

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

Public Section

This document contains forward-looking statements. Statements that are not historical facts, including statements about Korea Development Bank (“KDB Bank”)’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 Bank undertakes no obligation to update publicly any of them in light of new information or future events.

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a. Public Section

a.1 Introduction

Korea Development Bank (“KDB Bank”) is a foreign banking organization duly organized and existing under the laws of Korea. KDB Bank has a New York state-licensed branch (“KDB NY”) in New York City. This resolution plan (the “U.S. Resolution Plan”) is being filed by KDB Bank 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 Federal Reserve Board (“FRB”) (12 C.F.R. Part 243) and the Federal Deposit Insurance Corporation (the “FDIC”) (12 C.F.R. Part 381) (collectively, the “Resolution Plan Rule”).

Section 165(d) of the Dodd-Frank Act and the Resolution Plan Rule 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 \$250 billion or more in total consolidated assets to submit, on a timeframe specified by the Resolution Plan Rule, 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.

KDB Bank is treated as a bank holding company under Section 8(a) of the IBA because it maintains a branch office in the United States. Accordingly, KDB Bank is a covered company and is required to file a U.S. Resolution Plan under Section 165(d) and the Resolution Plan Rule. KDB Bank (formerly KDB Financial Group Inc.) submitted its first resolution plan to the FRB and the FDIC on December 24, 2013. Under the Resolution Plan Rule as amended in 2019, KDB Bank has determined that it is a “triennial reduced filer”.

Triennial reduced filers must submit a “reduced resolution plan” every three years, beginning as of July 1, 2022. However, because KDB Bank became a covered company and a triennial reduced filer after December 31, 2019, it is required to file a “full resolution plan” by July 1, 2022 for its initial plan as a triennial reduced filer.

This Public Section of the U.S. Resolution Plan provides an executive summary of KDB Bank’s overall resolution strategy. All financial and other information included in this U.S. Resolution Plan are, unless otherwise indicated, reported on a consolidated basis under International Financial Reporting Standards as adopted in Korea (“K-IFRS”), in Korean won and as of December 31, 2021, KDB Bank’s fiscal year-end.

a.2 Overview of KDB Bank

KDB Bank, the covered company, was established on April 1, 1954 as a government-owned financial institution pursuant to the Korea Development Bank Act (the “KDB Act”), as amended. Since its establishment, KDB Bank has been the leading bank in Korea with respect to the provision of long-term financing for projects designed to assist the nation’s economic growth and development. The Korean government owns all of its paid-in-capital. KDB Bank is located at 14 Eunhaeng-ro, Yeongdeungpo-gu, Seoul, Korea.

KDB Bank’s primary business activities include: (a) corporate banking and restructuring; (b) investment banking; and (c) alternative investments. For corporate banking and restructuring, KDB Bank provides loans and trade finance for corporate clients and plays a crucial role in the corporate restructuring of businesses in Korea. Investment banking’s primary services are corporate funding, advisory, mergers and acquisitions, and derivative and FX trading. Alternative investments include project finance and private equity businesses.

a.2.1 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 companies. The head office is located in Seoul, Korea.

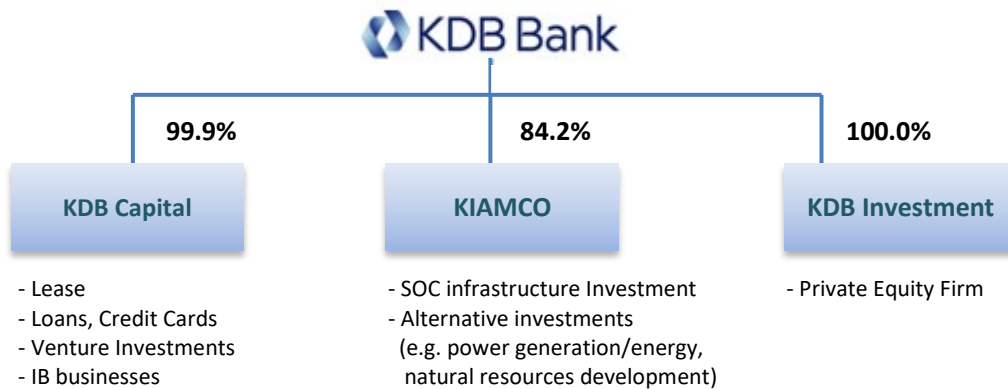
a.2.2 KDB Infrastructure Investment Asset Management

KDB Infrastructure Investment Asset Management Co., Ltd. (“KIAMCO”) was established on October 28, 2003 to engage in establishing funds and investing in alternative assets such as infrastructure, power plant, energy, transportation, etc. The head office is located in Seoul, Korea.

a.2.3 KDB Investment

KDB Investment Co., Ltd. (“KDB Investment”) is a private equity firm that was established on April 26, 2019 to establish funds and invest in companies and industries that call for business reform or capital restructuring. The head office is located in Seoul, Korea.

The following chart sets forth KDB’s major subsidiaries as of December 31, 2021.



a.2.4 U.S. Operations

KDB Bank operates in the United States primarily through KDB NY. In 2021, KDB Bank established a new subsidiary (KDB Silicon Valley LLC) (“KDB Silicon Valley”), a Delaware corporation located in Mountain View, California, to focus on investing in emerging companies and venture capital funds.

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

In December 2020, the FRB approved KDB Bank to become a financial holding company, pursuant to the Bank Holding Company Act and FRB’s Regulation Y.

a.3 Summary of the Resolution Plan

a.3.1 Overview of U.S. Resolution Plan

At the time of submission of this U.S. Resolution Plan, KDB Bank’s limited operations in the United States were housed primarily in KDB NY. KDB Bank’s U.S. Resolution Plan is intended to provide the FRB and the FDIC with an explanation of KDB Bank’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. It contains the information required by the Resolution Plan Rule, including a description of KDB Bank’s U.S. operations and information about any core business lines, identified critical operations, and material entities.

a.3.2 Names of Material Entities

Under the Resolution Plan Rule, a “material entity” is defined as a “subsidiary or foreign office of the covered company that is significant to the activities of an identified critical operation or core business line or is financially or operationally significant to the resolution of the covered company.” “Identified critical operations” are those operations (as identified by the covered company or FRB and FDIC), including associated services, functions and support, of which the failure or discontinuance 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.

KDB Bank 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; KDB Bank’s operations

in the United States have a relatively limited scope, nature and volume. The FRB and the FDIC also have not designated any operations of KDB Bank as critical operations.

KDB Bank also has determined that it has no core business lines in the United States based on an analysis performed on a quantitative as well as a qualitative basis.

KDB Bank also has not identified any “material entities” for purposes of this U.S. Resolution Plan. As previously discussed, KDB Bank has no identified critical operations or core business lines, and as follows from the discussion above, its U.S. operations would not be financially or operationally significant to the resolution of KDB Bank.

a.3.3 Description of Core Business Lines

Pursuant to KDB Bank’s qualitative and quantitative analyses, KDB Bank has identified no core business lines for purposes of the U.S. Resolution Plan.

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

The following table is a summary of KDB Bank’s audited consolidated financial information under K-IFRS as of December 31, 2021.

	In millions of won
	As of December 31, 2021
Assets	
Cash and due from banks	11,853,364
Financial assets held for trading	11,738,330
Financial assets designated at fair value through profit or loss	39,064,390
Available-for-sale financial assets	6,203,858
Held-to-maturity financial assets	644,412
Loans	179,182,355
Derivative financial assets	5,101,962
Investments in associates	31,548,070
Property and equipment, net	1,420,646
Investment property, net	83,637
Intangible assets, net	176,197
Deferred tax assets	1,232
Current tax assets	9,297
Other assets	6,573,735
Non-current assets held for sale	40,296,751
Total assets	333,898,236

Liabilities

Financial liabilities held for trading	-
Financial liabilities designated at fair value through profit or loss	2,067,144
Deposits	53,839,129
Borrowings	28,561,063
Bonds	150,014,919
Derivative financial liabilities	4,752,838
Policy reserves	-
Defined benefit liabilities	9,246
Provisions	645,329
Deferred tax liabilities	6,496,971
Current tax liabilities	316,231
Other liabilities	8,037,265
Non-current liabilities held for sale	32,999,924
Total liabilities	287,740,059

Equity

Issued capital	21,886,559
Capital surplus	758,560
Capital adjustment	278,392
Accumulated other comprehensive income	4,977,670
Retained earnings	14,090,106
Total equity attributable to equity holders of the Company	41,991,287
Non-controlling interests	4,166,890
Total equity	46,158,177
Total liabilities and equity	333,898,236

a.4.1 Capital Adequacy

As of December 31, 2021, KDB Bank's consolidated capital ratios, as computed under the Basel III guidelines, were maintained at a high level with a Tier 1 capital ratio of 13.73%, a Tier 2 capital ratio of 1.15% and a total capital ratio of 14.88%.

a.4.2 Major Funding Sources

KDB Bank funds itself through deposits, borrowings, and bonds. KDB Bank attempts to diversify funding sources by continuously expanding its deposit base through corporate deposits and by issuing bonds overseas.

As of December 31, 2021, KDB Bank's deposits amounted to 53.8 trillion won, an increase of 14.5% from December 31, 2020. Borrowings stood at 28.6 trillion won, an increase of 16.7% from December 31, 2020, and bonds were at 150.0 trillion won, an increase of 4.7% from December 31, 2020. The majority of the total financing came through bond issuances and the portion of deposits remained similar to the last

year’s level, reflecting the goals of the amended KDB Act to strengthen the public policy financing role of KDB Bank and gradually reduce its retail banking services.

a.4.2.1 Liquidity Risk Management

KDB Bank 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 fair value, or a good investment opportunity is missed. To better manage liquidity risk, KDB Bank and its subsidiaries comply with the liquidity-related supervision ratios required by the respective supervisory authorities and calculate measurement indices such as liquidity coverage ratio, liquidity ratio, and liquidity gap. KDB Bank, in particular, conducts liquidity stress tests under crisis-type scenarios 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 of KDB Bank has set up a contingency plan. The operational status of liquidity risk management is also regularly reported to KDB Bank’s Board of Directors.

a.4.3 Description of Derivatives and Hedging Activities

KDB Bank enters into derivatives transactions mainly to meet the needs of its clients’ hedging strategies or to mitigate its own risks arising from shifts in interest rates, currency values and other market variables. KDB Bank participates in inter-bank markets for the purpose of hedging and managing the positions created from internal and external transactions. To this end, KDB Bank transacts in a variety of derivative products including forwards, futures, options and swaps, and has a specialized organization committed to derivatives transactions and the risk management system.

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, KDB Bank mainly uses interest rate swaps or currency 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 changes in interest rates or foreign exchange rates, KDB Bank 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

KDB Bank, acting through KDB NY, is a member of certain U.S. payment, clearing and settlement systems that enable it to access systems necessary to provide services to its customers and clients. The following is a 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 Off-line System – Fedwire Funds

Entity Holding Membership	Type	System
	Communications	Society for Worldwide Interbank Financial Telecommunications (SWIFT)

a.5 Description of Foreign Operations

While KDB Bank does maintain foreign operations, KDB Bank’s operations and employees are primarily located in Korea. As a result, the vast majority of revenues, profits, assets and liabilities are related to KDB Bank’s domestic operations. As of December 31, 2021, KDB Bank operated ten overseas branches including KDB NY, as well as seven overseas subsidiaries and eight overseas representative offices.

Domestic and overseas revenue information for the year ended December 31, 2021 and non-current assets information as of December 31, 2021 are as follows.

(In millions of won)

Geographic Areas	Revenue	Non-current Assets
Domestic	32,075,459	33,095,736
Overseas	1,050,037	132,814

Source: 2021 Audited Consolidated Financial Statements under K-IFRS of KDB Bank

a.6 Material Supervisory Authorities

The consolidated operations of KDB Bank, 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.

KDB Bank 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 audit 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 Korea'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”) and operates in New York, New York as a branch of a foreign banking organization supervised by both the FRB and the NYSDFS.

a.7 Principal Officers

The table below lists the current members of the Board of Directors of KDB Bank as of June 27, 2022.

Name	Title
Seoghoon Kang	Chairman & Chief Executive Officer
Daehyon Choi	Vice Chairman & Chief Operating Officer
Taehyun Joo	Auditor
Yeongwook Kim	Independent Director
Hanhong Cho	Independent Director
Dongil Jung	Independent Director

The table below lists the senior management of KDB Bank as of June 27, 2022.

Name	Title
Seoghoon Kang	Chairman & Chief Executive Officer
Daehyon Choi	Vice Chairman & Chief Operating Officer
Taehyun Joo	Auditor
Junsung Lee	Executive Director
Byungchul Jung	Executive Director
Sangsoo Kim	Executive Director
Bockkyu Kim	Executive Director
Sunkyoung Park	Executive Director
Youngkyu Ahn	Executive Director
Byungho Lee	Executive Director
Hyungsoon Park	Executive Director
Youngjin Kim	Executive Director
Youngjae Lee	Compliance Officer

a.8 Resolution Planning Corporate Governance Structure and Processes

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

KDB Bank’s U.S. Resolution Plan is prepared by Resolution Plan Office (“RPO”) with assistance from the Resolution Plan Steering Group (“RPSG”). The plan is reviewed by both RPO and RPSG with oversight from the Resolution Plan Council (“RPC”). KDB Bank’s U.S. Resolution Plan, once approved by the RPC, is submitted to the Board of Directors for final approval.

The Board of Directors is the most senior governance body of KDB Bank. The Board of Directors, located in Seoul, Korea, is ultimately responsible for evaluating and approving KDB Bank's U.S. Resolution Plan or expressly delegating such authority for evaluation and approval to an appropriate delegee.

RPC was established for the purpose of developing, executing and managing KDB Bank's strategy and U.S. Resolution Plan. Its primary responsibility is overseeing the preparation and submission of the U.S. Resolution Plan to KDB Bank's Board of Directors for approval. RPC includes one member of senior management from KDB Bank.

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

RPO consists of the U.S. Working Group from KDB NY. Responsibilities for the U.S. Working Group include day-to-day project management and functional leadership for the oversight, development, maintenance, implementation, filing and compliance of the U.S. Resolution Plan, as well as updating it as part of business as usual processes.

a.9 Material Management Information Systems

KDB Bank 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, KDB Bank has identified key MIS applications and maintains inventories of such systems and applications.

The MIS applications 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 financial health, risks and operations. KDB Bank'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 KDB Bank'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 substantially mitigates the risk that the failure of the covered company would have serious adverse effects on financial stability in the United States.

The U.S. Resolution Plan assumes that an idiosyncratic event causes the failure of one or more major branches and subsidiaries of KDB Bank, leading to the material financial distress and ultimate failure of KDB Bank. KDB Bank's U.S. Resolution Plan addresses how the U.S. operations of KDB Bank may undergo an orderly resolution without extraordinary government support in the U.S. or Korea.

The U.S. Resolution Plan assumes that KDB NY would be seized by the Superintendent of the NYSDFS (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 KDB NY and treat it as a separate entity from KDB Bank. 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 a 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.

KDB Silicon Valley, which began its operations in 2021, would be liquidated in a Chapter 7 or Chapter 11 bankruptcy or otherwise wound down and dissolved in accordance with applicable Delaware law requirements. KDB Silicon Valley does not currently have any material third-party creditors.