

KOOKMIN BANK
Form 424B3
July 24, 2008
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Filed Pursuant to Rule 424(b)(3)
Registration No. 333-151207

Prospectus

Extraordinary General Meeting of Stockholders of Kookmin Bank

STOCK TRANSFER PROPOSAL

The board of directors of Kookmin Bank has approved the adoption of a financial holding company structure for our bank pursuant to a comprehensive stock transfer under Article 360-15 of the Korean Commercial Code, whereby holders of our common stock will transfer all of their shares to a new financial holding company, to be named KB Financial Group Inc., and in return receive shares of KB Financial Group common stock. In the stock transfer, each holder of one share of our common stock will receive one share of KB Financial Group common stock, par value (Won)5,000 per share. Holders of our American depository shares and global depository shares, each of which represents one share of our common stock, respectively, will receive one KB Financial Group American depository share for every American depository share or global depository share they own. In connection with the stock transfer, KB Financial Group will issue approximately 336,379,116 shares of its common stock to our common stockholders.

We believe that the adoption of a financial holding company structure through the proposed stock transfer will:

assist in creating an integrated system that facilitates the sharing of customer information and the development of integrated products and services by the different businesses within our bank;

assist us in expanding our business scope to include new types of business with higher profit margins;

enhance our ability to pursue strategic investments or reorganizations by way of mergers, acquisitions, spin-offs or other means;

maximize our management efficiency; and

further enhance our capacity to expand our overseas operations.

Before we can proceed with the stock transfer, the proposed stock transfer plan must be approved at an extraordinary general meeting of our stockholders to be held at the fourth floor auditorium, Kookmin Bank, 36-3, Yeoido-dong, Yeongdeungpo-gu, Seoul, Korea on August 25, 2008 at 10 a.m. local time. At the extraordinary general meeting of our stockholders, the stockholders will vote on the approval of the stock transfer plan and the approval of certain other matters as described in this prospectus.

This prospectus has been prepared for our stockholders and holders of our American depository shares and global depository shares residing in the United States to provide information about the proposed stock transfer and the extraordinary general meeting of our stockholders. **We encourage you to read this document in its entirety, including the section entitled Risk Factors that begins on page 8.**

Holders of our common stock will be entitled to attend and vote, either in person or by proxy, at the extraordinary general meeting if they are recorded on our stockholder register on July 30, 2008, which is 26 days prior to the date of the meeting. Holders of our American depository shares and global depository shares will be entitled to instruct Citibank, N.A., as depository, as to how to vote their underlying shares of our common stock at the extraordinary general meeting in accordance with the procedures set forth in this prospectus, if those holders were recorded on such depository's register on July 30, 2008.

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Your vote is important, regardless of the number of shares you own. On behalf of our board of directors, I urge you to vote in favor of the stock transfer.

Chung Won Kang

President and Chief Executive Officer

Kookmin Bank

WE ARE NOT ASKING YOU FOR A PROXY AND

YOU ARE REQUESTED NOT TO SEND US A PROXY.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities to be issued in connection with the stock transfer or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

This prospectus is dated July 22, 2008 and is expected to be first mailed to stockholders on or about such date.

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WHERE YOU CAN FIND MORE INFORMATION

We have filed a registration statement on Form F-4 to register with the U.S. Securities and Exchange Commission our common stock to be delivered in connection with the stock transfer. This prospectus is a part of that registration statement. As allowed by SEC rules, this prospectus does not contain all the information you can find in the registration statement or the exhibits to the registration statement.

We are subject to the information reporting requirements of the U.S. Securities Exchange Act of 1934 and, under the Exchange Act, file reports and other information with the SEC. We file annual and current reports and other information with the SEC. You may read and copy these reports and other information, including the registration statement filed by us and the exhibits to the registration statement, at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0300 for further information on the availability of the public reference room. Our SEC filings are also available to the public from commercial document retrieval services and at the Internet website maintained by the SEC at www.sec.gov.

You can also inspect reports and other information about us at the offices of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005.

The SEC permits us to incorporate by reference information into this prospectus. This means that we can disclose important information to you by referring to another document filed separately with the SEC. The information incorporated by reference is deemed to be part of this prospectus, except for any information superseded by information contained directly in this prospectus.

This prospectus incorporates by reference the documents set forth below that have been previously filed with or furnished to the SEC. These documents contain important information about us and our financial condition.

KOOKMIN BANK SEC FILINGS

(COMMISSION FILE NO. 1-15258; CIK NO. 0001143680)

Annual Report on Form 20-F

PERIOD

Year ended December 31, 2007, filed on May 28, 2008

In addition, we incorporate by reference into this prospectus our unaudited non-consolidated financial statements as of and for the three months ended March 31, 2007 and 2008 prepared under generally accepted accounting principles in Korea, which are attached as an exhibit to the registration statement on Form F-4 filed by us with the SEC, of which this prospectus forms a part. Such financial statements are prepared on a different basis from, and are not directly comparable with, our consolidated financial statements included in our annual report on Form 20-F referred to above, which are prepared under generally accepted accounting principles in the United States. In particular, had such financial statements been prepared under generally accepted accounting principles in the United States, they would have been required to be prepared on a consolidated basis. For a description of other significant differences between generally accepted accounting principles in Korea and in the United States, see Item 5B. Liquidity and Capital Resources Reconciliation with Korean GAAP in our annual report on Form 20-F referred to above. Several changes to generally accepted accounting principles in the United States apply with respect to periods subsequent to December 31, 2007. For a description of such changes, see Item 5B. Liquidity and Capital Resources Recent Accounting Pronouncements in our annual report on Form 20-F referred to above.

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Documents incorporated by reference are available without charge, excluding all exhibits unless an exhibit has been specifically incorporated by reference into this prospectus. Stockholders may obtain documents incorporated by reference into this prospectus from the SEC, as described above, or by requesting them in writing, by telephone or by e-mail from us at the following address:

Kookmin Bank

Investor Relations Department

36-3 Yeoido-dong, Yeongdeungpo-gu

Seoul 150-758, Korea

Telephone: 822-2073-8350

Facsimile: 822-2073-8360

e-mail: kbir@kbstar.co.kr

If you would like to request documents from us, please do so by August 18, 2008 in order to receive them before the extraordinary general meeting.

You should rely only on the information contained in this prospectus to vote on the stock transfer. We have not authorized anyone to provide you with information different from that contained in the prospectus. This prospectus is dated July 22, 2008. You should not assume that the information contained in this prospectus is accurate as of any other date. Neither the mailing of this prospectus, nor the delivery of shares of our common stock, cash or other consideration should be deemed to create any implication to the contrary.

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Our fiscal year ends on December 31 of each year. All references to a particular year are to the year ended December 31 of that year.

Unless otherwise indicated, the financial information presented in this document has been prepared in accordance with accounting principles generally accepted in the United States, which are known as U.S. GAAP.

Any discrepancies in any table between totals and the sums of the amounts listed are due to rounding.

CURRENCIES AND EXCHANGE RATES

All references to Won or (Won) in this prospectus are to the currency of Korea, and all references to Dollars, U.S. dollars, \$ or US\$ are to the currency of the United States of America.

The tables below set forth, for the periods and dates indicated, information concerning the noon buying rate for Won, expressed in Won per one U.S. dollar. The noon buying rate is the rate in New York City for cable transfers in foreign currencies as certified for customs purposes by the Federal Reserve Bank of New York. Unless otherwise stated, translations of Won amounts into U.S. dollars in this prospectus were made at the noon buying rate in effect on December 31, 2007 which was (Won)935.8 to US\$1.00. We do not intend to imply that the Won or U.S. dollar amounts referred to herein could have been or could be converted into U.S. dollars or Won, as the case may be, at any particular rate, or at all. On July 17, 2008, the noon buying rate was (Won)1,011.0 = US\$1.00.

	Average ⁽¹⁾	Won per U.S. dollar (noon buying rate)		Period-End
		High	Low	
2003	(Won) 1,183.0	(Won) 1,262.0	(Won) 1,146.0	(Won) 1,192.0
2004	1,139.3	1,195.1	1,035.1	1,035.1
2005	1,023.7	1,059.8	997.0	1,010.0
2006	950.1	1,002.9	913.7	930.0
2007	928.0	950.2	903.2	935.8
November	918.1	932.8	905.2	920.9
December	931.1	935.8	918.9	935.8
2008 (through July 17)	995.2	1,050.5	935.2	1,011.0
January	942.1	953.2	935.2	943.4
February	943.9	948.2	937.2	942.8
March	981.7	1,021.5	947.1	988.6
April	986.9	1,005.0	973.5	1,005.0
May	1,034.1	1,047.0	1,004.0	1,028.5
June	1,031.5	1,046.8	1,016.8	1,046.8
July (through July 17)	1,118.4	1,050.5	998.2	1,011.0

(1) The average rate for each full year is calculated as the average of the noon buying rates on the last business day of each month during the relevant year. The average rate for a full month is calculated as the average of the noon buying rates on each business day during the relevant month (or portion thereof).

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SUMMARY

This summary highlights the material information appearing in this prospectus. However, it may not contain all of the information that is important to you. You should carefully read the entire prospectus for a complete understanding of the proposed stock transfer. In particular, you should read the documents attached to this prospectus, including the stock transfer plan, and the other documents to which this prospectus refers you. See Where You Can Find More Information.

Kookmin Bank

9-1, 2-ga, Namdaemoon-ro, Jung-gu

Seoul 100-703, Korea 100-703

Telephone: 822-2073-8350

We are the largest commercial bank in Korea. As of December 31, 2007, we had total assets of (Won)217,683 billion and total deposits of (Won)138,438 billion. On the asset side, we provide credit and related financial services to individuals and small- and medium-sized enterprises and, to a lesser extent, to large corporate customers. On the deposit side, we provide a full range of deposit products and related services to both individuals and enterprises of all sizes.

The Stock Transfer (see page 19)

We plan to adopt a financial holding company structure for our bank pursuant to a comprehensive stock transfer under Article 360-15 of the Korean Commercial Code. In the stock transfer, holders of our common stock will transfer all of their shares of our common stock to a new holding company, KB Financial Group, which will be established simultaneously with such transfer. As consideration for the shares of our common stock, KB Financial Group will issue shares of its common stock to our common stockholders. In the stock transfer, each holder of one share of our common stock will receive one share of KB Financial Group common stock. Holders of our American depositary shares and global depositary shares, each of which represents one share of our common stock, respectively, will receive one KB Financial Group American depositary share for every American depositary share or global depositary share they own.

Citibank, N.A., as depositary, will mail a notice and a letter of transmittal to registered holders of our American depositary receipts requesting such holders to surrender their American depositary receipts in exchange for the issuance by Citibank, N.A. of KB Financial Group American depositary shares. Holders of our American depositary receipts who do not surrender their American depositary receipts to Citibank, N.A. will not receive KB Financial Group American depositary shares, nor any distributions KB Financial Group may make with respect to KB Financial Group common stock, until such American depositary receipts are surrendered. Holders of our American depositary shares who hold the American depositary shares through The Depository Trust Company do not need to take any action in order to exchange their American depositary shares for KB Financial Group American depositary shares. Holders of our global depositary shares do not need to take any action in order to exchange their global depositary shares for KB Financial Group American depositary shares. For a more complete description of the procedure for exchanging our American depositary shares and global depositary shares for KB Financial Group American depositary shares in the stock transfer, see The Stock Transfer Exchange of Kookmin Bank Common Stock and American and Global Depositary Shares for KB Financial Group Common Stock and American Depositary Shares.

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The book value per share of the KB Financial Group common stock and American depository shares issued and outstanding immediately after the stock transfer may be different from the book value per share of our outstanding common stock and American and global depository shares immediately prior to the stock transfer. The reason for the potential difference in the book value per share is that, in addition to the KB Financial Group common stock and American depository shares issued in exchange for our outstanding common stock and American and global depository shares in the stock transfer, KB Financial Group will issue its common stock to us and other shareholders of certain of our subsidiaries that will become wholly-owned direct subsidiaries of KB Financial Group, in exchange for their outstanding common stock. Specifically, in connection with the stock transfer, we and all other shareholders of KB Investment Co., Ltd., KB Data Systems Co., Ltd., KB Real Estate Trust Co., Ltd., KB Futures Co., Ltd., KB Credit Information Co., Ltd., KB Investment & Securities Co., Ltd. and KB Asset Management Co., Ltd., all of which are our subsidiaries, will transfer all shares of common stock of such subsidiaries held by us and such shareholders to KB Financial Group and, as consideration for such transferred shares, receive shares of KB Financial Group common stock in accordance with the specified stock transfer ratio applicable to each such subsidiary. Following such stock transfer, KB Financial Group will own 100% of the outstanding common stock of all of our subsidiaries participating in the stock transfer, and each of our subsidiaries participating in the stock transfer will become a wholly-owned direct subsidiary of KB Financial Group.

Our organizational structure prior to the completion of the stock transfer is illustrated by the following chart:

KB Financial Group's organizational structure following the completion of the stock transfer is illustrated by the following chart:

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Ownership of KB Financial Group after the Stock Transfer

In connection with the stock transfer, KB Financial Group will issue approximately 336,379,116 shares of its common stock to our common stockholders. Assuming that we do not acquire any shares of our common stock prior to the date of the stock transfer as a result of the exercise by dissenting stockholders of appraisal rights or otherwise, immediately following the stock transfer, our former common stockholders will own approximately 94.4% of the outstanding common stock of KB Financial Group, and we will become a wholly-owned subsidiary of KB Financial Group.

In connection with the transfer of common stock of certain of our subsidiaries to KB Financial Group, KB Financial Group will issue approximately 18,504,352 shares of its common stock to us. Assuming that we do not acquire any shares of our common stock prior to the date of the stock transfer as a result of the exercise by dissenting stockholders of appraisal rights or otherwise, immediately following the stock transfer, we will hold approximately 5.19% of the outstanding common stock of KB Financial Group. Under Korean law, we will be required to dispose of such shares of KB Financial Group common stock held by us within six months from the date of the stock transfer.

Dissent and Appraisal Rights (see page 25)

Under Korean law, holders of shares of our common stock who oppose the stock transfer may exercise appraisal rights and require us to purchase their shares if the stock transfer is completed. However, holders of our American depositary shares and global depositary shares opposing the stock transfer will not have any appraisal rights. In order for stockholders to exercise such right, dissenting stockholders must submit to us written notice of their intention to dissent prior to the extraordinary general meeting and, within 10 days of such meeting, request that their shares be repurchased.

If the stock transfer is completed, we expect to pay (Won)63,293 for each share of our common stock properly submitted to us for appraisal. For a more complete description of the appraisal rights, see [The Stock Transfer Dissent and Appraisal Rights](#).

Conditions to the Completion of the Stock Transfer (see page 23)

Under the stock transfer plan, the completion of the stock transfer is subject to the satisfaction of the following conditions:

the number of shares of our common stock for which appraisal rights are exercised must not exceed 15% of our total issued common stock; and

we must obtain from the Financial Services Commission the final approval of the establishment of a financial holding company under Article 3 of the Financial Holding Company Act.

The Extraordinary General Meeting (see page 16)

The extraordinary general meeting of our stockholders will be held at the fourth floor auditorium, Kookmin Bank, 36-3, Yeoido-dong, Yeongdeungpo-gu, Seoul, Korea on August 25, 2008, starting at 10 a.m. local time. The agenda for the meeting is the approval of the stock transfer plan (including the proposed articles of incorporation of KB Financial Group and the election of directors of KB Financial Group, including those who will serve as members of the Audit Committee of the board of directors) and the approval of an amendment in the settlement method for our outstanding stock options to provide for cash settlement of the difference between the exercise price of the stock options and the market price of KB Financial Group common stock.

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The approval of the stock transfer plan will require a special resolution adopted by the affirmative vote of at least two-thirds of the shares of our common stock present or represented at the meeting. The shares voting to approve the stock transfer plan must also represent at least one-third of the total issued and outstanding shares of our common stock. Approval for the other item on the agenda for the meeting will require an ordinary resolution adopted by the affirmative vote of a majority of the shares of our common stock present or represented at the meeting. The shares voting affirmatively on such agenda item must also represent at least one-fourth of the total and outstanding shares of our common stock. Each share of common stock present or represented at the meeting will be entitled to one vote.

Interests of Directors and Officers in the Stock Transfer (see page 23)

You should be aware that a number of our directors and officers may have interests in the stock transfer that are different from, or in addition to, your interests as a Kookmin Bank stockholder. For a description of these interests, see [The Stock Transfer Interests of Certain Directors and Executive Officers in the Stock Transfer](#).

Treatment of Kookmin Bank Stock Options (see page 24)

If we successfully complete the stock transfer, our current plan is to amend the settlement method for outstanding options to purchase or subscribe for shares of our common stock granted under our employee and director stock option plans, to provide for cash settlement of the difference between the exercise price of the stock options and the market price of KB Financial Group common stock at the date of exercise. We do not otherwise plan to change the terms and conditions of our outstanding stock options in connection with the stock transfer.

Accounting Treatment of the Stock Transfer (see page 24)

Under U.S. GAAP, we will account for the stock transfer transaction involving our stockholders as a recapitalization of our bank. The accounting is identical to that applicable to a reverse acquisition transaction, except that no goodwill or other intangible will be recorded, which we believe is consistent with the U.S. GAAP accounting treatment for a transaction among entities under common control.

In the case of the stock transfer transaction involving minority stockholders of our subsidiaries participating in the stock transfer, we will account for the acquisition by KB Financial Group of the minority equity interests in such subsidiaries through the exchange of their common stock for KB Financial Group common stock using the purchase method, and goodwill might be recorded as a result.

Income Tax Consequences of the Stock Transfer (see page 56)

The exchange of Kookmin Bank common stock or American or global depository shares for corresponding interests in KB Financial Group will not be a taxable transaction for U.S. tax purposes. If you exercise your appraisal rights for your shares of our common stock and we purchase such shares for cash, the transaction will be treated for U.S. tax purposes as a taxable sale of your shares. See [Tax Considerations United States Taxation](#).

Regulatory Matters (see page 24)

We are working to obtain all necessary regulatory approvals required under Korean and other laws and regulations in connection with the stock transfer and the establishment of KB Financial Group as a new financial holding company. We submitted an application for preliminary approval of the establishment of a financial holding company, pursuant to the Financial Holding Company Act, to the Financial Services Commission of

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Korea on March 20, 2008. Such preliminary approval was granted by the Financial Services Commission on June 27, 2008. We plan to apply to the Financial Services Commission for final approval of such establishment of a financial holding company upon receiving the approval of the stock transfer by our stockholders at the extraordinary general meeting. With respect to the change of the largest stockholder of certain of our subsidiaries from us to KB Financial Group in connection with the stock transfer, we plan to apply to the Financial Services Commission for prior approval of such change pursuant to the Korean Securities and Exchange Act, Indirect Investment Asset Management Business Act, Futures Transaction Act and other applicable laws on or about the date we apply to the Financial Services Commission for final approval of the establishment of a financial holding company. We have also submitted a stock transfer report to the Financial Services Commission and the Korea Exchange, pursuant to the Korean Securities and Exchange Act and related regulations, on April 30, 2008.

Completion and Effectiveness of the Stock Transfer (see page 23)

We will complete the stock transfer when all the conditions to completion of the stock transfer are satisfied, including the approval of the stock transfer by our stockholders and the relevant Korean regulatory authorities and the condition that the number of shares of our common stock for which appraisal rights are exercised must not exceed 15% of our total issued common stock. The stock transfer will become effective when we register the incorporation of KB Financial Group with the commercial registry office of the Seoul Central District Court, pursuant to the applicable requirements of Korean law. We expect to complete the stock transfer during the third quarter of 2008.

Stock Exchange Listings (see page 25)

We expect to apply to list the KB Financial Group common stock on the Stock Market Division of the Korea Exchange and to list the KB Financial Group American depository shares on the New York Stock Exchange. We expect that trading of our common stock on the Stock Market Division of the Korea Exchange will be suspended commencing from approximately four days prior to the date of the stock transfer, and that the listing of the KB Financial Group common stock on the Stock Market Division of the Korea Exchange will not occur until approximately 11 days after the stock transfer is completed. Stockholders will not be able to trade their shares of KB Financial Group common stock until such listing occurs. We expect that the listing of the KB Financial Group American depository shares on the New York Stock Exchange will occur as of the date of completion of the stock transfer.

Summary Market Price Information

Shares of our common stock are traded on the Stock Market Division of the Korea Exchange and our American depository shares are traded on the New York Stock Exchange. The table below lists the closing prices of our common stock and American depository shares on March 19, 2008, the last trading day before the public announcement of the proposed stock transfer, and on July 17, 2008.

	March 19, 2008	July 17, 2008
Common stock	(Won)50,400	(Won)52,500
American depository shares	\$ 48.78	\$ 53.86

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Summary Financial Data

We present below per common share data on a U.S. GAAP basis regarding our net income, cash dividends declared and book value on a historical basis.

	As of or for the Year Ended December 31, 2007
	Kookmin Bank (Historical)
Net income per share	
Basic	(Won)11,164
Diluted	11,164
Dividends per share	3,650
Book value per share	50,440

Questions About the Stock Transfer

If you have any questions about the stock transfer or the voting procedures in connection with the extraordinary general meeting of our stockholders, you may contact:

if you are a holder of our common stock:
Kookmin Bank

Investor Relations Department
36-3 Yeoido-dong, Yeongdeungpo-gu

Seoul 150-758, Korea

Telephone: 822-2073-8350

Facsimile: 822-2073-8360

e-mail: kbir@kstar.co.kr

if you are a holder of our American depositary shares or global depositary shares:
Citibank, N.A.

Shareholder Services

P.O. Box 43077

Providence, RI 02940-3077

Telephone: 1-877-248-4237

e-mail: citibank@shareholders-online.com

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RISK FACTORS

As a result of the adoption of a financial holding company structure through the proposed stock transfer, our businesses will be subject to the following new or increased risks. In addition to the risks described below, we will continue to be subject to the risks described in the documents that we have filed with the SEC that are incorporated by reference into this prospectus. You should carefully consider the following risk factors as well as the other information contained or incorporated into this prospectus in deciding whether to vote in favor of the stock transfer.

Risks Relating to the Stock Transfer

The stock transfer is subject to various conditions and may not be completed as scheduled or at all.

Under the proposed stock transfer plan, the consummation of the stock transfer is subject to a number of conditions, including the condition that the number of shares of our common stock for which appraisal rights are exercised must not exceed 15% of our total issued common stock and the obtaining or satisfaction of all regulatory approvals and requirements necessary for the consummation of the stock transfer. See *The Stock Transfer* Conditions to the Completion of the Stock Transfer. Under Korean law, our stockholders who oppose the stock transfer may exercise appraisal rights and require us to purchase their shares if the stock transfer is completed. In the event that the number of shares of our common stock for which appraisal rights are exercised exceeds 15% of our total issued common stock, we will not complete the stock transfer. Furthermore, regulatory authorities in Korea or elsewhere may seek to block or delay the stock transfer or may impose conditions that reduce the anticipated benefits of the stock transfer or make it difficult to complete as planned. Accordingly, even if the stock transfer is approved at the extraordinary general meeting of our stockholders, the stock transfer may not be completed as scheduled or at all. If the stock transfer is not completed, we would fail to realize the anticipated benefits of the new financial holding company structure that will be created pursuant to the stock transfer. For a description of the anticipated benefits of adopting a financial holding company structure, see *The Stock Transfer* Reasons for the Stock Transfer.

The exercise of appraisal rights in respect of a significant number of shares of our common stock could increase the costs of the stock transfer, reduce the capital of KB Financial Group and hurt its financial condition.

Under Korean law, our stockholders who oppose the stock transfer may exercise appraisal rights and require us to purchase their shares if the stock transfer is completed. We expect to pay (Won)63,293 for each share of our common stock properly submitted to us for appraisal, which is the purchase price for such shares determined in accordance with the formula prescribed under Korean law to be applied in the event that the dissenting stockholders and we fail to agree on a purchase price through negotiations. For a description of the method of calculating the purchase price for shares in respect of which appraisal rights have been exercised, see *The Stock Transfer* Dissent and Appraisal Rights. If stockholders exercise appraisal rights in respect of a significant number of our shares that does not exceed 15% of our total issued common stock, we will be required to complete the stock transfer and to expend significant amount of funds to purchase such shares, which will reduce our capital and hurt our financial condition.

Holders of our American depositary shares or global depositary shares will not have any dissent and appraisal rights.

Our stockholders who oppose the stock transfer may exercise appraisal rights under Korean law and require us to purchase their shares if the stock transfer is completed. However, if you are a holder of our American depositary shares or our global depositary shares, you will not have any appraisal rights in respect of the stock transfer even if you oppose it. Each of the deposit agreements for our American depositary shares facility and global depositary shares facility, respectively, does not require the depositary to take any action in respect of exercising dissent and appraisal rights.

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We may fail to realize the anticipated benefits of the stock transfer and the new financial holding company structure.

The success of the stock transfer and the new financial holding company structure that will be created pursuant to such stock transfer will depend, in large part, on the ability of KB Financial Group to realize the anticipated synergies, growth opportunities and cost savings from coordinating and integrating the businesses of its various subsidiaries.

Although we plan to integrate certain aspects of our operations and our subsidiaries' operations under the financial holding company structure, the subsidiaries of the new financial holding company, including us, will generally continue to operate as independent entities with separate management and staff. As a result, KB Financial Group's ability to direct its subsidiaries' day-to-day operations will be limited. In addition, the integration of KB Financial Group's subsidiaries' separate businesses and operations, as well as those of any companies it may acquire in the future, into the financial holding company structure could require a significant amount of time, financial resources and management attention. Moreover, that process could disrupt our operations (including our risk management operations) or information technology systems, reduce employee morale, produce unintended inconsistencies in our standards, controls, procedures or policies, and affect our relationships with customers and our ability to retain key personnel. The realization of the anticipated benefits of our new financial holding company structure may be blocked, delayed or reduced as a result of many factors, some of which may be outside our control. These factors include:

difficulties in integrating the diverse activities and operations of the subsidiaries of KB Financial Group or any companies it may acquire, including risk management operations and information technology systems, personnel, policies and procedures;

failure to leverage our financial holding company structure to realize operational efficiencies and to cross-sell multiple products and services;

difficulties in reorganizing or reducing overlapping personnel, branches, networks and administrative functions;

restrictions under Korean financial holding company and other regulations on transactions between the financial holding company and, or among, its subsidiaries;

unforeseen contingent risks, including lack of required capital resources, increased tax liabilities or restrictions in our overseas operations, relating to the stock transfer and the financial holding company structure that may become apparent in the future;

unexpected business disruptions;

failure to attract, develop and retain personnel with necessary expertise;

loss of customers; and

labor unrest.

Accordingly, we may not be able to realize the anticipated benefits of the new financial holding company structure that will be created pursuant to the stock transfer, and our business, results of operations and financial condition may suffer as a result.

Our financial holding company will depend on limited forms of funding to fund its operations.

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KB Financial Group will have no significant assets other than the shares of its subsidiaries. Its primary sources of funding and liquidity will be dividends from its subsidiaries, sales of the interests in its subsidiaries and direct borrowings and issuances of equity or debt securities. In addition, as a financial holding company, KB Financial Group will be required to meet certain minimum financial ratios under Korean law, including with respect to liquidity, leverage and capital adequacy. KB Financial Group's ability to meet its obligations to its

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direct creditors and employees and its other liquidity needs and regulatory requirements will depend on timely and adequate distributions from its subsidiaries and its ability to sell its securities or obtain credit from its lenders.

In the case of dividend distributions, this will depend on the financial condition and operating results of the subsidiaries of KB Financial Group, including us. In the future, the subsidiaries may enter into agreements, such as credit agreements with lenders or indentures relating to high-yield or subordinated debt instruments, that impose restrictions on their ability to make distributions to KB Financial Group, and the terms of future obligations and the operation of Korean law could prevent the subsidiaries from making sufficient distributions to KB Financial Group to allow it to make payments on its outstanding obligations. See As a financial holding company, KB Financial Group will depend on receiving dividends from its subsidiaries to pay dividends on its common stock. Any delay in receipt of or shortfall in payments to KB Financial Group from its subsidiaries could result in KB Financial Group's inability to meet its liquidity needs and regulatory requirements, including minimum liquidity, double leverage and capital adequacy ratios, which may disrupt our operations at the holding company level.

In addition, creditors of KB Financial Group will generally not be able to assert claims on the assets of the subsidiaries of KB Financial Group. Furthermore, KB Financial Group's inability to sell its securities or obtain funds from its lenders on favorable terms, or at all, could also result in KB Financial Group's inability to meet its liquidity needs and regulatory requirements and may disrupt our operations at the holding company level.

As a financial holding company, KB Financial Group will largely depend on receiving dividends from its subsidiaries to pay dividends on its common stock.

Since the principal assets at the holding company level will be the shares of its subsidiaries, KB Financial Group's ability to pay dividends on its common stock will largely depend on dividend payments from those subsidiaries. Those dividend payments are subject to the Korean Commercial Code, the Bank Act and to regulatory limitations, generally based on capital levels and retained earnings, imposed by the various regulatory agencies with authority over those entities. The ability of KB Financial Group's subsidiaries to pay dividends may be subject to regulatory restrictions to the extent that paying dividends would impair each of their non-consolidated profitability, financial condition or other cash flow needs. For example:

under the Korean Commercial Code, dividends may only be paid out of distributable income, an amount which is calculated by subtracting the aggregate amount of a company's paid-in capital and certain mandatory legal reserves from its net assets, in each case as of the end of the prior semi-annual period;

under the Bank Act, a bank also must credit at least 10% of its net profit to a legal reserve each time it pays dividends on distributable income until that reserve equals the amount of its total paid-in capital; and

under the Bank Act and the requirements of the Financial Services Commission, if a bank fails to meet its required capital adequacy ratio or otherwise subject to the management improvement measures imposed by the Financial Services Commission, then the Financial Services Commission may restrict the declaration and payment of dividends by that bank.

KB Financial Group's subsidiaries may not continue to meet the applicable legal and regulatory requirements for the payment of dividends in the future. If they fail to do so, they may stop paying or reduce the amount of the dividends they pay to KB Financial Group, which would have an adverse effect on its ability to pay dividends on its common stock.

Our directors and officers may have potential conflicts of interest in supporting the stock transfer.

Some of our directors and executive officers may have interests in the stock transfer that are different from, or in addition to, your interests. Ten members of our board of directors (including our president and chief executive officer) have been nominated to serve on KB Financial Group's board of directors, which will be initially comprised of 12 individuals.

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In addition, we expect that certain of our current executive officers will be appointed as executive officers of KB Financial Group. As of December 31, 2007, the latest date for which such information is currently available, our directors and executive officers, together with their respective affiliates, beneficially owned less than 0.01% of the outstanding shares of our common stock, as well as options to purchase an additional 1,353,688 shares.

The possibility of receiving compensation or other benefits in or following the stock transfer may have influenced these directors and officers in their support of the stock transfer. See [The Stock Transfer Interests of Certain Directors and Executive Officers in the Stock Transfer](#).