

ATTACHMENT 1
Terms and Conditions

THE KOREA DEVELOPMENT BANK

as Issuer

TERMS AND CONDITIONS

**in relation to The Baht 3,000,000,000 Bonds of The
Korea Development Bank No. 1/2554 (2011),
Due B.E. 2557 (2014)**

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TERMS AND CONDITIONS

in relation to
“The Baht 3,000,000,000 Bonds of The Korea Development Bank
No. 1/2554 (2011), Due B.E. 2557 (2014)”

This document sets out the terms and conditions of the Bonds issued by The Korea Development Bank (**Issuer**). The issue of the Bonds was authorised by the Issuer's Executive Director whom the Issuer has bestowed the applicable authority on pursuant to the Issuer's constitution.

The Issuer has appointed a Bondholders' Representative and a Registrar pursuant to the Bondholders' Representative Appointment Agreement (as defined below) and the Registrar Appointment Agreement (as defined below) respectively. The Bondholders are deemed to accept the appointment of the Bondholders' Representative and are entitled to the benefit of, are bound by, and are deemed to have notice of and understand, all provisions of these Conditions and the Bondholders' Representative Appointment Agreement which are applicable to them.

The Issuer was rated A1 by Moody's Investors Service on 14 April 2010, A by Standard & Poor's Ratings Services on 27 July 2005 and A+ by Fitch Ratings on 24 October 2005. The Bonds were assigned a credit rating of A1 by Moody's Investors Service on 19 May 2011.

Copies of these Conditions, the Bondholders' Representative Appointment Agreement and the Registrar Appointment Agreement are available for inspection during normal business hours at the principal office of the Bondholders' Representative.

1. DEFINITIONS

In these Conditions:

“**Baht**” means Thai Baht, the lawful currency of the Kingdom of Thailand.

“**Bonds**” means The Baht 3,000,000,000 Bonds of The Korea Development Bank No. 1/2554 (2011), Due B.E. 2557 (2014), which remain outstanding.

“**Bond Certificate**” means a certificate representing one or more Bonds, in the form attached as Schedule 1 hereto.

“**Bondholder**” and, in respect of any Bond, **Holder**, means each person identified as the owner of a Bond in accordance with Condition 3.3.

“**Bondholders' Representative Appointment Agreement**” means the Bondholders' Representative Appointment Agreement dated on or around 23 May 2011 between the Issuer and TMB Bank Public Company Limited (**TMB**) as Bondholders' Representative or any agreement appointing a replacement Bondholders' Representative.

“**Bondholders' Representative**” means TMB acting as bondholders' representative in respect of the Bonds, or any other person subsequently appointed as the Bondholders'

Representative in accordance with these Conditions and the Bondholders' Representative Appointment Agreement.

“**Bond Rights**” means all rights derived from a holding of Bonds including, without limitation, the right to receive principal and interest on the Bonds and the right to attend and vote at meetings of the Bondholders under these Conditions and otherwise in accordance with applicable law.

“**Book Closing Date**” is defined in Condition 3.2.2.

“**Business Day**” means a day (other than Saturday or Sunday) on which commercial banks are open for general business in Bangkok, Thailand.

“**Conditions**” means these terms and conditions, as may be supplemented or varied on the terms and in the manner set out herein.

“**Control**” means the acquisition or control of a majority of the voting share capital of the Issuer or the right to appoint and/or remove all or the majority of the members of the Issuer’s board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise.

“**Credit Rating Agencies**” means Moody's Investors Service, Standard & Poor's Ratings Services and Fitch Ratings or any other credit rating agency approved by the SEC.

“**Default Interest Rate**” means the rate which is equal to the sum of (a) the Interest Rate and (b) two (2) per cent per annum.

“**Denominated Currency**” is defined in Condition 5.2.4.

“**Encumbrance**” means any mortgage, charge, encumbrance, pledge or other security interest.

“**Events of Default**” is defined in Condition 14.

“**External Indebtedness**” means any obligation for the payment or repayment of money borrowed which is denominated in a currency other than the currency of Korea.

“**Government Guarantee**” means a direct and irrevocable obligation owed by Korea to guarantee or repay in full, or otherwise protect against any losses on any amount due under, or to purchase, the Bonds, including principal, premium, if any, and interest thereof or thereon provided that:

- (a) Korea shall have expressly assumed the payment obligations in respect of the Bonds under such Government Guarantee by way of agreement, deed, statute or any other instrument or law or regulation having a similar effect;
- (b) Condition 12 shall apply to payments made under the Government Guarantee mutatis mutandis as though references therein to the Bonds included the

Government Guarantee and any obligation arising therein to pay additional amounts applied to Korea as guarantor; and

- (c) the Issuer shall have obtained an opinion of independent legal advisers that the Government Guarantee is legal, valid and binding upon and enforceable against Korea, and that the Bonds and the Agency Agreement shall remain legal, valid, binding and enforceable obligations of the Issuer.

“**Interest Amount**” is defined in Condition 9.3.

“**Interest Payment Date**” means 27 May and 27 November of each year during which the Bonds are outstanding (excluding, for the avoidance of doubt, the Issue Date but including the Maturity Date).

“**Interest Period**” means:

- (a) the period commencing on, and including, the Issue Date and ending on, but excluding, the first Interest Payment Date; and
- (b) each successive period commencing on, and including, an Interest Payment Date and ending on, but excluding, the next Interest Payment Date or the Maturity Date, as the case may be.

“**Interest Rate**” means the rate as set out in Condition 9.2, which shall be the rate at which the Bonds bear interest.

“**Issue Date**” means 27 May 2011, the date of issue of the Bonds.

“**Issuer**” means The Korea Development Bank.

“**Issuer’s Representative**” is defined in Condition 21.7.

“**KDB Act**” means The Korea Development Act of 1953, as amended.

“**Korea**” means The Republic of Korea.

“**Korea Tax**” is defined in Condition 12.2.

“**Loan Asset**” is defined in Condition 5.2.4.

“**Material Subsidiaries**” means, at any particular time, a company which is then directly or indirectly controlled, or more than fifty (50) per cent of whose issued equity share capital (or equivalent) is then beneficially owned, by the Issuer and/or one or more of its Material Subsidiaries. For a company to be “controlled” by another means that the other (whether directly or indirectly and whether by the ownership of share capital, the possession of voting power, contract or otherwise) has the power to appoint and/or remove all or the majority of the members of the Board of Directors or other governing body of that company or otherwise controls or has the power to control the affairs and policies of that company.

“**Maturity Dates**” means 27 May 2014.

“**MOF**” means the Ministry of Finance of Thailand.

“**Reciprocal Loan**” is defined in Condition 5.2.4.

“**Record Date**” is defined in Condition 3.2.2.

“**Register Book**” means the register book recording particulars of the Bondholders or other source of registration information relating to the transfer, pledge, attachment, issuance of new Bond Certificates and other matters related to the Bonds according to the rules and procedures prescribed pursuant to the laws governing securities and exchange and regulations of the SEC.

“**Registrar**” means TSD, acting as registrar and paying agent of the Bonds pursuant to the Registrar Appointment Agreement, or any other person subsequently appointed as registrar in accordance with these Conditions, the Registrar Appointment Agreement and applicable laws and regulations.

“**Registrar Appointment Agreement**” means the Registrar Appointment Agreement dated on or around 23 May 2011 between the Issuer and TSD as registrar and paying agent or any agreement appointing a replacement Registrar.

“**Relevant Date**” means (i) the due date for payment thereof; or (ii) (if the full amount of the monies payable on such date has not been received by the Registrar on or prior to such due date) the date on which, the full amount of such monies having been so received, notice to that effect is duly given to the Bondholders in accordance with Condition 20 or individually.

“**Resolution**” means a resolution of Bondholders passed at a Bondholders’ meeting or circular resolution duly signed by Bondholders pursuant to Condition 15.3.

“**SEC**” means the Securities and Exchange Commission of Thailand.

“**Secured Counterparty**” is defined in Condition 5.2.4.

“**Subscription Closing Date**” means the day on which the subscription of the Bonds is completed, in this case is 26 May 2011.

“**Thai Tax**” has the meaning as set out in Condition 12.3.

“**Thailand**” means the Kingdom of Thailand.

“**Thai BMA**” means The Thai Bond Market Association or such other exchange as may be approved by the MOF and licensed by and registered with the SEC.

“**TSD**” means Thailand Securities Depository Company Limited, or any successor organisation, legally entitled to operate a securities depository business in respect of bonds in Thailand.

“**USD**” means the United States Dollar.

2. **FORM, DENOMINATION AND PAR VALUE**

2.1 Form and Denomination

The Bonds are issued in registered form in denomination of Baht 1,000 each.

2.2 Par Value

On the Issue Date, the total value of the Bonds is Baht 3,000,000,000 in the amount of 3,000,000 units with par value of Baht 1,000 each.

3. **BOND CERTIFICATES, REGISTER BOOK AND OWNERSHIP OF THE BONDS**

3.1 Bond Certificates

3.1.1 The Registrar will issue and deliver, within fifteen (15) Business Days from the Subscription Closing Date one or more Bond Certificates to each Bondholder in respect of Bonds not deposited with TSD. The forms of the Bond Certificate appear in Schedule 1. With respect to Bonds deposited with TSD, TSD will be registered in the Register Book as the Bondholder for all Bonds deposited with it, within seven (7) Business Days from the Subscription Closing Date.

3.1.2 If a person holding Bonds through TSD wishes to obtain a Bond Certificate with respect to such Bonds, that person shall inform TSD. The Registrar must issue a Bond Certificate to that person once it has been notified by TSD of the name of that person and the number of Bonds deposited with TSD in the name of that person. Following the issuance of such Bond Certificate, the number of Bonds registered in the name of TSD will then be reduced by the number of Bonds represented by such Bond Certificate so issued.

3.2 Register Book and Closure of the Register Book

3.2.1 The Registrar is obliged under the Registrar Appointment Agreement to prepare, record and/or register any transaction in relation to the transfer, pledge or issuance of a new certificate and any other matter or thing with respect to the Bonds as required by applicable law and to keep the Register Book until the date that all Bonds are redeemed in accordance with these Conditions.

3.2.2 The Register Book will be closed on the 14th (fourteenth) day prior to any Interest Payment Date, the Maturity Date, any date fixed for any meeting of the Bondholders or any other date for any other purpose as specified in these Conditions and as notified by the Issuer to the Registrar and the Bondholders' Representative ("**Book Closing Date**"). If the Book Closing Date falls on a day that is not a Business Day, the Register Book shall be closed on the next Business Day, and in such case, the period between the Book Closing Date to each relevant Interest Payment Date, the Maturity Date, any date fixed for any meeting of the Bondholders or any other date for any other purpose as specified above shall be less than 14 (fourteen) days. The Registrar shall not

register any transfer of the Bonds on the Book Closing Date. A Business Day immediately preceding the Book Closing Date is called a "**Record Date**".

The Issuer and the Registrar hereby reserve the right to change the date and time for the closure of the Register Book without the need to obtain consent from the Bondholders, provided that such change: (i) must be in compliance with the rules and regulations of TSD or any other relevant authorities, and (ii) shall not adversely affect materially the rights and benefits of the Bondholders. In such case, the Record Date shall be changed accordingly.

3.3 Ownership of Bonds

3.3.1 For Bonds that are not deposited with TSD, title to the Bonds is vested in the persons whose names are registered in the Register Book from time to time. For the purpose of determining Bond Rights, the Bond Rights shall be vested in the persons whose names are registered in the Register Book at the end of business hours of the Registrar on the relevant Record Date, unless, in either case, a transfer of the relevant Bond has occurred prior to the relevant Record Date and such transfer is effective against the Issuer in accordance with Condition 4.1.2. Following any such transfer, the Bond Rights will be vested in the transferee of the Bonds.

3.3.2 For Bonds that are deposited with TSD, title to the Bonds is vested in the persons whose names are listed with TSD as the owners of such Bonds from time to time. For the purpose of determining Bond Rights, the Bond Rights shall be vested in the persons whose names are shown in the record of TSD at the end of business hours of the Registrar on the relevant Record Date, as notified in writing by TSD to the Registrar.

4. TRANSFERS OF BONDS

4.1 Transfers of Bonds not deposited with TSD

4.1.1 A transfer of Bonds is completed, as between the transferor and the transferee, when the transferor whose name is registered in the Register Book as the owner of such Bonds, or a person to whom such Bonds have been previously transferred in accordance with these Conditions, delivers to the transferee a duly endorsed Bond Certificate representing such Bonds.

4.1.2 Notwithstanding the foregoing, a transfer of Bonds is only effective against the Issuer when the Registrar accepts the application to register the transfer together with the Bond Certificate duly endorsed by the transferee.

4.1.3 Notwithstanding the foregoing, a transfer of Bonds is only effective against third parties when the transfer is actually registered in the Register Book.

4.1.4 An application to register the transfer of Bonds must be made at the principal office of the Registrar during its normal business hours in accordance with the form and procedures prescribed by the Registrar. In connection with the application to register a transfer of Bonds, the applicant must deliver the following documents to the Registrar:

- (a) an application for registration of the transfer, together with the Bond Certificate duly endorsed pursuant to Conditions 4.1.1 and 4.1.2; and
- (b) any other evidence confirming the correctness and completeness of the transfer as may be specified by the Registrar.

4.1.5 Subject to Condition 4.5, the Registrar will register the transfer in the Register Book within seven (7) Business Days after it receives the documents specified in Condition 4.1.4.

4.1.6 All transfers are subject to the transfer restrictions contained in Conditions 4.3 and 4.4.

4.2 Transfers of Bonds deposited with TSD

Any transfer of Bonds deposited with TSD must comply with the regulations of the Stock Exchange of Thailand, TSD, the Thai BMA and/or any other regulatory authority that has issued regulations applicable to the transfer of the Bonds.

4.3 Transfer Restriction

The Bonds are subject to, and shall bear in the form of a legend, the following transfer restrictions:

THE ISSUER HAS BEEN GRANTED PERMISSION TO OFFER AND SELL THE BONDS TO INSTITUTIONAL INVESTORS AND HIGH NET WORTH INVESTORS, AND HAS REGISTERED THE TRANSFER RESTRICTION IN RESPECT THEREOF WITH THE SEC AND IS REQUIRED TO FILE A REGISTRATION STATEMENT AND DRAFT PROSPECTUS PURSUANT TO THE NOTIFICATION OF THE CAPITAL MARKET SUPERVISORY BOARD NO. TORJOR. 14/2552 RE:OFFERING OF FOREIGN BONDS OR FOREIGN DEBENTURES IN THAILAND DATED 13 MARCH 2009, AS MAY BE AMENDED FROM TIME TO TIME. IN CONNECTION WITH ANY TRANSFER OF THE BONDS, THE ISSUER AND/OR THE REGISTRAR SHALL NOT ACCEPT THE REGISTRATION OF ANY PERSON WHO IS NOT AN INSTITUTIONAL INVESTOR OR A HIGH NET WORTH INVESTOR AS DEFINED IN THE NOTIFICATION OF THE SEC NO. KORJOR. 5/2552 RE: FIXING DEFINITIONS IN THE NOTIFICATIONS REGARDING OFFERING OF ALL TYPES OF DEBT INSTRUMENTS DATED 13 MARCH 2009, AS MAY BE AMENDED FROM TIME TO TIME.

4.4 Permitted Transfers

The Bonds may only be transferred to the following types of Institutional Investors or High Net Worth Investors as defined in the Notification of the SEC No. KorJor. 5/2552 re: Fixing Definitions the Notifications Regarding Offering of All Types of Debt Instruments dated 13 March 2009, as may be amended from time to time:

4.4.1 Institutional Investors:

- (a) commercial banks;

- (b) finance companies;
- (c) securities companies holding securities for their own account or for the management of private funds or investment projects established under the law relating to the undertaking of finance business, securities business and credit foncier business;
- (d) credit foncier companies;
- (e) insurance companies;
- (f) government agencies and state enterprises under the budgetary procedure law or other juristic persons established under specific laws;
- (g) the Bank of Thailand;
- (h) international financial institutions;
- (i) the Financial Institutions Development Fund;
- (j) the Government Pension Fund;
- (k) provident funds;
- (l) mutual funds; and
- (m) foreign investors with similar characteristics to the investors listed in paragraphs (a) to (l) of this Condition 4.4.1.

4.4.2 High Net Worth Investors:

- (a) a natural person who has gross assets of at least Baht 40 million, excluding his/her debts; and
- (b) a juristic person which has assets of at least Baht 200 million pursuant to its latest annual audited financial statement.

4.5 Registrar's Right to refuse registration of a transfer

The Registrar has acknowledged the transfer restriction specified in Conditions 4.3 and 4.4. If the Registrar deems that a transfer violates such transfer restriction, it shall not register such transfer in the Register Book and shall return the relevant application and Bond Certificate to the person applying to have such transfer registered.

5. STATUS AND NEGATIVE PLEDGE

5.1 Status of the Bonds

The Bonds are the direct, unconditional, unsubordinated and (subject to the provisions of Condition 5.2) unsecured general obligations of the Issuer and will rank pari passu among themselves, without any preference one over the other, and at least equally with all other outstanding unsecured and unsubordinated obligations of the Issuer

subject, in the event of insolvency, to laws of general applicability relating to or affecting creditors' rights.

5.2 Negative Pledge

So long as any of the Bonds remains outstanding, the Issuer will not create or permit to subsist any Encumbrance upon the whole or any part of its assets, present or future, to secure any indebtedness, or to secure any guarantee of indebtedness, unless the Bonds shall be secured equally and rateably therewith, except that the Issuer may create or permit to arise or subsist:

- 5.2.1 any Encumbrance over promissory notes or other commercial paper discounted or otherwise provided as security to or issued by the Issuer where such Encumbrance is created in favour of The Bank of Korea in the normal operation of its discount facilities or its facilities for the funding of loans by the Issuer to customers of the Issuer; or
- 5.2.2 any Encumbrance over any immovable property owned by the Issuer as security for the repayment by the Issuer to a tenant of that property of any security deposit paid by such tenant to the Issuer upon taking a tenancy or lease of that property; or
- 5.2.3 any Encumbrance or any other agreement or arrangement having a similar effect arising in connection with a sale and repurchase transaction entered under TBMA/ISMA Global Master Repurchase Agreement or any other substantially similar repurchase agreement or arrangement of such kind entered into, or created, or arising in the ordinary course of business of the Issuer, provided that the amount of such transaction (when aggregated with the amount of any other such transactions) does not exceed 15% of the borrowing liabilities of the Issuer as set out in the latest audited non-consolidated balance sheet of the Issuer; or
- 5.2.4 any Encumbrance over any loan or other indebtedness ("**Loan Asset**") denominated in one currency ("**Denominated Currency**") owed by a party together with its Material Subsidiaries, and related entities, ("**Secured Counterparty**") to the Issuer, which is granted in favour of the Secured Counterparty in connection with (a) a loan or other indebtedness denominated in a currency other than the Denominated Currency of the Issuer or any of its Material Subsidiaries or related entities owed to the Secured Counterparty ("**Reciprocal Loan**") and (b) the Issuer or any of its Material Subsidiaries or related entities having been granted the benefit of an Encumbrance over the Reciprocal Loan by the Secured Counterparty, and which transaction or arrangement described herein is commonly regarded as a parallel loan or back-to-back loan, provided that such transaction or arrangement is entered into in the ordinary course of business of the Issuer and the aggregate outstanding principal amount of the Loan Assets of the Issuer which are subject to such Encumbrance does not exceed 5% of the borrowing liabilities of the Issuer as set out in the latest audited non-consolidated balance sheet of the Issuer; or
- 5.2.5 any statutory liens arising in the ordinary course of the Issuer's business and not in connection with the borrowing or raising of money; or

- 5.2.6 any Encumbrance arising or preference given under Korean law, applicable generally to corporations established under Korean law, by virtue of a failure by the Issuer to meet an obligation, provided that such Encumbrance does not subsist for more than 30 days; or
- 5.2.7 any Encumbrance over any asset purchased by the Issuer (or documents of title thereto) or arising in connection with improvements to any asset of the Issuer as security for the unpaid balance of the purchase price thereof or costs of improvement thereto.

6. CREDIT RATING

As of the Issue Date, the Issuer has arranged for the Credit Rating Agencies to provide a credit rating for itself. For the avoidance of doubt, a result of the credit rating is subject to revision throughout the term of the Bonds.

7. OBLIGATIONS OF THE ISSUER

So long as the Issuer has or may have any obligation under the Bonds, the Issuer shall:

- 7.1 Promptly send a written notice to the Bondholders' Representative if it becomes aware of the occurrence of any event which constitutes (or with the giving of notice, lapse of time, determination of materiality or the fulfilment of any other applicable condition or any combination of the foregoing, would constitute) an Event of Default under these Conditions;
- 7.2 If there is any circumstance which requires a change of the Bondholders' Representative or the Registrar, use its best endeavours to procure another person to be appointed as replacement Bondholders' Representative or replacement Registrar, as the case may be, as soon as reasonably practicable. In the case of replacement of the Bondholders' Representative, the Issuer shall appoint the replacement Bondholders' Representative within ninety (90) days from the date on which there is an event which requires the replacement of the Bondholders' Representative pursuant to Condition 17.2;
- 7.3 Supply to the Bondholders' Representative as soon as the same are available (and in any event within the period of 180 days from the end of a fiscal year of the Issuer), copies of its audited financial statements including, if prepared, consolidated financial statements of the Issuer, for the relevant financial year; and
- 7.4 Report to the SEC and the Bondholder Representative as promptly as possible when there is a material adverse change to its business or financial status.

8. LISTING

The Issuer shall apply for the listing of the Bonds with the Thai BMA and shall use its best effort to ensure that the Bonds are accepted for listing and shall remain listed in the Thai BMA at all times during the term of the Bonds.

9. **INTEREST**

9.1 General

Each Bond bears interest on its principal amount from the Issue Date at the Interest Rate, payable in arrear on each Interest Payment Date.

9.2 Interest Rate

The interest rate of the Bonds is 3.88 per cent per annum.

9.3 Interest Calculation

The amount of interest payable with respect to each Bond for any Interest Period ("**Interest Amount**") shall be calculated by the Registrar by multiplying (a) the product of the principal amount of the Bond and the Interest Rate applicable thereto by (b) the number of days in that Interest Period divided by 365.

In the case of the calculated Interest Amount contains more than six (6) decimal places, it shall be rounded up to six (6) decimal places where a fraction equal to five (5) or more be rounded up, otherwise it be rounded down.

9.4 Default Interest

In the event of a default by the Issuer under these Conditions, the Default Interest Rate shall be charged on any unpaid and outstanding amount of principal from the due date until the date on which the Issuer makes a full payment, irrespective of whether or not the Bondholders' Representative has notified the Issuer or declared such occurrence under Condition 14.

In such event, Condition 9.3 shall apply mutatis mutandis and the applicable Interest Rate used in Condition 9.3 shall be replaced by applicable Default Interest Rate.

10. **METHOD, TIME AND PLACE FOR REPAYMENT UNDER THE BONDS**

10.1 Method of Principal Repayment

10.1.1 General case: Any principal due under the Bonds to the Bondholders shall be paid by a crossed check marked "A/C payee only" in the names of the Bondholders dated on a Business Day on which the Issuer is required to make such repayment and shall be sent by registered post in advance to the Bondholders at their addresses appearing in the Register Book. In this regard, the Issuer (or the Registrar acting on behalf of the Issuer) shall not make the principal repayment on the Maturity Date until the Bondholder surrenders the Bond Certificate at the head office of the Registrar. The Bondholder may surrender the Bond Certificate prior to the due date and the Registrar shall issue a written acknowledgement of receipt thereof as evidence.

10.1.2 The case where the Bonds are held by TSD on behalf of the Bondholders: The Issuer (or the Registrar acting on behalf of the Issuer) shall pay the principal

sum under the Bonds to the persons whose names are notified by TSD to the Registrar as the holders of the amounts of Bonds entered in the Register Book in the name of TSD by a crossed check marked “A/C payee only” in the name of the Bondholder dated on a Business Day on which the Issuer is required to make such repayment and shall be sent by registered post in advance to the Bondholders at their addresses as notified by TSD.

10.2 Method of Payment of Interest or Any Other Payment (if any)

10.2.1 General cases: Any payment of interest due on any Interest Payment Date or any other payment (other than the payment of principal) required to be made to the Bondholders (if any) under the Bonds shall be paid to the Bondholders by a crossed check marked “A/C payee only”, dated on a Business Day that the Issuer is required to make such repayment, issued in the name of the Bondholder whose name appeared in the Register Book (at the end of the Registrar’s business hours) on the relevant Record Date, provided that the Issuer (or the Registrar acting on behalf of the Issuer) shall send such check by registered post in advance to the Bondholders at their addresses appearing in the Register Book. In this regard, the last interest payment shall not be paid until the Bondholder surrenders the Bond Certificate at the head office of the Registrar. The Bondholder may surrender the Bond Certificate prior to the due date and the Registrar shall issue a written acknowledgement of receipt thereof as evidence.

10.2.2 The case where the Bonds are held by TSD on behalf of the Bondholders: The Issuer (or the Registrar acting on behalf of the Issuer) shall make the payment under the Bonds to the persons whose names are notified by TSD to the Registrar as being holders of the amounts of Bonds entered in the Register Book in the name of TSD by a crossed check marked “A/C payee only” in the name of the Bondholder dated on a Business Day that the Issuer is required to make such repayment and shall be sent by registered post in advance to the Bondholders at their addresses as notified by TSD.

10.3 Principal Payment

The due date of the principal repayment of the Bonds shall be the Maturity Date.

10.4 Payment Currency

All payments made or to be made under the Bonds shall be in Baht.

10.5 Currency indemnity

Any amount received or recovered in a currency other than Baht (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of the Issuer) by any Bondholder in respect of any sum expressed to be due to it from the Issuer shall only constitute a discharge to the Issuer to the extent of the amount in Baht that the Bondholder is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practical to do so). If the amount received or recovered is less than the

amount expressed to be due to the Bondholders, the Issuer shall indemnify the Bondholder against any loss sustained by the Bondholder as a result. In any event, the Issuer shall indemnify the Bondholder against the cost of making any such purchase. For the purposes of this Condition, it shall be sufficient for the Bondholder, to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from the Issuer's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Bondholder and shall continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Bond or any other judgment or order.

10.6 Business Days

If the due date of principal or interest payment or any other payment under the Bonds to the Bondholders does not fall on a Business Day, the payment date shall be postponed to the following Business Day. In this regard, the Issuer shall not be required to make any additional payment for such postponement pursuant to this Condition 10.6, except for the last interest payment in respect of which the number of days up to (but not including) the Interest Payment Date that has been postponed shall be counted for interest calculation.

11. REDEMPTION AND REPURCHASE OF BONDS

11.1 Redemption at maturity

Unless previously redeemed or purchased and cancelled as provided below, each Bond will be redeemed at its principal amount in Baht on the Maturity Date.

11.2 Redemption for tax reasons

11.2.1 All the Bonds, but not some only, may be redeemed at the option of the Issuer, on any Interest Payment Date, on giving not less than thirty (30) nor more than sixty (60) days' notice in accordance with Condition 20, to the Bondholders' Representatives (which notice shall be irrevocable), together with interest (if any) accrued to the date fixed for redemption, if:

- (a) on the occasion of the next payment due under the Bonds the Issuer has or will become obliged to pay additional amounts as a result of any change in, or amendment to, the laws or regulations of Korea or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date of the Bonds; and
- (b) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Bonds then due.

- 11.2.2 Prior to the publication of any notice of redemption pursuant to this Condition 11.2, the Issuer shall deliver to the Bondholders' Representative and the Registrar a certificate signed by the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.
- 11.2.3 Prior to the lapse of three (3) years after the Issue Date, the Issuer's right to exercise the redemption option as specified in this Condition 11.2 shall be subject to applicable Thai laws and regulations prevailing at the time of such exercise or permission from the MOF (if applicable).

11.3 Purchases

The Issuer and any of its subsidiaries may at any time purchase or otherwise acquire Bonds in the open market or otherwise. Bonds (other than those acquired by the Issuer which must be cancelled), purchased or otherwise acquired may be held or resold or, surrendered to the Registrar for cancellation. If purchases are made by tender, tenders must be made available to all Bondholders alike. The Bonds held by any of the subsidiaries shall not be entitled to vote at any meeting of the Bondholders and shall not be deemed to be outstanding for the purpose of calculating a quorum with respect to meetings of Bondholders.

11.4 Cancellation

Bonds that are redeemed or purchased by the Issuer must be cancelled and may not be re-issued or resold. The Issuer may also, pursuant to the rules of the SEC and any exchange or market on which the Bonds are listed or traded, be required to report its purchase of any Bonds to the SEC, Thai BMA and/or such exchange or market.

12. TAXATION

12.1 No set-off or Counterclaim

Subject to Condition 12.3 below, all payments in respect of the Bonds must be made in full without set-off or counterclaim.

12.2 Withholding Tax in Korea

- 12.2.1 All payments of principal and/or interest in respect of the Bonds will be made without deduction or withholding for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of Korea or by or within any political subdivision thereof or any authority therein having power to tax ("**Korean Tax**"), unless deduction or withholding of such Korean Tax is compelled by law. In that event the Issuer will pay such additional amounts as will result (after such deduction or withholding) in the receipt by the Bondholders of the amounts which would otherwise have been receivable (in the absence of such

deduction or withholding), except that no such additional amount shall be payable in respect of any Bond presented for payment:

- 12.2.2 by or on behalf of a Bondholder who is subject to such Korean Tax in respect of such Bond by reason of his being connected with Korea (or any political subdivision thereof) otherwise than merely by holding such Bond or receiving principal or interest in respect thereof; or
- 12.2.3 by or on behalf of a Bondholder who would not be liable for or subject to such withholding or deduction by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority if, after having been requested to make such a declaration or claim, such holder fails to do so; or
- 12.2.4 more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional payment on presenting the same for payment on such thirtieth day assuming that day to have been a Business Day; or
- 12.2.5 where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to any European Union Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- 12.2.6 by or on behalf of a holder who would be able to avoid such withholding or deduction by presenting the relevant Bond to another registrar or paying agent in a Member State of the European Union.

12.3 Withholding Tax in Thailand

Notwithstanding the foregoing, all payments of principal and/or interest in respect of the Bonds shall be made subject to any and all present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied in or under the laws of Thailand ("**Thai Tax**"). The Issuer will not be required to gross-up for any deduction or withholding of such Thai Tax.

13. **PRESCRIPTION**

Claims in respect of the principal amount and any accrued interest in respect of the Bonds shall become unenforceable unless the Bonds are presented for payment within a period of ten (10) years in the case of principal and five (5) years in the case of interest from the relevant payment date unless otherwise specified by law.

14. **EVENTS OF DEFAULT**

14.1 Event of Default

If any one or more of the following events ("**Events of Default**") shall have occurred and be continuing:

- 14.1.1 default is made in any payment of principal or interest in respect of any of the Bonds and such default continues for 14 days or more, in the case of principal, or 21 days or more, in the case of interest; or

- 14.1.2 default is made in the performance of any other covenant, condition or provision contained in the Bonds and such default continues for 30 days or more after written notice thereof shall have been given to the Issuer by the Bondholder's Representative; or
 - 14.1.3 any External Indebtedness of the Issuer in an aggregate principal amount of USD10,000,000 or more either (i) becomes due and payable prior to the due date for payment thereof by reason of default by the Issuer or (ii) is not repaid at maturity as extended by the period of grace, if any, applicable thereto, or any guarantee given by the Issuer in respect of External Indebtedness of any other person is not honoured when due and called; or
 - 14.1.4 Korea declares a moratorium on the payment of any External Indebtedness (including obligations arising under guarantees) of Korea or Korea becomes liable to repay prematurely any sums in respect of such External Indebtedness (including obligations arising under guarantees) as a result of a default under, or breach of the terms applicable to, such External Indebtedness or such obligations, or the international monetary reserves of Korea become subject to any Encumbrance or any segregation or other preferential arrangement (whether or not constituting an Encumbrance) for the benefit of any creditor or class of creditors; or
 - 14.1.5 Korea ceases to Control (directly or indirectly) the Issuer or for any reason fails to provide the financial support to the Issuer stipulated as of the Issue Date of the Bonds by Article 44 of the KDB Act provided, however, that such event will not constitute an Event of Default if, prior to and following such cessation or failure, the Bonds shall have the benefit of a Government Guarantee; or
 - 14.1.6 the Issuer is adjudicated or found bankrupt or insolvent or any order is made by a competent court or administrative agency or any resolution is passed by the Issuer to apply for judicial composition proceedings with its creditors or for the appointment of a receiver or trustee or other similar official in insolvency proceedings in relation to the Issuer or a substantial part of its assets or the Issuer is wound up or dissolved or the Issuer ceases to carry on the whole or substantially the whole of its business.
- 14.2 If any Event of Default specified in Conditions 14.1.1, 14.1.2, 14.1.3 or 14.1.5 occurs and is continuing, and if
- 14.2.1 the Bondholders' Representative deems appropriate; or
 - 14.2.2 the Bondholders' Representative has received a demand in writing from the Bondholders of at least twenty-five (25) per cent in aggregate principal amount of the Bonds then outstanding; or
 - 14.2.3 the Bondholders' Representative has received a Resolution in accordance with Condition 15, the Bondholders' Representative shall declare the Bonds to be immediately due and payable at their principal amount together with all accrued interest thereon, by sending a notice thereof to the Issuer.

- 14.3 If an Event of Default specified in Conditions 14.1.4 or 14.1.6 occurs and is continuing, the Bondholders' Representative shall declare the Bonds to be immediately due and payable at their principal amount together with all accrued interest thereon, by sending a notice thereof to the Issuer.
- 14.4 At any time after any amount payable under the Bonds becomes immediately due and payable in accordance with Conditions 14.2 or 14.3, the Bondholders' Representative shall institute such proceedings against the Issuer, without further notice, as the Bondholders' Representative may deem fit to enforce the terms of the Bonds.
- 14.5 No Bondholder will be entitled to proceed directly against the Issuer unless the Bondholders' Representative fails to institute proceedings in accordance with Condition 14.4 against the Issuer and such failure shall have continued for a period of thirty (30) days.

15. MEETINGS OF BONDHOLDERS

- 15.1 The Issuer or the Bondholders' Representative shall be entitled to call a Bondholders' meeting at any time. The Bondholders' Representative shall promptly call a Bondholders' meeting:
- 15.1.1 within thirty (30) days from the date on which the holders of not less than twenty-five (25) per cent in aggregate principal amount of the Bonds then outstanding, subject to having been indemnified to its satisfaction as to costs and expenses to be incurred as a result thereof, send a written request to the Bondholders' Representative for a meeting of Bondholders to be convened together with the reason to call for the meeting and the agenda thereof, or
- 15.1.2 upon the occurrence of any of the following events:
- (a) an Event of Default has occurred and is continuing and the Bondholders' Representative has not sent a demand notice pursuant to Conditions 14.2 or 14.3 to the Issuer;
 - (b) a proposal to amend material terms of the Conditions has been made pursuant to Condition 18.1; or
 - (c) an appointment of a new Bondholders' Representative is required except in the case of the issuance of a written request to approve the appointment of a new Bondholders' Representative pursuant to Condition 17.3.2.
- 15.2 Resolutions duly passed at a Bondholders' meeting shall be binding on all Bondholders whether they attended the meeting or not. The procedures for conducting meetings of the Bondholders are set out in Schedule 2 to these Conditions.
- 15.3 The Bondholders' Representative may adopt a Resolution without holding a meeting if Bondholders approve the action by placing their signatures on a copy of the text of the Resolution. Any such Resolution shall be effective and duly bind all the Bondholders (regardless of whether or not a Bondholder has executed or accepted such Resolution) when it has been signed by the Bondholders holding the aggregate number of votes required to pass such Resolution in accordance with Clause 6 of

Schedule 2 to these Conditions, provided that the counting of the votes is based on the total outstanding amount of the Bonds. The duly signed copy or copies of the Resolution shall be delivered to the Bondholders' Representative within a reasonable period of time as determined by the Bondholders' Representative with a copy to the Registrar and the Issuer and placed in the minutes of the Bondholders' meeting.

15.4 All reasonable costs and expenses of convening and holding any meeting of the Bondholders in accordance with these Conditions shall be payable by the Issuer.

16. **POWERS, DUTIES AND RESPONSIBILITIES OF THE BONDHOLDERS' REPRESENTATIVE**

16.1 The Bondholders' Representative shall act in good faith and shall be bound to exercise the degree of care usually required from a person performing the business of the Bondholders' Representative. The Bondholders' Representative shall not be responsible to the Bondholders for any damages arising from the performance or non-performance of its obligations except those arising from wilful misconduct or gross negligence or bad faith in the performance of its obligations as provided in these Conditions or in the Bondholders' Representative Appointment Agreement or in any applicable law.

16.2 The Bondholders' Representative shall duly perform and comply with its powers and duties as provided by the applicable laws and regulations and the Bondholders' Representative Appointment Agreement, including those powers and duties under these Conditions. The Bondholders' Representative's powers and responsibilities include the following:

16.2.1 to call meetings of Bondholders as required by these Conditions;

16.2.2 on reasonable notice, to facilitate the inspection by Bondholders, at the specified office of the Bondholders' Representative during its normal office hours, of the financial statements and other reports provided by the Issuer to the Bondholders' Representative;

16.2.3 in the event that the Bondholders' Representative is for any reason disqualified from acting in its capacity as Bondholders' Representative, and such disqualification is not cured within the period of sixty (60) days from the date of being so disqualified, to immediately inform the Issuer in writing after the expiration of such period in order to allow the Issuer to appoint a new Bondholders' Representative;

16.2.4 with the exception of Clauses 6.3 and 6.4 of Schedule 2 to these Conditions in which case the Resolution of the Bondholders is required, to make a decision without obtaining the Resolution of the Bondholders where a meeting would otherwise be required in the following matters:

(a) the amendment to the Conditions and/or agreements related to the Bonds in relation to the matters which the Bondholders' Representative views that it will benefit to the Bondholders or does not prejudice the rights of the Bondholders; and

- (b) the amendment to the Conditions and/or agreements related to the Bonds in relation to the matters which the Bondholders' Representative views that it is the correction of a manifest error;
- 16.2.5 to receive and keep in custody documents and assets including security (if any) which the Bondholders' Representative must receive for the benefit of all Bondholders in connection with the performance of its duties under these Conditions and applicable law and regulation;
- 16.2.6 to receive and keep in custody property which the Bondholders' Representative has received for the benefit of all the Bondholders in connection with the performance of its duties and to distribute the same to the Bondholders. The Bondholders' Representative shall keep all money and other assets under its custodianship relating to the Bonds separate from its other accounts;
- 16.2.7 to promptly notify each Bondholder of the occurrence of any Event of Default which occurrence has actually been notified by the Issuer, the Registrar or any Bondholder or comes to the attention of the Bondholders' Representative including the actions taken by the Bondholders' Representative due to such occurrence; and
- 16.2.8 to notify the Bondholders on the occurrence of the event which allows the Issuer to effect the redemption of Bonds for tax reason according to Condition 11.2 once the Bondholders' Representative has been notified by the Issuer of such event.
- 16.3 The Bondholders' Representative shall perform its duties in good faith with a view to protecting the interests of the Bondholders. The Bondholders' Representative shall be entitled to accept and rely on any statement contained in a certificate of the authorised directors of the Issuer and any opinion, advice or information prepared by any expert or specialist and addressed to the Bondholders' Representative in connection with the performance of its duties hereunder, except to the extent that the Bondholders' Representative (or any of its officers, employees or agents) has acted in bad faith or with gross negligence, and provided that such reliance is placed in good faith and with the benefit of such precautions as may reasonably be expected of a person performing the role of the Bondholders' Representative.
- 16.4 The Bondholders' Representative shall only be liable to the Bondholders for any loss or damage caused by it as a direct result of its wilful misconduct, gross negligence and/or bad faith in the performance of its obligations under the Conditions or applicable law. Without prejudice to the immediately preceding sentence, the Bondholders' Representative shall not be held responsible for any loss or damage arising out of action it has taken in accordance with a Resolution.
- 16.5 Notwithstanding any provision in the Conditions to the contrary, the Bondholders' Representative shall not be liable for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including but not limited to loss of profits).

17. APPOINTMENT AND REMOVAL OF THE BONDHOLDERS' REPRESENTATIVE

17.1 The Issuer has appointed the Bondholders' Representative to serve as the Bondholders' Representative in full compliance with the qualifications of applicable law, and the Bondholders are deemed to have consented to the Issuer's appointment of the Bondholders' Representative pursuant to the terms of the Bondholders' Representative Appointment Agreement and to ratify any action the Bondholders' Representative may have done for or on behalf of the Bondholders prior to and after the subscription or accepting the transfer of the Bonds.

17.2 The Bondholders' Representative shall be replaced if:

17.2.1 it is not qualified to serve as the Bondholders' Representative and such disqualification cannot be corrected within thirty (60) days from the date such disqualification arose;

17.2.2 a meeting of the Bondholders resolves to replace the Bondholders' Representative; or

17.2.3 the appointment of the Bondholders' Representative is terminated in accordance with the Bondholders' Representative Appointment Agreement.

17.3 Upon the occurrence of any events resulting in replacement of the Bondholders' Representative, the Bondholders' Representative or the Issuer shall take the following steps:

17.3.1 call a meeting of the Bondholders to approve the appointment of a new Bondholders' Representative; or

17.3.2 issue a written request to all Bondholders to approve the appointment of a new Bondholders' Representative, and if such request is not rejected in writing by Bondholders holding more than ten (10) per cent in aggregate principal amount of the Bonds then outstanding within thirty (30) days from the date the Issuer sends such written request, it shall be deemed that all Bondholders (irrespective of any rejections) approve the appointment of the new Bondholders' Representative.

17.4 The existing Bondholders' Representative shall continue to perform its duties to protect the interests of the Bondholders under the Conditions until a new Bondholders' Representative is appointed in accordance with these Conditions and all relevant assets, documents, or evidence have been delivered to such replacement Bondholders' Representative.

17.5 In respect of any replacement of the Bondholders' Representative, the Issuer shall, if required by applicable laws, apply for approval from the SEC under the relevant notifications and laws in force at such time. Once the Issuer has appointed the new Bondholders' Representative, the Issuer shall give notice to the Bondholders of such appointment within thirty (30) days and the existing Bondholders' Representative shall promptly pass all related property, documents or evidence to the new Bondholders' Representative and shall fully cooperate with the new Bondholders' Representative.

Representative so as to ensure the proper performance of duties by the new Bondholders' Representative.

18. AMENDMENT TO THE CONDITIONS

- 18.1 Subject to Condition 18.2, any amendment to the Conditions requires the approval of the Issuer and the Resolution in accordance with these Conditions.
- 18.2 The Bondholders' Representative may, as agreed by the Issuer, amend these Conditions without the consent of the Bondholders if such amendment is in accordance with Condition 16.2.4.
- 18.3 The Issuer shall deliver the amended Conditions to the Bondholders' Representative and the Bondholders' Representative shall deliver copies of such amended Conditions to the Registrar and the Office of the SEC within fifteen (15) days from the date of amendment to the Conditions and shall deliver the same to the Bondholders upon written request.

19. REPLACEMENT OF BOND CERTIFICATES

If a Bond Certificate is lost, stolen, mutilated, defaced, destroyed or damaged in any manner, the relevant Bondholder whose name appears in the Register Book shall be entitled to request the Registrar to issue a replacement certificate, subject to the payment of any fees and expenses payable to the Registrar for the replacement certificate and provided that the relevant Bondholder has given the Registrar any additional evidence as it reasonably requires (provided that the requirement is reasonable in the light of prevailing market practice). Mutilated or defaced Bond Certificates must be surrendered before replacements will be issued. The Registrar shall issue a replacement certificate to the Bondholder within fifteen (15) Business Days from the date of the Registrar receives the replacement request and any other documents required by it and the Registrar shall record the cancellation of the lost or damaged Bond Certificate in the Register Book.

20. NOTICES

20.1 Notices to Bondholders and the Bondholders' Representative

- 20.1.1 Notices to Bondholders must be in writing and will be deemed to be validly given if sent by registered mail (or the equivalent) or, if posted to an overseas address, by airmail to the address of the Bondholder specified in the Register Book or, with respect to persons whose Bonds are deposited with TSD, to the address specified by TSD for such Bondholder, and will be deemed to have been validly given on the date it is mailed or, if posted from a country other than that of the addressee, on the seventh (7th) day after the date it is posted.
- 20.1.2 Notices to the Bondholders' Representative must be in writing and shall be validly given if sent to the address or number of the Bondholders' Representative and in the manner as specified in the Bondholders' Representative Appointment Agreement.

20.2 Neither the failure to give notice nor any defect in any notice given to any particular Bondholder shall affect the sufficiency of any notice with respect to other Bondholders.

20.3 Notices to the Issuer and the Registrar

20.3.1 Notices to the Registrar shall be validly given if sent to the address or number of the Registrar and in the manner as specified in the Registrar Appointment Agreement.

20.3.2 Notices to the Issuer shall be validly given if sent to the address or fax number of the Issuer below or as specified in writing to the Bondholders' Representative:

The Korea Development Bank

Address: 16-3 Yeouido-dong, Yeongdeungpo-gu
Seoul, 150-973, Korea
Tel: +82 2 787 6487
Fax: +82-2-787-6496
Attention: Mr. Seung Weon Yang

The Issuer's Representative

Address: KDB Bangkok Representative
Room 15A, Grand Mercure Asoke Residence
50 Sukhumvit Sol 19
Khlongtoey nua, Wattana,
Bangkok 10110, Thailand
Tel: 070-8262-5254
Attention: Mr. Sang Moon Park
KDB Bangkok Representative, Deputy General Manager

20.3.3 Notices to the Issuer may be sent by regular mail, by registered mail, by fax or by hand delivery. Any communication made or delivered by one person to another under these Conditions will only be effective:

- (a) if sent by fax, when a transmission report showing the successful transmission of the facsimile is received by the sender;
- (b) if sent by letter, when received;
- (c) if sent by post, seven (7) Business Days after the despatch; or
- (d) if sent by courier, forty-eight (48) hours from the date of delivery to the courier service.

20.4 All notices and communications to be made to the Issuer and the Issuer's Representative in relation to the Bonds and these Conditions shall be made in English language, unless as otherwise required under the applicable laws or any other agreement, in which case an English translation thereof shall be provided to the Issuer.

21. GOVERNING LAW AND JURISDICTION

- 21.1 Governing Law: The Bonds and all matters arising from or connected with the Bonds are governed by, and shall be construed in accordance with, Thai law.
- 21.2 Jurisdiction: The Courts of Thailand have non-exclusive jurisdiction to settle any dispute arising from or connected with Bonds.
- 21.3 Appropriate forum: The Issuer agrees that the courts of Thailand are the most appropriate and convenient courts to settle any dispute and, accordingly, that it will not argue the contrary.
- 21.4 Rights of the Bondholders' Representative or Bondholders to take proceedings outside Thailand: Condition 21.2 (Jurisdiction) is for the benefit of the Bondholders only. As a result, nothing in this Condition 21 (Governing law and Jurisdiction) prevents any Bondholders' Representative or Bondholders, as the case may be, from taking proceedings relating to a dispute in any other courts with jurisdiction. To the extent allowed by law, the Bondholders' Representative or Bondholders, as the case may be, may take concurrent proceedings in any number of jurisdictions.
- 21.5 Consent to enforcement etc.: The Issuer consents generally in respect of any proceedings to the giving of any relief or the issue of any process in connection with such proceedings including (without limitation) the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment which is made or given in such proceedings.
- 21.6 Waiver of immunity: To the extent that the Issuer may in any jurisdiction claim for itself or its assets or revenues immunity from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process and to the extent that such immunity (whether or not claimed) may be attributed in any such jurisdiction to the Issuer or its assets or revenues, the Issuer agrees not to claim and irrevocably waives such immunity to the full extent permitted by the laws of such jurisdiction, except immunity in respect of its property used for diplomatic or consular missions, property of a military nature, and property located in its territory and dedicated to a public or governmental use as distinguished from the property to commercial use.
- 21.7 Appointment of Issuer's Representative: The Issuer appoints KDB Bangkok Representative at its registered office at Room 15A, Grand Mercure Asoke Residence, 50 Sukhumvit Soi 19, Khlongtoey nua, Wattana, Bangkok 10110, as its representative for service of process for the purpose of (i) receiving writ, summon, letters, orders or any other documents relating to the Bonds in Thailand on behalf of the Issuer; or (ii) contacting relevant government authorities in relation to the issue and offer of the Bonds in Thailand on behalf of the Issuer ("**Issuer's Representative**"). In addition, the Issuer undertakes that, in the event of KDB Bangkok Representative ceasing to act as the Issuer's representative in Thailand (e.g. the appointment of the Issuer's Representative is terminated by the Issuer) or ceasing to be registered in Thailand, the Issuer will appoint another person whose office/address is in Thailand as its new representative in Thailand for such purposes and will inform the Bondholders' Representative of the appointment of the new Issuer's Representative together with its contact details as soon as practicable. In such case, the Issuer agrees to procure that

the existing Issuer's Representative shall continue to perform its duties as specified above until a new Issuer's Representative is appointed. Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

These Conditions are made on 20 May 2011, and shall be effective from the Issue Date.

The Korea Development Bank

as Issuer

By: _____

Mr. Seung Weon Yang
Head of Global Funding Team

SCHEDULE 1
FORM OF BOND CERTIFICATE



THE KOREA DEVELOPMENT BANK

THE BAHT 3,000,000,000 BONDS OF THE KOREA DEVELOPMENT BANK NO. 1/2554 (2011), DUE B.E. 2557(2014)

Issue Date 27 May 2011 Redemption Date 27 May 2014 Term 3 years Face Value 1,000 Baht/Unit No. of Issues [●] Units Total Amount [●] Baht
 Interest Rate of 3.88% per annum throughout the terms of Bonds Semi-annually

THE KOREA DEVELOPMENT BANK will redeem the Bonds on the Maturity Date which is 27 May 2014 by crossed cheque in name of the Bondholders or any other ways as deemed appropriate by the Registrar.

Name of Bondholder	[●]				
Bondholder Registration No.	[●]	No. of Bonds	[●]	Units	Certificate No. [●]
Issuing Date of the Certificate	[●]	Total Principal Amount	[●]	Baht	

The bonds are subject to the Terms and Conditions governing the rights and obligations of the Issuer and the Bondholders as stipulated in the Prospectus of the Bonds.

The Bonds are the direct, unconditional, unsubordinated and (subject to provisions of Condition 5.2 of the Terms and Conditions of the Bonds) unsecured general obligations of the Issuer and will rank pari passu among themselves, without any preference one over the other, and at least equally with all other outstanding unsecured and unsubordinated obligations of the Issuer subject, in the event of insolvency, to laws of general applicability relating to or affecting creditors' rights.

The Issuer has been granted permission to offer and sell the newly issued Bonds to Institutional Investors and High Net Worth Investors, and has registered this transfer restriction with the SEC and is required to file a registration statement and draft prospectus pursuant to the Notification of the Capital Market Supervisory Board No. TorJor. 14/2552 re: Offering of Foreign Bonds or Foreign Debentures in Thailand dated 13 March 2009, as may be amended from time to time. In connection with any transfer of the bonds, the Issuer and/or the Registrar shall not accept the registration of any person who is not an Institutional Investor or a High Net Worth Investor as defined in the Notification of the Securities and Exchange Commission No. KorJor. 5/2552 re: Fixing Definitions in the Notifications regarding Offering of All Types of Debt Instruments dated 13 March 2009, as may be amended from time to time.

Director / Registrar

This Certificate is subject to the Terms and Conditions (“Conditions”) governing the rights and obligations of the Issuer and the Bondholders as specified in the Prospectus of the Bonds and/or any amendment as may be made to the Conditions at a later date. Unless otherwise defined in this Certificate, specific terms used in this Certificate have the same meanings given to them in the Conditions.

Summary of the Conditions of the Bonds

1. These Bonds are name registered, unsecured and unsubordinated bonds, with a Bondholders' Representative.
 - 1.1 REGISTRAR: THAILAND SECURITIES DEPOSITORY COMPANY LIMITED
 - 1.2 BONDHOLDERS' REPRESENTATIVE: TMB BANK PUBLIC COMPANY LIMITED
2. Interest Calculation Period and Procedures for Interest Payment and Redemption of Bonds
 - 2.1 The Korea Development Bank will calculate and pay the interest according to the Conditions. Interest shall be payable twice a year and shall be paid on 27 May and 27 November of each year throughout term of the Bonds. If the Interest payment Date and/or Maturity Date is not a Business Day, such payment shall be made on the following Business Day.
 - 2.2 The Korea Development Bank will assign the Registrar to pay the principal and/or interest, as specified in Clause 2.1 above, for each period, to the Bondholders by account payee Baht cheque drawn on a bank in Bangkok mailed to the address of the relevant Bondholder according to the address appearing in the Register Book on the Record Date according to the procedures specified in Clause 3 except for the payment of principal and interest for the last Interest Period which shall be in accordance with Clause 2.3 below.
 - 2.3 The Korea Development Bank shall assign the Registrar to pay the principal outstanding and last interest payment to the Bondholders on the Maturity Date in accordance with and subject to the Conditions, by account payee Baht cheque drawn on a bank in Bangkok to the Bondholders whose names appearing in the Register Book on the Record Date according to the procedures specified in Clause 3 below.
3. The Closure of the Register of the Bondholders

The Korea Development Bank or the Registrar will close Register Book on the 14th (fourteenth) day prior to any Interest Payment Date, the Maturity Date, any date fixed for any meeting of the Bondholders or any other date for any other purpose as specified in the Conditions and as notified by the Issuer to the Registrar and the Bondholders' Representative (the "**Book Closing Date**"). If the Book Closing Date falls on a day that is not a Business Day, the Register Book shall be closed on the next Business Day, and in such case, the period between the Book Closing Date to each relevant Interest Payment Date, the Maturity Date, any date fixed for any meeting of the Bondholders or any other date for any other purpose as specified above shall be less than 14 (fourteen) days. The Registrar shall not register any transfer of the Bonds on the Book Closing Date.
4. Other conditions shall be in accordance with the Conditions and the Prospectus of the Bonds.

Please read	<p>(1) An applicant for the registration of a transfer of Bonds must complete the Bonds transfer registration form, and deliver such form to the Registrar.</p> <p>(2) For the first transferee of the Bonds from the Bondholder whose name appears on the front of the Bond Certificate a certified true copy of the I.D. card must be submitted together with the Bond Certificate. In the case of a juristic person, a certified true copy of the affidavit issued by the Ministry of Commerce, which is not more one year old, and certified true copy(ies) of the I.D. card of the authorised person(s) must be submitted with the Bond Certificate.</p> <p>(3) When a transferee wishes to transfer the Bonds, he/she must append exactly the same signature as when he/she acquired the transfer of such Bonds. In case of a juristic person, any change of an authorised signatory(ies) must be substantiated by the documents referred to in paragraph (2).</p>	
Signature of transferor	Signature of transferee (who wishes to have his/her name entered in the register of Bond)	Authorised Signature of Registrar
	(Full name of transferee in block letters)	
1 Signature of transferor	(Signature of transferee)	
	(Block letters)	
2 Signature of transferor	(Signature of transferee)	
	(Block letters)	

SCHEDULE 2

PROCEDURES FOR MEETINGS OF BONDHOLDERS

1. Calling Meetings

The Issuer or the Bondholders' Representative may call a meeting of the Bondholders by requesting the Registrar to send notice of the meeting by registered mail to the Bondholders at least seven (7) days (excluding the date of delivery of such notice of the meeting and the meeting date) prior to the proposed meeting date. Such notice shall be in the English and Thai languages and shall specify the date, time and place for the meeting, the agenda of the meeting and the identity of the party calling the meeting. The Registrar shall deliver notice of the meeting to all Bondholders whose names and addresses appear in the Register Book or in the record of the TSD on the relevant Record Date.

2. Eligibility to Attend Meetings

The following persons are eligible to attend each meeting of the Bondholders:

- (a) any Bondholder, the Issuer and the Bondholders' Representative;
- (b) any Bondholder may appoint any person ("**Proxy**") to attend the meeting and vote on its behalf, by executing a written proxy appointment in the form set out by the Registrar, available at the principal office of the Registrar, provided that the original proxy form (together with any supporting documents required by the Registrar and/or the Issuer) must be submitted to the Registrar prior to the time scheduled for the meeting;
- (c) on the request of the Issuer and/or the Bondholders' Representative, financial advisors, legal advisors or other persons involved with the matters to be discussed at the meeting; and
- (d) any person permitted by the chairman of the meeting to attend the meeting for observation.

3. Quorum Requirements

- 3.1 Except with respect to meetings of Bondholders convened to approve the matters set out in Clause 6.3 and Clause 6.4 of this Schedule 2, the quorum for a meeting of Bondholders shall be constituted by the presence of at least two Bondholders holding in aggregate not less than twenty-five (25) per cent in principal amount of the outstanding Bonds.
- 3.2 If a meeting is adjourned due to the lack of a quorum as required by Clause 3.1, the quorum at the adjourned meeting shall be constituted by the presence of two or more Bondholders, regardless of the aggregate principal amount of Bonds held by them.
- 3.3 A quorum for a meeting of the Bondholders convened to consider the matters set out in Clause 6.3 of this Schedule 2 shall be constituted by the presence of at least two

Bondholders holding in aggregate not less than fifty (50) per cent in principal amount of the outstanding Bonds. If a meeting is adjourned due to the lack of a quorum as required by this Clause 3.3, the quorum for such meeting shall be constituted by the presence of two or more Bondholders holding in aggregate not less than twenty-five (25) per cent in principal amount of the outstanding Bonds.

- 3.4 The quorum for a meeting of the Bondholders convened to consider the matters set out in Clause 6.4 of this Schedule 2 shall be constituted by the presence of at least two Bondholders holding in aggregate not less than sixty-six (66) per cent in principal amount of the outstanding Bonds. If a meeting is adjourned due to the lack of a quorum as required by this Clause 3.4, the quorum for the adjourned meeting shall be constituted by the presence of two or more Bondholders holding in aggregate not less than thirty-three (33) per cent in principal amount of the outstanding Bonds.

4. Chairman of the Meeting

In case the meeting was called by the Issuer, the authorised director of the Issuer or any person authorised by the Issuer shall preside as chairman of the meeting. In case the meeting was called by the Bondholders or the Bondholders' Representative, the Bondholders' Representative or a person authorised by the Bondholders' Representative shall preside as chairman of the meeting. Should the chairman of the meeting be absent upon a lapse of forty-five (45) minutes from the time scheduled for the meeting, the meeting shall elect any Bondholder to act as chairman of the meeting.

5. Adjournment of the Meeting

- 5.1 At any meeting of the Bondholders, upon a lapse of forty-five (45) minutes from the time scheduled for the meeting, should the number of the Bondholders attending the meeting remain insufficient to constitute a quorum, the chairman of the meeting shall adjourn the meeting as follows:

- (a) If the meeting was called by the Issuer or the Bondholders' Representative, the chairman of the meeting shall adjourn the meeting to a date, time and place specified by the chairman. The date for the adjourned meeting shall not be less than seven (7) days or more than fourteen (14) days from the previous meeting date, unless the Issuer and the Bondholders' Representative agree not to call another meeting. In addition, the matters to be considered and resolved at the adjourned meeting must be only those pending from the previous meeting;
- (b) If the meeting was called by or at the request of the Bondholders, no adjourned meeting shall be called as provided by paragraph (a) above; and
- (c) If the meeting was called due to the absence of a quorum at the previous meeting, no adjourned meeting shall be called as provided by paragraph (a) above.

- 5.2 The Registrar shall deliver the notice of any adjourned meeting to the Issuer, the Bondholders' Representative and the Bondholders who were sent notices of the previous meeting, not less than three (3) days prior to the adjourned meeting (excluding the date of the notice of the meeting and the meeting date). Such notice of

the meeting shall specify the date, time and place for the meeting, the agenda of the meeting and the quorum required for the adjourned meeting.

6. Resolutions of the Meeting

- 6.1 Voting at any meeting of the Bondholders shall be by a show of hands or by a poll, as selected by the chairman of the meeting, each of the Bondholders shall have one vote for each unit of Bonds held. In case of an equality of votes, the chairman of the meeting shall have a decisive (casting) vote (both on a show of hands and on a poll) in addition to any votes that the chairman of the meeting may be entitled to cast in his or her capacity as a Bondholder or a Proxy.
- 6.2 Resolutions of the meeting of the Bondholders on any matters other than those specified in Clauses 6.3 and 6.4 shall be decided by a majority of the votes of the Bondholders attending the meeting and having the right to cast their votes.
- 6.3 Resolutions of the meeting of the Bondholders on any of the following matters shall be decided by a majority of votes representing not less than sixty-six (66) per cent of all votes of the Bondholders attending the meeting and having the right to cast their votes:
- (a) any amendment or waiver to the Conditions other than those matters specified in Clause 6.4;
 - (b) replacing the Bondholders' Representative; and
 - (c) approving any mortgage, charge, pledge or other security interest to secure the obligations under the Bonds pursuant to Clause 5.2 of the Conditions.
- 6.4 Resolutions of the meeting of the Bondholders on any of the following matters shall be decided by a majority of votes representing not less than seventy-five (75) per cent of all votes of the Bondholders attending the meeting and having the right to cast their votes.
- (a) repayment of debt under the Bonds by means of conversion of the Bonds into shares, other bonds or other assets of the Issuer or any person;
 - (b) revision of the Maturity Date or the due date for any payment in respect of the Bonds;
 - (c) any amendment to, reduction, cancellation or change of the amount of principal, interest and/or any other sum due or payable in respect of the Bonds;
 - (d) change of the currency of any payment to be made in respect of the Bonds;
 - (e) amendment to the requirements for the meeting of the Bondholders in relation to quorum (Clause 3) and resolutions of the meeting (Clause 6); and
 - (f) amendment to the Conditions to enable any actions relating to (a) to (e) above.
- 6.5 Any Bondholder that has any conflict of interest with respect to any matter to be decided at a meeting of Bondholders shall not be entitled to vote on such matter.

7. Minutes of the Meeting

Within fourteen (14) Business Days after the date of the meeting of the Bondholders, the Bondholders' Representative shall prepare the minutes of the meeting. The chairman of the meeting shall certify such minutes as accurate and the Bondholders' Representative shall keep the original minutes and make copies available for inspection by the Bondholders at its principal office during normal business hours at the cost of the Bondholders.