



HANA FINANCIAL GROUP INC.

U.S. RESOLUTION PLAN

PUBLIC SECTION

DECEMBER 2014

This document may contain forward-looking statements to provide explanations of Hana Financial Group's businesses and results of operations. These forward-looking statements reflect our current views with respect to future events and performance, and are generally identified by the use of forward-looking terminology, such as "expect", "plan", "intend", and similar expressions. You are cautioned not to place undue reliance in these forward-looking statements, which reflect management's current analysis of future events. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

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1. Introduction

U.S. resolution plan rules

In September 2011, the Federal Deposit Insurance Corporation (“FDIC”) and the Board of Governors of the Federal Reserve System (“FRB”) issued a final rule (“Joint Rule”) implementing Section 165(d) of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. This rule requires foreign banking organizations that are treated as bank holding companies (“BHCs”) under Section 8(a) of the International Banking Act with total global consolidated assets of U.S. \$50 billion or more to submit periodically to the FRB and the FDIC a plan for the rapid and orderly resolution in the event of material distress or failure of the U.S. operations of the BHC.

Because Hana Financial Group Inc. (“HFG”) and, together with its subsidiaries, the “Group”) is a BHC under the International Banking Act, it has prepared this resolution plan (the “U.S. Resolution Plan”) in accordance with the Joint Rule. All information provided in the U.S. Resolution Plan is as of December 31, 2013 unless specified otherwise.

Overview of HFG’s Global Operations

HFG is a publicly-traded financial holding company established and organized under the Financial Holding Companies Act of Korea with its head office in Seoul, Korea. HFG offers a diverse line of financial products and services through its numerous subsidiaries, including Hana Bank and Korea Exchange Bank (“KEB”). Based on total asset value, HFG is the third largest financial group in Korea. In addition, the Group has the largest overseas network among Korean financial service providers. As of December 31, 2013, HFG’s consolidated assets totalled approximately KRW 295.2 trillion (U.S. \$279.7 billion) and its consolidated liabilities (including deposits) totalled approximately KRW 274.3 trillion (U.S. \$259.9 billion).¹

To create a more customer-centered organization, the Group has organized its businesses into three core business units (“BUs”), enabling the Group to offer products and services tailored to meet the individual needs of its clients by operating its major businesses as a single, large-scale enterprise.

Personal and Commercial Banking BU

The personal and commercial banking BU offers a wide range of financial services to a diversified group of retail customers, including individuals and small- and medium-sized enterprises. Services offered by the personal and commercial banking BU include retail banking, private banking, credit cards, insurance, trusts, corporate pension plans and customized products and solutions specifically developed to meet individual customers’ needs.

¹ US dollar figures were converted from the numbers in HFG’s financial statements as of Dec. 31, 2013, using an exchange rate of 1,055.3 KRW/USD, which was the spot exchange rate at the beginning of December 31, 2013. For the sake of consistency, all figures in the U.S. Resolution Plan originally denominated in Korean Won were converted into US dollars using the same spot exchange rate.

Corporate and Investment Banking BU

HFG's corporate and investment banking BU is organized to meet the needs of large corporate clients. Corporate activities include providing banking services to large corporations, and investment banking activities include assistance with various capital market funding activities.

Asset Management BU

The asset management BU offers targeted service to high net-worth individuals and institutional investors. HFG is Korea's foremost provider of comprehensive asset-management services, including customized tax planning and total life care services as well as a one-stop comprehensive service for stocks, derivatives, bond, deposits and advisory services.

U.S. Operations

HFG operates in the U.S. through the New York Agency of Hana Bank (the "Hana NY Agency"), KEB NY Financial Corp. ("KEB NY"), KEB LA Financial Corp. ("KEB LA"), KEB USA International Corp. ("KEB USA"), and BNB Hana Bank, National Association ("BNB Hana Bank") which is held by Hana Bancorp, Inc. ("HBC"). The Hana NY Agency engages primarily in wholesale banking services. KEB NY and KEB LA engage primarily in various corporate lending and trade financing activities. KEB USA serves as a representative office for KEB and facilitates U.S. dollar-denominated wire transfer services on behalf of KEB's customers in Korea. As described in the 2013 U.S. Resolution Plan, on August 30, 2013, HFG acquired 52.3% of BNB Financial Services Corporation, now known as Hana Bancorp, Inc. ("HBC"), a bank holding company whose U.S. subsidiaries include BNB Hana Bank, National Association ("BNB Hana Bank") and BNB Real Estate Holding, BNB Funding Corp., and BNB Statutory Trust I (which are referred to as the "HBC Non-bank Subsidiaries"), and through a subsequent tender offer, HFG's ownership interest in HBC increased to 71.4%. BNB Hana Bank engages primarily in lending activities to small and medium sized enterprises and those involving commercial real estate, BNB Real Estate Holding holds title to foreclosed real estate assets to limit risk exposure to BNB Hana Bank, BNB Funding Corp. invests in real estate mortgage loans as a qualified mortgage REIT, and BNB Statutory Trust I underwrites subordinated debentures issued by HBC.

2. **Core Business Lines**

The Joint Rule defines Core Business Lines ("CBLs") as those business lines of the covered company, including associated operations, services, functions and support, that, upon failure, would result in a material loss of revenue, profit or franchise value. Under the Joint Rule, because HFG is a foreign banking organization, the scope of the CBL analysis is limited to those operations conducted in whole or material part in the United States. HFG has determined that none of its U.S. operations satisfies the Joint Rule's definition of a CBL for U.S. resolution planning purposes.

3. **Material Entities**

The Joint Rule defines Material Entities ("MEs") as those legal entities of HFG that are significant to the activities of a CBL or critical operation. Under the Joint Rule, because HFG is a foreign banking organization, the scope of the ME analysis is limited to those entities domiciled, or who conduct

operations in whole or material part, in the United States. Because HFG has no CBLs or critical operations in the United States under the Joint Rule, none of its U.S. entities are MEs under the Joint Rule.

4. Summary of financial information regarding assets, liabilities, capital and major funding sources

The following table summarizes the consolidated balance sheet of HFG as of December 31, 2013.²

Consolidated Balance sheet of HFG (as of December 2013)

(Unit: millions of Korean Won)

Assets	
Cash and due from banks	19,343,218
Financial assets held for trading	15,766,359
Financial assets designated at fair value through profit or loss	240,597
Available-for-sale financial assets	29,529,156
Held-to-maturity investments	4,736,987
Loans receivable	203,597,827
Derivative assets used for hedging purposes	96,068
Investments in associates and joint ventures	948,686
Property and equipment	2,688,451
Investment property	515,431
Intangible assets	1,457,186
Deferred income tax assets	45,595
Current tax assets	7,316
Non-current assets held for sale	660
Other assets	16,215,102
Total assets	295,188,639
Liabilities	
Financial liabilities held for trading	4,373,515
Financial liabilities designated at fair value through profit or loss	4,904,171
Deposits	187,225,676
Borrowings	21,833,638
Debentures	30,419,564
Derivative liabilities used for hedging purposes	140,081
Post-employment benefit obligation	162,053

² The applicable KRW/USD exchange rate is 1055.30.

Provisions	448,972
Deferred income tax liabilities	304,447
Current tax liabilities	31,004
Other liabilities	24,455,893
Total liabilities	274,299,014
Equity	
Issued capital	1,449,470
Hybrid equity securities	299,121
Capital surplus	10,380,574
Capital adjustments	-170,261
Accumulated other comprehensive income	-9,740
Retained earnings	7,982,838
Equity attributed to the equity holders of the parent	19,932,002
Non-controlling shareholders' equity	957,623
Total equity	20,889,625
Total liabilities and equity	295,188,639

The following table summarizes the capital ratios of HFG, Hana Bank and KEB as of December 31, 2013.

	Capital Adequacy (as at Dec. 31, 2013)		
	HFG	Hana Bank	KEB
BIS Capital Ratio (actual)	12.28%	13.91%	13.83%
Tier 1 Capital Ratio (actual)	9.24%	10.54%	11.66%

5. Derivatives and hedging activities

None of HFG's U.S. entities and offices is a party to any swaps, repurchase agreement, or derivative transactions, and therefore, HFG does not have any exposure related to such activities in connection with its U.S. operations.

6. Memberships in material payment, clearing and settlement systems

HFG uses payment, settlement and clearing systems to conduct its operations and meet customer needs. In particular, the Hana NY Agency and BNB Hana Bank use the Fedwire Funds Service and the Society for Worldwide Interbank Financial Telecommunication ("SWIFT") messaging service while KEB NY and KEB LA use the SWIFT messaging service. These systems are used by HFG's U.S. operations to facilitate customer payment services and to support the U.S. operations' financial market activities.

7. Foreign operations

As of December 31, 2013, HFG has a presence in 127 locations over 24 countries across six continents. HFG has the largest and the most extensive global network in Korea. In 2013 HFG continued to expand into overseas markets as well as global networks. HFG received approval in August 2013 for its merger with BNB Bank. KEB also opened branches in Clark, Philippines and Xiqing, China, and opened a representative office in Istanbul, Turkey in 2013.

In 2014, HFG established a bank subsidiary engaging in micro finance in Myanmar, a KEB bank subsidiary in Russia, and converted a KEB bank subsidiary in Australia to a branch.

8. Material supervisory authorities

HFG is subject to the laws and regulations that are a condition for authorization to conduct banking and financial services business in each country of incorporation and operation. These requirements are largely prescribed on a jurisdictional basis by the applicable government, central bank, regulatory authorities or other applicable bodies.

HFG, Hana Bank and KEB are regulated by the Korean Financial Services Commission and Financial Supervisory Service. Hana Bank and KEB are also regulated by the Korean Ministry of Strategy and Finance and Financial Services Commission in connection with their foreign exchange businesses. Because HFG is a foreign banking organization treated as a bank holding company, the FRB has general regulatory oversight over HFG and its U.S. entities in connection with their U.S. operations. The Hana NY Agency is principally regulated by the New York State Department of Financial Services (the "NYDFS"). KEB LA is licensed and regulated by California State Division of Corporations. KEB USA, which serves as a representative office for KEB, is licensed by the NYDFS as a money transmitter, and is regulated by both the FRB and the NYDFS. BNB Hana Bank is principally regulated by the Office of the Comptroller of the Currency and the FDIC.

9. Principal officers

Information regarding HFG's Board of Directors is presented in the following table.

(As of Dec. 2014)

HFG BOARD OF DIRECTORS		
Standing Directors		
Name	Appointed	Title
Jung-tai Kim	2007	Chairman and CEO (HFG)
Independent Directors		
Name	Appointed	Title
Kwang-suon Chung	2013	Chairman of the Board of Directors
Gyoung-gyu Choi	2010	Independent Director
Moon-kyu Park	2013	Independent Director
Chan-seok Oh	2013	Independent Director
Jong-nam Yoon	2014	Independent Director
Ki-jin Song	2014	Independent Director
In-bae Kim	2014	Independent Director

Information regarding HFG's principal management is presented in the following table.

(As of Dec. 2014)

HFG PRINCIPAL MANAGEMENT	
Name	Title
Jung-tai Kim	Chairman and CEO (HFG)
	Vice Chairman (HFG)
Han-jo Kim	Head of Corporate and Investment Banking BU (Group), President and CEO (Korea Exchange Bank)
	Vice Chairman (HFG),
Seung-chul Chang	Head of Asset Management BU (Group), President and CEO (Hana Daetoo Securities)
Woo-kong Lee	Deputy President; Chief Finance & Strategy Officer (HFG)
Kee-young Jang	Deputy President; Chief Human Resources Officer (HFG)
Tae-gyun Kwon	Senior Executive Vice President; Head of Management Support Office (HFG)
Oh-hoon Kwon	Senior Executive Vice President; Chief Global Strategy Officer (HFG)
Jin-yong Chung	Executive Vice President; Compliance Officer and Chief Consumer Protection Officer (HFG)
Jun-sung Han	Executive Vice President of Future Planning and Support Team (HFG)
Cheol-seung Kwark	Executive Vice President of Finance & Strategy Office (HFG)
Hyo-sang Hwang	Executive Vice President; Chief Risk Officer (HFG)
Jae-young Kim	Executive Vice President; Chief Collaboration & Synergy Officer (HFG)
Yeong-keun Ann	Executive Vice President; Public Relations Officer (HFG)
Sung-nam Cho	Executive Vice President; Audit & Examination Office (HFG)
Byeong-chan Seo	Executive Vice President; HANA Dream business Division (HFG)

10. Resolution planning corporate governance structure and processes related to resolution planning

Currently, the only resolution planning requirement to which HFG is subject is the U.S. resolution planning requirement in the Joint Rule. Accordingly, HFG's resolution planning governance in 2014 was focused on the proper preparation and timely submission of the U.S. Resolution Plan.

In 2014, the global strategy office within HFG was responsible for providing coordination and consistency in preparing the U.S. Resolution Plan. It received assistance from HFG's Compliance Team and from overseas executives from Hana Bank and KEB. Additional members were included in response to project requirements on an as-needed basis so as to ensure that all aspects of the U.S. Resolution Plan received due attention. The global strategy office was responsible for preparing and gathering data and reviewing an initial draft of the U.S. Resolution Plan. Data related to U.S. operations was provided by the U.S. Working Group. The U.S. Working Group included the Agent and General Manager of the Hana NY Agency, the President and CEO of KEB's U.S. subsidiaries, and the President and CEO of BNB Hana Bank.

After the global strategy office prepared and reviewed the preliminary U.S. Resolution Plan, it was presented for review to the Chief Global Strategy Officer ("CGSO") and the U.S. Resolution Plan Steering Committee. The U.S. Resolution Plan Steering Committee is comprised of the CFO, Chief Risk Officer, CGSO and other executives in charge of overseas operation. On December 5, 2014, after a careful review of the draft U.S. Resolution Plan and the governance organization which prepared the U.S.

Resolution Plan, the HFG board of directors approved the U.S. Resolution Plan, subject to non-material changes made by CGSO of HFG as necessary to finalize and submit the U.S. Resolution Plan.

11. Material management information systems

HFG has robust operational and management information systems to monitor the financial health and risk, and support the operations, of its global operations. The Hana NY Agency relies on a system developed by Hana Bank while the KEB entities rely on a system developed by KEB to support their respective day-to-day operations. BNB Hana Bank relies on a system purchased from a specialized company in accordance with guidelines set by relevant regulatory agencies. These systems are used for credit and market risk management, banking and trading transaction recordkeeping, trade reporting, middle office processing, and client and referential data maintenance and analysis. HFG's management information systems are a combination of customized commercial systems and custom systems developed in-house.

12. Resolution strategy summary

Because it does not have MEs or CBLs under the Joint Rule, HFG's U.S. Resolution Plan is not required to provide a detailed strategy for the resolution of its U.S. entities and operations in the event of its failure. Nonetheless, HFG's U.S. Resolution Plan does include a high-level discussion of the insolvency of its U.S. entities under applicable U.S. insolvency law in order to provide context to HFG's determination that it does not have CBLs, critical operations, or MEs, and that its failure would not pose risks to U.S. financial stability.

The Hana NY Agency would be subject to liquidation proceedings overseen by the Superintendent of the NYDFS ("Superintendent") pursuant to Article 13 of the New York Banking Law ("NYBL"). Upon its seizure by the Superintendent, the property of the Hana NY Agency would be "ring fenced," meaning that title to all property on the books of the Hana NY Agency, wherever located, and all property of Hana Bank situated in New York, would immediately vest with the Superintendent. The Superintendent would use the ring-fenced assets to satisfy the claims of unaffiliated creditors of the Hana NY Agency and would return any remaining assets to Hana Bank or its insolvency estate.

HBC, the HBC Non-bank Subsidiaries, KEB NY, KEB LA and KEB USA would each be eligible for resolution under either Chapter 11 or Chapter 7 of the Bankruptcy Code. Depending on acquirer interest, it may be possible to sell substantially all of the assets and operations of some or all of these entities to one or more buyers in expedited sales under Section 363 of the Bankruptcy Code. In the absence of such sales, HFG expects these entities would be wound-down in an orderly manner and liquidated.

BNB Hana Bank would be resolved under the Federal Deposit Insurance Act by the FDIC, following its appointment as receiver, through an immediate whole bank purchase and assumption ("P&A") transaction transferring its operations to another bank or a transfer to a bridge bank and a subsequent sale of the operations to another bank through a whole bank P&A transaction.