



**KB Financial Group Inc.**

## **U.S. RESOLUTION PLAN**

### **PUBLIC SECTION**

July 1, 2022

*This resolution plan report contains forward looking statements. Words and phrases such as “aim,” “anticipate,” “assume,” “believe,” “contemplate,” “continue,” “estimate,” “expect,” “future,” “goal,” “intend,” “may,” “objective,” “plan,” “positioned,” “predict,” “project,” “risk,” “seek to,” “shall,” “should,” “will likely result,” “will pursue,” “plan,” and words and terms of similar substance used in connection with any discussion of future operating or financial performance or our expectations, plans, projections or business prospects identify forward-looking statements.*

*All forward-looking statements are management’s present expectations of future events and are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements.*

*KB Financial Group cautions the reader to not place undue reliance on the forward-looking statements, which speak only as of the date of this resolution plan. Except as required by law, KB Financial Group Inc. is not under any obligation, and expressly disclaims any obligation, to update or alter any forward-looking statements, whether as a result of new information, future events or otherwise.*

*All subsequent forward-looking statements attributable to KB Financial Group Inc. or any person acting on KB Financial Group Inc.’s behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this resolution plan.*

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## 1. Introduction

In September 2011, the Federal Deposit Insurance Corporation (“FDIC”) and the Board of Governors of the Federal Reserve System (“FRB”) issued a final rule implementing Section 165(d) of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (as amended from time to time, the “Joint Rule”). The FDIC and FRB amended the Joint Rule in 2019. The Joint Rule requires foreign banking organizations that are treated as bank holding companies (“BHCs”) under Section 8(a) of the International Banking Act and have total global consolidated assets of U.S. \$250 billion or more to submit periodically to the FRB and the FDIC a plan for the rapid and orderly resolution of the U.S. operations of the BHC in the event of material distress or failure. A BHC that meets this criterion – but that is not a “global systemically important BHC”, “nonbank financial company supervised by the [FRB]”, “Category II banking organization”, or “Category III banking organization” (each as defined in the Joint Rule) – is considered to be a “Triennial Reduced Filer” and must submit a “Reduced Resolution Plan” every three years.

Because KB Financial Group Inc. (“KBFG” and, together with its subsidiaries, “Group”) is treated as a BHC under the International Banking Act and is a Triennial Reduced Filer, it has prepared this resolution plan (the “U.S. Resolution Plan”) in accordance with the relevant provisions of the Joint Rule.

This is the “Public Section” of the U.S. Resolution Plan, and it constitutes an executive summary of KBFG’s U.S. Resolution Plan. This Public Section (i) describes the business of KBFG, and (ii) provides, to the extent material to an understanding of KBFG, (a) the names of material entities, (b) a description of core business lines, (c) the identities of the principal officers; and (d) a description, at a high level, of KBFG’s U.S. resolution strategy. KBFG’s U.S. Resolution Plan also includes a Confidential Section, which contains the information required by the Joint Rule.

All information provided in the U.S. Resolution Plan is as of December 31, 2021 unless specified otherwise.

## 2. Overview of the Business of the Covered Company

### *Overview of KBFG’s Global Operations*

KBFG is a publicly-traded Korean financial holding company established and organized under the Financial Holding Companies Act of Korea with its head office in Seoul, Korea. KBFG offers a diverse line of financial products and services through its subsidiaries, including Kookmin Bank (“KB Kookmin”). Based on total asset value, KBFG is the largest financial group in Korea. KBFG, through its subsidiaries, engages in a broad range of business, including commercial banking, credit cards, asset management, life insurance, capital markets activities and international banking and finance. As of December 31, 2021, KBFG had consolidated total assets of KRW 664 trillion (USD 560,013 million), consolidated total deposits of KRW 372 trillion (USD 313,812 million) and consolidated total equity of KRW 48 trillion (USD 40,737 million).

The Group is organized into the following business segments based on the nature of the products and services provided, the type or class of customer, and the Group’s management organization.

### Retail Banking

KBFG has strength in retail banking through its largest and foremost subsidiary, KB Kookmin, which is one of the largest commercial banks in Korea in terms of total assets. KB Kookmin was formed through a merger of the former Kookmin Bank and the Housing and Commercial Bank (“H&CB”) in 2001. The former Kookmin Bank and H&CB were both incorporated under the special legislative objective of providing banking services to individuals as well as small- and medium-sized enterprises. Due to such

history, KB Kookmin was able to accumulate special know-how and expertise in retail banking. This area of business has been and is expected to remain one of KBFG's core businesses.

As of December 31, 2021, KBFG operated a combined banking network of 914 branches in Korea and had a customer base of approximately 36.3 million retail customers, representing more than half of the entire Korean population.

### Corporate Banking

KBFG's small- and medium-sized enterprise banking business has traditionally been, and is expected to remain, one of KBFG's core businesses. Corporate banking makes up the single largest component of KBFG's non-retail credit portfolio and represents a widely diversified exposure to a broad spectrum of the Korean corporate community. KBFG's corporate banking business segment is organized to meet the needs of small- and medium-sized enterprises. In addition to lending and deposit activities with small- and medium-sized enterprises, KB Kookmin has recently emphasized widening its client base to large corporate customers.

### Credit Card Business

KBFG considers the credit card business to be one of its core areas of growth in the non-banking business sector. The activities within this segment include credit sales, extensions of short-term credit card loans, including cash advances, and other supporting activities. As of December 31, 2021, KBFG had approximately 11.4 million credit card holders.

### Investment & Securities Business

The Group invests and trades in debt and equity securities, extends loans repayable on demand to financial market participants, and, to a lesser extent, engages in derivatives and asset securitization transactions. In investment banking, KBFG's subsidiary KB Securities leads the industry in underwriting corporate bonds and issuing asset backed securities. In institutional sales, KBFG offers a wide array of services to domestic and overseas institutional investors. These services include brokerage and sales of financial products, the brokerage of domestic and overseas futures products, and over-the-counter derivatives. In the retail sector, KBFG offers comprehensive wealth management services through KB Kookmin's extensive network.

### Insurance

Through its subsidiaries KB Life Insurance Co., Ltd. and Prudential Life Insurance, KBFG offers a variety of individual and group life insurance products, including annuities, savings insurance, variable life insurance, whole life insurance and term life insurance as well as health insurance. These subsidiaries utilize their multi-channel distribution platforms to market these products; the distribution platforms include sales through agencies, financial consultants, telemarketers and bancassurance arrangements with commercial banks and other financial institutions. In August 2020, KBFG acquired all of the outstanding shares of Prudential Life Insurance from Prudential Financial, Inc., as a result of which Prudential Life Insurance became a wholly-owned subsidiary.

KB Insurance offers a variety of non-life insurance products, including long-term insurance products, automobile insurance products, and general property and casualty insurance products. KB Insurance operates a multi-channel platform in Korea, comprising agencies (which are independent insurance brokerage companies), a network of financial consultants, bancassurance arrangements with commercial banks and other financial institutions, direct marketing channels (including home shopping television networks and the Internet) and a corporate sales force.

## ***U.S. Operations***

On June 18, 2015, the FRB approved each of KBFG's and KB Kookmin's election to be treated as a financial holding company ("FHC") pursuant to sections 4(k) and 4(l) of the Bank Holding Company Act of 1956, as amended.

The KB Kookmin New York branch ("KB NY Branch") engages primarily in wholesale banking services and export and import financing. The KB NY Branch's primary lending market is composed of the U.S. subsidiaries and branches of Korea-based multinational companies.

The Group's other entities conducting U.S. operations include:

- KB Insurance Co., Ltd., which operates in the U.S through (i) Leading Insurance Services, Inc., (ii) Kookmin Best Insurance Co., Ltd. U.S. Branch, which is a branch office of Kookmin Best Insurance Co., Ltd. ("KBIC"), and (iii) KB Insurance., Ltd. Los Angeles Liaison Office.
- KB Securities Co., Ltd. operates in the U.S through KBFG Securities America Inc.

KBFG has the following business lines in the U.S.: corporate and wholesale banking, securities brokerage and underwriting, and insurance.

### **3. 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, in the view of the covered company, upon failure would result in a material loss of revenue, profit, or franchise value." Under the Joint Rule, because KBFG is a foreign banking organization, the scope of CBL analysis is limited to those operations domiciled or conducted in whole or material part in the United States. KBFG has determined that none of its U.S. operations satisfies the definition of a CBL for purposes of the Joint Rule.

### **4. Material Entities**

The Joint Rule defines a Material Entity ("ME") as "a subsidiary or foreign office of the covered company that is significant to the activities of an identified critical operation or [CBL], or is financially or operationally significant to the resolution of the covered company."<sup>1</sup> Under the Joint Rule, because KBFG is a foreign banking organization, the scope of ME analysis is limited to those entities domiciled, or that conduct operations in whole or material part, in the United States. Because KBFG has no CBLs or identified critical operations in the United States under the Joint Rule (and as follows from the discussion above, its U.S. operations would not be financially or operationally significant to the resolution of KBFG) KBFG also has no MEs for purposes of the Joint Rule.

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<sup>1</sup> "Identified critical operations" are those operations (as identified by the covered company or FRB and FDIC), "including associated services, functions and support, of which the failure or discontinuance would pose a threat to the financial stability of the United States."

## 5. Principal Officers

The following table summarizes KBFG's Board of Directors as of March 31, 2022.

### KBFG Board of Directors

#### Executive Director

<u>Name</u>	<u>Position</u>	<u>Director Since</u>
Jong Kyoo Yoon	Chairman and CEO	2014

#### Non-standing Director

<u>Name</u>	<u>Position</u>	<u>Director Since</u>
Jae Keun Lee	Non-standing director; President and Chief Executive Officer of Kookmin Bank	2022

#### Non-executive Directors

<u>Name</u>	<u>Position</u>	<u>Director Since</u>
Suk Ho Sonu	Chairman of the Board and Non-executive Director	2018
Myung Hee Choi	Non-executive Director	2018
Kouwhan Jeong	Non-executive Director	2018
Kyung Ho Kim	Non-executive Director	2019
Seon-joo Kwon	Non-executive Director	2020
Gyutaeg Oh	Non-executive Director	2020
Jaehong Choi	Non-executive Director	2022

The following table summarizes KBFG's Executive Officers (who are not also directors) as of March 31, 2022.

<u>Name</u>	<u>Position</u>
Yin Hur	Vice Chairman and Head of Retail Customer / Wealth Management & Pension Business / Small & Medium Enterprise Business Units
Dong Cheol Lee	Vice Chairman and Head of Global / Insurance Business Units
Jong Hee Yang	Vice Chairman and Head of Digital / IT Business Units
Woo Yeul Lee	Senior Executive Vice President and Chief Strategy Officer
Pil Kyu Im	Senior Executive Vice President and Chief Risk Management Officer
Dong Whan Han	Senior Executive Vice President and Head of KB Research
Scott Y. H. Seo	Senior Managing Director and Chief Finance Officer
Yeo Woon Yoon	Senior Managing Director and Chief Human Resources Officer
Jin Gyu Maeng	Senior Managing Director and Head of Audit
Hye Sook Moon	Managing Director and Head of ESG Division
Bong Joong Kwon	Managing Director and Head of IR

<b>Name</b>	<b>Position</b>
Byung Joo Oh	Managing Director, Insurance Business Unit
Hye Ja Suh	Managing Director and Chief Compliance Officer
Jeong Rim Park	Head of the Capital Market Business Unit
Sung Hyun Kim	Head of Corporate and Investment Banking Business Unit
Jin Young Kim	Chief Public Relations Officer
Chai Hyun Sung	Senior Executive Vice President, Retail Customer Business Unit
Jae Young Choi	Senior Managing Director, Wealth Management and Pension Business Unit
Mun Cheol Jeong	Senior Managing Director, Small and Medium Enterprise Business Unit
Nam Hoon Cho	Senior Managing Director and Chief Global Strategy Officer
Young Suh Cho	Chief Digital Platform Officer
Jin Soo Yoon	Chief Information Technology Officer
Sung Pyo Jeon	Chief Contact Center Officer
Jeong Ha	Senior Executive Vice President, Capital Market Business Unit
Sang-Hyeon Woo	Senior Executive Vice President, Corporate and Investment Banking Business Unit
Dong Sook Jeon	Head of Pension Division
Nam Che Kang	Head of Global Division
Chang Hwa Yook	Head of Data Division
Chan Yong Park	Head of Office of Planning and Coordination
Yoo Shim Hur	Head of Digital Contents Center
Joo Hyun Kim	Head of Group Cloud Center

## 6. Resolution Strategy Summary

As discussed above, KBFG does not have identified critical operations, MEs or CBLs. Its failure is not expected to have an adverse effect on the financial stability of the United States.

The KB NY Branch 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 KB NY Branch would be “ring fenced,” meaning that title to all property on the books of the KB NY Branch, wherever located, and all property of KB Kookmin 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 KB NY Branch and would return any remaining assets to KB Kookmin or its insolvency estate.