency forward contracts, interest rate swaps and cross-currency swaps.

Derivatives are initially recognized at fair value at the date the derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. Derivatives used for trading purposes are recognized as financial assets and liabilities at FVTPL(Fair Value Through Profit and Loss) and derivatives for hedging purposes are recognized as hedging-purpose derivative assets and liabilities on the consolidated financial statements at fair value.

The resulting gain or loss is recognized in net income immediately, unless the derivative is designated and effective as a hedging instrument, in such case the timing of the recognition in net income depends on the nature of the hedge relationship. The fair value hedge or cash flow hedge accounting is applied to the derivatives, when the derivatives meet the certain requirements for hedging.

A derivative with a positive fair value is recognized as a financial asset; and a derivative with a negative fair value is recognized as a financial liability.

2. U.S. operations

NHBNY is not a party deal with to any swaps, repurchase agreement, or derivative transactions, and therefore, NongHyup Bank does not have any exposure related to such activities in connection with its U.S. operations.

NISA acts as an agent for customers in the purchase and sale of Korean and U.S. Securities. NISA executes and clears Korean securities trades through its parent company, NH Investment & Securities, while it clears U.S. securities trades through third-party vendors. However, NISA does not perform any trading or derivative transactions on its own behalf.

VII. A List of Memberships in Material payment, Clearing and Settlement systems

Each of U.S. operations holds memberships in financial market utilities (‘FMUs’) for payment, clearing, and settlement services, in order to conduct essential financial transactions.

The following Exhibit 7 is the list of NHBNY and NISA’s memberships in material payment, clearing, and settlement systems:

Exhibit 7: Memberships in Payment, Clearing, and Settlement Systems

Entity Holding Membership	Name	Description
NHBNY	Fedwire	U.S. Dollar payment system
	FEDLine Advantage Services	Access to FRB-provided advanced payment service, Fedwire Funds Service
	SWIFT	Society for Worldwide Interbank Financial Telecommunication
NISA	APEX Clearing	U.S. Clearing / Settlement Systems, U.S. Dollar Payment System, Securities System

VIII. The Identities of Material Supervisory Authority

NHBNY is licensed by the state banking authority of the State of New York and is therefore subject to regulation and examination by the New York State Department of Financial Services ('NYSDFS') and Federal Reserve Bank of New York ('FRBNY'). NISA is regulated primarily by Financial Industry Regulatory Authority ('FINRA')

NHBNY and NISA are subsidiaries of NHFG which is a financial holding company under the Financial Holding Companies Act of Korea. Hence, NHBNY and NISA are subject to regulation, supervision, and enforcement by the home country regulators.

Exhibit 8: Identities of Material Supervisory Authority

Legal Entity	Primary Regulator
NHBNY	New York State Department of Financial Services(NYSDFS) Federal Reserve Bank of New York(FRBNY)
NISA	Financial Industry Regulatory Authority (FINRA)

IX. The Identities of the Principal Officers

The Exhibit 9 and 10 below list Directors and Senior Management of NACF and NHFG.

Exhibit 9: NACF Executives

Name	Title
CHOI WON-BYUNG	Chairman
KIM JEONG-SIK	Vice Chairman / President & CEO, Planning & Extension
LEE SANG-WOOK	President & CEO, Marketing & Supply
LEE GI-SOO	President & CEO, Livestock
HEO SIK	President & CEO, Cooperative Bank
AN MYUNG-SOO	Director
BEAK DUK-GIL	Director
CHO JAE-YOUL	Director
HONG EUN-SOO	Director
KIM WON-CHUL	Director
KIM GEUN-JIN	Director
KIM SEANG-BUM	Director
KIM DONG-HWAN	Director
KIM YOUNG BAE	Director
KIMBYUNGGOOK	Director
LEE SANG-MOON	Director
LEE JE-MAN	Director
LEE JU-SUN	Director
OH HUNG-SEOK	Director
PARK TAE-ZUN	Director
PARK YOUNG-HOON	Director
PARK CHUL-SUN	Director
PARKNAMYONG	Director
JEONGHAKSOO	Outside Director
KWONJAEJIN	Outside Director
KIMDONGSU	Outside Director
KIMDONGHWAN	Outside Director
KIMJAHEI	Outside Director
LEESEUNGHE	Outside Director
YOO BYUNG-SAM	Outside Director

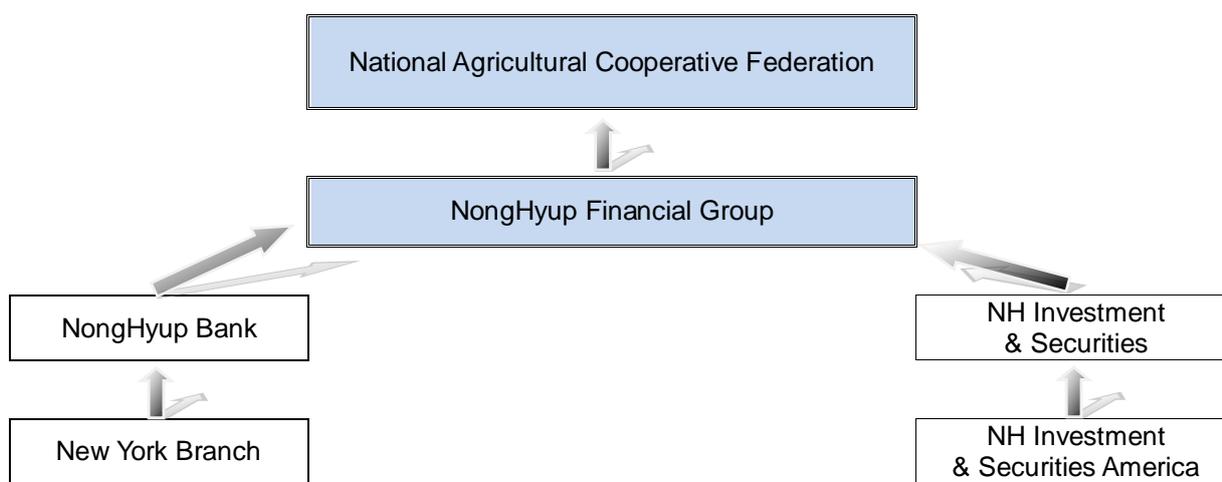
Exhibit 10: NHFG Executives

Name	Title
KIM YONG-HWAN	Chairman
LEE KYUNG-SEOP	Director
KIM GWANG-HOON	Director
OH BYUNG-GWAN	Director
KIM JOON-GYU	Outside Director
CHUN HONG-RYUL	Outside Director
MIN SANG-GI	Outside Director
SOHN SANG-HO	Outside Director
KIM YOUNG-KI	Non-Standing Director
CHUNG TAE-HO	Non-Standing Director
KIM WOON-GI	Chief Compliance Officer

X. A Description of the Corporate Governance Structure and Processes related to Resolution Planning

As indicated in the exhibit below, the following key departments were established or given the responsibilities for resolution planning:

Exhibit 11: NACF Resolution Planning Governance Structure



1. NACF

NACF's Board of Directors ('BOD') is the top-tier governance body of NACF. It is ultimately responsible for the safety and soundness of NACF's daily operations on a global basis. The BOD provides high-level guidance and approves and evaluates NACF's U.S. Tailored Resolution Plan.

Besides, NACF works closely with Planning & Coordination Department of NHFG and the risk management departments of subsidiary institutions. They periodically review the resolution plan and provide specific comments.

2. NHFG

The Planning & Coordination Department of NHFG is an existing department responsible for developing, executing, and managing NHCF's strategy and business plans. The department formulated the specifics of the resolution strategies in consultation with professionals from both business areas, such as trading and banking desks, and support functions, such as

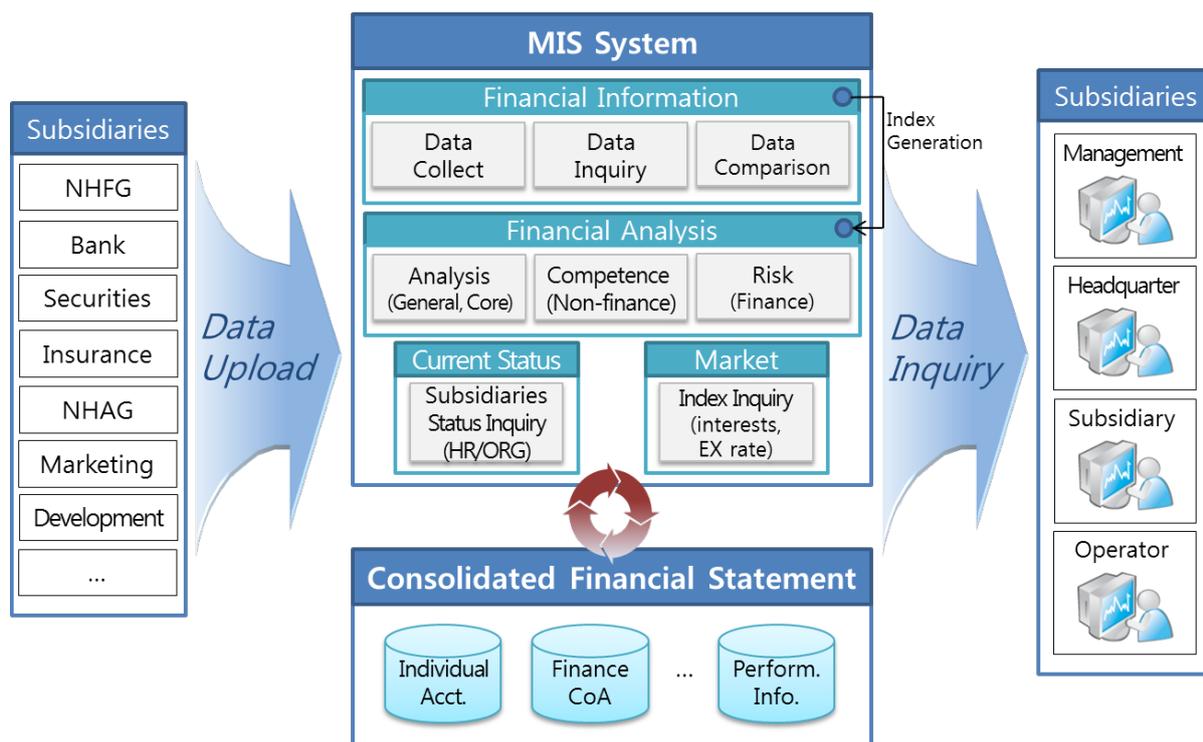
information technology and accounting. External counsel was also engaged to develop the legal elements of our resolution strategies.

XI. A Description of Material Management Information Systems

As the Covered Company of the NHBNY and NISA, NACF has established its own management information system to provide comprehensive management supports across subsidiaries. In this system, the management information associated with NACF's subsidiaries is categorized mainly into the three sections: general status, financial report, and non-financial report.

Specifically, the general status section contains 18 sub-items outlining each subsidiary, and the financial report section contains 15 financial items (i.e., key performance index) used to analyze financial conditions of NACF's subsidiaries. And, the non-financial report section contains 15 managerial items associated with non-financial business issues, such as reporting to regulators.

Exhibit 12: Task Process of Management Information System for NACF



XII. A Description of the Covered Company's Resolution Strategy

NACF has determined that it has no Material Entities, Critical Operations, or Core Business Lines within the U.S. operations. However, NACF has performed a limited analysis of resolution strategies for each of its U.S. operations in the event of material financial distress or failure as described below.

1. NHBNY

NHBNY is licensed by the state banking authority of the State of New York and is therefore subject to regulation and examination by the New York State Department of Financial Services ('NYSDFS') and Federal Reserve Bank of New York ('FRBNY').

The U.S. Resolution Plan contemplates that NHBNY would be subject to the insolvency and liquidation provisions for foreign bank branches under "New York Banking Law". The law generally includes a ring-fencing insolvency regime that effectively draws a fence around the NHBNY and treats it as a separate entity from NongHyup Bank. Assets of the NHBNY may be seized and liquidated by the receiver to pay off the claims of creditors of the NHBNY.

2. NISA

Although NISA is a registered broker-dealer and a member of the Securities Investor Protection Corporation ('SIPC'), NISA would only be eligible for resolution under the Securities Investor Protection Act ('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. As an Introducing Broker-Dealer, NISA does not hold any customer assets in the ordinary course of business.

Therefore, NACF assumes that NISA would be resolved through reorganization under Chapter 11 of Bankruptcy Code and wound down in an orderly manner. The primary objective of the Chapter 11 proceedings would be to maximize the value realized from the assets and businesses of NISA. If NISA's financial distress has passed the stage of reorganization and must sell off its assets, it will be resolved through liquidation under the Chapter 7 of Bankruptcy Code.