

**EXCHANGE OF LETTERS OF INTENT CONCERNING COOPERATION
IN THE AREA OF BANKING RESOLUTION
BETWEEN THE FINANCIAL SERVICES AGENCY
AND THE KOREA DEPOSIT INSURANCE CORPORATION**

In view of the growing globalisation of the world's financial markets and the increase in cross-border operations and activities of banking organization, the Financial Services Agency ("FSA") and the Korea Deposit Insurance Corporation ("KDIC") have reached the view to exchange Letters of Intent concerning the exchange of information and cooperation in connection with the resolution planning and the implementation of such planning with respect to entities with cross-border operations. The FSA and the KDIC express, through this Letter, their willingness to cooperate with each other in the interest of fulfilling their respective statutory objectives; enhancing communication and cooperation; assisting each other in the planning and the conduct of an orderly resolution of an entity; and maintaining confidence and financial stability in Japan and the Republic of Korea.

SECTION ONE: DEFINITIONS

1. For the purpose of this Letter the following definitions apply:
 - A. "Authority" means the FSA or the KDIC, and within this definition:
 - i) "Requested Authority" means the Authority to whom a request is made under this Letter; and
 - ii) "Requesting Authority" means the Authority making a request under this Letter.
 - B. "Authorities" means the FSA and the KDIC.
 - C. "Emergency Situation" means any circumstance in which the financial or operational condition of an Entity has been materially impaired, or can reasonably be expected to be materially impaired, in a manner likely to affect the cross-border operations of the Entity and requiring consultation, or coordination by the Authorities;
 - D. "Entity" or "Entities" means any banking entity, body or group which is under the responsibility of either of the two Authorities, in line with Article 4 of Act for Establishment of the FSA in relation to the FSA, and in line with Article 2(1) of the Depositor Protection Act ("DPA") and Article 2 of the Act on the Structural Improvement of the Financial Industry ("ASIFI") in relation to the KDIC.
 - E. "Person" means a natural person, unincorporated association, partnership, trust, investment company, or corporation.
 - F. "Resolution" means actions taken by an Authority to address an Emergency Situation involving a troubled Entity, consonant with its statutory mandate, being:
 - i) in respect of the FSA for the application of its tasks as a resolution authority, in line with the Act for Establishment of the FSA; and
 - ii) in respect of the KDIC for the application of its tasks as a resolution authority, in line with the DPA and the Act on the Structural

Improvement of the Financial Industry and relevant laws and statutes.

SECTION TWO: GENERAL FRAMEWORK

2. This Letter is a statement of intent to consult, cooperate, and exchange information in connection with the preparation for and implementation of the Resolution of Entities in Japan and Korea in a manner consistent with and permitted by the laws and requirements that govern the Authorities. The Authorities will take steps to continue and enhance ongoing cooperation and communication, both during normal business-as-usual circumstances and during periods of financial distress. As the condition of an Entity deteriorates, it is expected that cooperation between the Authorities will intensify as well. Additional communications may take place in line with this Letter or as otherwise determined by the Authorities.
3. The FSA was originally established in 2000 and became an external organ of the Cabinet Office under the Act for Establishment of the FSA in 2001 by the reorganisation of central government ministries. The FSA is the integrated regulator for banking, securities and insurance, and is one of the institutions which is responsible for resolution planning. It is responsible for inspection and supervision of private-sector financial institutions and surveillance of securities transactions in line with Article 4 of the Act for Establishment of the FSA.
4. The KDIC is the comprehensive and integrated deposit insurer, and is the Resolution Authority for insured financial companies (as defined in Article 2(1) of the DPA) in Korea. It is responsible for the resolution planning including the assessment of resolvability and the implementation of such planning. In performing these and related functions, the KDIC works with other national governmental entities including the Financial Services Commission as one of the financial safety net players. The remaining matters of this Letter will be interpreted having regard to the role of the KDIC as described in this paragraph.
5. This Letter expresses the Authorities' intent to enhance and strengthen their consultation and cooperation in recognising the complexities inherent in the cross-border operations of Entities, in conducting cooperative analyses of the challenges in the Resolution of such Entities, and in contingency planning for such challenges and Resolutions.
6. This Letter does not create any legally binding obligations, confer any rights, supersede any domestic laws or restrict the Authorities in the exercise of their statutory powers and functions. This Letter does not confer any rights or abilities upon any person, including any right or ability directly or indirectly to obtain, suppress, or exclude any information or to challenge the execution of a request for assistance under this Letter.
7. The Authorities acknowledge that any particular assistance, information or cooperation may be provided in line with the Letter only if permitted under their respective laws, regulations or requirements.
8. This Letter does not affect any other agreements, memoranda of understanding or other arrangements, including any Entity-specific cooperation arrangements.

9. This Letter does not limit an Authority from taking solely those measures described herein in fulfilment of its Resolution or other functions. In particular, this Letter does not affect any right of an Authority to communicate with, or obtain information or documents from, any person subject to its jurisdiction that is located in the territory of the other Authority.
10. The Authorities intend that the cooperation and information sharing cooperation methods under this Letter should be implemented in a manner that is compatible with the obligations and commitments that an Authority may have to an asset management, banking or other regulatory authority or agency in line with memoranda of understanding or other agreements.

SECTION THREE: COMMON PRINCIPLES REGARDING RESOLUTIONS OF ENTITIES WITH CROSS-BORDER OPERATIONS

11. Managing a crisis involving the cross-border activities of an Entity is a matter of common interest for Japan and Korea. The successful management and Resolution of a crisis involving an Entity with significant cross-border activities in Japan and Korea requires careful ex ante preparation to establish optimal processes and steps to ensure effective coordination and implementation of possible monitoring of Entities, crisis management, recovery and Resolution strategies.
12. Cooperation and tools for cross-border crisis management should be flexible and designed to allow for adaptation to the specific features of a crisis and the individual institutions involved. Cross-border cooperation methods will build on the effective cooperation between the Authorities and they should endeavour to improve their ability promptly to assess the broader effects of any financial crisis and its cross-border implications based on common terminology and analyses.
13. Cooperation methods for crisis Resolution should reflect the division of responsibilities between the Authorities and other responsible regulators and supervisors, and the coordinating role of home country regulators and supervisors. Where possible and feasible, the Authorities should implement Resolution options that are aimed at pursuing financial stability and protecting insured depositors and other retail customers, duly considering the potential impact of their Resolution actions on the financial stability of Japan and Korea.

SECTION FOUR: MECHANISM AND SCOPE OF RESOLUTION CONSULTATION, COOPERATION, AND EXCHANGE OF INFORMATION

14. The Authorities recognize the importance of close and effective communication concerning the global operations of Entities, and intend to consult regarding general Resolution developments, including the sharing of relevant information, to the extent permitted by applicable law and not contrary to public policy. Furthermore, the Authorities will seek to enhance cooperation in the analysis of Entities' Resolution issues, development and update of resolvability assessments, planning for potential Resolution scenarios, and appropriate simulations, contingency planning or other work designed to improve preparations of the Authorities for managing and resolving crises involving Entities.
15. To the extent practicable and as appropriate in the particular circumstances, including the status of efforts to address any difficulties experienced by an Entity, each Authority will endeavour to inform the other Authority:

- i) of any intended or conducted regulatory changes relating to Resolution regimes and which may have a significant, material impact on the operations or activities of an Entity in the other jurisdiction; and
- ii) of the respective statutory and other legal requirements, including procedural requirements, applicable to the recognition and enforcement of foreign resolution proceedings under their respective jurisdictions.

This will, however, be without prejudice to any cooperation methods relating to specific prudential issues.

16. Each Authority, if necessary, will make available staff as appropriate to give presentations to, and run training sessions for, the other Authority, to share expertise and knowledge.
17. Each Authority will designate a contact person or persons of sufficient seniority ex ante, to be involved in ongoing Resolution and crisis management of Entities. These contact people will be listed in Attachment to this Letter. Each Authority will inform the other Authority of these appointments and any changes thereto. Senior level contacts will be supported by regular working-level contact and collaboration, potentially including joint work on issues of common interest.
18. The Authorities recognise that communication and coordination can play an important role in promoting efficiency and preserving value in the Resolution of an Entity. The Authorities further acknowledge that their legal duties and objectives will often align with the goals of maximising recoveries, minimising losses and minimising moral hazard. Where this is the case, they will endeavour, consistent with applicable laws and regulations, to cooperate and coordinate in order to identify and implement Resolution processes and joint communication strategies that meet these goals in both of their respective jurisdictions.
19. The Authorities recognise that from time to time there may be technical matters related to specific resolution plans and Resolution cases upon which it might be necessary to take a broadly common view or position. Through regular dialogue, the Authorities will seek to identify such matters. To the extent that the respective objectives of the Authorities can be best advanced through a joint articulation of such a common view or position and/or through joint engagement with third parties, the Authorities will seek to do so.
20. English will be the working language in all written and spoken communication.

SECTION FIVE: IMPLEMENTATION OF REQUESTS FOR ASSISTANCE

21. To the extent possible, a request for information in line with sections Four and Six should be made in writing, and addressed to the relevant contact person(s) (see Attachment). A request should generally specify the following:
 - i) the information sought by the Requesting Authority;
 - ii) a general description of the matter which is the subject of the request and the purpose for which the information is sought; and
 - iii) the desired time period for reply and, where appropriate, the urgency thereof.

When receiving requests for information or assistance, the Authorities should provide one another with the fullest cooperation consistently with this Letter and their responsibilities and legal frameworks. In case of denial of assistance, the requested Authority should give reasons for not providing the requested assistance.

Any reply to any request for information or assistance done as per above will indicate the sensitivity of the information contained in such reply.

22. In Emergency Situations, the Authorities will endeavour to notify each other of the Emergency Situation and communicate information to each other as would be appropriate in the particular circumstances, taking into account all relevant factors, including the status of efforts to address the Emergency Situation. During Emergency Situations, requests for information may be made in any form, including orally, provided such communication is confirmed subsequently in writing. The Authorities will endeavour to provide information as quickly as possible during Emergency Situations.

SECTION SIX: PERMISSIBLE USES AND CONFIDENTIALITY OF INFORMATION

23. It is recognised that information may be shared in line with this Letter to the extent such sharing is reasonable and consistent with any relevant statutory and regulatory provisions, including those restricting disclosure. In addition, the provision of, or request for, information under this Letter may be denied on grounds of public interest or national security, or when disclosure would interfere with an ongoing investigation.
24. The items of this Letter, as determined by the Authorities, are without prejudice to the relevant framework applicable in case of information sharing related to criminal proceedings carried out by judicial authorities.
25. Any confidential information received from a Requested Authority will be used only for the planning and implementation of Resolutions. To the extent permitted by law, a Requesting Authority will hold confidential all information (other than publicly available information) received from a Requested Authority in line with this Letter and will not disclose such information other than as necessary to carry out its Entity monitoring, crisis management, recovery or Resolution planning or implementation responsibilities and consistent with paragraphs 26 and 27.
26. Except as provided in paragraphs 27, before a Requesting Authority discloses any confidential information received from a Requested Authority to a third party, the Requesting Authority will request and obtain prior written consent from the Requested Authority, which will not be unreasonably withheld.
27. In the event that a Requesting Authority is required by statute, law or legal process to disclose confidential information provided in line with this Letter, it will, to the extent permitted by law, inform the Requested Authority about such possible onward sharing in advance. If the Requested Authority does not consent to such disclosure, then, the Requesting Authority will take all available and appropriate steps to resist disclosure, including by employing legal means to challenge the order or by advising the third party requiring such information of the possible negative consequences that such disclosure might have on the future exchange of confidential information between the Authorities. The Requesting Authority will communicate to the Requested Authority any actual disclosure made as soon as permitted by law.

28. No privileges or confidentiality associated with information provided by an Authority are intended to be waived as a result of sharing such information in line with this Letter.

SECTION SEVEN: DATA PROTECTION

29. The personal data exchanges on the basis of this Letter are administered in line with the applicable legal framework. In particular, the FSA processes personal data, including that contained in information received from the KDIC, in line with Act No. 120 with the National Public Service Act. The KDIC, on the other hand, administers personal data exchanges, including exchanges concerning personal data contained in information received from the FSA, in line with the Personal Information Protection Act.

SECTION EIGHT: MODIFICATION

30. Any modifications to this Letter requires mutual consent of the Authorities and will be confirmed in writing unless otherwise determined upon.

SECTION NINE: APPLICATION AND DISCONTINUATION

31. Cooperation in line with this Letter will commence as of the date written below and continue indefinitely dependent on modification by the mutual consent of the Authorities or discontinuation by an Authority with 30 days advance written notice to the other Authority. After discontinuation, the confidentiality matters in section Six will continue to be respected regarding any information provided under this Letter prior to discontinuation.

SIGNATURES

Financial Services Agency

[signed]

ITO Hideki
Commissioner
Signed this 12th day of November, 2024

Korea Deposit Insurance Corporation

[signed]

JaeHoon YOO
Chairman & President
Signed this 12th day of November, 2024

Attachment redacted