

# Ensuring Better Life for All

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Annual Report  
2020



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## Delivering more convenience and better benefit to customers

Korea's leading financial group, KB Financial Group ceaselessly explore diverse avenues of innovation in developing products and services that will help change the world for the better.

In 2020, KB Financial Group solidified its position as a leading financial group with a diversified and balanced business portfolio, proactively responding to changes in financial business environment preemptively. We also made significant progress in our global business for securing growth engines for the future.

In terms of financial performance in 2020, KB Financial Group's total assets amounted to KRW 610.7 trillion, up by KRW 92.7 billion stemming mostly from solid growth in bank loans and acquisition of Prudential Life Insurance and Prasac Microfinance in Cambodia. Group Net income for 2020 posted 3,455 billion, increased by 4.3% from the previous year increasing core earnings, pursuing inorganic growth through M&A, and preemptively reinforcing risk management. KB Financial Group set an industry record by exceeding a KRW 3 trillion mark in net income for four years in a row.

The Korean economy is entering into New Normal, characterized by low rate and low growth. Proactively responding to the coming paradigm shift in the financial market where opportunity and crisis coexist, KB Financial Group will stay focused on strengthening competitive advantages implementing the 'R.E.N.E.W. 2021' strategy.

'R.E.N.E.W.' stands for the initiatives to be taken in 2021 as follows:

**Reinforce the Core** Reinforce the core competitive advantages

**Expansion of Global & New Biz** Expanding global and new business for new growth drivers

**No. 1 Platform** No.1 customer-centric financial platform innovation

**ESG Leadership** ESG leadership internalization through expansion toward sustainable management structure

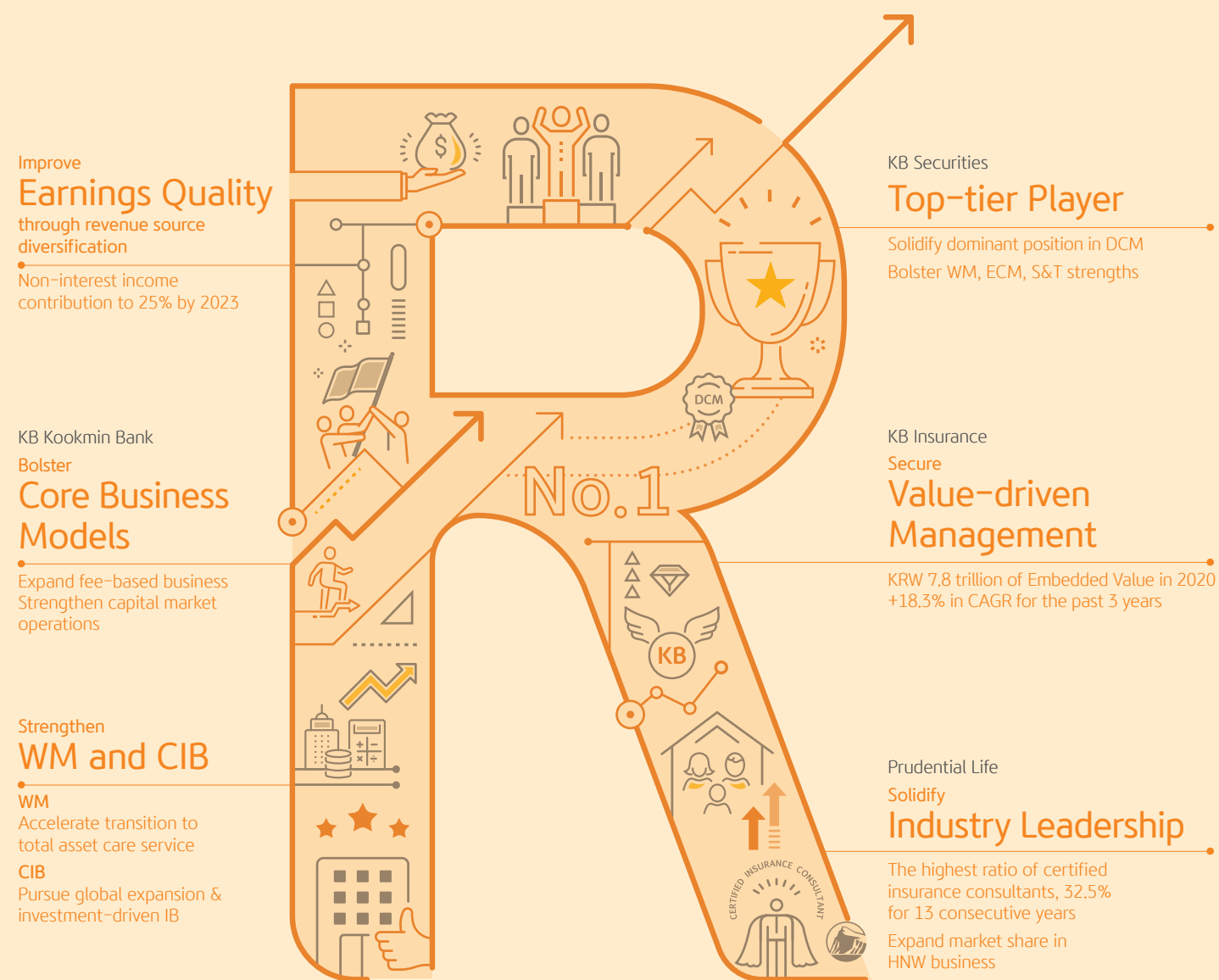
**World Class Talents & Culture** World-class talents and culture through the Up-skill & Re-skill

In 2021, KB Financial Group will focus on strengthening the core competitive advantages of its key operations, bolstering non-financial businesses such as auto, real estate, healthcare as well as financial business, thereby securing future growth engine, with the goal of becoming a No.1 financial platform company that stays sustainable and is most customer-friendly through digital innovation.

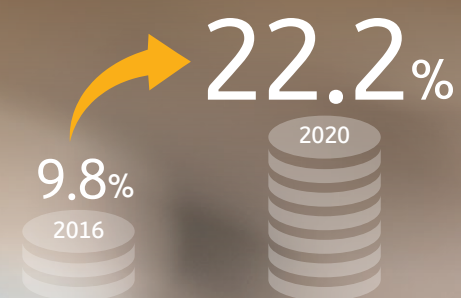
# R.E.N.E.W. 2021

# Reinforce the Core

KB Financial Group will become a solid No. 1 in banking and a top-tier player in non-banking. To this end, we will diversify our revenue base and bolster inherent competitive advantages by strengthening the core business models as well as the overall competitiveness of its key subsidiaries, KB Kookmin Bank, KB Securities, KB Insurance, KB Kookmin Card, Prudential Life.



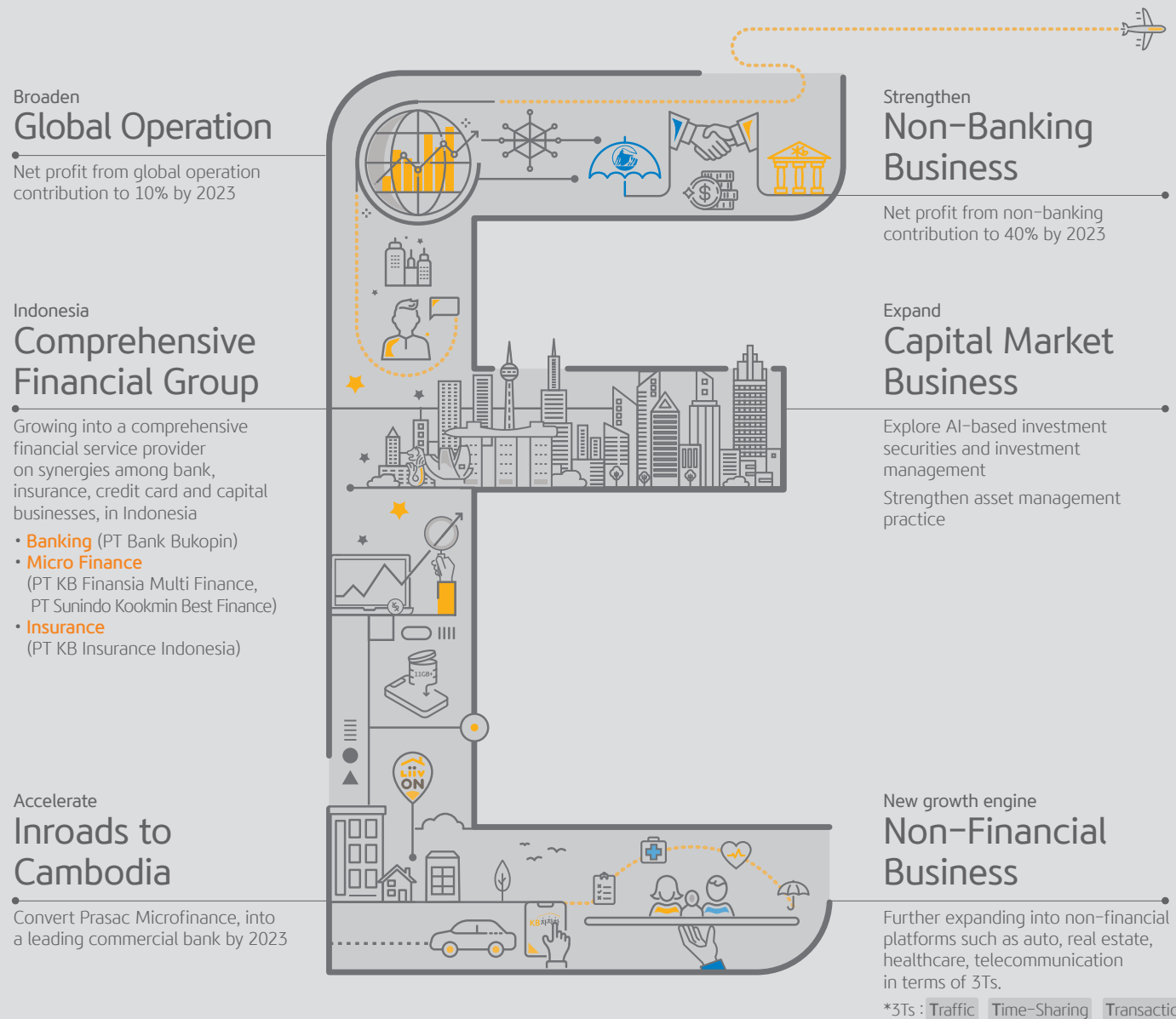
Non-interest Income Contribution





# Expansion of Global & New Biz

KB Financial Group will strengthen its global business with a two-track strategy of expanding into the Southeast Asian and advanced markets; and will secure new growth drivers based on the 'Beyond Finance' management philosophy of growing not only traditional banking, but also non-financial platforms including auto, real estate, healthcare, telecommunication.



Global Network





# No.1 Platform

KB Financial Group will transform into a most trusted 'No.1 financial platform' through customer-centric bold innovation initiatives on the strengths of incomparable advantages-one stop financial services, extensive customer base, efficient channels and trailblazing digital innovations.

## KB's top 3 key apps-centered Digital Platform Transformation

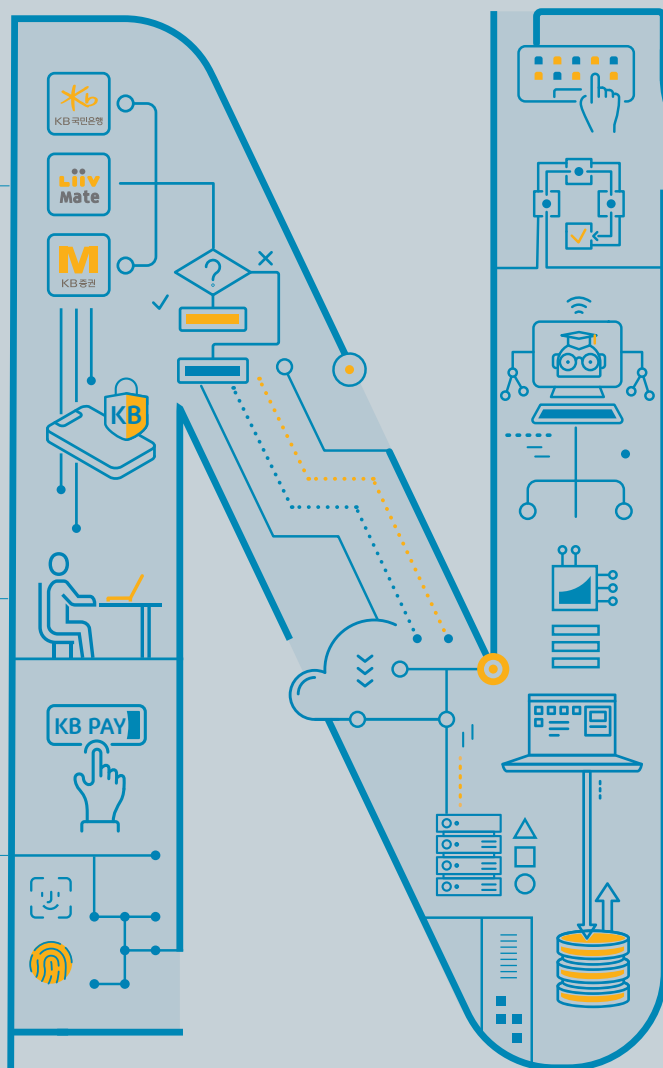
- KB Star Banking into the total financial service platform
- Liiv Mate into the open Personal Financial Management(PFM) platform
- M-able into the investment-driven PFM platform

## KB Kookmin Bank Financial Platform Leader

KB Star Banking, industry-leading KB's flagship app recorded 8 million in MAU as of end of 2020

## Leading Platform Markets

- KB Mobile Certification Attract more than 7.3 million users within 20 months of its roll out
- KB Pay leads in convenient payment and diverse financial & membership services



## Data-based CPC Innovation

Innovate Consumer-Product Channels(CPC) leveraging big data analysis  
Offer personalized services utilizing AI & machine-learning technology

## Customer-centric Data Marketing

From seamless on & off line Omni channel perspective, develop customer management systems  
Restructure group royalty program, 'KB Star Club'

## KB Star Banking MAU





# ESG Leadership

KB Financial Group focuses its ESG strategy on internalizing ESG values into all business operations, managing climate change-related risks, pursuing inclusive society, and enhancing transparency in governance. Through these and other efforts, KB Financial Group seeks to generate positive influences throughout society and grow in a sustainable manner.

## KB Green Way 2030

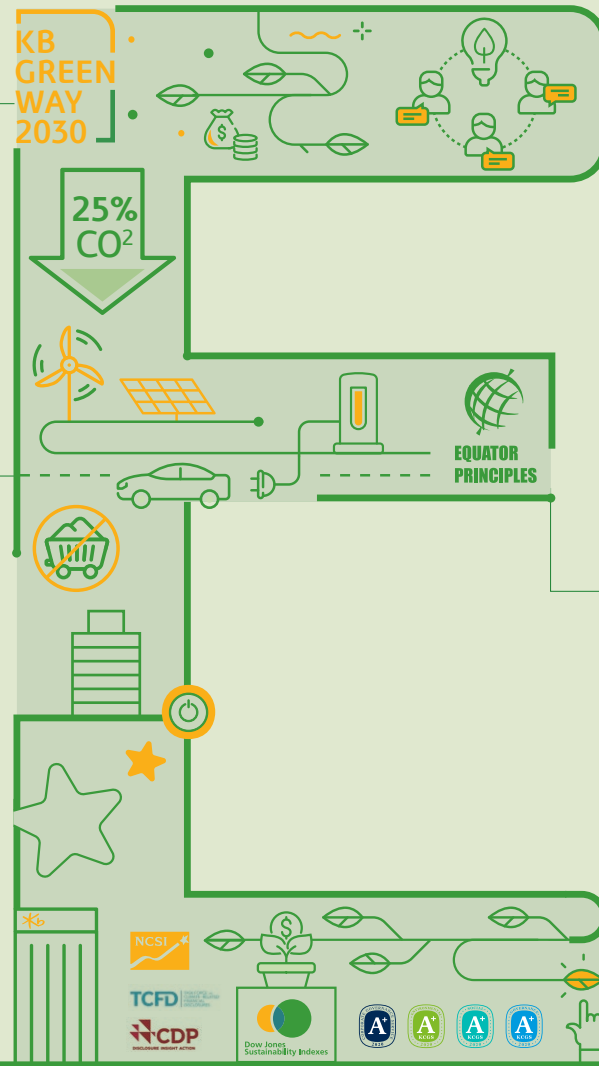
Group ESG strategy to reduce carbon emissions to 75% of the 2017 level and increase ESG product sales, investments, loans to KRW 50 trillion by 2030

## Advancing Climate Change Strategy

Set & manage carbon emission reduction goals  
Manage environmental risks  
Increase green investments & loans  
Lead green financial ecosystems

## Korea's 1st financial group Anti-coal Policy

Declared an anti-coal policy for the first financial group in Korea in Sep. 2020



## Industry-first ESG Committee

Industry's first ESG Committee was established comprising all of board of directors

- Sets group ESG policies & strategies
- Make decisions on all of the group-wide ESG activities
- Monitors ESG product sales and carbon emission-reductions

## KB Kookmin Bank The Equator Principles

KB Kookmin Bank has joined the Equator Principles in Feb. 2021 that prohibits financing of large-scale development projects damaging the environment or violating human rights

## KCGS ESG Assessment A+

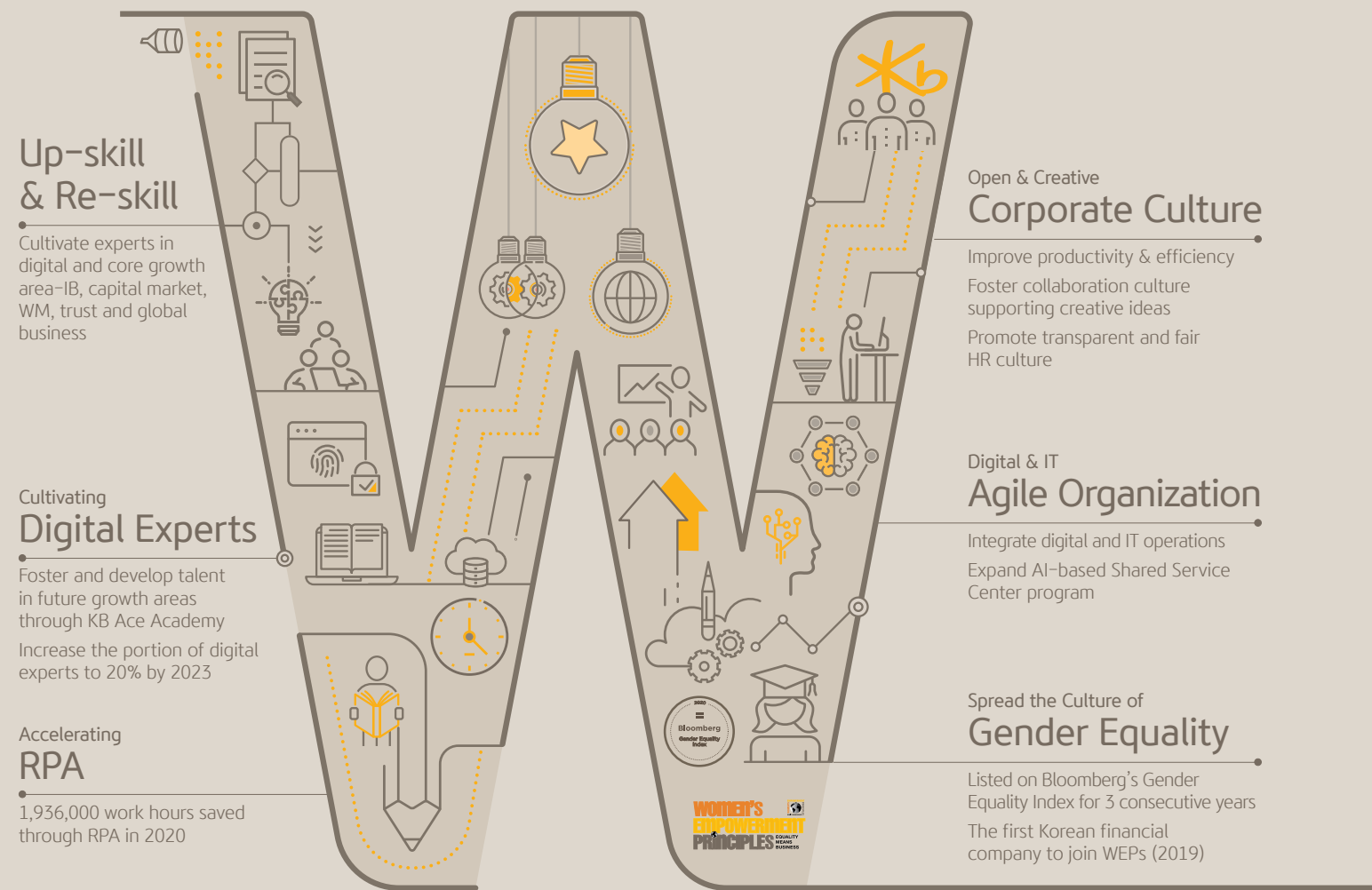
Rated A+ in all ESG categories in Korea Corporate Governance Service's 2020 ESG assessment





# World Class Talents & Culture

KB Financial Group is spreading the culture of share and collaboration that breeds top talent through up-skill and re-skill and promotes creative ideas and collective intelligence, and seeking to transform into a digital and agile platform organization that evolves in step with the development of the digital era.



KB ACE ACADEMY



No. of employees trained for 2017- 2020

12,553



## CEO Message



KB Financial Group has been fully aligned across the board to drive financial innovation and broaden the scope of its business presence with an aim to secure sustainable future growth engines.

Dear esteemed customers, shareholders and investors!

I would like to extend my sincere gratitude to our customers and shareholders for the steadfast trust and support you have extended to the innovation and growth of KB Financial Group.

Throughout the last year, due to an unprecedented magnitude of COVID 19 pandemic, economic uncertainties continued at home and abroad, bringing about lasting changes in our whole society and industry. Amid such a challenging environment, KB Financial Group focused greater efforts on strengthening competence in order to deliver customer happiness and help building a better world.

We focused on KB Securities, KB Insurance, and KB Capital, previously acquired non-banking arm, securely anchoring their operations onto the group's business platform by achieving synergies, and successfully acquired Prudential Life, further bolstering our business portfolio. Moreover, through the M&As in global business such as Prasac Microfinance Institution("Prasac") in Cambodia, and PT Bank Bukopin("Bukopin") in Indonesia, we have laid the foundation to develop well diversified and balanced business portfolio by expanding future revenue sources through.

KB Financial Group also pushed forward various product and service innovation efforts with a top priority on customer convenience and interest. 'KB Mobile Certification', KB Kookmin Bank's self-developed private authentication service for online banking, attracted more than 7.3 million users within twenty months of its roll out, and KB Securities introduced 'Prime Club service', the industry's first subscription-based asset management service. Furthermore, KB Insurance successfully approved 'Simple online-application service for corporate', from the Financial Services Commission as innovative financial services, simplifying the insurance registration process from three days to five minutes.

Also noteworthy is our ramped-up efforts to overcome big tech, and fintech challenges in the competition for customer touch points. In order to more effectively penetrate the fast-growing payments market, we introduced KB Pay offering improved user experience and membership benefits. Also, to further sharpen our competitive edge in the MyData business, we upgraded our asset management practices and bolstered ties with our business partners.



KB Financial Group has surpassed a KRW 3 trillion mark in net income over the recent four consecutive years on the strength of solid growth in core earnings and inorganic growth.

2020 Group net profit  
**KRW 3,455 billion**

Meanwhile, establishing the ESG Committee under the board of directors, adopting an anti-coal policy, and conducting other ESG-related measures, we focused on laying the most proactive and exemplary ESG framework among the Korean financial groups, and solidified our distinctive leadership in ESG management.

Now I would like to briefly review the Group's 2020 business performances.

Despite contraction in net interest margins due to sustained low rate environment and additional preemptive provision against COVID 19-related uncertainties, KB Financial Group improved its solid earnings fundamentals, posting a KRW 3,455.2 billion of net income, increased by KRW 143.4 billion from the previous year. Interest incomes increased on the back of growth in bank loans and M&As effect of Prudential Life and Prasac; fee & commission significantly expanded led by fee income of securities business with favorable stock markets; the capital market business improved its earnings performance; the consolidation effect from the acquisition of Prudential Life resulted in visible and promising outcomes.

The Group's total assets increased by KRW 92.1 trillion to KRW 610.7 trillion compared to a year ago, attributable to solid growth in loans on the back of balanced growth of household and corporate, the M&As conducted in 2020 including Prudential Life, Prasac, and Bukopin, and an hefty expansion of investments in securities with our efforts to diversify revenue sources.

Such improved financial performances were made possible due mainly to the unwavering support of the customers and shareholders of KB Financial Group and of Group's family members. Looking forward, all of us at KB Financial Group will do our best to present a leading financial group that makes progress by leaps and bound through an unrelenting pursuit of change and innovation.

Over the past year, as the fears of the prolonged COVID 19 pandemic to grip the world, the global economy contracted, and the gap widened between the financial market and the real economy, bringing about continuous uncertainties in the economy. Also, as the domestic economy remained in the low growth and low rate vicious cycle, the so-called money shift is taking flight, from savings to investment and from home to abroad, setting off a paradigm shift in the financial environment.

To better prepare for such an era and lead the finance of tomorrow, KB Financial Group has adopted 'R.E.N.E.W. 2021' as the growth strategy for the coming year and plans to channel its resources on the following directions.

Firstly, we will revamp business models with our core competitive edge, and further solidify market positions. **(Reinforce the Core)**

With the goals of being a solid No.1 in banking and a top-tier in non-banking, we will focus on making all subsidiaries more competitive in their areas of expertise and strengthening core income models by business, thereby securing more uniquely competitive and increasing income sources.

Secondly, we will further bolster non-banking businesses and secure new growth engines by expanding global business territory, and strengthening the non-banking sector.

**(Expansion of Global & New Biz)**

Tweaking the Two-track strategy we have applied overseas for years, we will accelerate global expansions by further stabilizing the global business infrastructure, and facilitating more complete and efficient localization and closer cooperation among the subsidiaries. Also, we will secure new growth engines by further expanding into non-financial areas such as automobile, real estate, health care, and telecommunications.

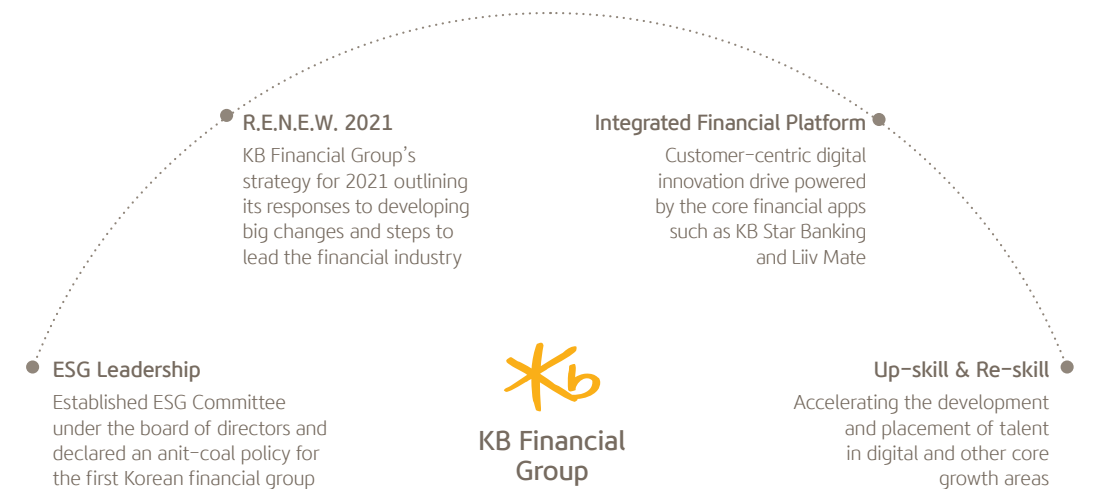
Thirdly, by embracing customer-centric digital innovation, we will grow into a No. 1 financial platform.

**(No. 1 Platform(Customer-Centric))**

We plan to push ahead a customer-centric digital innovation on the Group's core mobile applications such as KB Star Banking and Liiv Mate, developing the most beloved comprehensive financial services platform that offers data-based one stop financial solutions, while developing customer management systems that seamlessly and organically connect non-face-to-face and face-to-face channels.

Fourthly, through expansion and internalization of ESG management, we will establish a sustainable ESG system. **(ESG Leadership)**

Through the expansion of eco-friendly product lineups, investment and finance, we will boost our Green Leadership in the financial industry, and through establishment of ESG



management systems and enhancements in risk management systems, we will lay a sustainable growth foundation and strengthen KB Financial Group's role as a social safety net.

Lastly, through Up-skill and Re-skill, we will establish a 'World-class culture' that is open and creative and breeds top talent. **(World Class Talents & Culture)**

By accelerating the development and placement of talents in digital and core growth areas and fostering a mindset of sharing and collaboration that encourages creative ideas and collective intelligence, we will establish a creative and open corporate culture in which top talent can reach their potential.

2021 is expected to be a momentous year where the fate of financial players will be decided in the coming financial market. As such, all of us at KB Financial Group will move forward, sharing and bringing together their individual strengths and intelligence to launch KB Financial Group on its journey toward becoming the most beloved No.1 financial platform company, a life-time financial partner.

Looking forward to see your unwavering support continue also in the coming year, I wish you and your family very best health and happiness.

Thank you.

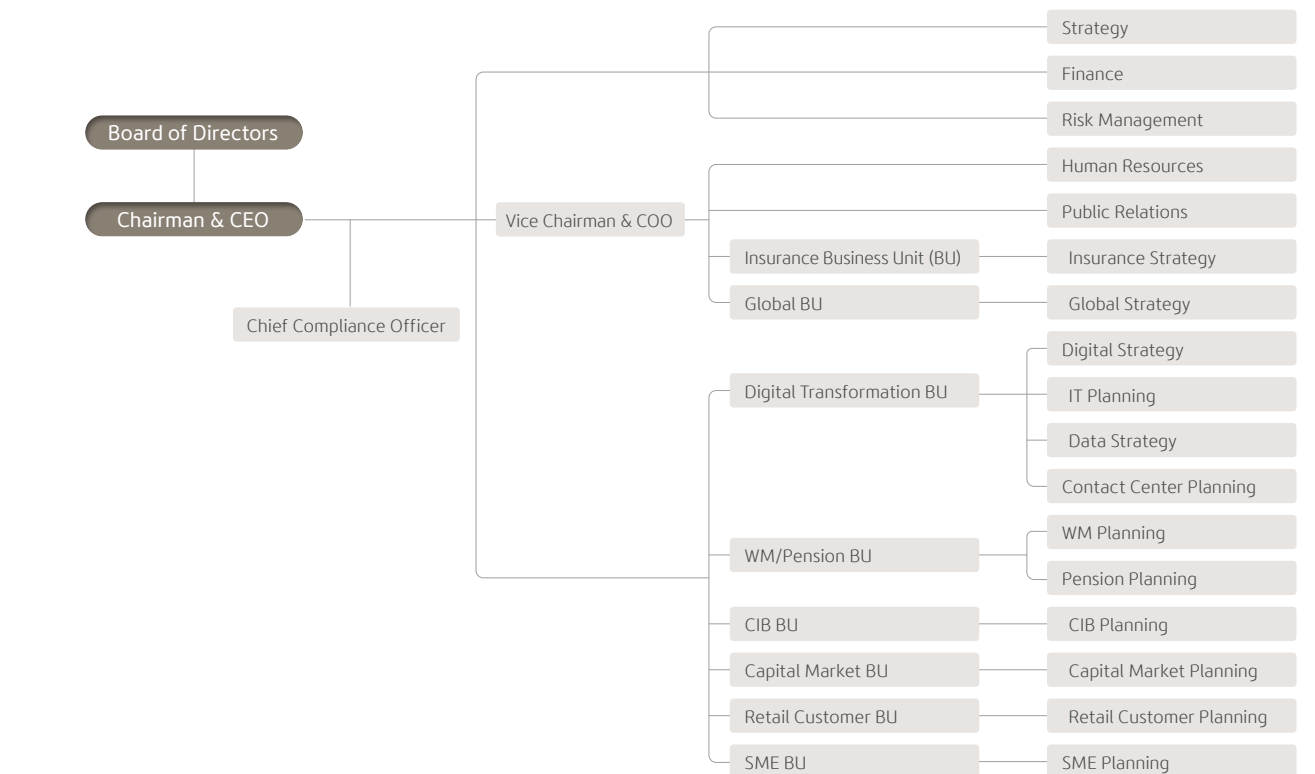
Jong Kyoo Yoon  
 Chairman & CEO  
 KB Financial Group Inc.

# Company Profile

As a leading financial group with the largest customer base and the most extensive branch network in Korea, KB Financial Group is committed to delivering one-stop comprehensive financial services that truly cater to a broad range of customer needs through organic cooperation among its wholly-owned 13 subsidiaries. The Group and its subsidiaries are united in a relentless spirit of challenge to drive KB Financial Group's evolution into a lifelong financial partner to its customers. It will do so with the distinctive competitive advantages that come from its solid capital base and extensive network as well as operational and risk management expertise accumulated over the years. Firmly believing in customer-centric management under the mission of 'Financial service delivering changes-happier Life & better world', we will ceaselessly pursue innovation while providing differentiated products and services through consistent innovation based on prompt decision-making and agile execution. KB Financial Group plans to continue to solidify its market position as Korea's leading financial group.



## Group Corporate Structure



**Group Network**

Domestic	Overseas
1,703	827

**Group Customers**

35.5 million

**Group Employees**

26,041

**Credit Ratings**

Moody's	S&P
A1	A
/ Stable	

(Long-term foreign currency issuer ratings / Outlook)

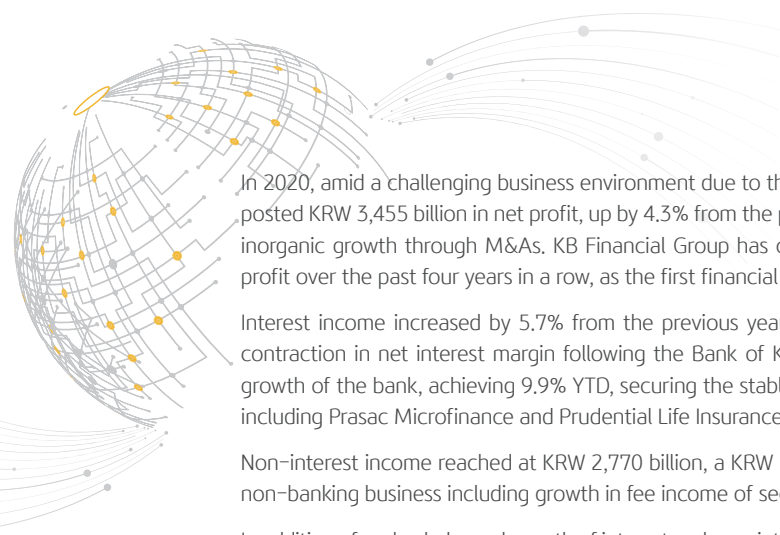
**ESG**

KCGS	DJSI
A+	DJSI World

Included in for 5 consecutive years



# Financial Highlights



In 2020, amid a challenging business environment due to the prolonged COVID 19 pandemic, KB Financial Group posted KRW 3,455 billion in net profit, up by 4.3% from the previous year, led by solid growth in core earnings and inorganic growth through M&As. KB Financial Group has consistently surpassed the KRW 3 trillion mark in net profit over the past four years in a row, as the first financial group in Korea.

Interest income increased by 5.7% from the previous year, continuing to show a stable growth trend, despite contraction in net interest margin following the Bank of Korea rate cut. It is primary attributable to solid loan growth of the bank, achieving 9.9% YTD, securing the stable income base, which was further improved by M&As including Prasac Microfinance and Prudential Life Insurance.

Non-interest income reached at KRW 2,770 billion, a KRW 535 billion increase mainly driven by improvements in non-banking business including growth in fee income of securities business and credit card fees.

In addition of such a balanced growth of interest and non-interest income, KB Financial Group witnessed meaningful performance resulted from efforts to diversify its business portfolio over the years. The earnings contribution of non-banking business improved from a previous 80:20 to an impressive 65:35, and ROE on a recurring basis recorded 10.2%, proving a solid earnings fundamental and profitability in the face of an unprecedented economic crisis with reinforced risk management.

Group's total assets, including AUM, grew 19.1% to KRW 940.4 trillion from the previous year on the back of solid loan growth, the strategic increase in securities investment, and M&A effects including Prudential Life and Prasac Microfinance.

KB Financial Group further solidified its status as a leading financial group in all the aspects of asset, profitability, asset quality and capital adequacy.

## Key Financial Figures

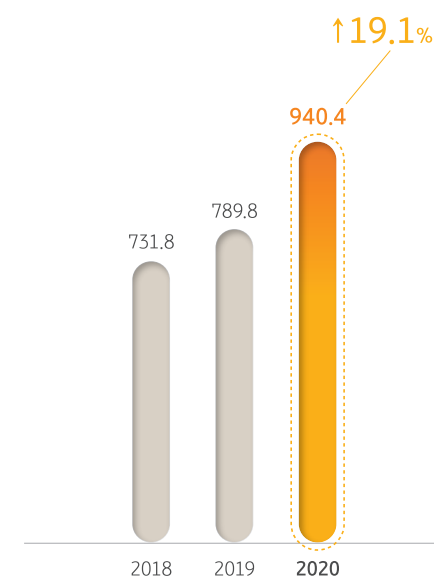
	2020	2019	2018	
<b>PROFITABILITY</b> (KRW in billions)	Gross operating income	12,492.6	11,431.9	10,859.7
	Net operating income	4,616.0	4,490.6	4,267.5
	Net profit	3,455.2	3,311.8	3,061.2
	ROA (%)	0.61	0.66	0.66
	ROE (%) <sup>1)</sup>	8.79	8.98	8.82
	Cost-income ratio (%)	54.7	54.9	54.5
<b>FINANCIAL POSITION</b> (KRW in trillions)	Assets	610.7	518.5	479.6
	Total assets including AUM	940.4	789.8	731.8
	Liabilities	567.4	479.4	443.9
<b>ASSET QUALITY</b> (%)	Shareholders' equity	43.4	39.1	35.7
	NPL ratio <sup>2)</sup>	0.41	0.49	0.61
	NPL coverage ratio <sup>2)</sup>	168.6	147.1	138.9
	Credit cost ratio	0.26	0.20	0.21
<b>CAPITAL ADEQUACY</b> (%)	BIS ratio	15.3	14.5	14.6
	Tier 1 ratio	14.1	13.9	14.0
	CET 1 ratio	13.3	13.6	14.0

1) Based on return on common equity

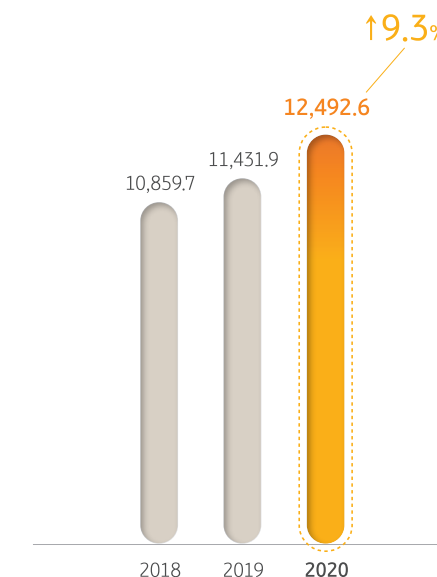
2) Based on simple arithmetic sum of each subsidiary's figures (excl. overseas local subsidiaries, overseas equity investment, SPC, etc.)

## Financial Highlights

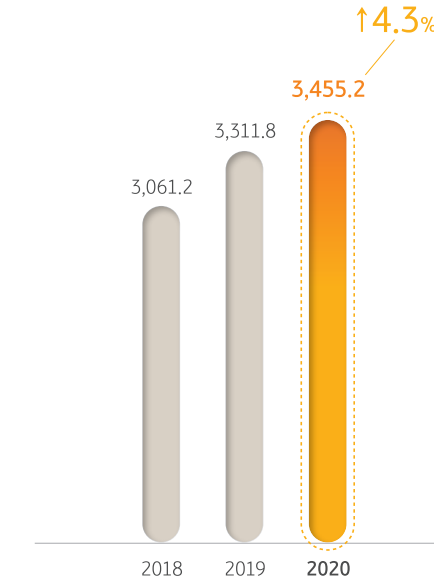
**Total Assets (incl. AUM)**  
(tn won)



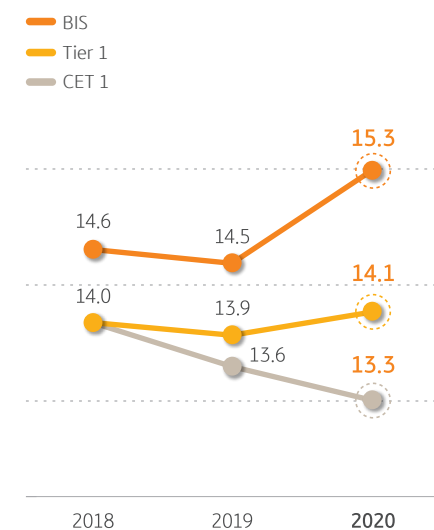
**Gross Operating Income**  
(bn won)



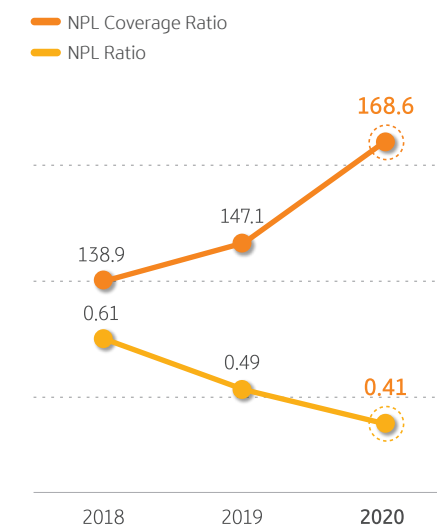
**Net Profit**  
(bn won)



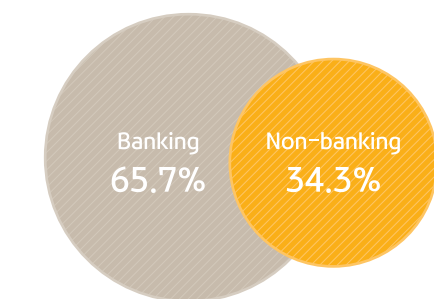
**BIS Ratio (%)**



**NPL/NPL Coverage Ratio (%)**



**Non-banking Income Contribution**



\* Based on net profit for 2020 on a recurring basis

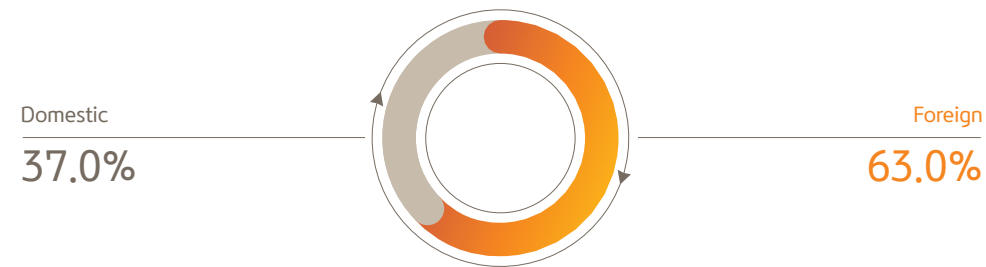
# Shareholder Information

## Stock Information

(Shares, Won)

	2020	2019
Total Number of Shares Issued	415,807,920	415,807,920
Treasury Shares	26,173,585	26,173,585
Stocks Outstanding	389,634,335	389,634,335
Year-end Stock Price	43,400	47,650
Market Capitalization (In billions)	18,046	19,813
Dividend Per Share	1,770	2,210
Book Value Per Share	100,484	91,871
Basic Earnings Per Share	8,809	8,451

## Share Ownership

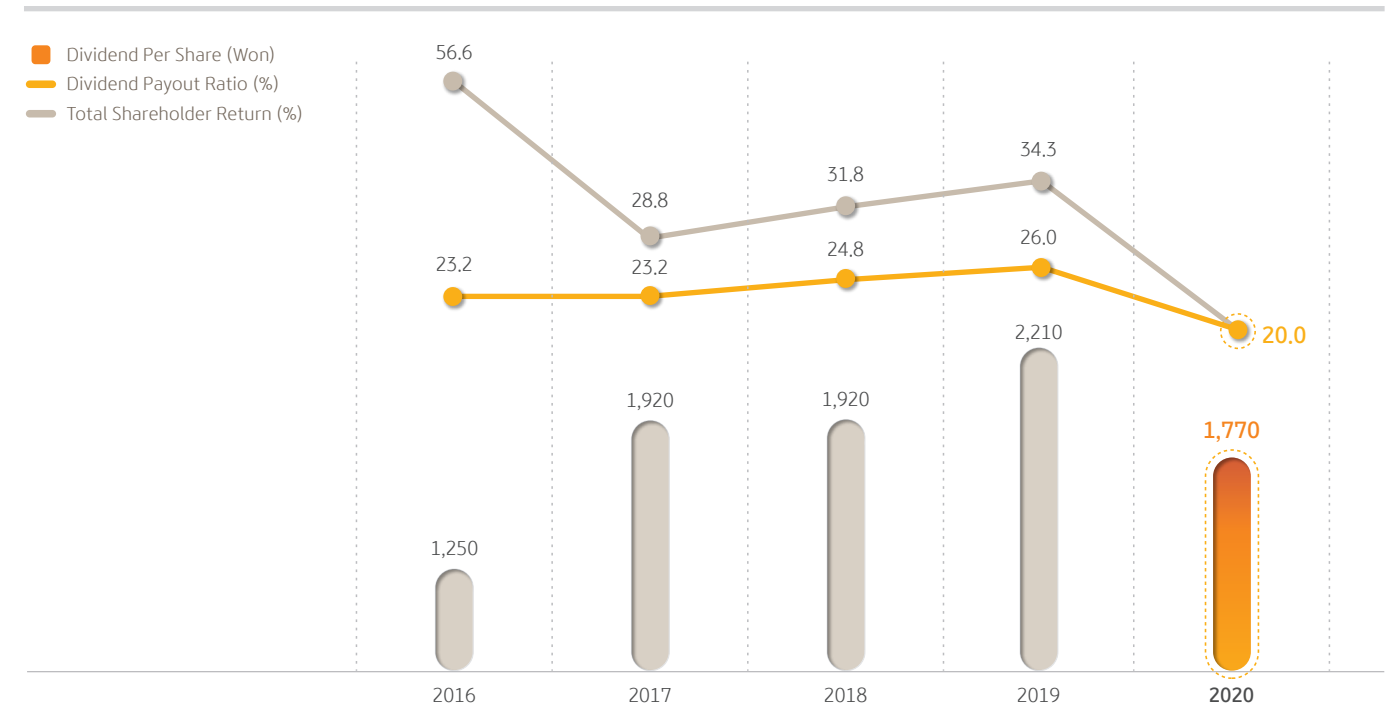


(Shares, %)

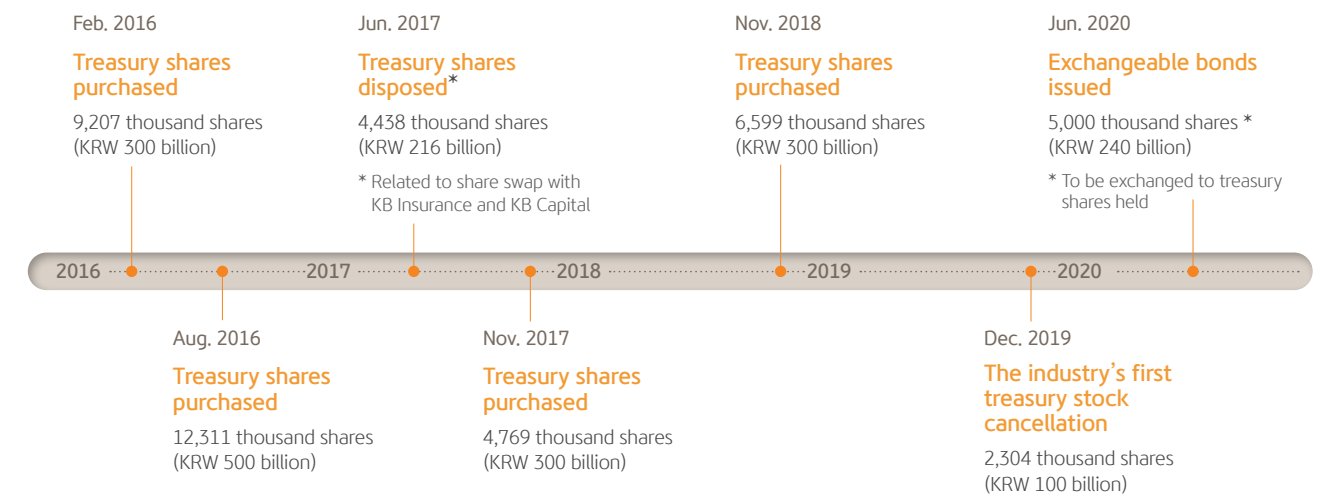
	Number of shares owned	Ownership
Korean National Pension Service	41,287,280	9.93
JPMorgan Chase Bank (ADR) <sup>1)</sup>	25,053,574	6.03
The Government of Singapore	7,574,134	1.82
Employee Stock Ownership Association	7,390,109	1.78
Norges Bank	6,317,994	1.52
Vanguard Total International Stock Index	5,481,452	1.32
Peoples Bank of China	5,058,128	1.22
Kingfisher Investments	5,039,502	1.21
Fidelity Investment Trust	4,883,765	1.17
Samsung Asset Management	4,557,090	1.10

1) Depository under the ADR program

## Shareholder Return



## Key Takeaways





# Vision & Strategy

## Mission

**Financial services delivering changes  
— happier life & better world**

KB Financial Group's mission is 'Financial service delivering changes-happier Life & better world'. We aim to deliver financial services that bring happiness and well-being to our customers and society. Our lofty dream of helping the world change for the better is translated into management and strategies which are then executed, and the unity of our employees is taking root in the form of a pledge to the best possible customer satisfaction.

## Vision

**Driven by world-class talents and bold innovation,  
to become your trusted financial partner for a lifetime**

KB Financial Group's vision is 'Driven by world-class talents and bold innovation, to become your trusted financial partner for a lifetime'. Armed with a like-minded group of world-class financial experts taking on daring innovation challenges and leading the paradigm of finance, KB Financial Group will grow into a financial group of a first choice among customers and growing with them as their lifetime financial partner.

## 2020 Key Achievements

### Balanced business portfolio

In 2020, KB Financial Group diversified income sources by bolstering the non-banking business portfolio and further solidified its market presence as a leading financial group. In August, 2020, by acquiring Prudential Life, Korea's top-tier insurer in terms of capital adequacy, sales capabilities and financial stability, KB Financial Group strengthened its relatively frail life insurance business and put its non-banking and banking sides on a more balanced footing, thereby bolstering the overall competitiveness of its business portfolio.

### Sustainable growth drivers secured

KB Financial Group strengthened its global business through M&A and channel expansion by going beyond the domestic market nearing the saturation point to overseas: Through its subsidiaries, KB Financial Group acquired Prasac Microfinance Institution in Cambodia, PT Bank Bukopin in Indonesia and other overseas businesses, and by signing a strategic alliance with the Carlyle Group, evidenced its presence as a leading financial group and shored up its sustainability potential.

### Innovative products and services with top priority on customer convenience

KB Financial Group continues to develop innovative products and services placing top priority on customer convenience and interest. KB Kookmin Bank introduced 'KB Mobile Certification', an self-developed private authentication service, attracted more than 7.3

million users within 20 months of its roll out ; KB Securities introduced 'Prime Club Service', the industry's first subscription-based asset management service; and KB Insurance's 'Simple Online Application Service for Corporate' was selected as Innovative Financial Service by the Financial Services Commission.

### Integrated financial platform upgraded

KB Financial Group bolstered its effort to secure a leadership in the competition for customer contact points against big tech and fintech players. To get a stronger grip on the fast-growing mobile payments market, the Group introduced 'KB Pay' with improved usability and a membership functionality; and to secure a competitive advantage in a data economy on the heels of MyData business, upgraded asset management practices and strengthened fintech ties.

### ESG leadership secured

In March 2020, KB Financial Group established an ESG Committee under the board of directors and adopted 'KB Green Way 2030', an ESG strategy that aims to reduce carbon emissions by 25% of the 2017 level and to increase ESG-related products, investments and loans to a total of KRW 50 trillion by 2030. Also adopting a 'Anti-coal policy' in Sept. 2020, across Group and its subsidiaries, an industry first, and becoming the only recipient of the top grade in Korea Corporate Governance Service's 2020 ESG evaluation, we further solidified our position as the industry's leader in ESG management.

## Management Goals for 2021

**Top-tier Player with Innovative Financial Platforms**

With the COVID 19 pandemic still gripping the world, the global economy remains contracted, widening the gap between the financial market and real economy. On the domestic front, with the low growth and low rate environment continuing, the paradigm of wealth management is changing, as money shift is taking flight, from savings to investment and from Korea to overseas.

To better prepare for such era and lead the finance of tomorrow, KB Financial Group has adopted 'R.E.N.E.W. 2021' as the management strategy for 2021 and plans to focus its resources on five tasks the acronym represents as follows:

### Reinforce the Core

Firstly, we will revamp business models and further solidify market positions by 'Reinforcing the Core'. With the goals of being a solid No.1 in banking and top-tier in non-banking, we will focus on making all subsidiaries more competitive in their areas of expertise and strengthening core income models by business, thereby being more uniquely competitive and increasing income sources.

### Expansion of Global & New Biz

Secondly, by 'expanding global and new business', we will further bolster non-banking operations and secure new growth engines. By tweaking the two-track strategy we've applied overseas for years, we will further stabilize the global business infrastructure, and by facilitating more complete and efficient localization among subsidiaries operating in the same country, we will accelerate global expansions. Also, by further expanding into non-financial areas such as automobile, real estate, health care, telecommunications, we will secure new growth engines.

### No.1 Platform(Customer-Centric)

Thirdly, by embracing customer-centric digital technologies, we will grow into a solid No. 1 financial platform brand. By upgrading leading financial apps with the latest in digital technology, we will develop the most comprehensive financial services platform offering data-based one-stop financial solutions, while developing customer management systems that seamlessly and organically connect non-face-to-face channels.

### ESG Leadership

Fourthly, through expansion and internalization of ESG management, we will establish a sustainable ESG leadership. Through expansion of product lineups, investment and finance, we will boost our green leadership in the financial industry, and through establishment of ESG management systems and upgrading of risk management systems, we will lay a sustainable growth foundation and strengthen KB's position as a eco-friendly company and role as a social safety net.

### World Class Talents & Culture

Lastly, through up-skill and re-skill, we will establish a 'World-class culture' that is open and creative and breeds top talent. By accelerating the development and placement of talent in digital and core-growth areas and fostering a mindset of sharing and collaboration that encourages creative ideas and collective intelligence, we will establish a creative and open corporate culture in which top talent can reach their potential.

## 2021 Management Goals & Strategies



# Corporate Governance

## Principles

The board of directors ("the BoD") of KB Financial Group serves as the supreme decision-making body to deliberate on and decide major management issues of the Group and other subsidiaries and to hold top management accountable.

The Chairman and CEO of KB Financial Group is appointed at the general shareholder meeting as stipulated in the Articles of Incorporation. Candidates for this position are selected and their qualifications are examined in accordance with the rules and regulations set forth by the CEO Nominating Committee, which is composed solely of non-executive directors, prior to their nomination to the general shareholder meeting.

At KB Financial Group, the BoD has defined 'shareholder representation, professionalism, and diversity' as the core principles in the appointment of non-executive directors. As such, a pool of non-executive director candidates is managed year-round in the seven fields of financial business, management, accounting, finance & risk management, law & regulation, digital& IT, ESG & consumer protection. The process of candidates nomination consists of the three steps of candidate pooling, evaluation and nomination, which are operated in complete isolation to ensure the independence and fairness of the process. The candidate pool is regularly managed on a semi-annual basis and is created based on recommendations of shareholders and external search firms. Notably, any shareholder who owns one or more shares of KB Financial Group can recommend candidates and KB Financial Group institutes such a practice for the first time in Korean financial industry. Furthermore, external advisory panels participate in this process to ensure objectivity in assessing candidates' qualifications and the results are used, along with reference checks, to have final candidates selected by the Non-Executive Director Nominating Committee.

These candidates are evaluated for their qualifications at the committee meeting in accordance with the criteria set by relevant regulations and the Articles of Incorporation before they are nominated to the general

shareholder meeting. In compliance with the Articles of Incorporation, the Chairman of the board of directors is appointed among non-executive directors: the chairman is mandated to preside over BoD meetings and ensure that the BoD is operated in accordance with the principles of checks and balances.

## Composition of the Board of Directors

As of the end of 2020, the board of directors consisted of nine directors, comprising one executive directors, one non-standing director and seven non-executive directors, of which 78% are non-executive directors.

### Expertise and Diversity

BoD of KB Financial Group comprised of experts from diverse industries as a way to solve diverse tasks and challenges facing its operations. To preempt the sway of a particular interest in the decision-making process of the BoD, we seek diversity in the gender, age, nationality as well as expertise of its BoD candidates. Also, as a way to ensure the expertise and diversity of the BoD, we manage the candidate pool in the seven fields of financial business, management, accounting, finance & risk management, law & regulation, digital& IT, ESG & consumer protection, complying with the professional requirements of non-executive directors stipulated in the Act on Corporate Governance of Financial Companies.

Non-Executive Director	Suk Ho Sonu	Stuart B. Solomon	Myung Hee Choi	Kou Whan Jeong	Kyung Ho Kim	Seon Joo Kwon	Gyu Taeg Oh
Expertise							
Financial business		●	●			●	
Management		●				●	
Finance & Risk management	●				●		●
Accounting					●		●
Law/Regulation			●	●			
ESG/ Customer protection	●		●	●			●

## Governance Independence and Transparency

The BoD maintains the independence of governance through diverse systems, thus conducting its role as a check and balance on the powers of management. In particular, by maintaining all its Committees, except Subsidiaries' CEO Director Nominating Committee and ESG Committee, composed exclusively of non-executive directors, the BoD checks and balances the powers of management, with its independence intact. Also, to ensure the independence of non-executive directors, their rights and duties are stipulated in the BoD Regulation and the Office of Board of Directors is responsible for supporting the independent handling of the BoD direction. Moreover, to enhance the transparency in governance, the

BoD shares with stakeholders the results of all issues on which it deliberates and decides, publishing every year the details of its activity, including that of its committees, in the Annual Report on Governance & Compensation.

## Committees of the Board of Directors

Committees under the BoD are delegated to perform a portion of the BoD functions as stipulated in governmental regulations and the Articles of Incorporation, and are composed of directors who bring their expertise in the relevant field to the table. Within the BoD, we serve Audit, Risk Management, Evaluation & Compensation, Non-Executive Director Nominating, Subsidiaries' CEO Director Nominating, CEO Nominating, and Audit Committee Member Nominating and ESG committees.

### Audit Committee

The Audit Committee oversees our financial reporting and approves the appointment of our independent registered public accounting firm. The committee also reviews our financial information, auditor's examinations, key financial statement issues, the plans and evaluation of internal control and the administration of our financial affairs by the BoD.

In compliance with the relevant laws and regulations, the committee must consist of three or more directors, at least two-thirds of the committee members must be non-executive directors, and at least one of the committee member must be an accounting or financial expert. Audit committee currently consists of four non-executive directors, Suk Ho Sonu, Myung Hee Choi, Gyutaeg Oh and Kyung Ho Kim. The chairperson of the audit committee is Kyung Ho Kim.

### Risk Management Committee

The Risk Management Committee oversees and makes determinations on all issues relating to our comprehensive risk management function. In order to ensure our stable financial condition and to maximize our profits, the committee monitors our overall risk exposure and reviews our compliance with risk policies and risk limits. In addition, the committee reviews risk and control strategies and policies, evaluates whether each risk is at an adequate level, establishes or abolishes

risk management divisions and reviews risk-based capital allocations. The committee holds regular meetings every quarter. The committee currently consists of four non-executive directors, Stuart B. Solomon, Kyung Ho Kim, Seon-joo Kwon and Gyutaeg Oh. The chairperson of the committee is Seon-joo Kwon.

### Evaluation & Compensation Committee

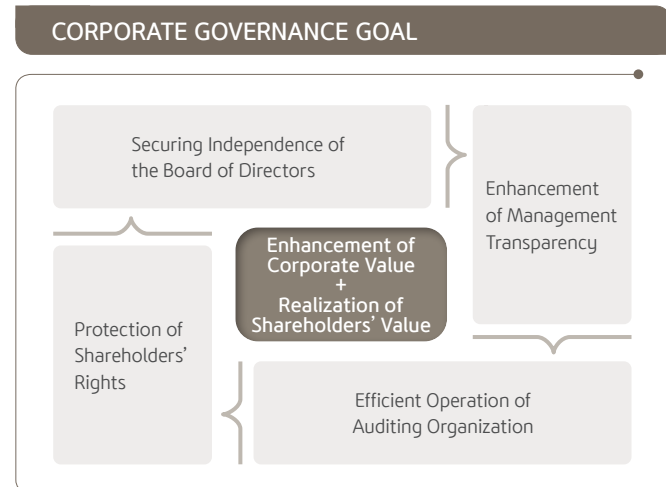
The Evaluation and Compensation Committee reviews compensation schemes and compensation levels of us and our subsidiaries. The committee is also responsible for deliberating and deciding the compensation of directors, evaluating management's performance and implementing management training programs, as well as deciding and supervising the performance-based annual salary of the president and the executive officers of us and our subsidiaries. The committee holds regular meetings semi-annually. The committee currently consists of four non-executive directors, Suk Ho Sonu, Kouwhan Jeong, Seon-joo Kwon and Gyutaeg Oh. The chairperson of the committee is Kouwhan Jeong.

### Non-executive Director Nominating Committee

The Non-executive Director Nominating Committee is responsible for the management and evaluation of a pool of non-executive director candidates and recommendation of the non-executive director candidates to be nominated at the annual general meeting of shareholders. The committee currently consists of four non-executive directors, Stuart B. Solomon, Myung Hee Choi, Kouwhan Jeong and Kyung Ho Kim. The chairperson of the committee is Myung Hee Choi.

### CEO Nominating Committee

The CEO Nominating committee is responsible for establishing and monitoring procedures for our CEO candidate cultivation and succession program pursuant to our "CEO Succession Regulations," which cover, among other things, the qualifications of CEO candidates, continued maintenance of the candidate pool and the CEO candidate nomination process. The committee holds regular meetings semi-annually. The committee currently consists of all seven of our non-executive directors. The chairperson of the CEO Nominating Committee is Suk Ho Sonu.



## Committees of the Board of Directors

(○ Chairman, ● Member)

Directors	Suk Ho Sonu (Non-Executive)	Stuart B. Solomon (Non-Executive)	Myung Hee Choi (Non-Executive)	Kou Whan Jeong (Non-Executive)	Kyung Ho Kim (Non-Executive)	Seon Joo Kwon (Non-Executive)	Gyu Taeg Oh (Non-Executive)	Jong Kyoo Yoon (Executive)	Yin Hur (Non-Standing)
Audit Committee	●		●		○		●		
Risk Management Committee		●			●	○	●		
Evaluation & Compensation Committee	●			○		●	●		
Non-Executive Director Nominating Committee		●	○	●	●				
CEO Nominating Committee	○	●	●	●	●	●	●		
Subsidiaries' CEO Director Nominating Committee			●	●		●		○	●
ESG Committee	●	●	●	●	●	●	○	●	●



**Subsidiaries' CEO Director Nominating Committee**

The Subsidiaries' CEO Director Nominating committee is responsible for candidate cultivation and succession programs for chief executive officers of our subsidiaries. The committee holds regular meetings semi-annually. The committee currently consists of one non-standing director, Yin Hur, and three non-executive directors, Myung Hee Choi, Kouwhan Jeong and Seon-joo Kwon, together with our chairman and chief executive officer, Jong Kyoo Yoon. The chairperson of the Subsidiaries' CEO Director Nominating Committee is Jong Kyoo Yoon.

**ESG Committee**

The ESG Committee is responsible for establishing and enforcing strategies and policies relating to non-financial aspects of our business, which consist of the environment, social responsibility and corporate governance, in order to promote sustainable development and enhance our corporate value. The committee also manages ESG-related products and investments and monitors ESG-related global initiatives and community outreach efforts. The committee holds regular meetings semi-annually. The Committee currently consists of all seven of our non-executive directors, one non-standing director, Yin Hur, and our chairman and chief executive officer, Jong Kyoo Yoon. The chairperson of the ESG Committee is Gyutaeg Oh.

**2020 Major Resolutions and Other Achievements**

In 2020, the BoD met 20 times to deliberate on 40 decision items and 38 reporting items.

In March 2020, the BoD was passed a resolution to enact and amend regulations for establishing the ESG committee, which led to the establishment of the ESG committee, for the first financial group in Korea and thus laid the foundation for growing KB Financial Group into a leader in ESG management. In April, the decision was made to purchase shares of

Prudential Life and to incorporate the insurance company into KB Financial Group, as a way to strengthen the Group's non-banking portfolio.

Also passed are, in April the plan for KB Kookmin Card to acquire a Thai credit finance company through equity acquisition and incorporate the latter as a subsidiary of the former; in July, the plan for KB Kookmin Bank to acquire PT Bank Bukopin of Indonesia through equity acquisition and incorporate the latter as a subsidiary of the former; in October, the plan for KB Kookmin Bank to establish, and incorporate as, its subsidiary in Myanmar, as part of the group strategy to make inroads into overseas markets and thus expand its global business.

Besides decision on overseas expansion, in November, the BoD renominated the executive director, the CEO of KB as part of the Group's effort to secure a stable management succession.

Regular BoD meetings were held every quarter, at which the directors were briefed on business results followed by director discussions of the pending issues. At an ad-hoc meeting held in December, 2020, business plans and budgets for 2021 were finalized. As a result of various efforts made by KB Financial Group to have a transparent and fair governance structure take root, KB Financial Group became the first financial company in Korea to earn an A+ in all the categories in Korea Corporate Governance Service's 2020 ESG evaluation.

**Plans for 2021**

KB Financial Group aims to establish a stable corporate governance structure and lay the basis for quality focused management over the mid to long term in order to promote sustainable growth, enhance corporate value, and protect the interests of shareholders and other stakeholders. For 2021, KB Financial Group vows to further elevate its corporate value and shareholder value through a rational and transparent decision making process.

**Board of Directors**

(As of March 31, 2021)

**Suk Ho Sonu** Non-executive Director

- Chairman, Board of Directors, KB Financial Group
  - Chairperson, CEO Nominating Committee
  - Member, Audit Committee
  - Member, Evaluation and Compensation Committee
  - Member, ESG Committee
- |              |  |
|--------------|--|
| 2007-2007    | President, Korea Finance Association                                     |
| 2009-2010    | President, Korea Money and Finance Association                           |
| 2011-2013    | Dean, Hongik Graduate School of Business Administration                  |
| 2017-2019    | Visiting Professor SNU Business School                                   |
| 2017-Present | Visiting Professor, School of Business Administration, Hongik University |

**Stuart B. Solomon** Non-executive Director

- Member, Risk Management Committee
  - Member, Non-Executive Director Nominating Committee
  - Member, CEO Nominating Committee
  - Member, ESG Committee
- |           |  |
|-----------|--|
| 1998-2000 | Executive Managing Director, MetLife Life Insurance                          |
| 2000-2001 | Executive Vice President and Representative Director, MetLife Life Insurance |
| 2001-2009 | Representative Director, MetLife Life Insurance                              |
| 2009-2011 | Chairman, MetLife Life Insurance   |

**Myung Hee Choi** Non-executive Director

- Chairperson, Non-Executive Director Nominating Committee
  - Member, Audit Committee
  - Member, Subsidiaries' CEO Director Nominating Committee
  - Member, CEO Nominating Committee
  - Member, ESG Committee
- |              |   |
|--------------|---|
| 1974-1991    | Senior Operation Officer, Citibank, Seoul Br.               |
| 2003-2005    | Director, Financial Supervisory Service                     |
| 2005-2009    | Auditor, Korea Exchange Bank                                |
| 2011-present | Vice President, Korea Internal Control Assessment Institute |

**Kou Whan Jeong** Non-executive Director

- Chairperson, Evaluation and Compensation Committee
  - Member, Non-Executive Director Nominating Committee
  - Member, Subsidiaries' CEO Director Nominating Committee
  - Member, CEO Nominating Committee
  - Member, ESG Committee
- |              |  |
|--------------|--|
| 2002-2003    | Branch Chief Prosecutor of Bucheon Branch Office of the Incheon District Prosecutor's Office |
| 2006-2009    | Chairperson of Consumer Dispute Settlement Commission, Korea Consumer Agency                 |
| 2013-2014    | Standing Mediator of Korea Medical Dispute Mediation and Arbitration Agency                  |
| 2016-present | Nambujeil Law and Notary Office Inc. President Attorney at Law                               |

**Kyung Ho Kim** Non-executive Director

- Chairperson, Audit Committee
  - Member, Risk Management Committee
  - Member, Non-Executive Director Nominating Committee
  - Member, CEO Nominating Committee
  - Member, ESG Committee
- |           |  |
|-----------|--|
| 1991-2020 | Professor, Hongik University                       |
| 2000-2003 | Vice President, Korea Accounting Standards Board   |
| 2004-2010 | Non-executive director, Shinhan Investment Co.     |
| 2007      | President, Korea Government Accounting Association |
| 2015-2019 | Non-executive director, Citibank Korea             |
| 2017-2018 | Vice President, Hongik University                  |

**Seon Joo Kwon** Non-executive Director

- Chairperson, Risk Management Committee
  - Member, Evaluation and Compensation Committee
  - Member, Subsidiaries' CEO Director Nominating Committee
  - Member, CEO Nominating Committee
  - Member, ESG Committee
- |           |  |
|-----------|--|
| 2013-2016 | Chairman & CEO, Industrial Bank of Korea                   |
| 2015      | Head of Risk Management Division, Industrial Bank of Korea |

**Gyu Taeg Oh** Non-executive Director

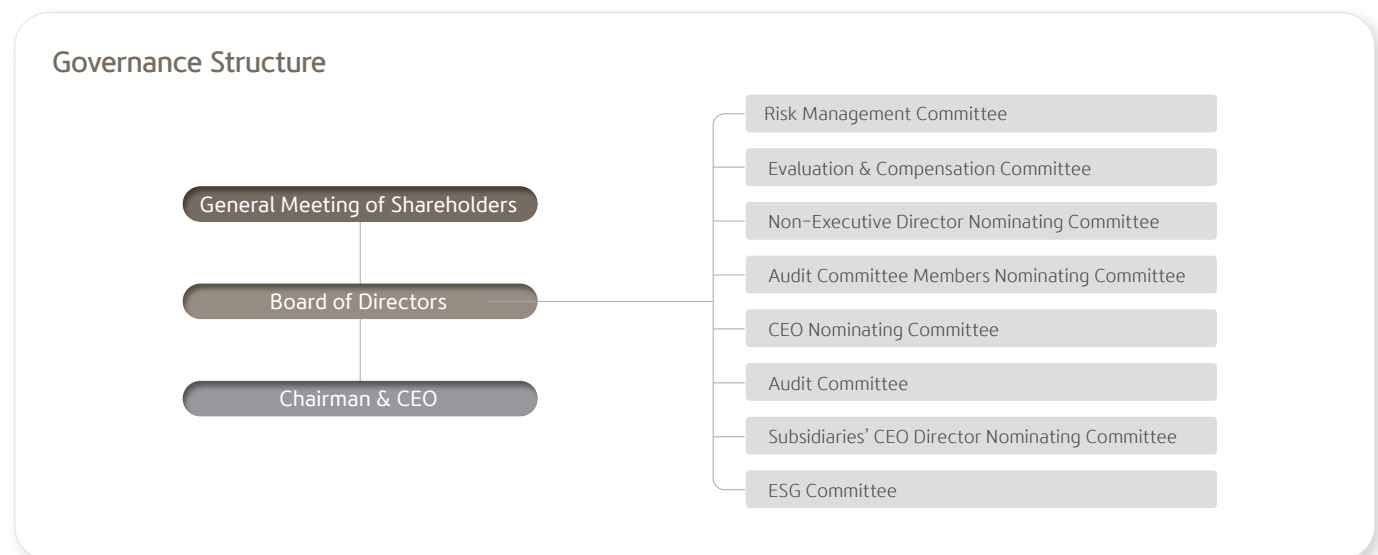
- Chairperson, ESG Committee
  - Member, Audit Committee
  - Member, Risk Management Committee
  - Member, Evaluation and Compensation Committee
  - Member, CEO Nominating Committee
- |              |   |
|--------------|---|
| 1995-Present | Professor, School of Business Administration, Chung-Ang University                          |
| 1991-1995    | Assistant Professor, University of Iowa   |
| 2010-2012    | Non-executive director, Kiwoom Securities co.   |
| 2011-2015    | Public Funds Oversight Committee Member, Sub-Committee Chair, Financial Services Commission |
| 2018-2020    | Non-executive director, Moya Savings Bank   |

**Jong Kyoo Yoon** Executive Director

- Chairman & CEO, KB Financial Group
  - Chairperson, Subsidiaries' CEO Director Nominating Committee
  - Member, ESG Committee
- |              |  |
|--------------|--|
| 2002-2004    | Senior Executive Vice President of Finance & Strategic Planning Division, Kookmin Bank |
| 2004         | Senior Executive Vice President & Head of Retail Banking Group, Kookmin Bank           |
| 2005-2010    | Senior advisor, Kim & Chang  |
| 2010-2013    | Deputy President & Chief Financial Officer, KB Financial Group                         |
| 2014-2017    | President & CEO, Kookmin Bank  |
| 2014-present | Chairman & CEO, KB Financial Group   |

**Yin Hur** Non-standing Director

- Member, Subsidiaries' CEO Director Nominating Committee
  - Member, ESG Committee
- |              |  |
|--------------|--|
| 2013-2014    | Managing Director, Credit Analysis Division, Kookmin Bank                        |
| 2015         | Chief Financial Officer of the Strategy and Finance Planning Group, Kookmin Bank |
| 2016         | Senior Executive Vice President of the Sales Group, Kookmin Bank                 |
| 2017-present | President & CEO, Kookmin Bank  |



## Awards & Recognitions



### KB Financial Group

- All A+ in Korea Corporate Governance Service's 2020 ESG evaluation, an industry first
- Member of 2020 DJSI World, the highest of DJSI Indexes, for 5 consecutive years
- Awarded Carbon Management Sector Honor, in the financial category, at the 'CDP Climate Change 2020' Carbon Disclosure Project
- Included in Bloomberg Gender Equality Index, for 3 consecutive years, the first company in Korea
- Sustainable Management Award at 2020 Global Standard Management Awards Korea Management Registrar

### KB Kookmin Bank

- Ranked No.1 in the 'National Consumer Satisfaction Index 2020', for 14 consecutive years in a row (Korea Productivity Center)
- Awarded at the 'National Consumer Trust Leading Brands 2020', for 14<sup>th</sup> year in a row (Korea Brand Management Association)
- Outstanding Inclusive Finance Award in entrepreneur management consulting support category (Korea Financial Supervisor Service)
- Social Contribution Brand Award (Good Job) at '2020 Korea Top Awards' (Korea Journalist Association)

### KB Securities

- Grand Award in securities category at '14<sup>th</sup> Customer Inspiration Management Awards' The Korea Economic Daily
- Best IB Deal Award at '17<sup>th</sup> Korea IB Awards' Money Today
- Golden Award in securities category at 29<sup>th</sup> Dasan Financial Awards' The Korea Economic Daily



### Prudential Life Insurance

- Ranked No.1 in insurance consultants certified by Life Insurance Association, for 13 consecutive years
- Grand Award at 'Good Life Insurance Companies', for 11 consecutive years Korea Finance Consumer Federation
- Rated AAA in solvency ratio category, for 2 consecutive years Korea Credit Evaluation

### KB Kookmin Card

- Hall of Fame Award, at '14<sup>th</sup> Customer Inspiration Management Awards', for 13 consecutive years The Korea Economic Daily
- Awarded, for 5 consecutive years, in credit card category at '2020 Most Customer-Trusted Brand Awards' Digital Chosun

### KB Savings Bank

- Customer Satisfaction Award, for 3 consecutive years, at '2020 Korea Industry Awards' The Institute for Industrial Policy Studies
- Kiwibank Award, for 3 consecutive years, in savings bank category, at '2020 Korea Services Awards' The Institute for Industrial Policy Studies
- Grand Award in savings bank category at '2020 Korea Financial Awards' Maeil Business

# CORE COMPETENCY

KB Financial Group will be committed to assist its subsidiaries in strengthening their respective core competitive edge to further complete its group business portfolio and to relentlessly broaden its global business presence. Furthermore, KB Financial Group will establish an ESG management system in compliance with global standards so as to set the trend for social transformation and future value creation.



# Risk Management

KB Financial Group is focused on improving group risk transparency, preventing risk transfers among subsidiaries, and proactively responding to the rapidly-shifting financial landscape in an effort to efficiently support its mid to long-term strategy and business decision-making.

## Risk Governance

Risk Management Committee is mandated to set risk management strategies, determine acceptable levels of risk appetite, review the status of group-wide risk management, and approve the application of risk management systems, methodologies and major improvements.

Risk Management Council consists of risk management officers from the holding company and subsidiaries, and is responsible for deliberating on the matters delegated by the Risk Management Committee and consulting on detailed risk management issues.

The risk management department of the holding company monitors and manages the status of group-wide risk operations and the limits of internal capital by developing risk management policies and operating relevant processes.

## Credit Risk Management

KB Financial Group defines credit risks as expected and unexpected losses that may occur due to the default or declining creditworthiness of the counterparty.

- **Credit Policy Direction** : KB Financial Group develops credit policies in consideration of economic outlooks, business conditions, asset quality trends, and risk management capabilities, and accordingly operates sector-specific loan policies in the household, corporate,

and credit card sectors. The primary goal of our credit policy is to maintain asset quality and minimize mid to long-term credit cost volatility in order to maximize the value of KB Financial Group.

- **Credit Risk Measurement & Management** : To measure credit risks related to capital at risk, or CaR, concerning on/off balance sheet assets, KB Financial Group takes the internal ratings based approach developed in compliance with supervisory standards. CaR thus calculated refers to the maximum possible losses from business operations that may arise at a certain confidence level due to changes in creditworthiness of the borrower or counterparty. Our CaR calculations reflect all possibilities of insolvency on the part of the borrower, possible losses and remaining maturity of exposure, and economic correlations. Furthermore, we identify, measure and monitor credit concentration risks that may additionally occur due to disproportionate allocations of credit on specific borrowers or sectors in the portfolio.
- **Total Exposure Limit Management** : KB Financial Group employs a 'total exposure limit management system' to prevent excessive risk exposure and risk concentration in specific sectors and to optimize the credit portfolio through stable asset management. The risk management department of the holding company is responsible for periodically monitoring the group's total exposure limit and reporting related outcomes to the Risk Management Committee.

## Market Risk Management

KB Financial Group defines market risks as possible losses from its trading positions with respect to interest rates, exchange rates, stock prices and other market fluctuations, and identifies, measures, monitors, controls and reports such market risks inherent in bonds, foreign currencies, securities, and derivatives. Serving as an indicator to quantify risks inherent in trading accounts, Market VaR(Value at Risk) refers to the maximum possible losses that may occur within a certain period of time at a certain confidence level. KB subsidiaries managing trading accounts verify the adequacy of our VaR model through a daily comparative analysis performed on actual and virtual profits/losses and VaR calculations. For assets or subsidiaries to which this model is not applicable, we utilize our standard methodology in compliance with supervisory regulations to manage market risks.

## Interest Rate Risk Management

Defined as possible decreases in net asset value or net interest income(NII) attributable to unfavorable fluctuations in market rates, interest rate risks are managed to maximize net interest income within an acceptable risk range as well as to minimize any losses from narrowing net interest margins following falling interest rates.

## Liquidity Risk Management

Defined as risks that may arise due to maturity mismatches or any failures to respond to an unexpected need for or lack of funding, liquidity risks to which the Group is exposed are managed through a systemic approach focused on meeting such needs for liquidity as deposit withdrawals, maturing financial bonds, and repayments of borrowings as well as on securing liquidity for asset management including lending and bond investment.

## Operational Risk Management

Defined as any and all financial and non-financial risks that may negatively impact capital operations, operational risks facing the Group are managed with an aim to satisfy the regulatory requirements of supervising authorities and to disseminate a risk management culture across all operations through strengthening of internal controls and process improvement.

## Internal Capital Management

Internal capital is required to prevent an economic insolvency related to unexpected losses at the target confidence level. KB Financial Group manages group-wide capital adequacy by measuring, allocating, and managing the internal capital of its subsidiaries. The Risk Management Committee defines a risk tolerance level and then allocates internal capital by risk type and subsidiary while each subsidiary conducts business within the allocated capital limit.

## Stress Testing

Stress tests are performed to analyze the potential vulnerabilities of asset and investment portfolio and develop countermeasures

accordingly under possible scenarios created based on economic forecasts. KB Financial Group conducts such tests at least semi-annually by reflecting economic cycles and prospects to analyze how its operations may be impacted by abrupt changes across the business landscape and to respond to them proactively. Test results are reported to top management and the Risk Management Committee to help set group-wide risk tolerance and limits and promote the decision-making process.

## Basel III-based Approach for Group Credit Risk Management

Following the introduction of the Basel III framework by the Korean Financial Services Commission, KB Financial Group has fully developed necessary infrastructure to address subsequent regulatory changes and has been applying the Basel standards to calculating risk-weighted assets and capital adequacy ratios since 2013.

To elevate the rigor of risk management across all business operations, we developed a single model-based Internal Ratings Based Approach in 2016, which was thoroughly vetted by the Financial Supervisory Services, and has since been using it to calculate BIS ratios.

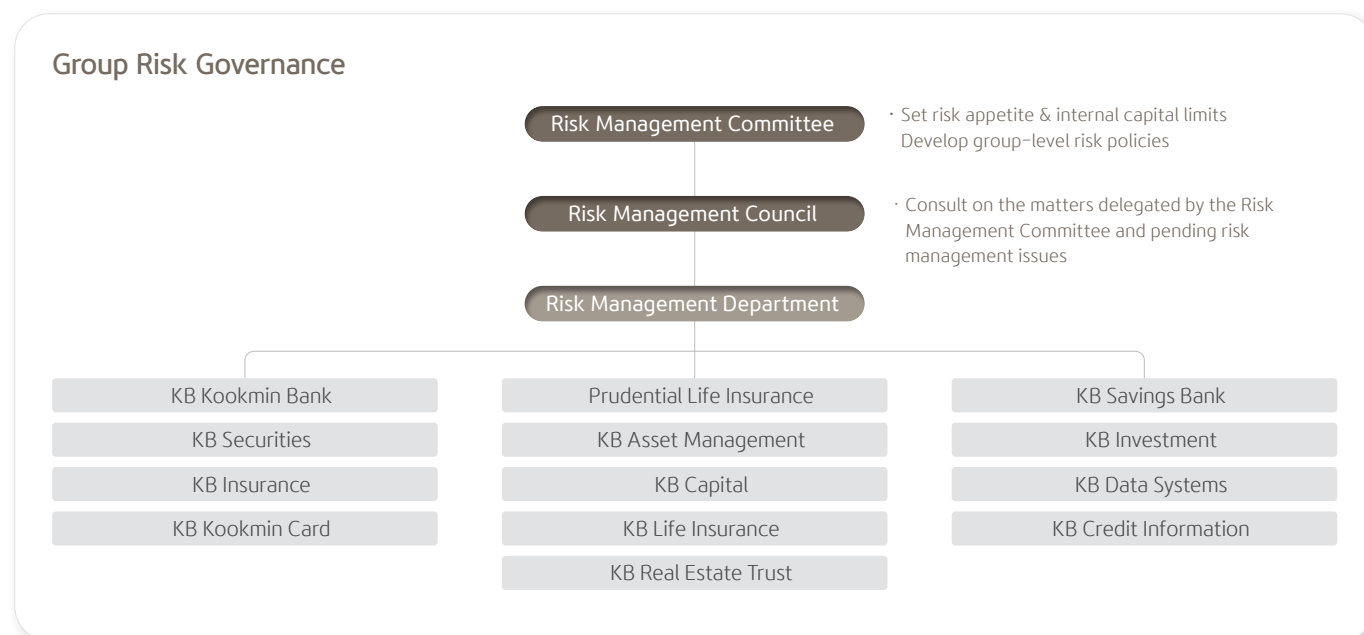
KB Financial Group and KB Kookmin Bank, in particular, both have gained approval from the Financial Supervisory Service on their methodology for calculating risk-weighted assets, as allowed in 'Basel III: Finalizing post-crisis reforms'.

Through an internal classification of credit risks inherent in our business operations, we will not only improve capital adequacy but also advance risk management practices, systems and structure, and in the process, foster a risk management culture. We expect these and other related efforts to contribute to enhance our overall business soundness as well as high value of credit worthiness.

## 2021 Risk Management Direction




The global economy, which briefly faced a crisis of a scale similar to that of the Great Depression in 2020, is showing signs of stability, particularly in the financial market, as globally governments have taken swift countermeasures based on their experiences in handling past crises of similar magnitudes. The Korean economy expected to recover relatively at a fast pace; and in the long run, to adjust the pace to that of the global economy due to the nature of its open yet limited scale.

Considering that potential risks underlying such situations at home and abroad as aforementioned can rise above and damage the soundness and profitability of financial institutions, KB Financial Group is focusing on ways to manage such risks. In order to maintain asset quality of each subsidiary at the highest possible level, we will strengthen the monitoring of all risks associated with its business operations, while promoting the proactive risk management of subsidiaries concerning volatility in interest rates, exchange rates, stock prices and other market factors to fully address market uncertainties. Also we will monitor and preemptively manage the risk facing in the overseas advances.



### Emerging Risk Management

KB Financial Group has been identifying risks emerging anew through economic, environmental and social changes that can significantly affect its operations in the long run and proactively, taking counter-measures against such risks. In particular, identifying such changes triggered by falling birth rates and an aging population as well as in the work process brought about by digital finance innovations as key emerging risks, KB Financial Group has defined their characteristics, potential long-term impacts on business and respective counter-measures as follows:

Emerging Risks	Business Impacts	Counter-measures
 <p><b>Demographic changes related to low birth rates and aging population</b></p> <p>Such demographic changes are expected to lower savings and reduce the economic activity of older borrowers, bringing about income reductions and deterioration in asset quality</p>	<p>According to analysis of the asset quality of household by age of the borrowers, as ages go up, the credit quality of the borrower gets more deteriorated.</p>	<p>As the average age of borrowers in the KB credit portfolio is expected to move up through the increasingly diminishing income brackets, credit management guidelines and other measures will be employed that take into consideration borrowers' expected income and debt levels by life cycle stage</p>
 <p><b>Work process changes following digital finance innovation</b></p> <p>Despite innovation-based growth opportunities available for financial institutions, the risk resulted from ineffectively responding to such business opportunities, data protection, data protection and it related risk can wreck havoc on the industry as a whole</p>	<p>New technologies and new finance protocols based on digital finance innovation are changing business modes across the industry value chain, creating opportunities for new products, services and business models</p>	<p>In preparation for emerging risks based on digital finance innovation, KB is actively accessing and developing measures against their potential impacts, applying big data, machine learning, and other new technology-based methodologies to risk management</p>
 <p><b>Environmental, social responsibility and governance (ESG) issues</b></p> <p>The risk of business plans and actions not in step with regulations or market demands from the perspective of ESG</p>	<p>Global investors increasingly base their investment decisions on the individual corporate handling of ESG issues. Also, carbon emissions reduction and other toughening regulatory measures can influence the sustainability and profitability</p>	<p>KB Financial Group is establishing an ESG master plan in the consideration of its overall ESG management systems, strengthening their responsibility, defining guidelines for ESG-centered investment portfolios, and pursuing other ESG related counter-measures</p>

## Digital Transformation

Amid an accelerating digitization fueled by untact trends across the industry and intensifying competition from big techs with regulatory support, KB Financial Group continues to strengthen its dominance on customer contact points by bolstering its financial platforms and to focus more resources and energy on its digital transformation.

In 2020, KB Financial Group strengthened the quality management of its platforms, rolled out the industry's first self-developed private authentication service, devised MyData business strategies, and bolstered core operation capabilities for digital acceleration. In 2021, we will focus on offering convenient yet value-packed services with top priority on customer interests.

Facing a pandemic-induced era of untact, KB Financial Group focused on transforming its business operations digital-based and strengthening online customer contact points through platform upgrade.

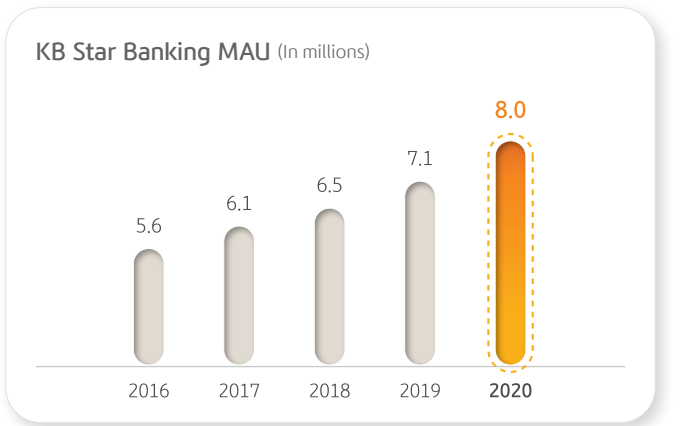
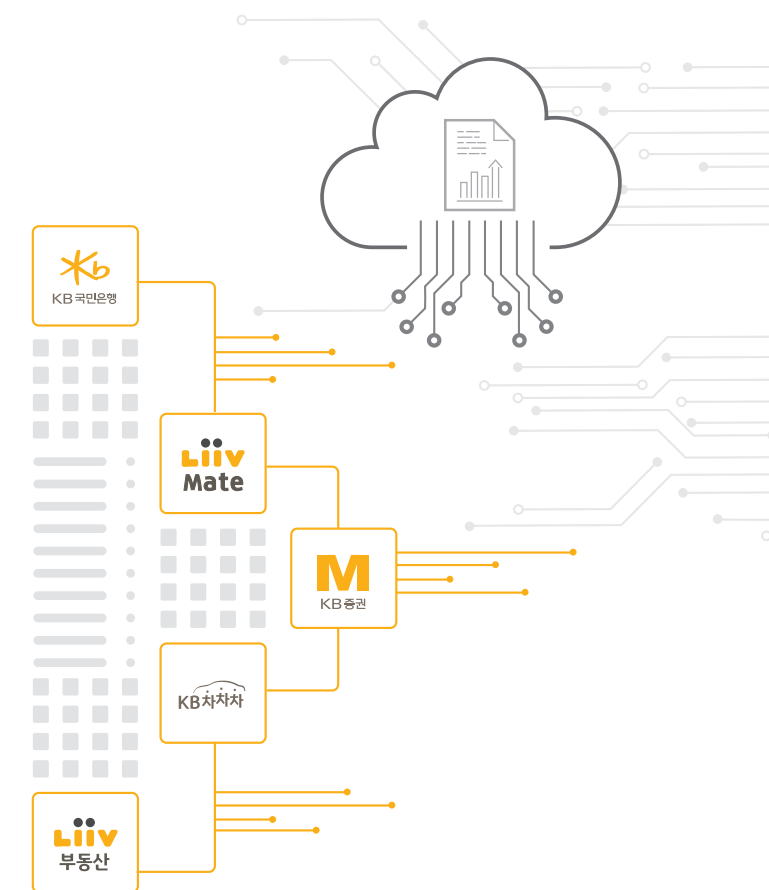
### Evolving into a financial platform through customer experience improvement

KB Financial Group has significantly enhanced the capabilities and user convenience for our key platforms, including KB Star Banking, Liiv Mate and M-able, conducting quality insurance process and developing UI/UX focused on customer experience, to solidify the market dominance. Going through a cloud-based open infrastructure conversion and chatbot-based banking service, Liiv Mate of KB Kookmin Card is slated to prepare for a quantum transition into an AI-based platform. We also expanded the scale of their respective digital financial services: KB Kookmin Bank launched 'Liiv Real Estate', a real estate platform where customers can view properties on sale and apply for a loan, accumulating real estate data and related financial data onto the one platform; 'KB Cha Cha Cha' of KB Capital, a used car trading platform with Korea's largest listing in terms of registered for sale; and KB Savings Bank rolled out 'KiwiBank', that enables account open, deposit, borrowing, and other banking transactions all year round, 24 hours a day.

### Responding to market and regulatory changes

In response to fintech firms entering financial services business on the back of supporting government policies favorable to digital banking, we sought to build a financial platform that is the easiest and most convenient for customers, based on the one-stop financial service and consulting know-how it has accumulated. Based on 'The K Project', a next-generation system launched in October, 2020, we plans to fully integrate the branches, mobile and internet banking, call centers and other channels in an effort to enable customers to experience the seamless service of consistent quality regardless of which channel they use.

Also in response to revision of the Electronic Signature Act in December 2020, KB Kookmin Bank introduced the industry's first self-developed private authentication service in July 2019. 'KB Mobile Certification' enables its users to conduct financial transactions through all the group mobile platforms, from membership sign up to subscription to financial product; once signed in, customers are automatically logged in





onto the 10 platforms of our major six subsidiaries. For its outstanding functionality, the authentication program attracted 7.3 million users in 20 months of its roll out, playing a crucial role in the expansion of group business area: KB Kookmin Bank is the only financial institution among the five private companies selected to participate in the government's digital authentication pilot project, and KB Mobile Certification is gradually applying to of the public service including home tax service of National Tax Service, Government 24, etc.

With the emergence of the MyData service enabling comprehensive data analysis, KB Financial Group sought to apply its wide collection of diverse customer data to various ends, including developing personalized products and services as well as new customers. For subsidiaries, MyData strategies were formulated and fine-tuned to the characteristics of their business operations; and for the Group as a whole, strategies were developed to expand internal and external MyData collections with a focus on banking and credit card business. KB Kookmin Card launched 'Liiv Mate 3.0' on an open platform, and a host of other MyData-related services: a rewards programs customized to customer consumption patterns; consumption manager offering smart consumption tips; and a financial curator service offering financial products and services based on consumer preferences and financial positions. In January, 2021, KB Kookmin Bank and KB Kookmin Card acquired the MyData business license, while other subsidiaries are in the process of preparing MyData services optimized to their own business models.

**Bolstering core competencies to spur digital transformation**

In 2020, KB Financial Group recorded a labor saving effect of 1.93 million work hours owing mainly to its adoption of Robotic Process Automation(RPA) through which a large portion of day-to-day operations was automated and significant business opportunities were developed.

'KB DNA' was launched with an aim to improve communication with college and university students. Through this digital communication program, we reached out and formed a partnership with a college IT startup club, and by listening to their opinions about its mobile platforms, identified 25 things to remedy and reflected subsequent improvements in the following UI/UX upgrade.

**Building KB-centered digital ecosystems through external collaboration**

Through 'KB Innovation HUB', the program developed to support high growth-potential startups, we continued to match promising fintech firms with subsidiaries, nominating 111 firms as 'KB Starters', forming 147 cases of alliance, and investing an aggregated KRW 52.3 billion in the firms by growth stage, as of the end of 2020. Also in July 2020, to help startups focus more on innovative service development on their own while freely networking with subsidiaries, the we relocated, and expanded the scale of, the startup collaboration center it had been operating in the heart of Seoul. In addition, we supported startups' overseas expansions in cooperation with business accelerators at home and abroad, such as PLUG & PLAY and Seoul Business Agency, and global programs.

**2021 Plans**

In 2021, KB Financial Group seeks to grow into a No.1 Financial Platform of the customer's first choice through digital innovation. To thrive in a platform competition with big techs and fintechs, as did in the competition with other financial companies before, we continue to develop innovative product and services placing to top priority in customer convenience and.

Firstly, by taking on bold innovation initiatives centered on main platforms, we will integrate all major apps into a one stop financial platform and heighten the differentiation of integrated asset management services based on internal and external customer data.

**Group Flagship Applications**

KB Kookmin Bank		
	KB Star Banking	Provide full banking services to retail customers
	Liiv	Provide convenient financial services including F/X and money transfer
	Liiv Real Estate	Offering real estate-related data and specialized services
KB Securities		
	M-able	Provide diverse and convenient financial services for stock trading and investment product
KB Kookmin Card		
	KB Pay	An on & offline payment service that allows users to make payment using credit card, debit cards, points or bank accounts
	Liiv Mate	Provide customer-engaging services including points and day-to-day consumption
KB Capital		
	KB Cha Cha Cha	Provide a platform for online preowned car transaction and other services related to car sales

**KB Mobile Certification**



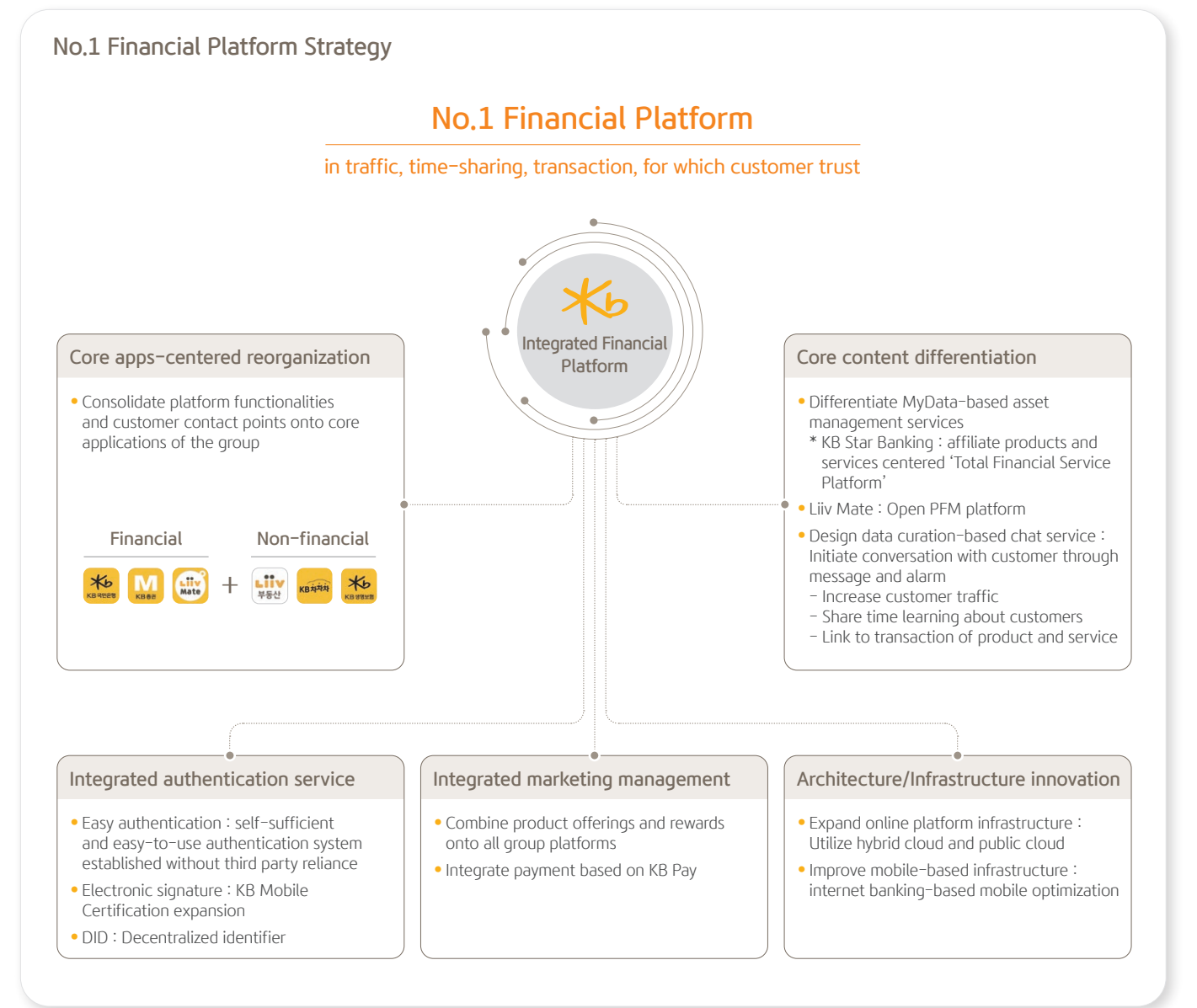
7.3 million  
Attracted 7.3 million users in 20 months of roll out

For the KB Star Banking, as the flagship main app of KB Kookmin Bank, we will develop into the total financial service platform centered on connecting product and service channels, and Liiv Mate of KB Kookmin Card, as the open PFM(Personal Financial Management) platform easily linking to third party's products and services, we will enable customers to use as their main daily life platforms.

Secondly, we will secure more customer contact points by utilizing 'KB Mobile Certification' service with improved usability. To further enhance the public trust of the service, we will proceed the evaluations and verifications from reputable relevant authorities. In particular, we will

make our incomparable KB's inherent easy-authentication ecosystem through enhancing the usability and expanding the business scope into ID verification service based on the DID(Decentralized Identifier) infrastructure.

Thirdly, we will make an effort to minimize the inconvenient experience using our platforms and maximize the customer satisfaction through the improved quality of digital service. For consistent customer experience, we organized the group unit dedicated to handling UI/UX, and upgraded the QA(Quality Assurance) functionality of all digital services. We will fortify the foundation for growing into a solid No. 1 financial platform.



# Global Business

KB Financial Group continues its efforts to strengthen its global operations and presence in a bid to overcome the limited growth opportunity of the domestic market and to secure sustainable growth drivers. With such goals in mind, the Group seeks to increase contribution of overseas business incomes to 10% of group net income by 2023. To this end, we are implementing a Two-track strategy targeting Southeast Asian and other emerging markets with high growth potential and US and other advanced markets increasingly preferred by Korean investors.

Over the past several years, KB Financial Group has been expanding into digital banking, auto finance, microfinance, securities and related business group in Cambodia, Laos, Myanmar, Vietnam and Indonesia, enriching its understanding and knowhow of overseas business. To better allocate our finite resources, we now are pushing forward a 2nd Mother Market strategy focusing on a few target countries as operation bases.

In September, 2020, KB Kookmin Bank acquired a 67% equity stake in PT Bank Bukopin in Indonesia and added it as a subsidiary. The acquisition is meaningful in that it marks the Group's smooth entry into a high growth potential. The acquisition highlights the Group's unique global business approach in contrast to that of peers, taking over smaller banks as a stepping stone and pursuing organic growth.

KB Kookmin Bank also acquired a 70% stake in Prasac Microfinance in April, 2020. Boasting a branch network of over 180 branches Cambodia's largest micro deposit-taking institution(MDI) ranks No.3 in credit market share among the local financial companies, including commercial banks. This acquisition will go down as an important milestone in the group's global strategy of expanding its retail network in Asia. As part of its long-term strategy, the Bank plans to convert the

Cambodia MDI into a leading commercial bank and grow it into a solid financial base from which to secure a position of advantage in the race dubbed 'New Southeast Expansion'.

KB Kookmin Bank also made history in Myanmar by being the first foreign bank to establish a local subsidiary: After nine months of preparation, the Bank was given a green light in December, 2020, from Myanmar financial authorities to set up a subsidiary. Once established, the subsidiary can open up to 10 branches and engage in corporate and retail banking anywhere in the natural resource-rich country. We plan to grow its subsidiary into a small yet sound foreign bank.

Also in the same month, KB Securities launched 'KB FINA Joint Stock Company in Vietnam, nurturing a fintech-based joint venture with G-Group, a local partner which has built up a captive customer base in the financial, media and fintech areas. Laying an IT infrastructure and developing key products, KB Securities plans to build a mass customer base for KB FINA by first targeting G-Group's captive customers in collaboration with the group subsidiaries. Furthermore, KB Securities plans to grow its subsidiary into a digital hub seeking to expand into the fast-growing ASEAN.

KB Insurance also actively marketed its products and services in Indonesia, a core target market for the group's '2nd Mother Market strategy, utilizing the sales channels, and targeting the customer bases, of such local companies our subsidiaries have established as PT Bank Bukopin Tbk., PT KB Finansia Multi Finance, PT Sunindo Kookmin Best Finance. While satisfying the diverse financial needs of local customer, KB Securities is enhancing the synergy creation performance of KB subsidiaries in the most populated Southeast Asian country.

KB Finansia Multi Finance('KBFMF') is a credit finance company KB Kookmin Card acquired in July, 2020, and added as its subsidiary. Backed by its parent company's solid capital base, KBFMF is funding and lending at very competitive rates; and by expanding the product lineup in line with the preferences of local customers, is rebalancing its business portfolio with quality assets. Going forward, KBFMF plans to expand non-face-to-face channels in used car financing, factoring and other areas and to upgrade its mobile platforms.

PT Sunindo Kookmin Best Finance(SKBF), KB Capital's Indonesian subsidiary, launched in June, 2020. SKBF was established through a 85% equity acquisition of PT Sunindo Parama, a former finance arm of SUN Motor Group. Focusing on auto financing, SKBF plans to gradually expand into consumer and motorcycle financing and rental car business.

### 2nd Mother Market Strategy

KB Financial Group is seeking to turn Indonesia, Vietnam, Cambodia, Myanmar and other emerging markets in Southeast Asia into a second mother market by establishing foot holds in those markets by enlarging each subsidiaries market presence. Also by expanding its

market influence through digital services, KB Financial Group seeks to build up an integrated financial services-based presence spanning from banking to card, auto financing to consumer credit.

### OTD & wholesale banking strategy

In advanced markets, We plan to develop diverse investment products and strengthen global asset management capabilities through collaboration and partnership with global leaders while continuing origination-to-distribution(OTD) projects and expanding the growth of a wholesale network centered on large and multinational businesses in New York, London, Hong Kong, Singapore and other global business hubs.

### 2021 Plans

KB Financial Group plans to further expand its global business based on its two-track strategy of focusing on Southeast Asia where high growth is expected and on the US and other advanced markets increasingly preferred by Korean investors.

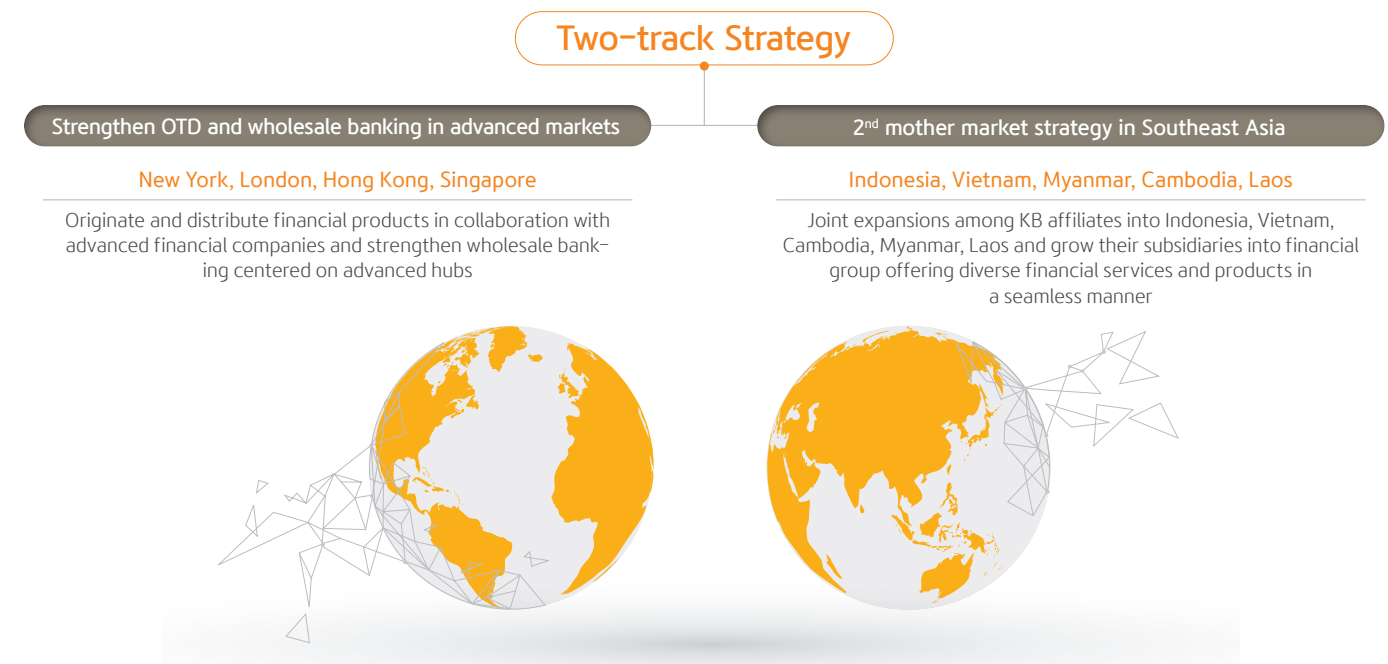
In Southeast Asia, targeting Vietnam where economic growth is high and many Korean companies are in robust operation, Indonesia which has the world largest population, and Myanmar, Cambodia, Laos, the Group plans to pursue acquisition opportunities and organic growth with local networks.

In advanced markets, the Group will pursue market entries and expansions with a focus on securing stable growth drivers and improving WM, CIB and asset management capabilities.

## KB Global Expansion Milestones

2017	2018	2019	2020	
<b>VIETNAM</b>	<b>INDONESIA</b>	<b>CAMBODIA</b>	<b>CAMBODIA</b>	<b>MYANMAR</b>
· Acquired Maritime Securities Incorporation(MSI), a local securities firm	· Acquired a 22% stake in PT Bank Bukopin	· Livv KB Cambodia reached 98 thousand users	· Acquired a 70% stake in Prasac, the largest local MDI	· KB Kookmin Bank established the first foreign bank in Myanmar
<b>LAOS</b>	<b>CAMBODIA</b>	<b>VIETNAM</b>	<b>VIETNAM</b>	<b>INDONESIA</b>
· Established KB KOLAO Leasing, specialized in auto financing	· Launched KB Daehan Specialized Bank as a credit finance business	· KB Daehan Specialized Bank recorded USD 0.6 million net income for 2019	· KB Securities launched KB FINA in partnership with G-Group which has vast captive bases in the financial services, media, fintech businesses in Vietnam	· Kookmin Bank became the largest shareholder of PT Bank Bukopin with a 67% equity stake
<b>MYANMAR</b>	<b>VIETNAM</b>	<b>VIETNAM</b>		· KB Kookmin Card established KB Finansia Multi Finance, with a 80% equity stake
· Established KB MFI Myanmar	· Launched KB Securities Vietnam, formerly known as MSI	· KB Securities Vietnam raised KRW 70 billion of capital and ranked 10th largest securities company in Vietnam		· KB Capital launched PT Sunindo Kookmin Best Finance, a local subsidiary

## Group Global Strategy



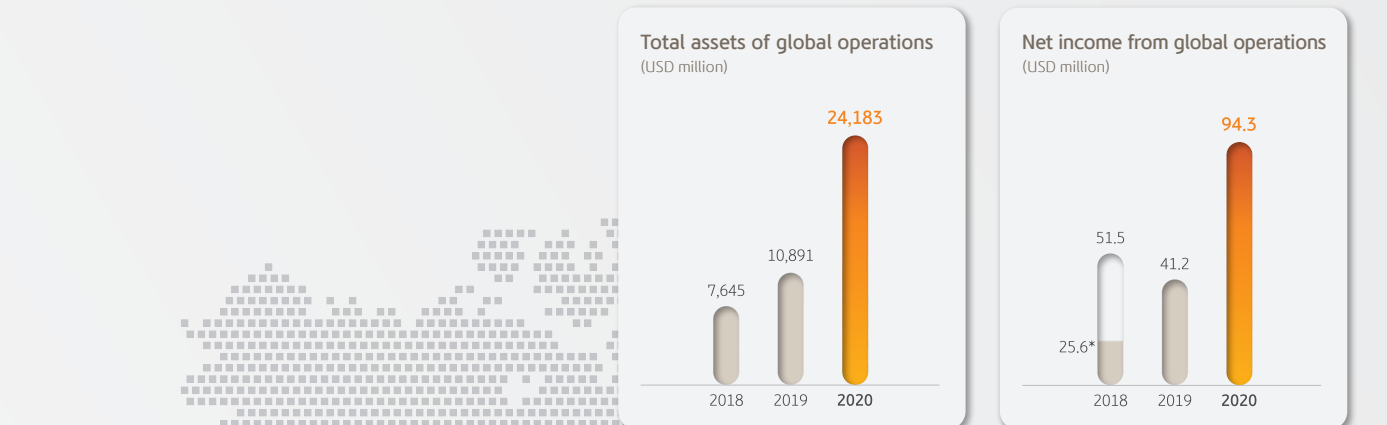
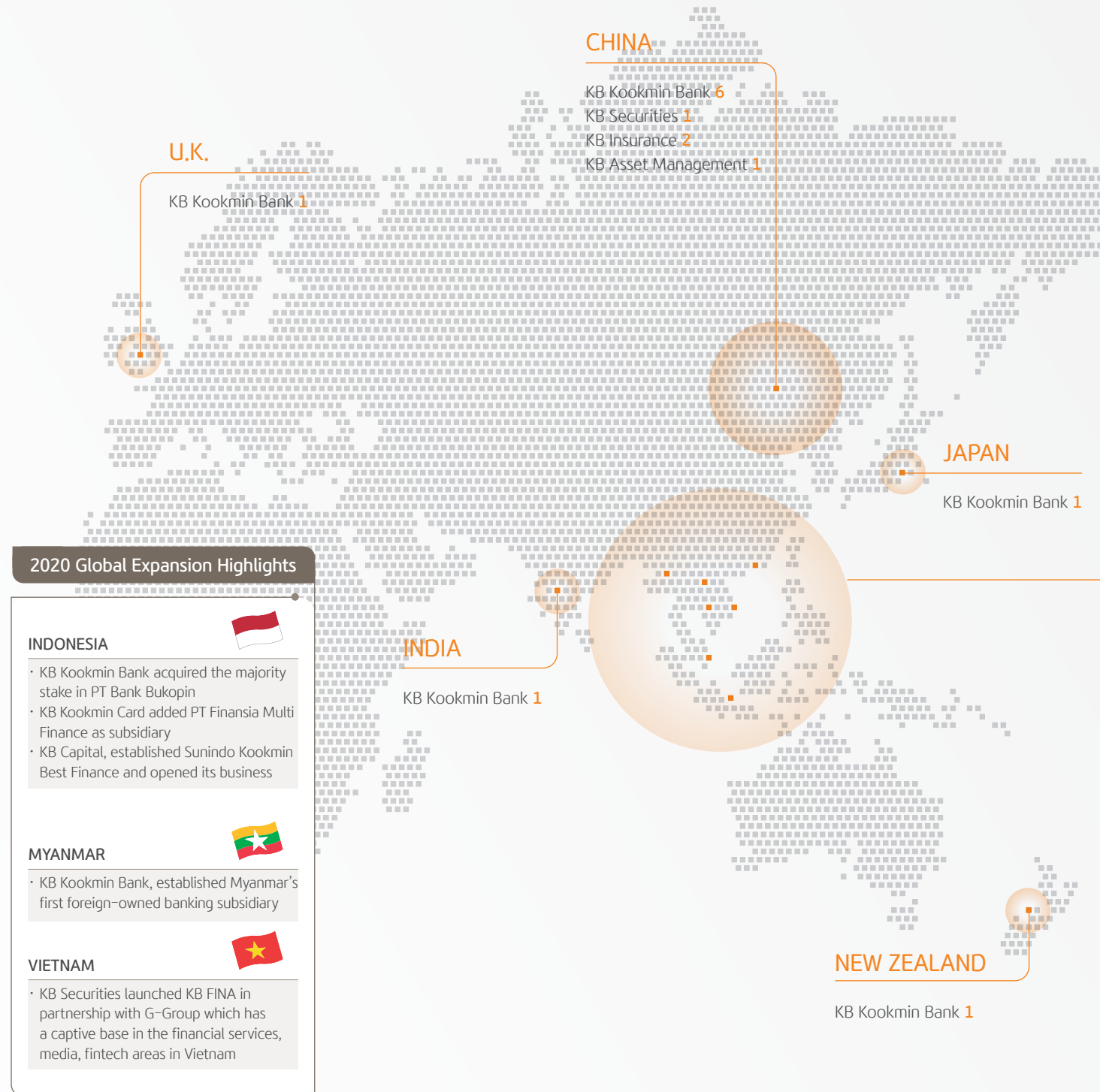


# Global Network

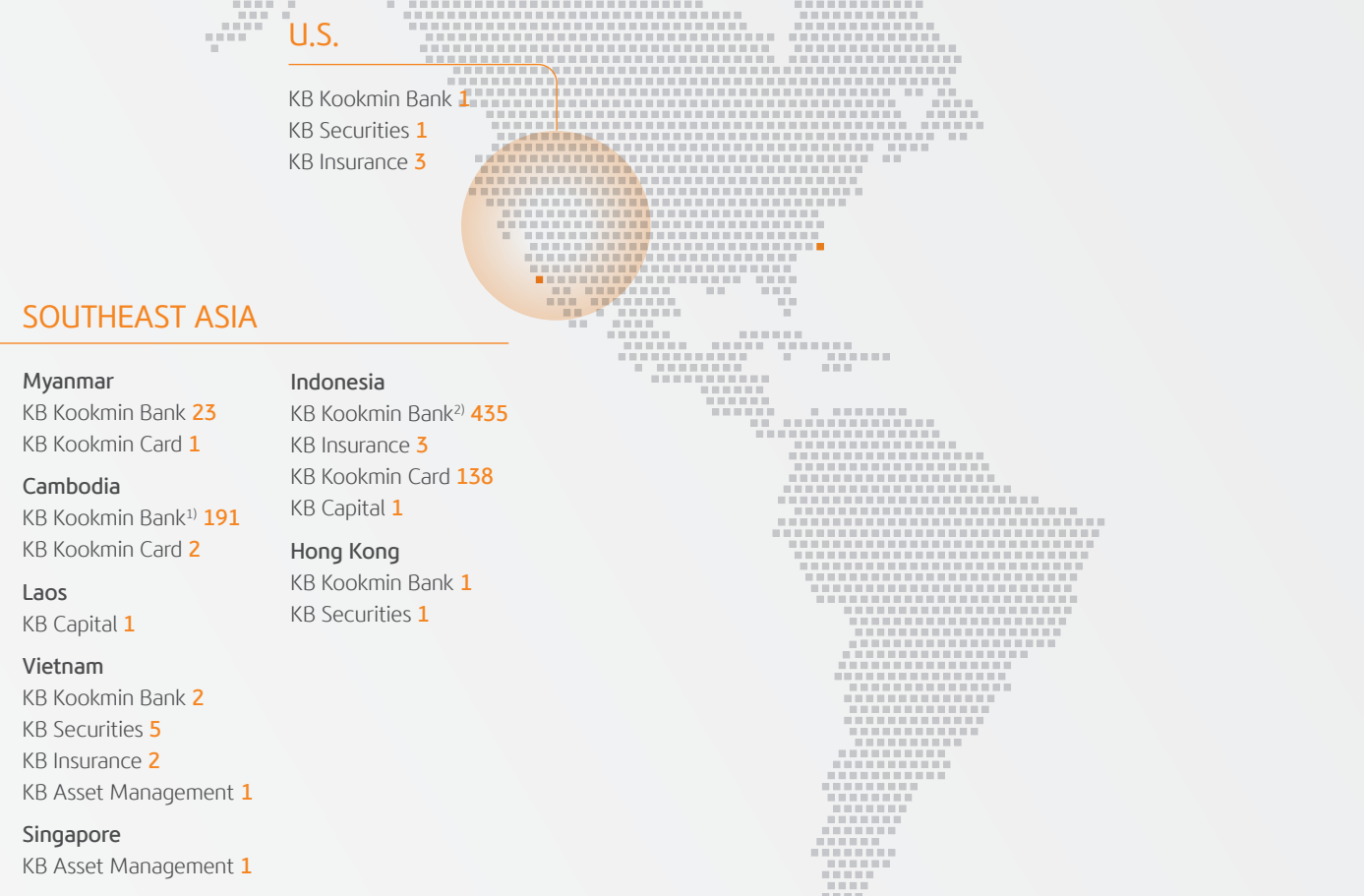
KB Financial Group is accelerating its advancement into the global market to overcome the growth limits in the domestic financial market, pursue sustainable growth. Notably, these endeavors to expand our global presence are focused on Corporate & Investment Banking, retail banking, digitalization, and asset management, and a business-specific approach is taken in consideration of a full range of factors, from local regulatory environments and demographics changes to financial industry infrastructure and growing offshore investment demand among Korea investors.

# 827 Overseas Network

KB Kookmin Bank **663** KB Securities **8** KB Insurance **10** KB Kookmin Card **141** KB Asset Management **3** KB Capital **2**



\* Based on recurring net profit



Note 1) Including local branches of Prasac Microfinance Institution  
 2) Including local branches of PT Bank Bukopin

# ESG Leadership

KB Financial Group, in pursuit of its mission 'Changing the world through finance', is leading the Korean financial industry in ESG management, establishing ESG governance across its operations. To better respond to ESG-related issues, KB Financial Group has established an ESG Committee comprising all of the board of directors an industry's first.



### Leading ESG management through ESG governance establishment

In January 2020, KB Financial Group declared 'The Principles for ESG Execution' as a follow-up to the direction set for ESG strategies in September 2019 and established an ESG Committee within the board of directors and set up ESG strategies in March 2020 thereby completing an ESG management structure.

Also set up, in August, was 'KB Green Way 2030', a mid to long-term roadmap for ESG management. By 2030, we plan to reduce carbon emissions by 25% from 2017 and to increase the value of ESG-related products, investments and loans to KRW 50 trillion.

To achieve these goals, KB Financial Group has defined as three ESG strategic tasks 1) advancing climate change strategy to protect the environment, 2) internalizing responsible management for society, and 3) spreading the culture of transparent governance. The focus areas are also selected for all tasks and steps are being taken to implement the tasks. In particular, to advance climate change strategy for our environment, KB Financial Group declared to adopt the Equator Principles in August 2020, and joined in February 2021.

In September 2020, to proactively respond to climate change, we declared its pledge to phase out coal financing. True to its anti-coal policy pledge, we have stopped financing as well as underwriting new projects involving coal power generation at home and abroad.

### Bolstering partnerships by taking an active part in global initiatives

KB Financial Group is leading a 'Green Initiatives' through participation in global initiatives and NGO activities. It had joined TCFD (Task force on Climate-related Financial Disclosure) in 2018 as a supporting institution, and based on TCFD recommendations, has been sharing with stakeholders its efforts concerning climate change risks.

In addition, KB Kookmin Bank, also taking part in the Equator Principles movement and other global initiatives in diverse environmental areas, and has stopped its support of large-scale development projects that could destroy environmental ecosystems, thereby proactively managing environmental risks inherent in its operations.

KB Financial Group has signed up as a signatory bank for UNEP FI's Principles for Responsible Banking; and to internalize the principles for and agreements on ESG management and to conduct research on financial institutions reducing their environmental impacts, has joined the working groups of the Principles for Responsible Banking and the Collective Commitment to Climate Action.

### KB environmental campaign



#### Paperless

- Issue less bankbook
- Reduce DM service
- Reduce paper usage



#### No Plastic

- Issue less plastic card
- Reduce use of plastic products
- Recycle plastic products



#### Save Energy

- Use renewable energy
- Increase green vehicles
- Pursue energy efficiency

KB Financial Group also participates in the UN Global Compact, the Carbon Disclosure Project, and other sustainable management-related global initiatives. To apply the classification of green global investments to KB Kookmin Bank's credit review, we are taking part in developing banking guidelines for UNEP FI and the EU Taxonomy, fulfilling our responsibility as an ESG leader.

As part of our support for gender equality, we have made public its adoption of 'Women's Empowerment Principles, thereby making progress on promoting a corporate culture that embraces inclusiveness and diversity.

### Creating impact in ESG financial market to realize sustainable finance

With the rise of fine dust, ocean pollution and other environmental issues and with the growing impact of climate change, KB Financial Group continues to develop diverse eco-conscious products as a contribution to solving social problems. Leading products introduced to raise awareness of climate change and environmental pollution include KB Clean Sky package and KB Clean Ocean package. A portion of proceeds from sales of these eco-conscious products is donated to organizations collecting industrial trash from the ocean, replacing old boilers, building urban forests and conducting other eco-friendly activities.

KB Financial Group also actively develops investment opportunities in new business areas with a focus on eco-friendly factors, while continuing to invest in business and projects related to private funded eco-conscious development, new renewable energy generation, eco-friendly shipbuilding and auto. In fact, KB Financial Group dominates the industry when it comes to such large-scale renewable energy

### Group ESG Strategy

Strategic Goal

Create sustainable value and enhance customer trust by promoting responsible management for environment and society and disseminating healthy corporate governance



Reduce carbon emissions by **25%**

Achieve KRW **50** trillion in ESG products, investments, and loans

Strategic Directions



Environment

Advancing Climate Change Strategy

- Setting and Managing Carbon Emissions Target
- Managing Environmental Risks
- Increasing Green Investments and Loans
- Leading the Way in Green Finance Ecosystems



Social Responsibility

Internalizing Responsible Management for Society

- Expanding Social Contribution
- Promoting Shared Growth and Mutual Prosperity
- Respecting Human Rights and Diversity
- Expanding Inclusive Finance



Corporate Governance

Spreading the Culture of Transparent Governance

- Enhancing Transparency in Governance
- Strengthening the Stewardship Code
- Expanding Investments in Excellent Governance
- Building a Comprehensive Evaluation System

Areas of Focus





**No. 1** in Korea

2020 DJSI World Index,  
Global No.3 and No.1 in Korea



**3 years** in a row

Bloomberg Gender-Equality Index,  
first Korean company to be included



**A+** in every category

Received highest KCGS ESG rating of  
A+ in all ESG categories

source development projects as solar, wind and battery bank power generation, taking an active part in the whole process, from finance consulting to investment arrangement. KB Financial Group is financing various large scale of renewable energy generation projects in Korea, including Solaseado Solar Power Generation and ESS project in Haenam and KB Muan Sunlight Power Plant. Also, by actively participating in and financing public housing and urban remodeling projects, we lead the industry in addressing acute social issues.

KB Financial Group also is increasing financing support for the growth of eco-friendly projects as well as green industry through such eco-themed products as 'KB Green Growth Loan' offering discounted rates to green growth companies with preferred rates while donating a portion of profits to green growth associations, 'Preferential Loans for PV Power Plant Businesses' developed exclusively for customers engaging in solar power generation business. Through support channels for small business owners and low-income classes, we offered financial services developed for the socially and economically vulnerable trapped in the financial blind spot. In particular, for small-business owners hit hard by the COVID 19 pandemic, we supported liquidity through 'KB Corona Special Guarantee Agreement Loan' and 'KB Small Business Secondary Protection Program Agreement Loan'. Also, by supporting vulnerable customers in link with more inclusive subsidiaries, the Group was able to prevent people with low credit scores from being pushed into the jaws of predatory lending, thereby playing the role of a social safety net.

KB Financial Group also issues and offers diverse sustainability bonds to expand its finance support for eco-friendly and socially conscious projects. KB Kookmin Bank's sustainability banking management meets the Sustainability Bond Guidelines established by the International Capital Markets Association, and is certified by Sustainalytics, a world-renown ESG financial consulting firm. As a follow-up to the industry's first USD 300 million sustainability bond it had issued in October 2018, the Bank issued Asia's first USD-denominated junior sustainability bond in February 2019, and the industry's first Euro-denominated covered bond in July 2020. We certified by ESG verification agency Deloitte with respect to ESG bond management and sustainability bonds issuance, issued a KRW-based sustainability bond, a first among financial groups. The funds raised through bond issues as described above have been allocated to support vulnerable classes affected by COVID 19, to create jobs, and to fund new renewable energy and eco-friendly projects.

#### Improving sustainable management through strategic response to ESG evaluations

For its exemplary ESG-related efforts, KB Financial Group was included in the 2020 DJSI, for a 5th year in a row. In particular, the group was ranked global No.3 and No.1 in Korea.

KB Financial Group cultivates female talents and job expertise as well as leadership skills. For its continued efforts to improve gender equality, the group was included in the 2020 Bloomberg Gender-

Equality Index, thus becoming the first Korean company to make the prestigious index for three years in a row.

Also, the industry's first to rank No.1 in the Korea Corporate Governance Service's governance evaluation for two consecutive years, in 2018 and in 2019, in 2020 was rated the highest A+ not only in the governance but also in ESG evaluations, reaffirming its reputation as a leading financial group in ESG management.

Another industry first was made when the Group was awarded 'Green Management Top Award' at the '2020 Global Standard Management Awards' sponsored by Korea Management Registrar.

#### Upgrading Stewardship Code to improve corporate value and investor returns

KB Financial Group applies to six major subsidiaries the Stewardship Code, a strict guideline for institutional investors to follow in their engagement in corporate governance in the interests of their beneficiaries. By adopting the code and thus reflecting ESG as well as financial considerations in its pursuit of higher corporate value, we facilitate the growth of its investee companies and at the same time, strengthens a sense of responsibility among its investment managers to grow customer assets in the mid to long run.

Also, KB Financial Group has in place systems for preventing conflicts of interest that can arise during the execution by employees of their fiduciary responsibilities; and through internal controls and compliance regulations, emphasizes that investor interests take precedence over the interest of KB Financial Group, its shareholder and employee interests; and that mutual benefits be shared among investors on an equal basis.

Diligent fiduciary functions not only allow shareholders to voice their opinions on corporate management and maximize shareholder value, but also contribute to the sound operation of market watch mechanisms. Through this, we will bring healthy changes to its governance structure in a positive direction, improve corporate value, and enhance customer rights.

## 2021 ESG Strategy Direction

### Advancing climate change strategies

Amid a growing awareness of the importance of the environment in the financial industry, KB Financial Group strengthened the environmental risk management advancing climate change strategy and expanding green financial products, investments and loans. Advancing the climate change strategy, KB Financial Group has managed the greenhouse gas to meet our carbon emission target, and setting the guidelines for environmental and social risk management. We strive to secure green leadership, bolstering the environmental management structure, and thus staying ahead of industry-wide efforts to create eco-friendly financial ecosystems against climate change.

### Internalizing responsible management to society

Stakeholders of the financial industries are becoming diverse of late, and increasingly demanding industry responses as diverse. In response, the Group is creating social values, proactively identifying and doing something about such expectations of key stakeholder segments as follows: making social contributions toward creating value for future generations; seeking mutual growth through expansion of social values; strengthening the respect for stakeholders' human rights and diversity; supplying stable financial services for the financially marginalized and increasing funding support, thus faithfully carrying out its responsibility as a social network.

### Spreading the culture of transparent governance

The transparent governance is becoming increasingly mandatory as well as the adoption of the stewardship code is spreading at home and abroad. In response, we will continue such efforts to further expand its transparent and exemplary governance as follows: spread the importance of healthy governance through improvement of transparency in governance; increase the value of investees through active enforcement of the stewardship code; increase sustainable values through product sales and investment in businesses outstanding in governance; and set up comprehensive systems of evaluating ESG management performances.

DJSI World



**DJSI**  
World Index

KB Financial Group is named to  
the Global Sustainable Management  
Evaluation, "DJSI World Index"  
for 5 years in a row

# Social Contribution

Pursuing its mission, 'Changing the World through Finance', KB Financial Group is implementing CSR with a focus on fostering future generation and creating social value, creating jobs for youths, promoting shared value with local communities, serving the environment and other related activities in link with the UN SDGs initiatives.



In 2020, in response to the COVID 19 pandemic and to overcome the subsequent national crisis, the Group conducted all-directional social contribution activities, offering opportunities equal for education and experience opportunities to children and youths so that future leaders can follow their dreams with high hope, and playing diverse supporting roles in job creation, community services, environment preservation and other areas in dire need of support. The Group's all social responsibility activity is conducted on the basis of the CSR program, while each subsidiary of KB Financial Group conducts strategic social contribution activities reflecting on the basis of group-wide core business areas.

## Fostering Future Generation

### Supporting child and youth growth bases

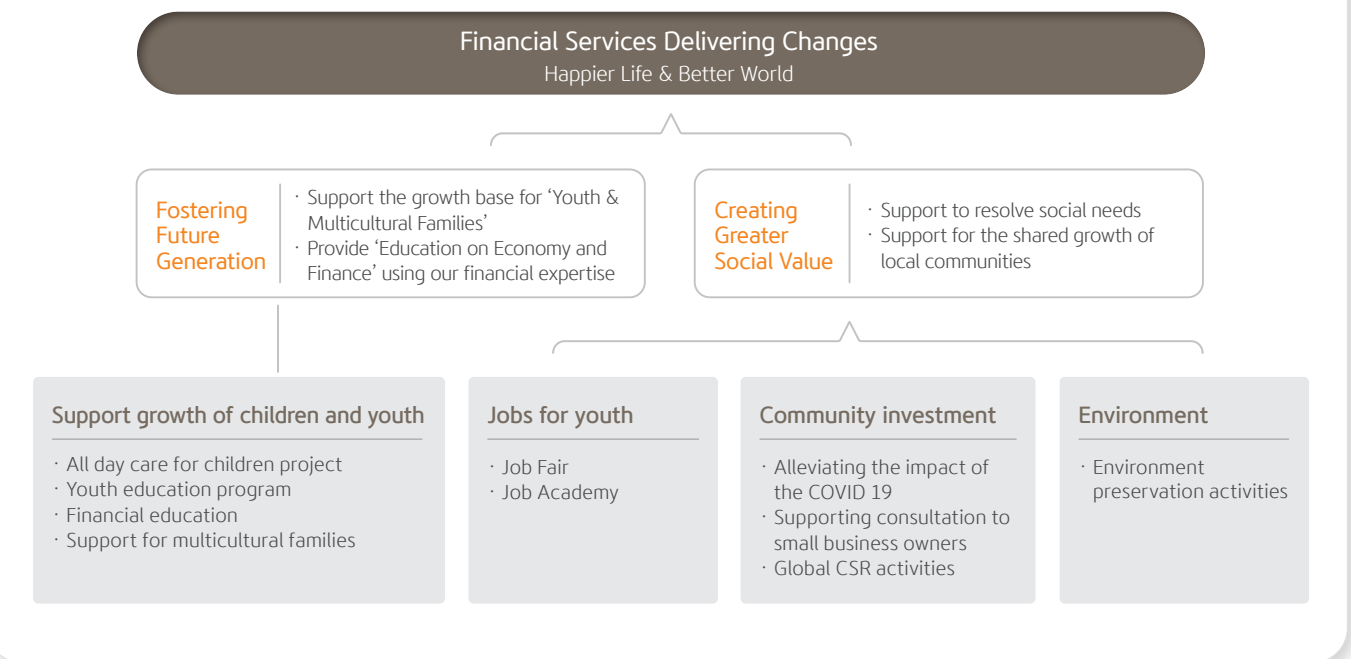
Since establishment of KB Financial Group in 2008, We have been conducting social contribution activities focused on laying the bases that enable children and youth to grow into sound-minded social members. Also by supporting multicultural family members, it stays in the forefront of building a society that embraces diversity and inclusiveness.

To help solve the problem of dwindling child care services, a social issue continuing to pose a threat to the growth of future generations, the Group has been funding the building of children after care classrooms at elementary schools nationwide, as well as the construction and expansion of public kindergartens, since its signing of an agreement with the Ministry of Education in 2018; as of the end of 2020, cumulate funding amounted to KRW 75.0 billion. For the Group's continued support, not only thousands of children in kindergarten and grade school are under the care of qualified and experienced guardians, but also many parents who had to sacrifice their career to take care of their children have been able to return to their jobs or create new jobs related to the operation of after-school care classrooms or the kindergartens. Such and other ripple effects of the Group's contributions are expected to grow at an accelerating pace. As of the end of 2020, a total of 1,446 classrooms in 894 schools were created with support of KB Financial Group. We plan to expand to approximately 2,500 classrooms by 2022, which will bring benefits to over 50,000 children.

Korean language education is another area we continue to support as Korean fluency is essential for multicultural families to blend into their local communities. Also we supported diverse programs that offer jobs and related training to multicultural families. In particular, 'Diverse Culture Classroom' is gaining media attention as a KB's unique program exemplary of its dedication to the promotion of diversity and social harmony, as it brings together children of diverse cultures, to help them understand one another's cultures and thus discover that they have more

## Group CSR Policy

KB Financial Group set two over-arching directions of its CSR policies as 'Fostering future generation' and 'Creating greater social value', and these initiatives are focused on the areas of 'youth & multicultural families', 'jobs', 'community investment' and 'environment' in alignment with UN's Sustainable Development Goals(SDGs).



in common than expected. Also, for children of North Korean defectors, we support school facilities and programs dedicated to helping such children recover their identity, adapt to their new environment, and grow as healthy Koreans in mind and body.

KB Financial Group also draws on its financial expertise to enhance the value of its social contributions. Since the 2011 foundation of the KB Foundation, the Group has been running diverse economic and finance education programs, which have become a key CSR project. By experimenting with diverse content and methods in step with social changes, we are presenting a new direction for economic and finance education.

The KB Foundation has launched a team of lectures specializing in economic and finance education, dispatching them to schools, military bases, cultural centers and other institutions when requested as well as running diverse forms of education, including camp and invitation-only. In particular, meeting growing needs for contactless education amid an unprecedented pandemic, the foundation constructed 'KB Star\*D', an economic and finance education experience center, with an eye toward being a leader in custom economic and finance education for younger generations. In 2020, the foundation educated some 126,000 people on economics and finance.

## Social Value Creation

### Helping solve social issues and supporting the growth of local communities

In the second half of 2020, we provided SMEs and small-business owners suffering COVID 19-induced downturns with comprehensive financial support such as urgent working capital and deferrals of insurance premium and credit card payments. Also, masks, hand sanitizers, thermometers and other PPEs were donated to some 1,900 community children's centers and some 300 senior welfare facilities.

In particular, KB Kookmin Bank supplied USIM cards for Liiv M, a finance and telecommunication hybrid service to quarantined overseas Koreans under COVID 19 lockdowns, reduced phone bills for customers living in the Daegu and Gyeongbuk regions, supported reducing bills for Internet and telecommunication services for an online schooling of elementary, middle and high school students. To help revitalize mom-and-pop stores, traditional markets and local economies, we took part in a 'Compassionate Landlord Campaign', slashing rents for small-business owners operating out of KB Financial Group-owned buildings, as well as in other local economy boosting campaigns, providing KRW 10.9 billion Onnuri gift certificate, which can use in traditional market to KB employees.



The Group is promoting a sustainable social finance ecosystem and fostering social enterprises through a social investment fund jointly established with Korea Growth Investment Corp. The KRW 100 billion fund applies UN Sustainable Development Goals, investing in social enterprises deemed capable of generating positive impacts in the social and environmental sectors. In particular, by investing not only in government-certified social enterprises but also in social ventures creating meaningful effects across all societies, we captured two proverbial birds— social effects and financial performance. As of 2020, 'KB Social Investment Fund' allocated a total of KRW 26.5 billion in 22 social enterprises and ventures.

KB Financial Group also matches one promising startup in need of funding support with another and provides growth support: selected startup are supported in incubation expansion, investment mediation, IPO consulting so that they grow together, nurturing win-win relationships that last. 'KB Innovation HUB' selects 'KB Starters' from among tech startups taking on challenges of creating innovative services, and helps them grow in collaboration with our subsidiaries. As of the end of 2020, 111 KB Starters received Group's CVC funds totaling KRW 52.3 billion through 174 cases of business ties with the subsidiaries, constituting the best investment and most active collaboration among domestic fintech labs.

KB Financial Group has operated 'KB Good Jobs' for the past 10 years, connecting quality jobs with future talent. The program provides diverse employment information through its website and, by offering resume writing, interview preparation and other related services, plays a big role in getting young job seekers land at jobs that fit their career goals. In 2020, over 65,000 cases of employment information were provided, and 'KB Good Jobs' was held with the participation of blue-chip SMEs as well as job seekers. As of the end of 2020, attracted 560,000 in cumulative number of visitors and landed some 18,650 jobs, thereby growing into Korea's largest job fair. In particular, financial incentives were provided to participating companies that had hired job seekers during the job fair and maintained the employment contracts for a certain period, thereby contributing to the stability of the newly created jobs. In addition, through 'KB Good Job Academy', 'KB Good Job School', and other related programs, KB Financial Group stays in the forefront of improving young people's odds of finding jobs in an increasingly competitive employment environment.

As solving the rising environmental issues of late requires the combined effort of the nation, businesses and the people, we lead peers in socially responsible management through diverse eco-friendly social contribution activities. In the Mongolian region, the source of yellow dust and fine dust, 'KB Kookmin Bank Forests' are created to help reduce the centuries-old air pollution problem; and for children susceptible to the effects of yellow dust, air purifiers are donated to local children centers nationwide; to raise environmental awareness among youth, educational materials are published and an environment education is conducted.

Also conducted are social contribution activities in which customers of eco-conscious financial products are encouraged to participate. 'KB Clear Sky' and 'KB Clean Ocean', the industry's first public-interest

### KB Good Jobs



# 18,650 jobs

Job fair attracted 560,000 visitors in cumulative total number and landed 18,650 jobs

financial products through which customers can volunteer to help reduce fine dust and restore marine ecosystems, were launched back to back in 2020, as one of the our contributions to realize sustainable society through environment preservation for future generations.

KB Kookmin Bank supported medical services for foreign workers in Korea and provided full support for surgery for Cambodian children who have heart diseases. 'Raonatti' KB Kookmin Bank's overseas volunteer program created in 2008 for college students, continued its volunteer work in less-developed countries. KB Securities ran 'Rainbow Classroom', providing children in developing countries a place and means to study. For children living in places without electricity, KB Insurance donated solar-powered lanterns assembled by employee volunteers to energy-poor countries through 'Lighting Children'. KB Kookmin Card, through its Cambodia subsidiary, signed a business agreement with 'SmartCraft', a local social enterprise, to buy the up-cycled products worth about USD 10,000 as company promotion gifts.

### Key Social Contribution by Subsidiary

#### • KB Kookmin Bank

KB Kookmin Bank supported the healthy growth of youth and the development of future leaders through diverse social contribution programs. Its flagship project, 'KB, Mentoring Youth!' consists of mentoring and support programs in three areas—learning, career building, and digital skills: 'Mentoring for Learning' provides learning support for teens from low-income and multicultural families who often lack educational opportunities; 'Mentoring for Career Building' assists teens in attending diverse career experience programs, including English studying; and 'Mentoring for Digital Skills' supports coding and other software education programs. KB Kookmin Bank also conducted projects focusing on improving the living and study conditions of needy youths.

#### • KB Securities

Under the banner 'Changing the World through Finance, Cultivating the World, KB Securities', KB Securities undertook various social

contribution programs related to promoting a corporate culture of sharing and participation, supporting youth and multicultural families, and contributing to the enrichment of local communities. 'Rainbow Classroom', its flagship social contribution program, contributes to create a favorable learning environment for underprivileged youths by renovating community study halls and libraries and donating books. Since 2009, this program has supported 14 communities in Korea and three schools overseas, and in the second half of 2021, plans to open 18th and 19th classrooms in Korea and in Vietnam, respectively, while in talks with education authorities and local governments to finalize a school playground improvement project slated for 2021.

#### • KB Insurance

In conducting social contribution, KB Insurance focused on three themes—children and youth care, community-involving social contribution, and corporate culture of sharing and participation, operating volunteer groups and improving living conditions for children and teens, setting up mind-calming places for fire fighters, supporting youth released from detention centers. 186 volunteer groups composed of employees and sales representatives clocked 16,000 hours in volunteer hour in 2020.

#### • KB Kookmin Card

KB Kookmin Card practiced the spirit of sharing in the three areas of youth, global society, and public interest. In youth education, KB Kookmin Card ran economic and financial education programs for elementary, middle and high school students to help them develop sound consumption habits. Through art and sports programs were children with disabilities supported; and through a schoolbag donation program, some 10,500 1st grade students from low-income families received a schoolbag each containing school supplies, and a letter congratulating the beginning of his/her school life.

As for global society, KB Kookmin Card offered Korean language programs to children of multicultural families and North Korean refugees who often face difficulties in learning the new language and adapting to the new country. Some 160 children received an online 1-to-1 tutoring.

In addition, for children in Indonesia, Myanmar, Cambodia and other developing countries, KB Kookmin Card continued its unique and fully localized contribution activities. With respect to public interest, fine dust reduction, urban renewal, home-alone elderlies care, COVID 19 support and other environmental and social programs were carried out.

#### • Prudential Life and other subsidiaries

Prudential Life focused on youth development and life sharing, corporate culture of innovation and sharing in conducting its social responsibilities. Some of more noteworthy activities included developing and encouraging youth volunteers; helping youth develop sound economic perspectives through economic education; sharing the importance of life with vulnerable youths; and helping change the world through communities services under the direction of the Company's Social Contribution Committee.

**KB Asset Management** ran employee volunteer programs serving meals and cleaning facilities at nearby welfare centers for elderlies once a month.

**KB Capital** ran diverse donation programs for youth from socially marginalized families as well as victims of natural disasters in Korea and children of less-developed countries.

**KB Life Insurance** offered scholarships to children with parents working in the social welfare sector and its employees donate their blood, signed an organ donation pledge, tended to the upkeep of parks, and participated in environmental cleanups.

**KB Real Estate Trust** donated learning guidance for children, provided vocational training and rehabilitation assistance to people with disabilities, and supported orphaned infants and toddlers. The company has helped improve the environment at the Seoul Forest since 2019 by rooting out noxious plants and clearing up the surroundings.

**KB Savings Bank** ran programs delivering heating and cooking fuels, providing a cultural education and employment support for the underprivileged; and supporting free meal deliveries, clearing up the surrounding areas of business bases, and their community services.



# Management's Discussion & Analysis

In 2020, due to the unprecedented COVID 19 pandemic, global real economy rapidly contracted with high volatility for the financial market as well. Despite such challenges surrounding its business environment, KB Financial Group achieved meaningful results in 2020. By acquiring Prudential Life as a subsidiary, KB Financial Group further fortified the base of its business portfolio, gaining a meaningful market position in the life insurance business. Moreover, KB Financial Group also made substantial progress in global business, acquiring Prasac Microfinance Institution ("Prasac") in Cambodia, and PT Bank Bukopin ("Bukopin") in Indonesia, and further enhanced its sustainability.

To review KB Financial Group's business results for 2020, group net profit amounted to KRW 3,455 billion, up KRW 143 billion year on year, exceeding a KRW 3 trillion mark for four consecutive years, while EPS rose 4.2% over the course of 2020 to KRW 8,809. Though ROE dipped slightly to 8.79%, mainly due to the preemptive provisioning against COVID 19 related uncertainties and a large-scale of ERP cost, ROE on a recurring basis, stood at 10.17%, proving a sound earnings fundamental even in a difficult business environment with unprecedented challenges.

Group net interest income rose by KRW 525 billion or 5.7%, to KRW 9,722 billion on the strength of the solid growth of quality loan and profit-focused rebalancing of loan portfolio, despite contraction in net interest margin(NIM) following a 75bp of the Bank of Korea rate cut. Group non-interest income rose by KRW 535 billion or 23.9%, to KRW 2,770 billion mainly driven by a significant increase in fee and commission income across the non-banking subsidiaries. Brokerage fees expanded owing to increased stock trade volumes and effective sales strategies, and credit card fees expanded with strengthened marketing and cost savings efforts. As a result of the balanced growth of core income of banking and non-banking operations, the gross operating income reached KRW 12,493 billion in 2020, up by 9.3% year on year.

As for the expenses side, Group G&A expenses rose by KRW 565 billion or 9.0%, to KRW 6,833 billion. It was primary attributable to the increased ERP cost and M&A effects related to Prudential Life, Prasac, Bukopin and other overseas acquisitions carried out in 2020. Excluding these factors, G&A expenses on a recurring basis remained within a manageable range. Group provision for credit losses amounted to KRW 1,043 billion, up by KRW 373 billion or 55.7%. It was mainly attributable to the preemptive provisioning against COVID 19, amounting to KRW 377 billion in 2020, excluding such preemptive provisioning, provisioning for credit losses remained flat. Group credit cost recorded 0.26%, but excluding such preemptive provisioning, credit cost stood at just 0.20% level.

In asset quality, group NPL ratio(based on simple arithmetic sum of each domestic subsidiaries), fell by 0.08%p to 0.41% over the year, while NPL coverage ratio posted 168.6%, up by 21.5%p, proving solid asset quality to absorb losses against economic headwinds going forward.

Group BIS and CET1 ratios under Basel III recorded 15.28% and 13.30%, respectively, maintained the industry's top tier position on the back of solid earnings generation and strategic capital management including

issuance of supplementary capital, despite increase in the risk weighted asset following loan growth.

## Key Financial Indicators

	(%, %p)		
	2020	2019	YoY
ROA	0.61	0.66	(0.05)
ROE <sup>1)</sup>	8.79	8.98	(0.19)
Basic EPS (KRW)	8,809	8,451	4.2
Group NIM (Bank + Card)	1.76	1.94	(0.18)
Bank NIM	1.51	1.67	(0.16)
Cost-Income Ratio(CIR)	54.7	54.9	(0.2)
Credit Cost Ratio(CCR)	0.26	0.20	0.06
NPL Ratio <sup>2)</sup>	0.41	0.49	(0.08)
NPL Coverage Ratio <sup>2)</sup>	168.6	147.1	21.5
BIS Ratio	15.28	14.48	0.80
CET1 Ratio	13.30	13.58	(0.28)

1) Based on return on common equity

2) Based on simple arithmetic sum of each subsidiary's figures (excl. overseas local subsidiaries, overseas equity investment, SPC, etc.)

## Group Financial Position

KB Financial Group's total assets amounted to KRW 610.7 trillion as of the end of 2020, increased by KRW 92.2 trillion or 17.8%, primarily attributable to solid growth in loans of the bank and M&A effect such as Prudential Life and Prasac. Loans rose KRW 36.7 trillion to KRW 377.2 trillion, mainly driven by a balanced qualitative growth of household and corporate loans. Moreover, financial investments grew KRW 26.9 trillion on the back of the consolidation effects of Prudential Life and the group-wide strategic moves to expand securities investments. Group AUM amounted to KRW 339.0 trillion, up by KRW 67.9 trillion, as a result of KB Securities' efforts to increase investor's deposit as well as increase in AUM of KB Asset Management. Accordingly, the Group total assets including AUM amounted to KRW 940.4 trillion, up by KRW 150.6 trillion or 19.1% over the year.

## Group Financial Position

	(KRW in trillions, %)		
	2020	2019	YTD
<b>Assets</b>	610.7	518.5	17.8
Cash & Due from Financial Institutions	25.6	20.8	23.1
FVTPL <sup>1)</sup> Assets	61.0	53.5	14.0
Financial Investments	98.7	71.8	37.5
Loans	377.2	339.7	11.0
Property & Equipment	8.0	7.9	1.3
Other Assets	40.2	24.8	62.1
<b>Liabilities</b>	567.3	479.4	18.3
FVTPL <sup>1)</sup> Liabilities	11.8	15.4	(23.4)
Deposits	338.6	305.6	10.8
Debts	49.8	37.8	31.7

	(KRW in trillions, %)		
	2020	2019	YTD
Debentures	62.8	50.9	23.4
Other Liabilities	104.3	69.7	49.6
<b>Shareholder's Equity</b>	42.5	38.5	10.4
Share Capital	2.1	2.1	-
Hybrid Securities	1.7	0.4	325.0
Capital Surplus	16.7	17.1	(2.3)
AOCI <sup>2)</sup>	0.6	0.3	100.0
Retained Earnings	22.5	19.7	14.2
Treasury Shares	(1.1)	(1.1)	-
Non-Controlling Interests	0.9	0.6	50.0
<b>Group Total Assets<sup>3)</sup></b>	940.4	789.8	19.1
<b>AUM<sup>4)</sup></b>	329.2	271.1	21.4

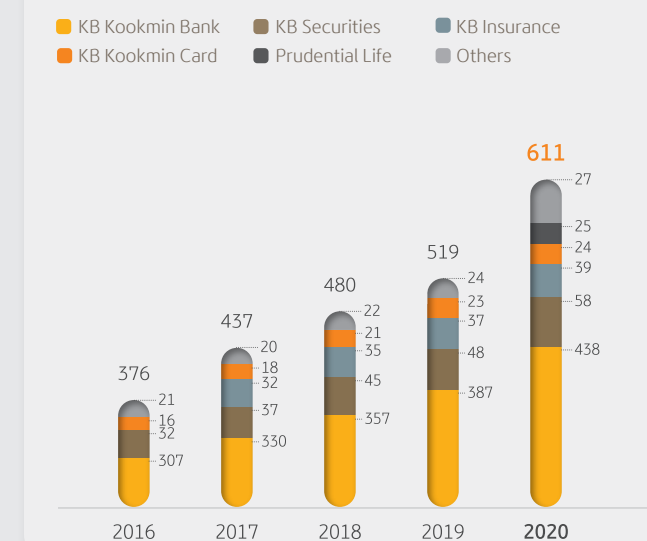
1) Fair value through profit or loss

2) Accumulated other comprehensive income

3) Based on simple arithmetic sum of each subsidiary's total assets on the financial statement for group reporting and AUM

4) Including the Bank's trust assets not subject to group reporting

## Group Total Assets



KB Kookmin Bank's total assets amounted to KRW 438.4 trillion, up by KRW 51.0 trillion or 13.2%, from the previous year. Loans in won rose 9.9% to KRW 295.5 trillion attributable to balanced and qualitative growth of the household and corporate sectors: Household loans rose 9.5% on a solid growth with prime Jeonse loans and unsecured loan; and corporate loans grew 10.3% on a balanced increase in SOHO, SME and large corporate loans.

## KB Kookmin Bank Loans in Won

	(KRW in trillions, %)		
	2020	2019	YTD
Household	161.9	147.9	9.5
Mortgage	86.0	77.2	11.4
General	75.9	70.7	7.4
Corporate	133.6	121.1	10.3
SME	114.1	103.3	10.5
[SOHO]	76.8	69.2	11.0
Large Corp. etc.	19.5	17.8	9.6
<b>Total</b>	295.5	269.0	9.9

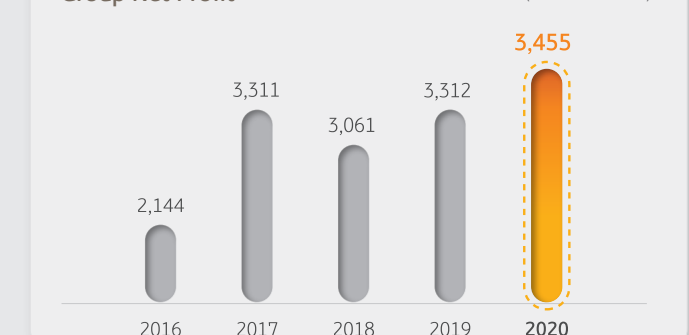
## Profitability

KB Financial Group's net profit for 2020 amounted to KRW 3,455 billion, up by 4.3% year on year. Notwithstanding challenges and uncertainties surrounding business environment, we saw a balanced improved earnings fundamental across banking and non-banking business. Net interest income firmly increased driven by solid loan growth, despite NIM contraction following sustained low rate environment, and fee and commission income from non-bank subsidiaries improved meaningfully as well. Meanwhile, our inorganic growth through M&A brought visible results leading to sustain solid fundamentals.

## Group Profitability Overview

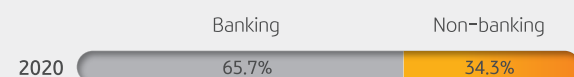
	(KRW in billions, %)		
	2020	2019	YoY
Net Interest Income	9,722.3	9,196.8	5.7
Net Fee & Commission Income	2,958.9	2,355.0	25.6
Other Operating Profit	(188.6)	(119.9)	N.A
Gross Operating Income	12,492.6	11,431.9	9.3
G&A Expenses	6,833.2	6,271.0	9.0
Provision for Credit Losses	1,043.4	670.3	55.7
Net Operating Profit	4,616.0	4,490.6	2.8
Net Non-Operating Profit	145.6	43.3	236.3
Profit for the Period	3,502.3	3,313.2	5.7
<b>Profit attributable to controlling interests</b>	3,455.2	3,311.8	4.3

## Group Net Profit





## Banking vs Non-banking



\* Based on net profit on a recurring basis

Net interest income amounted to KRW 9,722 billion, up by 5.7%, despite a contraction in NIM following the Bank of Korea rate cut by 75bp. This is primarily attributable to solid loan growth of the bank, which helped to secure stable earnings base and the result of inorganic growth through M&As. Group and Bank NIM recorded 1.76% and 1.51%, respectively, contracted by 0.18%p and 0.16%p year on year, both reflecting the effect of low interest rate followed by key rate cut. Even in a situation where asset yield contraction continued following the interest rate decline, our NIM was relatively well defended owing to continued margin management efforts. We will make all our efforts to manage our NIM by increasing core deposits utilizing our superior sales capability, channel competitiveness and applying more selective loan pricing strategy.

The Group's net fee and commission income was KRW 2,959 billion, increased by KRW 604 billion or 25.6% year on year, providing a big support to the group's core earnings growth. Such growth in net fee and commission was driven by sizable increase of KRW 347 billion from brokerage fees in the securities business with increased average stock trading volume, as well as expanded credit card fees on the back of robust marketing and cost savings efforts, which led to better performances from non-bank subsidiaries. As such, quarterly net fee and commission income was around KRW 500 billion level in the past, but now has expanded to around KRW 800 billion since the beginning of the year, continuing to show solid growth.

Group G&A expense recorded KRW 6,833 billion, up by 9.0% year on year. It was mainly attributable to sizable ERP cost of KRW 344 billion and M&A effect, amounting to KRW 243 billion, following the acquisition of Prasac, Prudential Life and Bukopin in 2020. The rise may seem significant this year, if excluding special items like the ERP expense and the M&A impact, G&A expenses, on a recurring basis, increased by 2.6% year on year.

In 2020, group cost-income ratio(CIR) remained almost unchanged from the previous year at 54.7%, despite scaled-up ERP and M&A-related cost, which is attributable to improved revenue generation and group-wide cost control efforts. In particular, CIR for 2020, on a recurring basis, stood at 49.4% level, demonstrating a continued downward trend for the past 5 years. We plans to manage CIR to a mid-40% level, by expanding revenue sources and cost control from the zero-based perspective.

The provision for credit losses amounted to KRW 1,043 billion, up by KRW 373 billion, mainly due to preemptive provisioning against COVID

19, amounting to KRW 377 billion, applying conservative forward looking criteria against COVID 19 induced uncertainties and preemptive reclassification of stage 1 loans to stage 2 loans; Excluding such preemptive provisioning, it remained flat to the previous year level.

2020 Group credit cost slightly inched up over the year to 0.26%, mainly due to aforementioned preemptive provisioning. Excluding such preemptive provisioning, credit cost stands at just 0.20% level and is still being managed at a stable level. With prolonged COVID 19, there has been increasing concerns about asset quality. However, in order to preemptively prepare for these uncertainties and to improve our capability to respond, we have additionally provisioned conservatively to secure a buffer. At the same time, we have considerably stepped up our risk management efforts by reinforcing our risk management system by industries and borrowers type, and strengthening monitoring for vulnerable borrowers. As such, we believe that our asset quality will be managed stably.

By subsidiary, KB Kookmin Bank's net profit amounted to KRW 2,298 billion, fall by KRW 141 billion from the previous year, mainly due to sizable ERP cost increase and preemptive provisioning related to COVID 19, even net interest income expanded driven by solid loan growth and M&A effects such as Prasac and Bukopin, and income from securities, derivatives and FX meaningfully improved on the back of our efforts to increase invested assets and improve portfolio diversification. Noteworthy the financial results of Prasac, consolidated from April 2020, contributed to the group's earnings approximately KRW 83 billion for the year. As for now, the net profit contribution of global business was 5% level of net profit of the bank, but we expects to grow substantially.

Meanwhile, the G&A expenses amounted to KRW 4,201 billion, up by KRW 314 billion, which reflects KRW 302 billion of ERP cost for 810 employees and an additional G&A expenses related to the acquisitions of Prasac, Bukopin and other overseas institutions which have been included as bank subsidiaries. Bank CIR inched up over the year to 53.6% on the aforementioned ERP cost and M&A-related expenses; but, CIR on a recurring basis stood 47.2%, which represents its continued downward move following cost reduction efforts. Provisions for credit losses posted KRW 484 billion, up by 380 billion from the previous year, mainly due to the preemptive provisioning related to COVID 19, but excluding this, it managed at a stable level.

## KB Kookmin Bank Profitability Overview

	(KRW in billions, %)		
	2020	2019	YoY
Net Interest Income	6,754.8	6,363.8	6.1
Net Fee & Commission Income	1,067.9	1,133.3	(5.8)
Other Operating Profit	14.0	(178.0)	N.A
Gross Operating Income	7,836.7	7,319.1	7.1
G&A Expenses	4,201.3	3,887.4	8.1
Provision for Credit Losses	484.3	103.5	367.9
Net Operating Profit	3,151.1	3,328.1	(5.3)
Net Non-Operating Profit	(19.3)	(9.6)	N.A
<b>Profit for the Period</b>	<b>2,298.2</b>	<b>2,439.1</b>	<b>(5.8)</b>

In 2020, KB Securities' net profit increased by KRW 168 billion from the previous year to KRW 426 billion, due mainly to a sizable increase in brokerage fees supported by robust stock trade volume growth and all-out sales efforts. By business sector, WM boosted its earnings performance with a huge increase in brokerage fees an effective efforts at expanding its individual customer market share pushing the Prime Club service; S&T struggled in performance against a COVID 19-induced financial volatility hike in the first quarter, but quickly recovered thought the year, as the financial market regained its footing; and IB strengthened its market position not only in DCM but also ECM and M&A as well on the back of the competitive edge-sharpening efforts over the years. As a result, KB Securities' ROE reached a laudable 8.8% level.

KB Insurance's net profit posted KRW 164 billion, decreased by KRW 70 billion from the previous year, owing to a decrease in investment income, resulted from impairment losses of overseas alternative investment, triggered by COVID 19-induced economic downturns. On the other hand, embedded value as of end of 2020, grew 18.1% over the year to about KRW 7.8 trillion on the strength of value-driven management approaches focusing on the value of new purchased contract. Loss ratio recovered by 0.5%p to 85.5% due mainly to a 7.3%p improvement in auto insurance loss ratio following a reduction in accidents on the back of COVID 19.

KB Kookmin Card's 2020 net profit amounted to KRW 325 billion, which represents a slight improvement, as a result of its efforts at expanding market share with a focus on preferred customers, increasing card transaction volume and reducing marketing expenses.

## Net Profit by Subsidiaries

	(KRW in billions, %)		
	2020	2019	YoY
<b>Group Net Profit</b>	<b>3,455.2</b>	<b>3,311.8</b>	<b>4.3</b>
KB Kookmin Bank	2,298.2	2,439.1	(5.8)
KB Securities	425.6	257.9	65.0
KB Insurance	163.9	234.3	(30.0)
KB Kookmin Card	324.7	316.5	2.6
Prudential Life <sup>1)</sup>	55.7	-	N.A
KB Asset Management	57.3	48.9	17.2
KB Capital	141.6	117.0	21.0
KB Life Insurance	(23.2)	16.0	N.A
KB Real Estate Trust	66.9	61.7	8.4
KB Savings Bank	17.3	16.3	6.1
KB Investment	15.4	11.3	36.3
KB Data Systems	(1.7)	4.7	N.A
KB Credit Information	1.1	(0.3)	N.A

1) As Prudential Life became wholly-owned subsidiary of group as of Aug. 31, 2020, the financial results has been fully consolidated in Group's financial statements since Sept. 2020

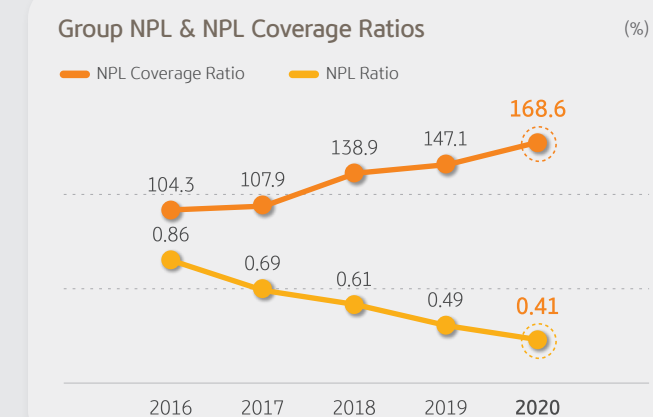
## Asset Quality

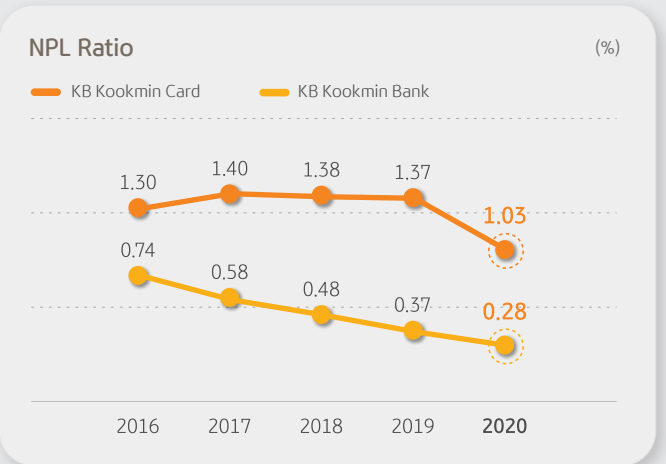
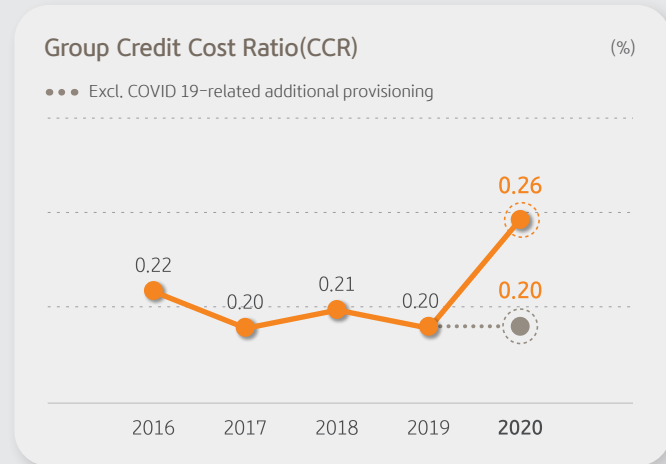
The Group's NPL ratio, based on the simple arithmetic sum of each domestic subsidiary's figures, came to 0.41%, decrease by 0.08%p, thanks to the conservative and preemptive risk management efforts we put forward over the years, amid growing concerns on deterioration in asset quality due to the prolonged COVID 19 pandemic. Group NPL coverage ratio is 168.6%, up by 21.5%p and NPL coverage ratio including reserves for credit losses stood at 345.9%, up by 44.1%p, demonstrating an improved capabilities to absorb losses against internal and external macro uncertainties going forward. Responding to uncertainties, we manage risks associated with our operations in a preemptive and forward looking manner, to improve its loss absorption capabilities;

Group Asset Quality<sup>1)</sup>

	(KRW in billions, %)		
	2020	2019	YoY
Total Loans for NPL classification	366,427.8	334,552.5	9.5
Precautionary	2,379.2	2,608.4	(8.8)
Substandard	653.5	662.5	(1.4)
Doubtful	557.1	700.9	(20.5)
Estimated Loss	280.4	288.4	(2.8)
Substandard & Below Loans(NPL)(A)	1,491.0	1,651.8	(9.7)
NPL Ratio	0.41	0.49	(0.08)%p
Loan Loss Reserves	2,513.6	2,430.0	3.4
NPL Coverage Ratio I (B/A)	168.6	147.1	21.5%p
Reserves for Credit Losses (C)	2,643.1	2,555.2	3.4
NPL Coverage Ratio II [(B+C)/A]	345.9	301.8	44.1%p

1) Based on simple arithmetic sum of each subsidiary's figures (excl. overseas local subsidiaries, overseas equity investment, SPC, etc.)





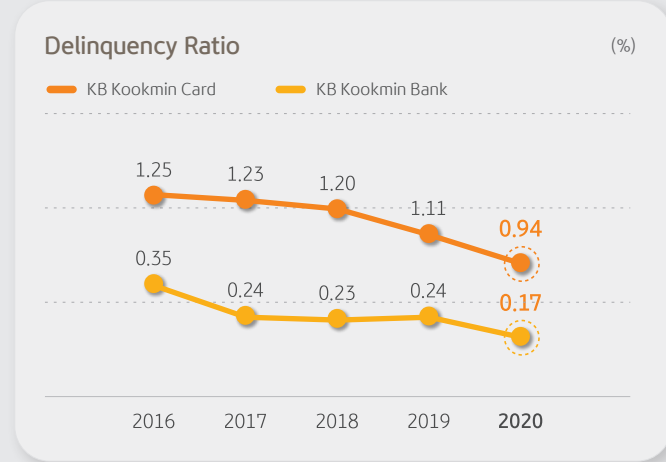
KB Kookmin Bank's delinquency and NPL ratios posted 0.17% and 0.28%, respectively, improved by 0.07%p and 0.09%p, attributable to its preemptive efforts to rebalance the loan portfolio reducing potential NPLs and reinforced risk management. NPL coverage ratio was 165.2%, NPL coverage ratio including reserve for credit losses stood at 407.4%, both representing sound asset ability to absorb any losses related to macro uncertainties going forward.

KB Kookmin Card's delinquency and NPL ratios recorded 0.94% and 1.03%, respectively, improved by 0.17%p 0.34%p despite growing concerns on asset quality deterioration following the prolonged COVID 19. NPL coverage ratio posted 320.0%, and NPL coverage ratio including reserves for credit losses, stood at 457.1%, both well above a confidence-inspiring level.

### Capital Adequacy

The Group's BIS and CET I ratios under Basel III are recorded at 15.28% and 13.30%, respectively, both in the industry's top tier level, on the back of an early adoption of Basel III as well as the solid accumulation of net income, strategic capital management including issuance of supplementary capital, despite increase in risk weighted assets following loan growth and acquisition of Prudential Life.

KB Kookmin Bank's BIS and CET I ratios under Basel III are recorded at 17.78% and 15.10%, respectively, up 1.93%p and 0.73%p from the previous year.



### Group Capital Position

(KRW in billions, %)

	2020	2019	YTD
BIS Capital	40,080	36,995	8.3
Tier 1 Capital	36,896	35,426	4.1
CET 1 Capital	34,886	34,710	0.5
Tier 2 Capital	3,184	1,569	102.9
Risk-weighted Assets	262,349	255,549	2.7
BIS Ratio	15.28	14.48	0.80%p
Tier 1 Ratio	14.06	13.86	0.20%p
CET 1 Ratio	13.30	13.59	(0.29%p)

### KB Kookmin Bank BIS Ratio

(%)

	2020	2019	YTD
BIS Ratio	17.78	15.85	1.93%p
Tier 1 Ratio	15.42	14.68	0.74%p
CET 1 Ratio	15.10	14.37	0.73%p

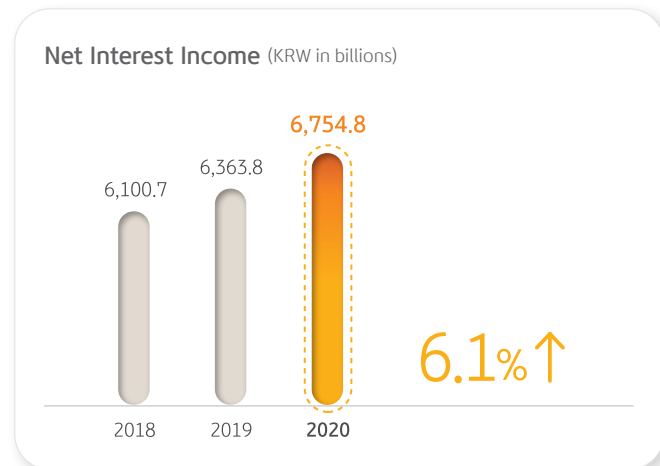
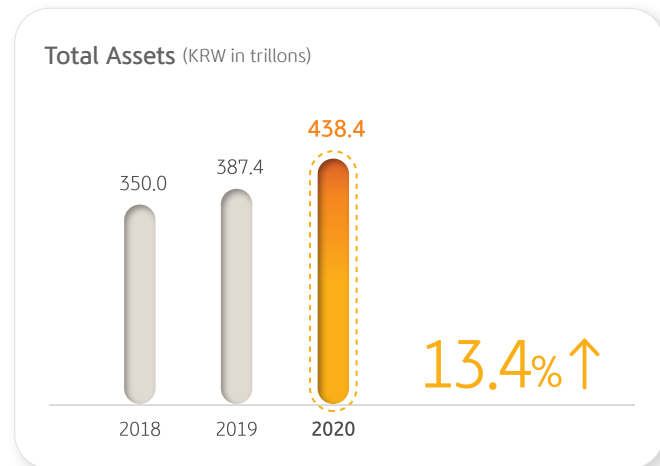
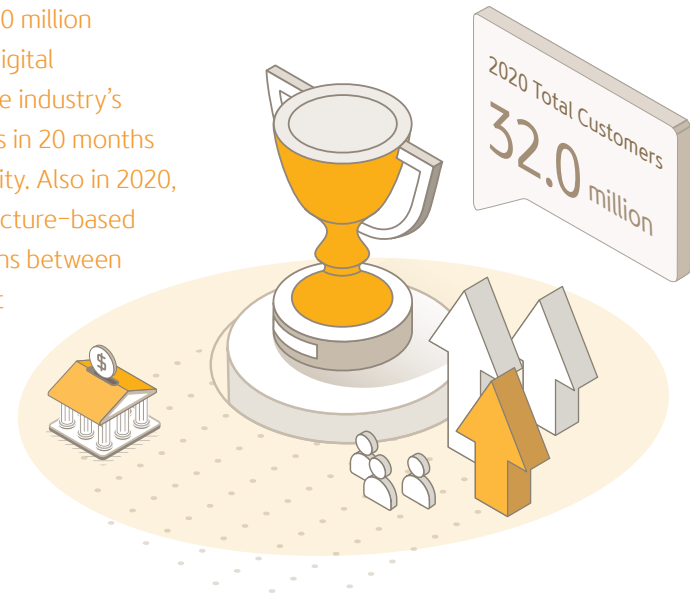
# OPERATION REVIEW

KB Financial Group continues to place the highest priority on customer value and is committed to leading the industry not only as evidenced by its financial figures but also in all other areas of its business.



# KB Kookmin Bank

As of end of December 2020, KB Kookmin Bank reached 32.0 million customers and established the highest level of branch and digital banking network in the industry. 'KB Mobile Certification, the industry's first private ID verification service, attracted 7.3 million users in 20 months from the roll out, a clear testament to its usability and security. Also in 2020, we completed 'The K Project', a next-generation IT infrastructure-based digitalization project, bringing to reality seamless connections between online and offline spaces, and creating a digital environment that stands apart.



## Digital Finance

### Creating a platform from a customer perspective

In 2020, KB Kookmin Bank laid the basis for transforming into a financial platform company that can fast adapt to market and environment changes. We overhauled the operating structure into a platform-focused organization where the business and technological units can closely work together. Through such a platform organization, which is synonymous with a DevOps organization where planning, development and operation all take place simultaneously for enhanced customer experience, we will accelerate our digital innovation drive. The infrastructure of our banking operations also underwent digitization: 'The K Project', a next-generation IT system comprising AI, big data, and cloud technologies, went into a full operation mode, providing hyper-connected financial services seamlessly linking branches, call centers, mobile and many other channels.

In 2021, the financial industry is expected to see big changes take place, as implementation of MyData business, amendment of the Electronic Financial Transaction Act and launch of payment businesses.

In response to such competition-intensifying developments, KB Kookmin Bank will secure a position of advantage in the banking market and ride the digital wave to being a solid No.1 financial platform company. To this end, we will first consolidate diverse platform functionalities dispersed throughout group operations onto KB Star Banking and Liiv, and retool the core platforms to create new customer value and business synergies. Also, by further upgrading the platforms to the extent that they'd be optimized for mobile banking as well as by constructing an open infrastructure, we will lay a base that is flexible to adoption of new technologies.

With respect to content, we will strengthen MyData-based asset management practices, develop products and services by customer segment, and expand KB Mobile Certification-based business. Also, by

nurturing the platform organization to take root, we will plant an agile corporate culture that can proactively reflect the fast-evolving customer needs and propensities in our daily business operations; and by developing digital technology experts using diverse avenues of education and training, will further solidify the base for incorporating platform business.

### The K Project for the next leap forward

The K Project was successfully completed in 2020 as part of the group strategy to lead the industry in digital innovation and leap toward a future where the brand KB will be synonymous with innovation. The K Project is crucial to completing KB Kookmin Bank's digital transformation. A next-generation computational system based on an advanced IT infrastructure of AI, big data, and cloud computing, the project supports seamless connections among various on/offline channels and offers a digital banking experience unimaginable a few years ago. With the successful completion of the project, we have secured an infrastructure that proactively responds to changes in the business environment, enables employees to improve their job performance on the basis of the seamless work support they receive, and offers customers a wide range of financial services each customized to their individual needs and preferences.

### KB Mobile Certification with growing users

In 2020, amended Digital Signature Act took effect, setting off the race for dominance in a potentially explosive digital authentication market. KB Kookmin Bank also jumped in the race with the roll out of 'KB Mobile Certification'. The first and only ID authentication service introduced by a financial institution, KB Mobile Certification is not only advanced in security but also superior in user convenience: unlike the government-authenticated certificate, which involves a complex and time-consuming process that often requires tedious revalidations and multiple passwords, our authentication system requires a relatively simple process available through KB Star Banking. Using KB Mobile Certification Service, customers can conduct not only mobile but also web-based internet banking by tethering their phones. As of the end of 2020, the KB certification service was applied to six financial services platforms of five KB subsidiaries. Having surpassed a 7.3 million milestone in number of users in 20 months of roll out, KB Mobile Certification will be upgraded to enable its fast growing users to conduct banking, securities, card, insurance and all other financial services under group umbrella with the comfort of using one contactless channel, effortlessly.

### Real estate data platform high in usability

In January 2021, we introduced a cloud-based 'Liiv Real Estate' app, an upgrade to the existing real estate platform 'Liiv On'. Compared with its predecessor, Liiv Real Estate is superior in app operation speed and other basic performance functionalities: the real estate listing has vastly expanded with a curator feature that, with a few clicks of buttons, shows pictures, videos and data not only of properties but nearby and surrounding complexes as well. Such visual materials and property data are produced in-house and also shared via diverse SNS channels, including Naver TV, Kakao TV, YouTube, Facebook.

### KB Mobile Certification



**7.3 million users**

KB Mobile Certification, Korea's first private ID verification service reaching 7.3 million users in 20 months of roll out

### MVNO-based financial and telecommunication platforms

'Liiv M' is a finance and telecommunication hybrid platform of KB Kookmin Bank, the industry's first of its kind. The platform offers high quality telecommunication services at affordable prices as well as secure and convenient financial services. In 2020, we introduced a variety of such financial and telecommunication services developed to diverse customer needs, as 'More Giving Liiv M Installment savings', 'More Giving LTE Plan', MVNO-based 'Membership Service', and other innovative phone package services for younger and more socially active customers. As of the end of 2020, active subscribers of '11GB+ LTE', the main phone plan package, numbered some 66 thousand, while the special LTE plan package of 'Narasarang' signed up 8 thousand subscribers in three months from the roll out. With growing customers of MVNO fueling the growth of the MVNO market, competition among mobile network operators is expected to further intensify. In response, we plan to preoccupy the market with introduction of phone financing services, and to stay ahead in price competition, will continue to develop special phone plans targeting its captive customers.

## Retail Banking

### Strengthening market dominance and leading change

In response to an intensifying banking industry competition, a COVID 19-induced increase in demand for contactless financial transactions, and economic downturn, KB Kookmin Bank focused on the following actions: overhauling a group customer loyalty program, KB Star Club; strengthening customer management with exclusive services for prime customers; expanding non-financial preferred service benefits for prime customers; introducing special benefit programs and target campaigns aimed at enhancing loyalty among prime and longer-term customers.

To expand KB's dominance in retail banking, we launched MZ generation-tailored deposit package products; savings products combined of finance, ESG and telecommunications; and loan products for the newly wed, pensioners, military personnel, foreigners, KB Star Club members and other customer segments. We also reduced funding costs and expanded the base for stable funding by increasing retail core deposits and attracting settlement-type accounts. To spur online

product sales, we carried out target sales activities based on internal and external customer data, built systems for marketing hub EBM, developed potential online customers, conducted a CRM campaign, and realigned products, services and processes toward expanding the boundary of contactless sales channels.

We also launched new products each followed by a sales campaign intended to raise public awareness of key financial issues and social trends: 'KB Clean Ocean' savings was introduced in June 2020, as a follow-up to the success of 'KB Clean Sky' savings rolled out in 2019; and 'KB My Fit Package', a savings product, launched in the same month for MZ generation. Also by developing or renewing products specialized by age, profession, nationality and other segment, we met diverse financial product needs and thus strengthened product differentiation and competitiveness.

In 2021, we expect to see the global and domestic economies slow down in growth rate and interest rates stay ultra low, following a protraction of COVID 19 and resultant uncertainties. Also expected is an intensifying competition in the financial industry. In response, we will establish customer management systems that are seamlessly connected through diverse channels; optimize the product lineup through expansion of partnerships and joint promotion products; adopt a bank-wide integrated marketing approach; maximize the marketing performance; secure a market dominance in the core areas of main operations; and bolster our unsurpassed competitive advantages in retail banking through seamless omni channel between on/offline processes.

#### Offering total WM management services in collaboration with KB affiliates

In addition to market dominance, KB Kookmin Bank is focused on product and service development through collaboration with its affiliates, offering one-stop asset management services that stand out among peers. Amid COVID 19-induced difficulties, we put a lot of effort into bolstering asset management services: supplying investment products; conducting asset management webinars; and operating ingenious contactless marketing programs employed, all developed to the needs of, and through active communication with, customers that evolved along with fluctuations in market volatility.

The direction for operating VIP Lounge, a channel through which customer-specific consulting service are offered, was redefined through the following steps: a reservation system for the VIP Lounge service was implemented at 42 branches on a trial basis; and branches offering the VIP Lounge service were increased from 380 to 488 over the year 2020. Also, with the establishment of 'KB PB Biz Innovation' plan, two branch-in-branch PB centers were launched, as well as PB Center-branch joint sales pilot program were implemented.

The optimization of the channel coverage of WM hybrid branches was pursued through the opening of six branches and the closure of one in line with the rationalization of securities branches. Bank-sourced WM product sales practices were revised; 'Happy Call' was created, a system for thanking customers for their business referrals; and other steps taken to improve the process of outsourcing WM products and of managing post-sale activities and to thus reduce risks associated with incomplete sales. Also efforts were made to improve customer-focused synergy evaluation standards in the interest of generating genuine synergies.

Asset management product sales were facilitated through the opening of four consulting centers in the PG 2.0-linked regions, followed by various customer segment-specific seminars and a one-on-one consulting service by asset management specialists. Asset management/advisory services were made popularized with the creation of a Youtube channel dedicated to KB wealth management. Such efforts to expand differentiated advisory services were made as the launch of a service guiding landowners through the intricate process of being compensated by the government for their land included in infrastructure development projects; a 'Legal Risk Assessment Service' targeting SMEs and CEOs was; and a 'Special Tax Service' for overseas Koreans.

Key strategic areas of WM to focus in 2021 include solidifying the WM base with a focus on customer value; bolstering the competitiveness of investment advisory services and the KB brand; strengthening the leadership in WM product competitiveness; pivoting from product sales to total asset management; and establishing investor rights protection systems.

### Corporate Banking

#### Fine-tuning CIB models and managing crisis situations

In corporate banking, KB Kookmin Bank focused on preemptive management of risks and on fine-tuning CIB models, actively responding to a continuation of COVID 19-induced market uncertainties. Amid challenging business situations, we pursued to establish a branch in Singapore, which is expected to become a Southeast Asian financial hub, with a plan to expand the localization of its sales force. Also, the risk factors of overseas alternative investments were preemptively managed, and asset and risk management operations were effectively implemented in line with developing market situations.

While continuing to execute an investment-driven IB strategy, we established a mid- to long-run roadmap, 'KB Green way 2030', declared an anti-coal policy, and joined the Equatorial Principles, thus reaffirming our leadership in ESG management. In support of the successful

implementation of the Korean New Deal, we established a detailed business strategy and accordingly carried out our key role as a leading financial institution. Besides, we won the Sejong Smart City project in collaboration with LG CNS, secured corporate restructuring projects, and achieved feats noteworthy in the strategic areas in the coming post COVID era.

We made our organization more agile and action-oriented, streamlining the decision-making process and leveling up the work process across all our operations. Specifically, we adopted a three-division system, instituting a healthy competition framework; bolstered the London IB unit with an addition of IB specialists; rationally improved performance evaluations by restructuring IB double counting systems and adopting the system of requiring minimum earning returns; and automated systems for managing real estate PF and fund assets, which resulted in efficiency improvements.

2021 plans for corporate banking include creating an IB unit at the Singapore branch and strengthening the branch's deal sourcing capabilities in the interest of building an organization optimized for the branch's transition to global IB. In investment-driven IB, deal sourcing will be strengthened based on a mid- to long-run investment plan, and income sources diversified through proactive securities investment. Policy and market changes will be proactively embraced, and market dominance strengthened through expansion of new business sales. To this end, ESG-related investment and finance will be further expanded and exposure to coal-related deals reduced on a continual basis.

### SME Banking

#### Bolstering productive finance support

In 2020, the Korean government focused on strengthening its "productive finance" support, inducing the financial industry to shift its funding support from the household and real estate sectors to promising SMEs on the forefront of innovation technology. In response, KB Kookmin Bank embraced such a policy shift and subsequently increased its SME loans by KRW 109 trillion in 2020, securing the largest market share. In particular, loans extended SMEs with high credit ratings grew 1.7%p over the year to 79.3% in proportion, as the result of which, the delinquency rate remained at a stable 0.15% as of the year-end.

#### Accelerating the digitalization of corporate banking in an contactless era

Accelerating the digitization of its corporate banking operations, KB Kookmin Bank is proactively responding to a rapidly evolving business environment. We upgraded 'KB bridge', an corporate banking app customized to policy funding, and reintroduced it as a non-financial services platform offering market analysis, business partner arrangement and other consulting services on business startup, tax, intellectual property and import/export; and improved 'Corporate Banking ACE', a sales app, with the addition of a network analysis-based search engine for finding prospective customers, enhancing the app's effectiveness as a sales tool. Moreover, the entire corporate credit process was digitized, from submitting loan application documents to evaluation, transaction

to follow-up documentation; and an automated credit evaluation model was developed in the interest of reducing work loads and streamlining the decision-making process.

### Global Operation

#### Global expansion achievements

In April 2020, KB Kookmin Bank successfully acquired a 70% equity stake in Prasac Microfinance. As of 2019, Cambodia's largest microfinance deposit-taking institution had some 180 branches nationwide, held a 41.1% market share as of the end of 2018, reported 28.2% in ROE and about USD 101 million in net income, and ranked 3rd in loan market share among all financial institutions including commercial banks in Cambodia.

In August, we also successfully completed the acquisition of Bukopin with a 67% stake in Indonesia's mid-sized bank. Since the July 2018, purchase of a 22% stake in the Indonesian bank, we had been focusing on ways to share our risk management, retail and digital banking, IT and other knowhow with Bukopin. At the same, we had been timing our emergence as the majority shareholder of Bukopin, and with full support from local financial authorities, were able to consummate the years-long undertaking. Also, with Indonesian subsidiaries of KB Insurance, KB Kookmin Card, KB Capital, and other KB affiliates, Bank Bukopin is laying the foundation for its transition to a bona fide financial group in the most populous ASEAN country. Established in 1970, Bank Bukopin covers the whole nation through a network of 434 branches and 850 ATMs, offering traditional retail banking services, including SME loan.

In December 2020, KB Kookmin Bank established a subsidiary in Myanmar, the country's first foreign-owned bank. In an ASEAN member with high growth potential, we plan to develop the subsidiary into a leading foreign bank that offers mortgage, digital finance, corporate banking, infra finance, other advanced one-stop financial services.

#### Energizing import & export banking

In 2020, KB Kookmin Bank signed with Korea Trade Insurance Corporation a business agreement to invigorate overseas trade finance for SMEs and mid-sized corporations. Per the agreement, trading companies, after submitting applications for trade finance, can receive from KB Kookmin Bank finance assistance with their guarantee and insurance payments. To enable such support, we plan to contribute a special fund to Korea Trade Insurance Corporation which, for its part, is to use the fund toward facilitating the foreign trade of SMEs and mid-sized corporations for four years to the tune of KRW 500 billion. Also per the agreement, the traders benefit from an expanded credit line and discounted interest and fee rates, and KB Kookmin bank ensure the stability of its trade finance business with a high-grade collateral thus secured. Going forward, we will actively keep in step with the government policy of supporting import/export businesses in response to COVID 19-induced crises.

Also, proactively reflecting fast-spreading contact-averse trends and related evolving customer needs, KB Kookmin Bank strengthened the lineup of online products and services. We rolled out 'KB-Easy Overseas





Remittance' enabling KB Star Banking customers to quickly send money overseas without going through their designated FX account service. To improve customer convenience in overseas remittance, we expanded the category of remittance purposes to include bestowal, overseas study and foreigner wages. For corporate clients, 'Foreign Currency Firm Banking Service' was introduced, through which clients can effectively manage their foreign currency holdings as well as transfer large amounts in foreign currency overseas with ease.

## Trust

In response to contracting investment sentiments and other challenging market conditions reflective of a plethora of COVID 19 uncertainties compounded by a government-imposed delay on large-scale ELT redemptions as well as limit on ELT sales, KB Kookmin Bank increased the supply of ELB, ABSTB and other principal-guaranteed products more attuned to the preferences of risk-averse investors; also expanded the ETF product lineup following a release of new products in line with a growing customer demand stoked by a recovering investment sentiment. In addition, strategic marketing activities were implemented and efforts continued to improve customer service in the interest of earning trust. As a result, revenue from trust products sold in 2020 amounted to KRW 163.8 billion. As of the year-end, the balance of money trusts amounted to KRW 26.0 trillion, which represents the industry's largest market share of 19.6%; and that of ELT stood at KRW 8.7 trillion, also the industry's largest of 33.6%. As such, KB Kookmin Bank held the largest trust balance among Korean banks, maintaining the industry's top position in revenue.

In 2020, we launched diverse specialty products as a way to build up the trust product lineup in line with customer needs and to strengthen product competitive: 'KB MyLife Trust' reflects an ageing population, lowering birth rates, 1-person households and other social changes taking place; 'KB Clean Ocean Trust' donates a portion of its proceeds to programs protecting marine ecosystems; and 'KB Life SOC Public Interest Trust' directs donations from local community organizations and members toward the maintenance and operation of daily-life infrastructures. The growing investor interest in ESG effects on corporate earnings performances was followed by a rush of funds into

related products: 'ESG Social Responsibility Investment ETF', the largest of domestic ESF products, exceeded KRW 100 billion in AUM, as of the end of 2020; and 'Korea New Deal ETF' was launched, which invests in the secondary battery, bio, internet and game sectors.

In 2021, anticipating a global economic recovery and glowing signs of ample liquidity, KB Kookmin Bank plans to improve profitability by increasing the supply of customer-tailored ELT products and expanding the sales of ETFs with high growth potential. Also planned is a pursuit of quantitative growth through expansion of the lineup of overseas real estate and other alternative products and property trust sales. Efforts will continue to develop new products and to upgrade asset management trust products to the stages of customer life cycle. Looking to retain customers and to enhance their loyalty in the mid to long run, we will advance customer-based asset management systems and improve complete sales of trust products and post sales customer relations management.

## Pension

As customers' lifetime financial partner working to cement the 'Pension No.1 KB' status, KB Financial Group seeks to improve the management of customer investment returns, offer specialty products that stand out, and support the management of customer pension assets based on integrated asset management systems of digital technology. At the Group level, retirement pension reserve accrued in 2020 exceeded KRW 5 trillion, a first among financial groups, amounted to KRW 33.1 trillion. Of the net increase, KRW 4.2 trillion was generated by KB Kookmin Bank, thereby maintaining the banking industry's best performance over the past three years.

To improve customer asset returns in the face of low interest rates, we are offering differentiated customer management services, including rebalancing pension asset portfolios, through a unit dedicated to managing customers and earning rates. In particular, by increasing the workforce at the 'Pension Asset Management Consulting Center', which offers a 1:1 consulting service, we improved the service for current and potential customers having problems managing their retirement assets. Also, by holding webinars on how to rebalance low-performing investment portfolios and TDF, we sought to improve the performance of portfolios consisting mostly of specialty pension and retirement products.

Also, new services and systems were offered to help pension customers better manage their accounts: 'Pension K-Bot SAM', an AI-based service recommending portfolios by customer need and preference; 'One-Stop Online Service' rendering fast and effortless all pension account activities, from account opening to transfer to payment receipt; 'Pension Retirement DC Mobile' for workers with DC plans too busy to visit the nearby branch; 'Pension Smart Document Service' making the account application paperless.

'KB Golden Life Center' was newly created, the industry's first consulting center dedicated to helping customer better manage assets for their retirement, in the interest of meeting growing needs of a fast-ageing yet increasingly affluent population in Korea. As a response to a COVID 19-induced customer demand for contact-free services, online retirement asset management seminars were regularly held, and non-face-to-face channels for retirement planning retooled to make them more customer-friendly.

In 2021, such new services and systems will be rolled out for the purpose of improving retirement and pension-related services as: 'KB Signature Report', a service offering a variety of information related to retirement asset management with an aim toward preventing customers from neglecting their assets; 'e-Vote', a system assisting with corporate clients' adoption of employee retirement plans; 'KB-Easy Direct System', for more efficient pension operations and thus improved customer experience; 'KB Golden Life X', a web-based integrated service offering healthcare, life, financial content for the more active and prolific X generation; and 'One-Click', a contact-less process for replacing products with another.

Also, the Retirement Asset Management Consulting Center will be further expanded for a more customer-friendly consulting service to be available in many regional bases; an asset management service will be offered through on/offline retirement asset management seminars, through which senior customers can communicate with asset managers with ease.

## Capital Markets

In 2020, amid fears of a global economic downturn and a continuation of volatility in the financial market, both induced by COVID 19, KB Kookmin Bank successfully issued a variety of sustainable debt instruments on the basis of its highest credit ratings among commercial banks and of a keen interest among investors.

The USD 500 million 5-year senior sustainability bond was issued in April 2020, drawing a lot of attention from ESG and international investors, and it was Korea's first foreign currency-denominated subordinated "COVID 19 Response" Sustainability Bond. Offering an interest rate of US 5-year treasury bond yield plus 150bps, the sustainability bond attracted some USD 3.9 billion in subscription, 7.8 times the target amount, from 181 institutions.

In July 2020, a EUR 500 million 5-year covered bond was successfully issued in a sustainability format, the first of its kind among domestic commercial banks, subscribed mostly by professional ESG investors and new investors of the Euro zone, which resulted in an expansion of the investor base. Compared to foreign currency-denominated subordinated bonds issued by

domestic commercial banks, the covered bond carries a lower funding cost of mid swap plus 40bps (YTM rate of 0.052%).

Another COVID 19 response sustainability bond was issued in October 2020: a USD 500 million 10-year Basel III-compliant tier 2 subordinated bond, successfully issued with the lowest rate of foreign currency-denominated subordinated bonds issued by domestic commercial banks. Over-subscribed by USD 2.6 billion by 135 global institutions, most of which were from US institutional investor. It contributed a great deal to widening the investor distribution base which had been comprised mostly of Asian and European institutions from US institutional investor.

For its successful sustainability bond issues in 2020, KB Kookmin Bank has not only secured new sources of capital, but also been duly recognized for a successful diversification of its investor base with an inclusion of socially responsible investors. Going forward, we will maintain our leadership in the ESG bond market through continual bond issuance.

In 2021, we will double our effort to expand the base for a quantum jump of the asset market business. While continuing efforts to upgrade the capabilities to manage the existing business, we will implement efforts to advance ALM/treasury management systems, bolster the global business infrastructure, build e-capital platform and continue other business innovation project.

## 2021 Plans

KB Kookmin Bank aims to grow into a foremost comprehensive financial services company based on the customer trust it has earned, pursuing solid future growth and sustainable management. To this end, we will more actively respond to market changes and customer needs and offer a customer experience they will find more innovative and more convenient than ever before. In CIB, capital markets, WM and global business, which have led our growth over the past year, we will further strengthen our market dominance and solidify the income base. In addition, offering total financial solutions capable of generating a reasonable level of income through comprehensive risk management of customer assets, and conducting diverse ESG activity as a responsible corporate citizen, we will stay ahead in improving public awareness of ESG management.

### Money Trust Depository



KRW  
**26.0** trillion

KB Kookmin Bank accounted for 19.6% of the total money trust AUM of Korean banks, maintaining the position of consistently having the largest AUM in the industry for several years

### Retirement Pension Reserves



KRW  
**33.1** trillion

Ranked first in net reserve increases among other pension operators for 3 consecutive years

### Korea's first COVID 19 Response Sustainability Bond

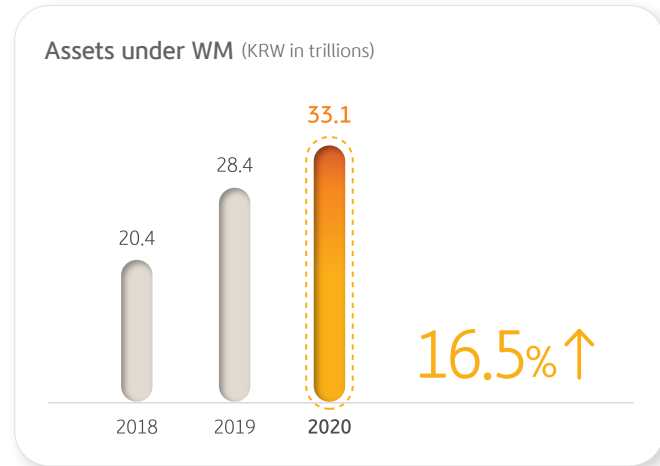


USD  
**500** million

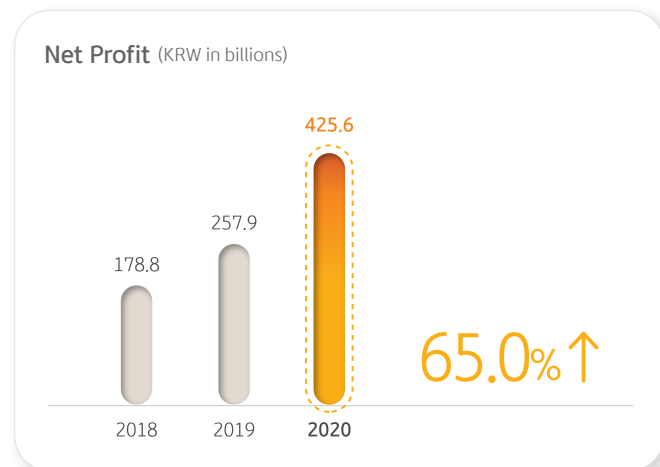
KB Kookmin Bank successfully issued a USD 500 million sustainability bond for the first time in Korea

# KB Securities

In 2020, despite COVID 19-induced drastic changes in the business environment, KB Securities increased brokerage fees and retail assets on the strength of Prime Club Service adopted and a sizable increase in new customers developed in the WM business; and made such noteworthy achievements in ECM, M&A and other IB sectors, as an uncontested No.1 position in DCM. In 2021, we will focus on bolstering core advantages, innovating mobile and platform-based business models, and strengthening ESG-centric sustainability management.



Despite COVID 19-induced difficulties in the business environment, KB Securities achieved meaningful results in all of its operations in 2020. In WM, individual trading volumes rose, a 'Prime Club' service was introduced and new customers increased, all contributing to a substantial increase in brokerage fee income. Financial product also continued to multiplied. We secured our DCM dominance and made meaningful achievements in ECM, M&A finance and all other IB sectors. In particular, we excelled in ECM, garnering LG Energy Solutions, Kakao Bank and other big IPO and rights issue deals; on the strength of such achievements do we plan to grow into a No.1 securities company in IB. In S&T, we increased incomes from our fixed income operations through a strategic response to a historically low interest rate environment; and in wholesale, expanded our slice of the institutional sales market, augmented commission incomes related to block deal/employee-owned stock orders, increased new business trades, and improved profits in the entire wholesale operations.



### Dominated DCM for the decade

KB Securities garnered 21.4% of the DCM market (by Bloomberg standard), thereby securing the top position in the DCM league table for a tenth year in a row. In addition to corporate bonds, we lead-managed the issuance of the industry's first movable asset-backed as well as KAMCO-guaranteed asset-backed corporate bonds, introduced the industry's first hybrid bond, and issued Arirang and Kimchi bonds, building up a formidable presence in diverse DCM areas. We also were in the forefront of ESG and global bond issuance for domestic business leaders, and of supplying promissory notes, the balance of which amounted to around KRW 3 trillion, by the end of 2020.

### Specialized digital asset management services

In February 2002, KB Securities opened 'Prime Center' offering professional asset management services via online and other non-face-to-face channels; and in April 2020, launched 'Prime Club' offering premium asset management-related information for a monthly subscription fee of KRW 10,000. Prime Club is the industry's first subscription-based asset management service offering a wide range of services, ranging from vital

investment information for small-amount investors and online customers via the MTS 'M-able' channel to PB's consulting services for those who need professional help. Its membership exceeded 160,000 as of the end of 2020, with customer assets surpassing KRW 3 trillion.

### Improving customer experiences

MTS M-able, KB Securities' leading mobile trading system, underwent two large-scale upgrade attempts, in February and June, 2020, for improvement in usability. As a result, the upgraded version features easy trading modes enabling even beginners to delve into stock trading online, a chat-based UX-centered account creation process, a home screen comprehensively showing a variety of trade information, a screen for overseas stock trading, and an improved process for trading financial products. Other customer satisfaction-enhancing additions include the industry's first sign-in process using a facial recognition technology and an open banking service enabling users to check the balance of, and transfer between, accounts at other financial institutions. As a result of these and other improvements, the number of newly created online accounts grew 241% in 2020, while the number of users of M-able averaged over 600,000 a month.

### Strengthening overseas stock brokerage services

With a growing interest in overseas stocks among domestic investors, we continued to make the trading of such stocks all the more easy and convenient: open/stop orders and algorithm trading, a functionality once reserved only for pension funds and other institutional investors, were made available in the mobile and home trading systems of ours; and the trading hours were extended by four and a half hours to accommodate the stock trading hours in the US. As a result of these and other additions, customer assets in overseas securities jumped 673% over the course of 2020 to KRW 29 billion.

### Increasing global footprints

KBSV, KB Securities' subsidiary in Vietnam, reported a pre-tax income of KRW 10 billion in 2020, the third year of its business. The subsidiary's earnings performance in IB and bond brokerage was particularly impressive, representing a 65% increase over the year. The subsidiary also played a key role in the launch of 'KB Fina', a digital financial platform. The Hong Kong subsidiary increase its bond brokerage income by 39% through Repo and other leverage operations, and by lead-managing KB Capital's USD bond issue, successfully completed the foreign currency-denominated bond issue. Thus buoyed, KB Securities plans to further expand its presence in overseas bond markets. The New York subsidiary increased in/outbound brokerage sales by 177%, and contributed to strengthen synergetic collaborations between KB Securities and Jefferies Group.

### 2021 Plans

With the start of 2021 welcomed by a robust stock market, the liquid market a few days ago continued its growth and the money move accelerated its ascendancy.

The year 2021 is expected to see the COVID 19-induced restrictive sales environment continue and competition among digital financial services providers intensify further. In response, KB Securities will focus on the following tasks.

Firstly, to level up our core competitive advantages, we will systemize customer-centric CPC strategies, and upgrade Prime Club into a best-in-class service and thus offer better-quality WM services to contact-averse customers.

In IB, with a focus on meeting growing post-COVID corporate needs for business restructuring, financial structure improvements and other related upgrades, we first will seek to achieve our triple-crown (DCM, ECM, M&A) goal; and through proactive response to toughened real estate regulations and the Korean New Deal, we will solidify our position as an IB leader.

In S&T, by leveraging our strengths in fixed income operations, we will bolster equity-related operations and thus increase revenues. In institutional sales, we will expand our market share in domestic and overseas institutional equity and passive sales through qualitative improvement of product sales.

Secondly, to further sharpen our digital edge, we will strengthen digital-based business competencies and push forward platform-based business models. To achieve this, we will develop new products by customer lifecycle phase based on a data-focused customer analysis, strengthen the M-able platform, and further expand digital ecosystems, all with an eye toward creating customer value in the contactless channel area as well as platform services that are innovative and convenient.

Lastly, we will continue revamping ESG management, which has become an essential part of sound corporate governance. With this in mind, we have created an ESG dedicated unit and set up an ESG roadmap in line with the ESG strategy of KB Financial Group; by continuing to reduce carbon emissions and increasing ESG-related investments and products, we will further internalize ESG management.

### Prime Club service



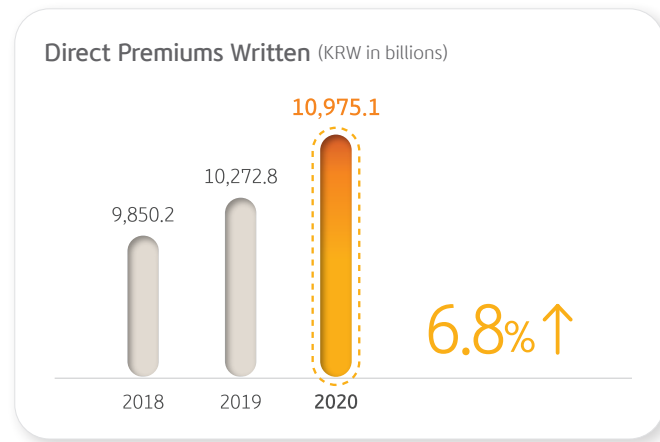
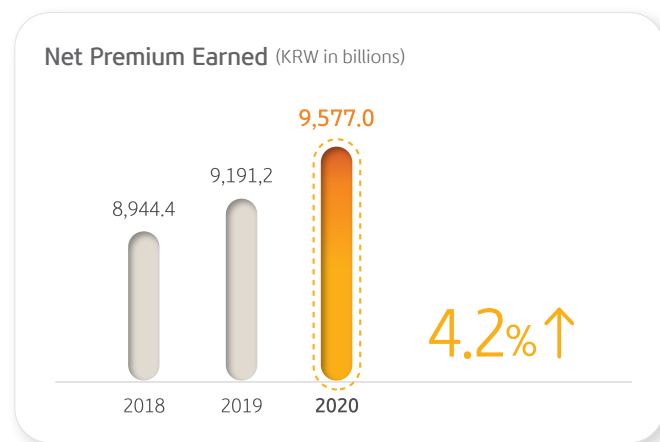
Exceeded  
**160,000** subscribers  
customer assets over  
**KRW 3 trillion**

KB Securities introduced Prime Club service, the industry's first subscription-based asset management service. The unique and advanced investment service continued to attract a growing number of subscribers



# KB Insurance

KB Insurance continues its steady growth toward the goal of becoming a No.1 insurer in customer preference that offers optimal indemnity products and one-stop financial services. Rated A by A.M. Best for its superior financial soundness and management capabilities, KB Insurance prides on its such best-in-class digital competencies as chatbot-based consulting, the industry's first AI based call center and mobile notification serve.



### Creating synergies at the Group level

In creating synergies in collaboration with its affiliates, KB Insurance expanded its use of the business infrastructure of the affiliates, enlarged the synergetic effects of planner channels, raised the front office's interest and participation in synergy creation. These synergy achievements are expected to lead to more tangible performance results in 2021. To review major synergy-related results in 2020, a joint

promotion with KB Kookmin Bank to steer customers toward paying insurance premiums through the bank account attracted some 105,000 accounts (85,000 new and 20,000 redirected) for the banking affiliate; a campaign encouraging employees to recommend KB Kookmin Card to their friends resulted in 610 new accounts for the card affiliate; and with the acquisition of Prudential Life, we formed a unit tasked with coordinating joint sales with the newly joined subsidiary.

In the first quarter of 2021, by jointly launching with KB Kookmin Cards new card products embedded with free insurance services, we plan to market the fetus policy through joint promotion of the new card. Also in March 2021, with respect to the card promotion campaign being actively conducted by our insurance brokers at the time of underwriting, we plan to revise the commission payout structure utilizing planner channels, which offers diverse benefits, such as filing their income tax reports for free, adding card issue-related DB to one of our apps, in order to make card sales easier for the reps.

### Long-term insurance

The market segment catering to ailing people continued to grow in 2020, reaching as high as 15% of the protection market, despite a decline in overall demand for relevant insurance products fanned by lowering birth rates and an ageing population. For its part, KB Insurance rolled out new-concept products for ailing people and strengthened the competitiveness of its GA channel, increasing its market share by 3.2%p to 13.6% over the year.

Also, our share of the cancer insurance market grew 13.3% to an overwhelming 27.0%, affirming our image as a leader of cancer insurance. The contributing factors include the industry's first product that covers drug expenses for experimental treatments, and other new-concept products that either exempt premium payments, refund a part of premiums paid, or guarantee other benefits.

Accordingly, new protection policies we sold in 2020 accounted for 12.1% in market share, up 0.6%p from 2019. Long-term insurance income for 2020 amounted to KRW 162.9 billion; and the difference between mortality profits and business costs increased KRW 24.9 billion, the result of our all-out efforts at securing income sources of changing the base rates and managing loss ratio.

### Auto insurance

In 2020, the auto insurance market increased 11.6% to KRW 19,551.1 billion on the backs of an increasing number of registered automobiles and of hikes in premium rate. The direct channel market, which in response to COVID 19, evolved increasingly toward contactless, soared 19.8% to KRW 8,517.4 billion. In auto insurance sales, KB Insurance posted KRW 2,610.6 billion in 2020, up 18.3% from 2019; and its market share rose 0.8%p to 13.4%. The CM channel, in particular, generated KRW 663.8 billion, up 59.5% over the year. The loss ratio of auto insurance came to 84.7%, a 7.3%p improvement from 2019.

### General insurance

In 2020, the domestic insurance market amounted to KRW 6,198.2 billion, of which, commercial lines accounted for 16.4%, or KRW 1,016.9 billion, up 0.4%p over the year. To diversify channels and thus stabilize sales, we sought to energize commercial lines via planner, branch and direct channels, in addition to the institutional sales channel run by employees.

In 2020, KB Insurance's loss ratio averaged 86.9%, a 11.2%p increase from 2019. The increase can be attributed to a rise in large-amount accident cases and an additional allocation to reserves set aside for the US branch. In response, in renewing KRW 500 billion plus policies maturing after September 2020, we reviewed associated risks up to six months prior and renewed only those deemed safe; and in a proactive response to natural disaster risks, we underwrote and held policies in accordance with their natural disaster risks.

### Investment asset management

In asset management, we focused on increasing asset/liability durations through the purchase of long-term risk-free bonds in preparation for adoption of K-ICS and new capital adequacy requirements. To mitigate an inevitable reduction in ROA following the extension of asset/liability durations, we shifted our investment focus to quality real estate and SOC-related assets and bond swaps. However, due to COVID 19-induced effects on the global financial market, we adopted the more conservative approach to make new overseas investments.

As a result, investment income decreased KRW 114.9 billion to KRW 844.3 billion in 2020, which represents an ROI rate of 2.85%. AUM rose 6.8% to KRW 30,988.3 billion. RBC-based asset/liability duration is projected to be around 12.1, up 1.5%p. Interest earning assets accounted for 93% of the portfolio, up 0.2%p, from the previous year.

### Risk management

The consolidated RBC ratio for 2020 posted 174.8%, 7.6%p lower than that of 2019, due to revised retirement accounting rules and interest rate increases. Available capital rose KRW 155 billion to KRW 3,812 billion and capital requirement grew KRW 177 billion to KRW 2,181 billion. The Risk Management Committee, was convened every quarter to deliberate and decide on major risk-related issues while the Risk Management Council convened monthly to discuss current situations and how to improve the major issues of general, long-term, auto and other insurance sectors. The three sub-councils of the Risk Management Council carried out detail discussions on matters related to products, interest rates, and management.

### Enhancing customer convenience

KB Insurance offers a digital technology-based customer experience that stands apart from peers'. We offer insurance claim service that is the most advanced in the industry, leading the industry enhancing customer convenience with digital technology. By introducing the industry's first mobile notification service in 2020, we have significantly improved customer convenience.

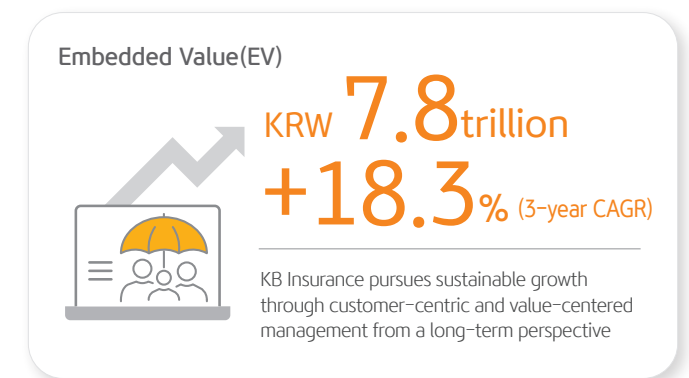
### 2021 Plans

The year 2021 is expected to see big tech companies enter the insurance market and such emerging risks increase such as natural disasters, new epidemics and cyber attacks. In response, KB Insurance will continue its pursuit of sustainable growth in all of its operations with a focus on customer-centric and value-focused competition and innovation.

In general insurance, to improve sales income, we will continue to push forward new property, indemnity and other policies high in profitability, through institutional sales channels. To accelerate the growth of sales from planner, GA and direct channels, we will develop products to the traits of different channels and further expand automated underwriting as a way to lessen the front office's work load. Also, to recover insurance incomes, we will strengthen the management of cumulative risks by disaster region and type using geographical data systems.

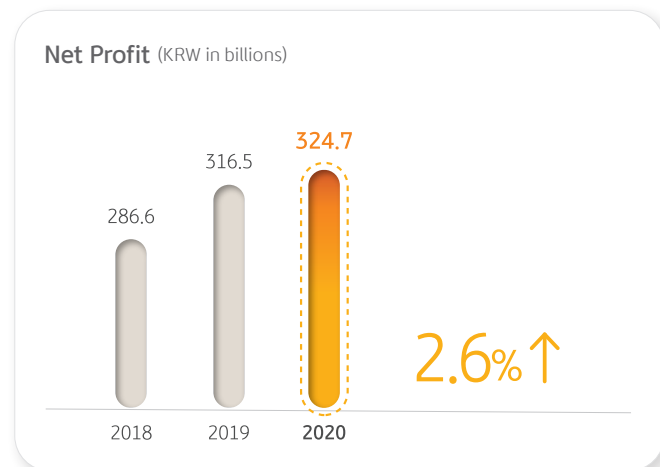
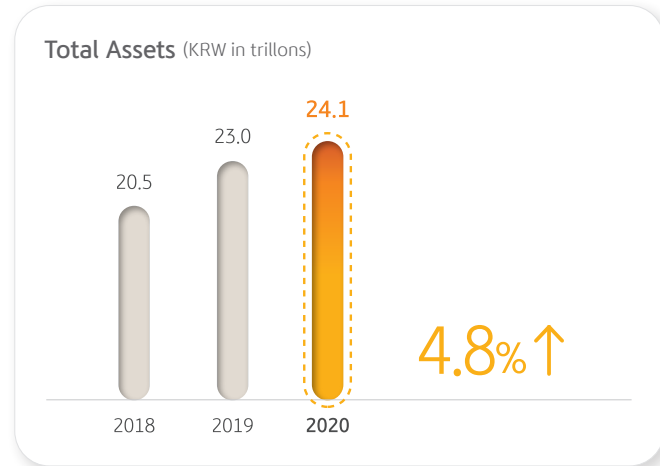
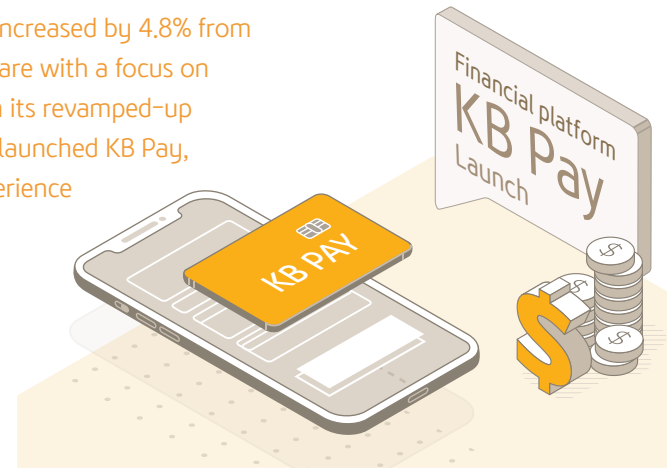
In long-term insurance, we will lead the market by developing comprehensive health and cancer insurance products, expand continued insurance premiums through insurance management by duration and category, and by expanding differentiated underwriting for hospitals, customers and organizations with a dubious claim history and fine-tuning early warning systems, will reinforce risk management and increase profitability.

In auto insurance, by focusing on direct sales, we will expand the sales with dedicated underwriting capabilities and by digitizing core processes across the value chain, will enhance cost efficiency, and to improve profit/loss ratio, will revise systems that can secure appropriate pricing and induce accident reductions.



# KB Kookmin Card

In 2020, KB Kookmin Card recorded 324.7 billion of net profit, increased by 4.8% from the previous year, as a result of its efforts to expand market share with a focus on creditworthy customers and reduce marketing costs as well. In its revamped-up efforts to overcome challenges from big tech and fintechs, we launched KB Pay, comprehensive payment platform, offering improved user experience and membership benefits. In 2021, KB Kookmin Card plans to push forward to further sharpen our competitive edge in the MyData business.



### Launching KB Pay with improved usability and scalability

KB Kookmin Card launched KB Pay, a comprehensive financial platform superior in usability and scalability and rich in financial and membership services, including money transfer and foreign currency exchange. A product combined of the advanced one-stop financial service capabilities and customer-centric digital technologies of KB Financial Group, KB Pay is expected to be an important cornerstone for KB Financial Group to transform into a No.1 financial platform company in the near future.

Customers can link to their KB Pay not only credit and debit cards but also bank accounts, gift certificates, rewards points and other non-card monetary sources as payment modes. Supporting Magnetic Secure Transmission(MST), Near Field Communication(NFC) and other communication protocols, the KB Pay service is unique in that it can be used even at offline merchants as readily as conventional plastic cards. Moreover, members can send money overseas, buy foreign currencies, and conduct other financial transactions without downloading an additional app. On the technology side, KB Pay can effectively respond to rapid changes in the market environment using token technology, cloud systems, and open APIs; and has the structure that allows for a seamless connection with diverse payment and financial services as well as service expansions.

### MyData service launched with Liiv Mate 3.0

Preparing for the implementation of amendments to three major data privacy laws, KB Kookmin Card rolled out 'Liiv Mate 3.0, an upgraded version of the membership platform, offering asset management, consumption analysis, customer-specific benefits and other MyData-related services. Liiv Mate 3.0 is unique in that its strengthened curation functionalities enable customers to link to diverse benefits best suited to their consumption patterns, recommending and advising on financial products most suitable to their needs based on analysis of their financial asset status and consumption data. Also, linked to financial asset data at some 130 banking, card, securities and insurance

companies, the upgraded financial platform also enables customers to check and manage their finances with ease, bringing the concept of personal finance management closer to reality.

### Global expansions

In February 2021, KB Kookmin Card completed the acquisition of a (50.99%) share of J Fintech, a Thai business specializing in consumer finance, including auto and credit. J Fintech also is the financial arm of Jaymart Group, which owns the biggest cellphone distribution and debt collection businesses in the Southeast Asian nation. J Fintech engages in credit, auto, card and other consumer-related finance business. Established in 2011, J Fintech has 18 branches and employs some 130 people. Noteworthy is that the acquisition is the first post-1998 financial crisis case where a Korean bank or credit finance company entered the Thai market through M&A, and is expected to pave a path through which KB Kookmin Bank and other KB affiliates can enter the fast-growing market.

### Earning industry's first A+ rating in governance evaluation

KB Kookmin Card is the first and only card company to earn an A+ in the governance category in the 2020 ESG evaluation of Korea Corporate Governance Service. The rating is an upgrade to the A grade awarded to us for the past two years in acknowledgement of our superior governance. The evaluation reviews shareholder rights protection, composition of the board of directors, internal controls, public announcement and other aspects of corporate governance as well as sustainable management, the odds of shareholder value to drop, and other aspects specified by industry authorities as governance standards for financial companies. The rating upgrade reaffirms our sustainable management and that exposure to risks that can harm shareholder value is very low.

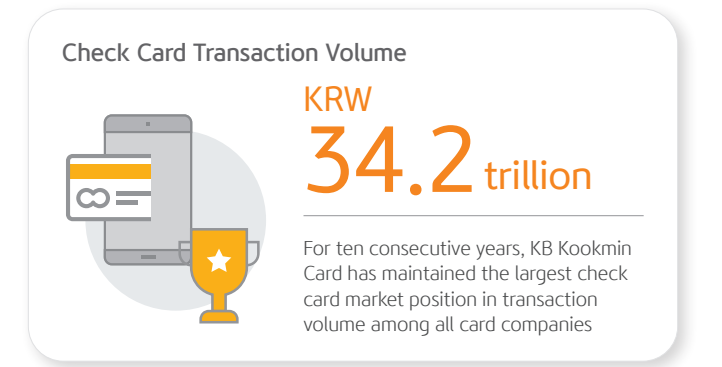
### 2021 Plans

Seeing changing business conditions as a watershed moment for new leap forward, KB Kookmin Card plans to push forward the following tasks in 2021:

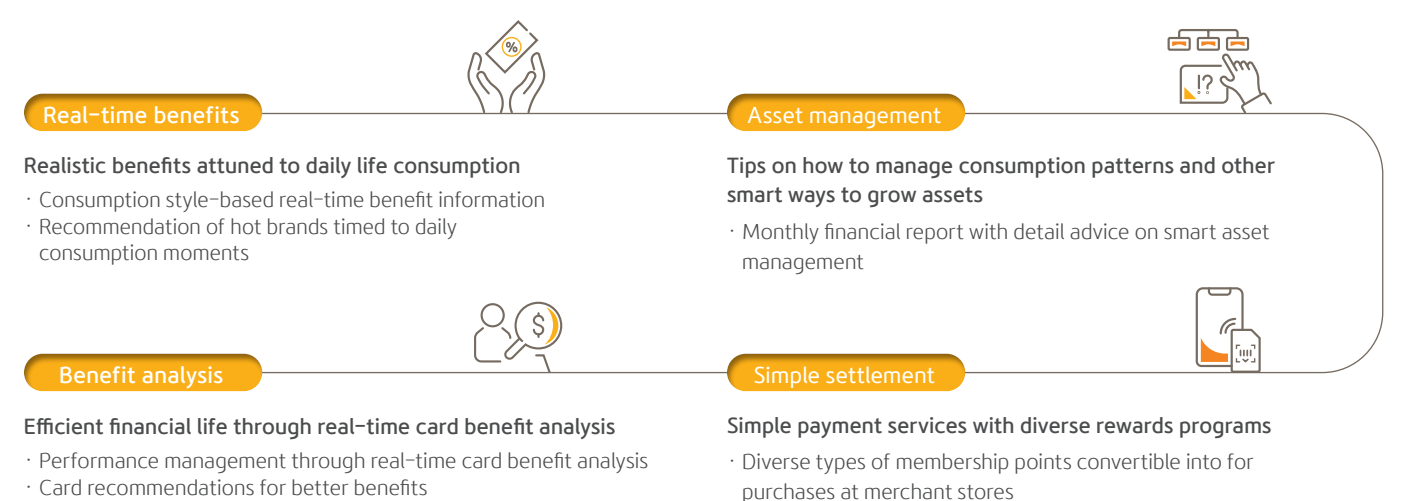
First, continue customer-centric management. We will advance customer management systems through hyper-individualized marketing, and create new customer experience through innovation of customers, products and channels;

Second, fortify the clear competitiveness in the financial platform market. We will demonstrate our unique capabilities in MyData business, which we plan to enter as a follow-up to our mobile payment platform business, with an eye toward being a leader of the all-inclusive financial platform market;

Third, expand the base for sustainable management through ESG management. We will be mindful of social and environmental impacts of our business ventures and fulfill our social responsibilities through financial services.



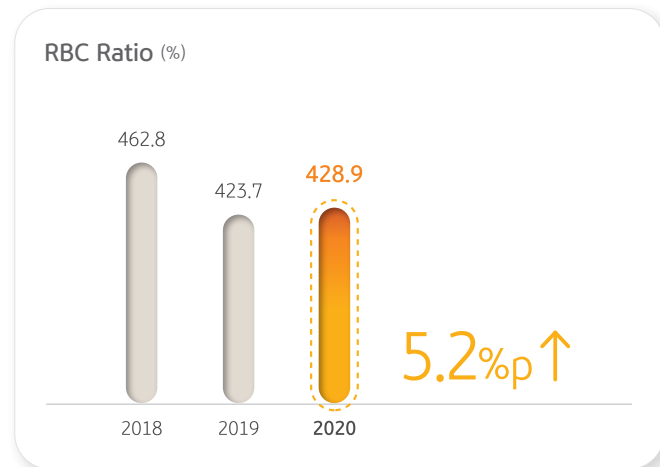
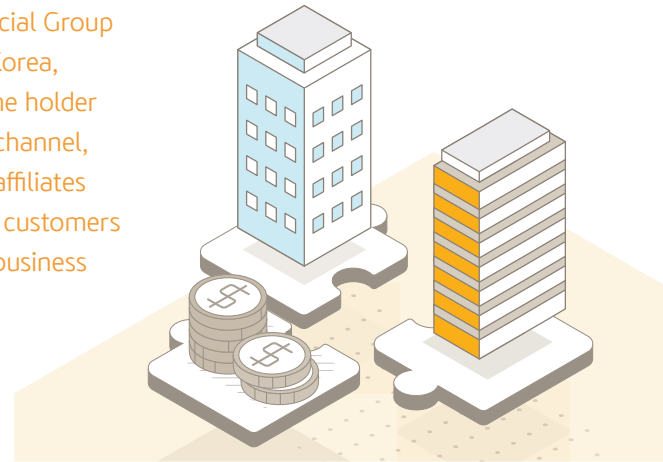
### Key Services of Liiv Mate





# Prudential Life Insurance

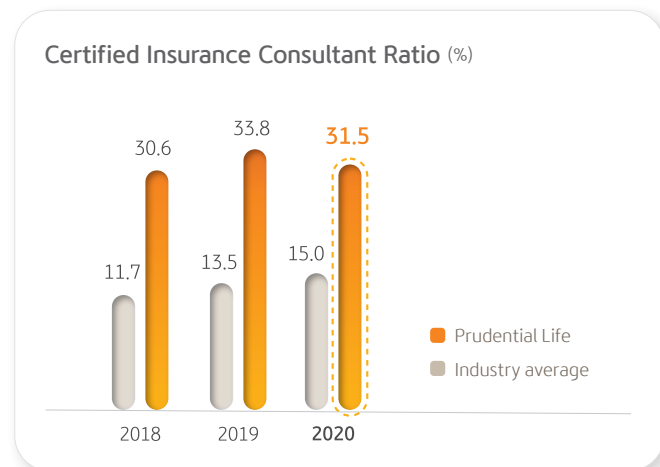
As of the end of August 2020, Prudential Life joined KB Financial Group and became a 13<sup>th</sup> subsidiary of a leading financial brand in Korea, opening a new chapter of opportunity in its proud history. The holder of the industry's best RBC ratio and a first-rate captive sales channel, i.e. Life Planner, will generate greater synergies with its new affiliates and solidify its position as a premier second-to-none insurer customers trust all the more on the strength of Korea's most extensive business network and biggest customer base.



### Joined the Group as 13<sup>th</sup> subsidiary

Over the past 30 years, Prudential Life has practiced its mission, providing customers with financial security and peace of mind, through professional Life Planners(LP) and General Agents(GA), on the basis of its firm philosophy and set of value. Supported by an army of the industry's best-rated LPs, we ranked first in the certified insurance consultants to ratio of 31.5% in 2020, for a 13<sup>th</sup> year in a row, and recorded 0.06% in incomplete sales ratio, the lowest in the industry. Also in 2020, we were appointed 'Good Life Insurance Company', for a 11th consecutive year, by the Korea Finance Consumer Federation, based on its annual evaluation of life insurers' stability, asset quality, profitability and customer management.

As of the end of August 2020, Prudential Life joined KB Financial Group, opening a new chapter of opportunity and change. The integration with the nation's most diversified financial group is expected to further shore up the industry's most extensive of customer bases and networks and expand the product and service lineup that clearly stand apart from peers.



### Industry's best asset quality

Prudential Life's RBC ratio reached 428.9% in 2020, a 5%p increase from 2019 and the industry' highest. Also, in a recent government stress test conducted in preparation for the 2023 adoption of K-ICS in step with IFRS17, we scored above capital regulation guidelines, confirming our ability to keep the all important ratio well above a confidence-inspiring level.

### Life Planner channel bolstered

In 2020, with the spread of the COVID 19 pandemic inducing social distancing and other practices few imagined before, the life insurance industry encountered a host of difficulties across all face-to-face channels. Amid such a challenging environment, Prudential Life completed its lineup of unique US dollar protection products: as sales of which grew 3% over the course of 2020, they have become

a main product lineup of ours. Also, to diversify the sales force of region, gender, age and other traits, we took on a project of building up the organization with a focus on the Greater Seoul City region and provincial capitals. As a result, LPs in their 20s and 30s now comprised 35% of the sales force, while female sales managers in charge of recruiting LPs increased 5% to 33% in proportion. These two facts alone are noteworthy in that they constitute the growth driver that will play a crucial role in further expanding the diversity of our customer base.

### Core General Agency channel expanded

As a result of our years-long efforts at increasing core GAs and diversifying partnerships since 2017, GAs exceeding KRW 100 million in annualized CMIP grew from 18 in 2017 to 27 in 2020. Which enabled us to lessen the business concentration on select GAs and to thus further expand the performance base. Also, by including dollar-based variable pension products, we increased the ratio of variable pension products to 23% of the GA variable pension market, thereby establishing Prudential Life as a leader of the high income individuals and corporate retirement life market.

### Industry-leading work process

To embrace the pandemic-triggered coming of digital transformation and to energize the push for collaboration and synergy creation with its affiliates, Prudential Life is changing the way it conducts business. Under the banner of "Change your surroundings if you want changes!", we are transforming the entire organization into a smart office, the first attempt of its kind in the industry, with the goal of changing how we think and work and of achieving an efficient job performance and corporate culture. Continuing to support employees working remote and to bring changes to the work environment, we will build up a creative organizational culture that can stay in line with fast-evolving market demands and customer needs.

### 2021 Plans

In 2021, the year Prudential Life begins as a KB affiliate, we will focus on offering value more in line with affluent customers, the main target segment of ours, and becoming a premier insurance company customers trust most. With a firm focus on such a lofty goal, we will pursue the tasks as below.

First, we will revamp the LP and GA channels, the two core business mediums of life insurance, with an eye toward expanding the affluent market. By upgrading the LP channel into a premium outbound channel that can better take advantage of KB Financial Group's diverse networks, we will offer high-income professionals not only insurance but also financial and non-financial services, including bestowal and retirement planning. To further sharpen the competitive edge of the GA channel, we will establish a new business base in Busan, the second largest city, and thus extend the channel's customer base. By

fielding strategic products in the institutional market, we will maintain our dominance in the retirement market. Through these efforts, we will secure a distinctive presence and grow into a premium insurer delivering quality solutions optimized to customer needs.

Second, by taking advantage of KB Financial Group's customer base and business networks, the largest and the most extensive in Korea, we will proactively collaborate with our affiliates to maximize synergy effects from a group of best-in-class financial players working together toward common goals. Looking to lead the industry in a post-COVID digital age, we will set up digital business strategies in sink with those of our affiliates and improve digital platforms and services to offer customers a seamless experience of transcending channel barriers. From supplying sales tools for the mobile environment to remote customer service and marketing, we will advance the customer service of a digital era toward enhancing convenience and accessibility, expecting the integration of group customer data to further enhance the value of services customers receive.

Third, in search of future business drivers, we will explore as many business models as possible and select and execute those found to be more promising. Specifically, on the basis of KB synergies, we will explore the viability of entering the retirement pension market. As the market is expected to continue its robust growth on the strengths of the growing DC and IRP sectors and the business-friendly government policy, we feel we have what it takes to lead the pension market as well, including the industry's highest RBC ratio and credit ratings. Also, by leveraging the LP channel which is highly competitive in customer consultation, we can expect to apply up- and cross-selling synergies to signing up not only corporations but also their employees and customers.

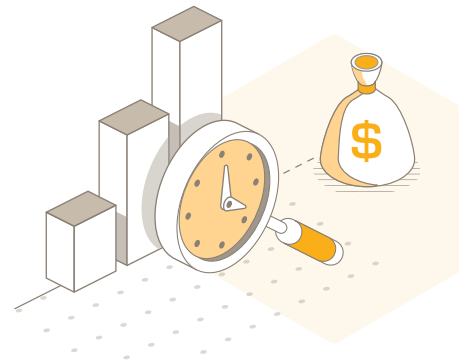
## No. 1

'Good Life Insurance Company'  
selected by Korea Finance  
Consumer Federation

Prudential Life has ranked No.1 for the past 11 consecutive years in Korea Finance Consumer Federation's evaluation, receiving top grades in the stability, soundness, profitability and other categories that consumers consider in selecting a life insurer trustworthy.

# KB Asset Management

KB Asset Management manages the industry's most diversified investment portfolio comprising products ranging from domestic and overseas equity and fixed-income funds to infrastructure, real estate to alternative investment. A first to adopt a long-term performance-based fund manager evaluation system, we support customer efforts to build their assets in a stable manner with advanced fund management systems.

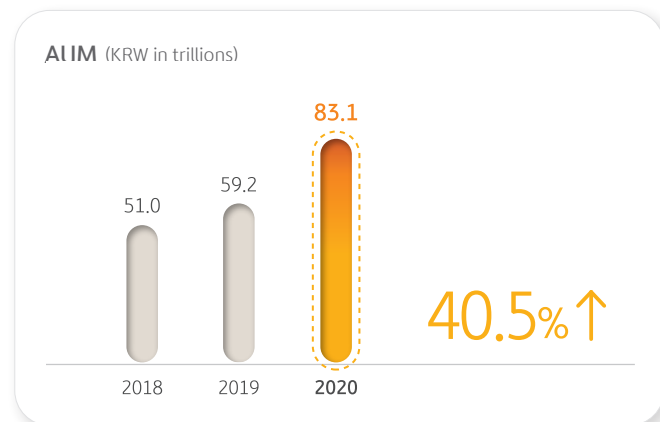


## Growing AUM through unique fund management strategy

In 2020, although equity-type fund sales decreased slightly owing to an increase proportional to a rise in direct investments fueled by the robust growth of stock markets during the year, overall sales rose 7.0% year on year to the industry's third largest of KRW 45 trillion, on the strength of a sizeable increase in fix-income-type, specialty assets and real estate funds.

The contributing factors include the rebalancing of the fund lineup with funds distinguished by their underlying execution strategies. For example, KB Korea New Deal Securities Fund exceeded KRW 200 billion in sales in 10 months from its roll out, while KB STAR ESG SRI ETF reached its target of KRW 100 billion by the end of 2020, establishing itself as the largest of ESG-related public funds. In addition, KB Onkookmin 2055 TDF Feeder Fund, a key retirement pension target date fund, recorded a six-month yield of 23.96%, the highest level among domestic TDFs.

In April 2020, we created an LDI for managing exclusively marketable securities soon to be transferred from KB Insurance and KB Life Insurance, strengthening asset management capabilities and fortifying the base for improving returns. Also, market competitiveness significantly improved on a synergetic increase and an AUM expansion proportional to the growth in insurance assets. With the scheduled transfers of alternative investment assets from insurance affiliates as well as of AUM from Prudential Life, our market competitiveness is expected to further strengthen.



## Selected as lead manager of OCIO alternative investments

Also in April 2020, we were selected by the National Health Insurance Corp as lead manager to handle its KRW 1 trillion alternate investments for the next four years. Winning the coveted contract and thus being industry's first alternative investment OCIO, we plan to build up our track record as a viable OCIO, meet institutional investors needs for help with their alternative investments, and solidify our position as an OCIO leader specializing in alternative investment.

## Achieving the industry's largest ESG investments

Also in 2020, increasing investment in diverse environment-related and new renewable energy projects, we became the industry's leader in ESG investment. ESG funds amounted to KRW 2.4 trillion at the end of 2020, a KRW 1 trillion increase from 2017; of the total, new renewable energy funds account for the largest slice. In 2021, we plan to establish KB Asset Management as Korea's leading ESG asset manager by developing ESG public offering fund and diversifying investment.

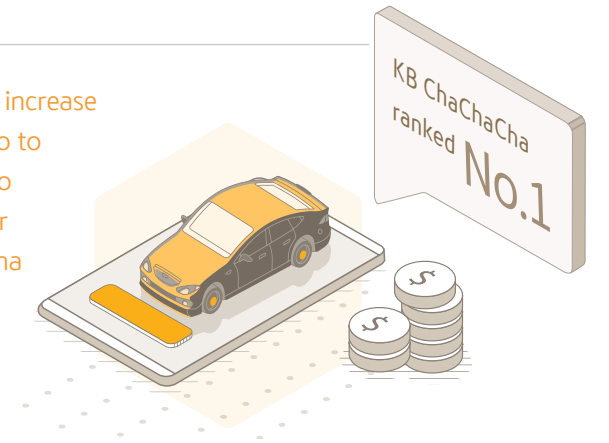
## 2021 Plans

Next year, we plan to lay the foundation for transforming KB Asset Management into an ETF leader by doubling resources for ETF business: as a means to energize our operations targeting institutional investors at home and abroad, fixed income-type ETF products will be developed that can effectively compete against peers'; and the product lineup will be further expanded through listing diverse investor segment-specific products on equity-type/overseas ETF markets where we lag behind peers. Also, in EMP, robot advisor and other areas that rely on ETF, we plan to expand the synergy with ETF business by improving fund performances and expanding AUM using a solution advancing strategy using AI analysis capabilities.

By creating Korean New Deal-exclusive blind funds and public funds, we are building a lineup of strategic New Deal investment funds. By creating digital/green New Deal-related blind funds, we plan to expand investment in projects related to green-smart school, smart environment facility, solar/wind and other daily-life infra power generation. In fact, we have listed five funds, including passive and active equity-type and ETF funds, by forming a lineup of public funds that invest in businesses expected to benefit from the Korean New Deal. By continuing to develop funds, we will emerge as a leading Korean New Deal investment manager.

# KB Capital

In 2020, KB Capital grew its total assets to KRW 12.8 trillion, a 14.5% increase from 2019 and successfully leveraged its diversified business portfolio to maintain its stable growth. Net profit increased 21.0% year on year to KRW 141.6 billion, exceeding a KRW 100 billion mark for the past four consecutive years. The number of used cards listed on KB Cha Cha Cha surpassed 140,000, the largest of its kind in Korea.



## Diversifying business portfolio

KB Capital further sharpened its competitive edge in auto financing and diversified the business portfolio by expanding retail/corporate financing. As a result, while auto financing accounted for 73.5% of total sales, a 4.4% decrease from 2019, consumer and corporate financing constituted 14.9% and 11.6%, up 2.9%p and 1.5%p, respectively. In consumer financing, a credit score-based loan product became a major sales driver, and housing financing expanded; in corporate financing, the credit line for quality clients was increased and investment financing expanded, with a focus on stability and profitability, which resulted in a tangible improvement in the earnings performance of core operations.

## Unveiling KB Cha Cha Cha 3.0

In November 2019, 'KB Cha Cha Cha 3.0' was unveiled, an upgraded version of the pre-owned car trading platform which grew its car listing to 140,000 in the four years of operation. The upgraded version features an AI-enabled price estimation system, a programmable vehicle-recommending functionality, and a one-stop service that enables users to check their loan limits on auto financing.

## Expanding RPA and improving business efficiencies

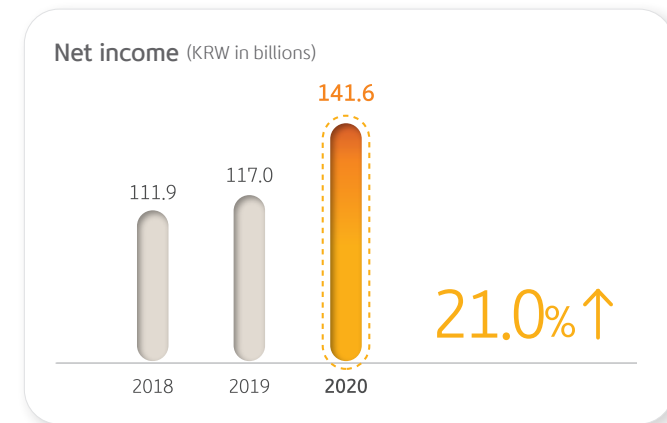
In 2020, KB Capital reduced over 70,000 hours of work through an adoption of Robotics Process Automation(RPA). By placing robots in specific operations, we plan to further reduce administrative work load by some 10,000 hours in 2021.

## Securing mid to long-term growth drivers

KB Capital is an uncontested No.1 in the imported auto finance market, recorded 30.0% of market share as of the end of 2020. Its dominance in the imported and pre-owned car financing market is expected to further strengthen as alliance is to be formed with Kolon, Deutsche and other business groups in the near future. In addition, the Laos subsidiary, KB KOLAO Leasing, established in March 2017, grew to the 3rd largest by asset of 29 lease businesses in the Southeast Asian country. Sunindo Kookmin Best Finance, the Indonesia subsidiary, began its business in June 2020. To support its overseas subsidiaries, KB Capital successfully raised USD 300 million on the strength of its industry-best Moody's A3. Through a stable supply of capital, it plans to lead the growth of its overseas subsidiaries.

## 2021 Plans

In 2021, KB Capital plans to lead the credit finance industry by enhancing business efficiencies, expanding its global presence and further digitizing its operations. Strengthening the competitiveness of online channels as well as that of global and digital operations, we will improve productivity and realize sustainable management through expansion of the RPA adoption. In addition, by fine-tuning KB Cha Cha Cha, KB ChaEasy and other online search and purchase programs, we will actively respond to changes in the online channel environment and strengthen the foundation for sustainable growth.



### The industry's highest credit rating

**Moody's A3**

Rated A3 by Moody's, the industry's highest overseas credit rating.



# KB Life Insurance

In 2020, KB Life Insurance solidified its market position and bolstered the growth base with a focus on alliance business. As a result, we achieved KRW 1,715 billion in premium income, up 56.9%, and KRW 10.4 trillion in total asset, up 6.3%, from the previous year.



### Developing market-friendly products and services

By offering market-friendly products and services that put customer preferences and benefits first, we bolstered product competitiveness, expanded the target customer segments, and enhanced the level of customer preference for KB as an insurance brand. Also, by implementing mobile sales support systems, we further enhanced the market familiarity and offered a customer-friendly service environment.

### Responding to regulatory changes

Continuing to implement IFRS17 systems, we established stable infrastructure and management decision-making support systems. In preparation for the enforcement of the Korean Insurance Capital Standard (K-ICS), we continued to expand asset durations while maintaining risk-based capital above the recommended level. Furthermore, we employed various methodologies to manage risks using internal models and by applying new K-ICS standards and segmenting and improving risk coefficients, we sought to develop value-focused products.

### Accelerating digitalization

We built a smart work place that can maintain its fluidity in an increasingly contact-averse environment and, by improving product development processes, laid a digital biz structure that can effectively respond to fast-evolving market changes. Also, we endeavored to

expand diverse ecosystem platforms, building collaborative ecosystems with KB subsidiaries and fintech businesses.

### 2021 Plans

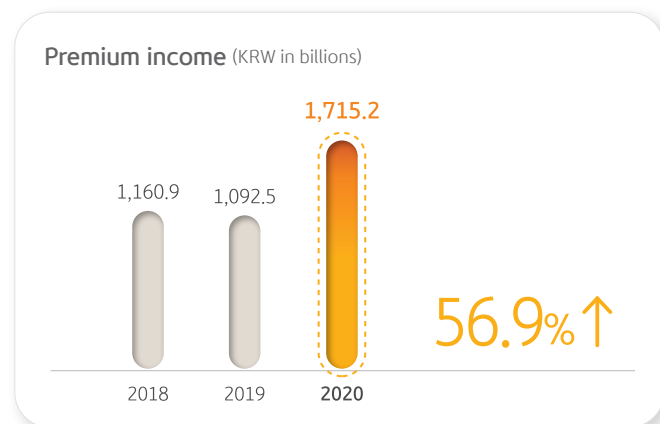
Entering an era of contactless, the insurance industry is staking its sustainability on digital platforms and other contact-free digital business systems. Other challenging tasks include a consumer protection-heavy sales regulatory environment and such system and regulation changes that will substantially affect business incomes and costs as an IFRS 17 and K-ICS, both slated for 2023.

Our key business strategies are as follows:

First, customer-centered growth. Impressed by the sales performance of customer needs-focused products introduced in 2020, we will do our best to instill in every customer heart and mind our image as an insurance company that always puts customers first and foremost.

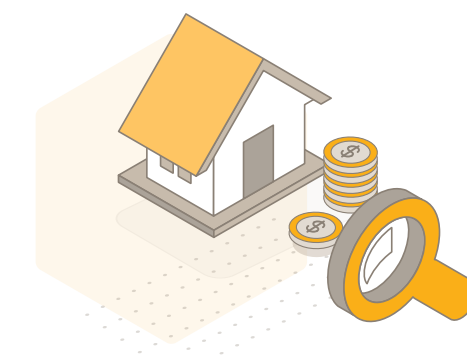
Second, value-focused growth. Only with sustainable value growth can customer needs-based product offering and meaningful social contributions be also sustainable. Mindful of this truth, we will proactively respond to market and regulatory changes, and through pursuit of management efficiency from a long-term perspective, build up corporate value one complete sale after another.

Third, relentless digital transformation. Through such an endeavor, we will improve customer experiences, further expand the scope of customer-centric business and become a 'Triple A Massurance' accessible to anyone, anywhere, and anytime.



# KB Real Estate Trust

Despite an unprecedented COVID 19 pandemic and a subsequent economic downturn, not to mention strengthened market regulations and an intensified industry competition fueled by an onrush of new players, KB Real Estate Trust posted a robust earnings performance in 2020: net profit increased 8.4% over the year to KRW 66.9 billion.



### Reinforced preemptive risk management and secured quality growth

In 2020, we sought to diversify the REIT and urban renewal operations by sharpening our competitive edge in build-and-manage trust deals and fine-tuning the investment focus on real estate market demands, while reinforcing the management of risks associated with crisis situations.

In trust business, we secured more build-and-manage trust deals than last year by leveraging our superior credit ratings; won quality real estate development deals by agreeing to a trust contract after a certain percentage of the units to be built is sold, thereby substantially lowering risks associated with conventional housing development projects; and actively acquired collateral-backed and non-real estate trust deals that carry relatively low risks.

In reconstruction business, we bolstered our competitive advantages by securing diverse channels and winning big contracts, and focused on improving our track record in the management of high name-value projects. In addition to operating real estate projects, we actively pursued other types of business, including being a project agent and handling small-scale redevelopment projects.

In REIT business, responding to a COVID 19-fueled rise of a consumer preference for contactless transactions, we improved sales by diversifying real estate investments in projects involving logistics centers and retail business. In preparation for the pandemic to disappear, active investment

was carried out in an effort to preoccupy high-potential assets.

Strengthening the risk management, periodic monitoring is performed on preemptive response processes developed in preparation for emergencies and on product-specific limit run-out rates while phase-based progress reviews are made on major parts of the projects.

### 2021 Plans

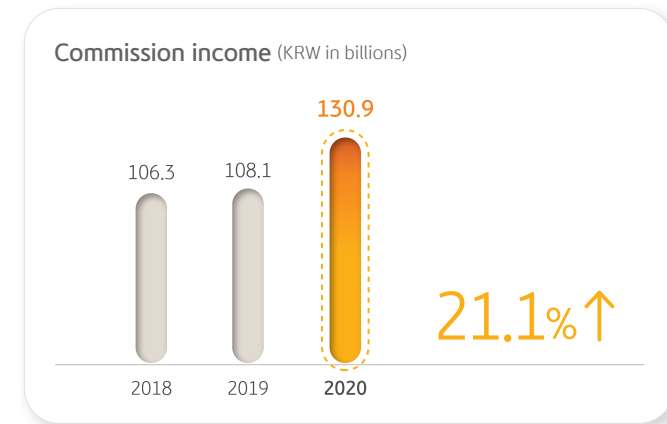
As a response to growing market and client preferences for minimal physical interactions, we plan to rely more on non-contact business activity using our real estate platform Liiv On, video conference systems, digital contracts and other contactless modes.

In trust business, we will expand our business network by shifting the sales focus from securities firms to community trust credit unions and selectively choose projects with a strong market demand. While continuing to lead the market shift toward trust company-financed real estate development projects by winning hybrid projects of sound structure, we also will increase customer contact points in non-real estate trust business by leveraging the one-firm synergy of KB Financial Group.

In reconstruction business, as a preparation for an aggressive sales approach expected from new market entrants and for an active participation of public institutions in urban renewal business, we will devise a multi-angle plan to manage a pool of new project sites with an eye toward improving sales. By securing a foothold in project sites in the metropolitan area of Seoul City and provincial regions, we will gain an upper hand in executing small-scale remodeling projects the success of which depends largely on efficient site management.

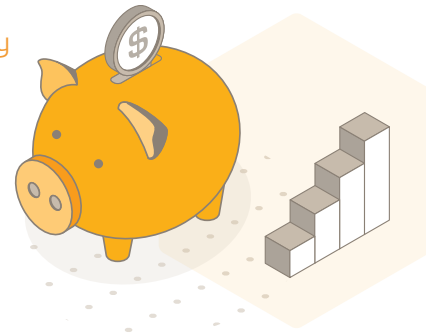
In REIT business, we will upgrade investment operations while diversifying the business portfolio by participating in public bids and launching wide-ranging property-based REIT products. Furthermore, we will advance REIT operations to increase the value of REIT assets and maximize operational outcomes through successful asset sales.

As for long-term uncertainties, we will secure sound asset quality through risk management by product and advancement of the entrance and post-sale management of key portfolios, and preemptively respond to the risk management of new business and types for strengthening the management of long-term liquidity and capital adequacy.



## KB Savings Bank

KB Savings Bank offers banking products and services tailored to the needs of the working class in an effort to help the financially vulnerable improve the quality of their lives with the benefits of basic banking services. In 2020, KB Savings Bank recorded KRW 17.3 billion of net profit, increased by 6.1% from previous year. With the launching of KiwiBank, we established the best online channel possible, and by introducing one customer-friendly innovation after another, led the industry.



### New and hit products and services

KB Savings Bank's mid interest rate market has been growing at an annual rate of 24%. At the end of 2020, our mid-rate loans amounted to about KRW 3,500 billion, which represents a 1.8% market share. The leading mid-rate loan products include 'Kiwi Mid-rate Loan', 'Sunshine Loan' of Korea Inclusive Finance Agency, and 'Sa-It-Dol 2' of Seoul Guarantee Insurance. We played our role as a stepping-stone by bringing low credit customers shunned by commercial banks into the boundary of the financial industry, offering convenient financial services on a par with those of internet banks.

### KiwiBank launched

KB Savings Bank has long been innovating its business infrastructure with a focus on digital competitiveness and customer satisfaction. In July 2020, as part of our innovation drive, we introduced mobile banking platform 'KiwiBank'. Highlighting its affordable yet advanced characteristics as its name suggests (a combination of 'kind' and 'wireless'), the new platform offers contactless banking services high in benefit and low in fee.

### Digital finance improved

'Kiwi Emergency Loan' puts cash in the hands of people without the hassle of an income or credit verification. Developed for all people, including housewives and the unemployed, regardless of income levels, the program provides cash to anyone with a Kakao account through its app. Up to KRW 3 million of loan is available via its website which uses the OCR technology to verify the identity of loan applicants.

### Automated paperless conversion loan

'Kiwi Loan Conversion' enables people to convert and consolidate their loan accounts dispersed among other savings banks into one mid-rate account with ease. Once a loan application submitted online, the program, linked to the database of Korea Credit Information Services, displays on the mobile device of the applicant the loan products of other banks that can be converted, and remits money to the selected accounts in accordance with his/her instructions. Through the kiwi loan conversion program, the customer can verify the balance of their loan accounts at other banks 24/7 without the help of a bank teller or call center.

### Non-contact ID authentication service

Like an internet-only bank, KB Savings Bank has made all its services available online. In fact, the Bank is the industry's first to apply for government approval on its mobile identification verification service as well as system that makes possible banking transactions 24/7. The service centers on verifying the authenticity of ID holders by matching the submitted information against the identification database of Korea Financial Telecommunications & Clearing Institute. The development and launch of the 24/7 service has markedly improved customer convenience and saved the Bank a great deal of work hours and expenses.

### Creating synergies through collaboration with affiliates

Inclusive finance products (Kiwi Partner, Sunshine Loan, and Sa-it-dol 2) along with mortgage loans provided in alignment with the Bank's loan products are available at KB Kookmin Bank branches, and as a result of joint promotions conducted and synergies thus generated with other KB affiliates, total loans made in link with the affiliates rose 63.9% Year on year in 2020.

### 2021 Plans

In 2021, KB Savings Bank will create outstanding digital customer experiences by offering convenient services customers can trust, and secure competitive advantages on a par with those of internet banks. With these and other goals in mind, we will focus on the following tasks in 2021:  
First, we will expand our dominance in the mid-level interest rate market by leveraging KiwiBank's position of advantage;  
Second, preemptively manage risks associated with high-risk asset portfolios;  
Third, continue CIR improvement efforts, strengthening cost management measures and digitizing work processes;  
and Fourth, strengthen long-term growth models based on core IT system upgrades and innovative digital platforms.

## KB Investment

As a leading venture investment firm specializing in corporate investment, KB Investment contributes to the Korean economy developing new growth engines by incubating promising venture firms. In 2020, KB Investment launched new venture funds totaling KRW 362.4 billion, including a KRW 200 billion fund. Based on such ample investment funds, we are building up a portfolio of quality assets.



As a leading venture investment firm specializing in corporate investment, KB Investment contributes to the Korean economy by incubating promising venture firms and growth engines. In 2020, KB Investment launched new venture funds totaling KRW 362.4 billion, including a KRW 200 billion fund. Based on such ample investment funds, we are building up a portfolio of quality assets.

In 2020, fueled by growing investment outlays by both the private sector and policy institutions, the venture investment market grew 0.6% over the year to about KRW 4.3 trillion; and newly-launched venture funds amounted to a record KRW 6.5 trillion. Fund development and new investment both continued to grow throughout the year.

As new venture capital firms and associations grew, the former by 16 and the latter to a record, in 2020, the competition for creating new funds and developing new deals further intensified. Against such a backdrop, KB Investment, in collaboration with its affiliates, pursued the strategy of launching large venture funds, investing in new growth industries, and bolstering capabilities to invest in and incubate new growth startups at home and abroad.

### • Creating large funds within and outside KBFG

KB Investment developed a KRW 200 billion KB Smart Scale-Up Fund in collaboration with two other affiliates, investing in SMEs and venture firms ready to scale up their operations.

### • Offshore funds

We also expanded our global portfolio, launching a USD 30 million KB-MDI Centauri Fund, a growth-stage fund, a joint venture fund targeting tech companies and markets in Southeast Asian countries. Noteworthy is the fund's diversified global strategies.

### • Private equity funds

Private equity funds launched in 2020 include Fine KB Corporate Financial Stability No.1, a restructuring blind fund with a KRW 100 billion target, and SBV-KB New Opportunity No.1, a KRW 9.8 billion fund targeting major domestic deals.

### • Specialty venture funds

KB Fintech Innovation Fund with a KRW 22.5billion target focusing on vitalizing fintech investment; KB Fintech Renaissance Investment Association with a KRW 10.9 billion target focusing on strengthening the competency of fintech firms.

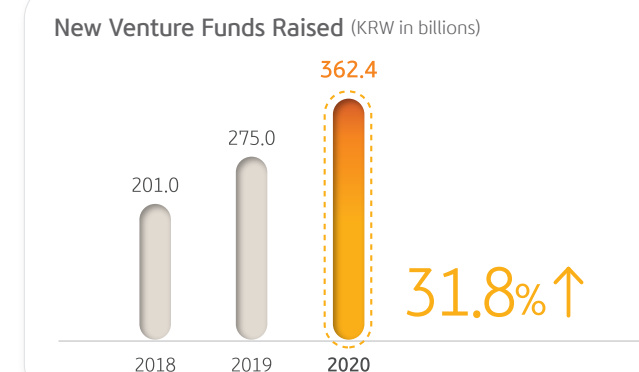
### • Investing in new growth industries & overseas

Bio and medical investments grew 32% over the course of 2020 to KRW 84.2 billion, while fintech investments rose 42% to KRW 22.0 billion.

In 2020, KB Investment's fund assets under management, including PEFs, increased KRW 380.0 billion to KRW 1.6 trillion, and new investments grew to KRW 234.1 billion, maintaining the growth momentum of 2019.

### 2021 Plans

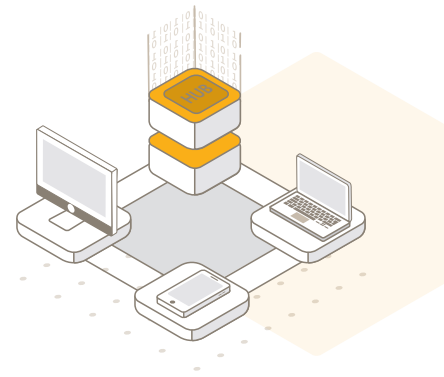
In 2021, the venture market is expected to continue to grow on a growing supply of venture-promoting policy funds. KB Investment will continue implementing its mid to long-term growth strategy, fostering investment specialists and strengthening business competencies with an aim to go beyond top-tier venture capital business and rise as a "Most Influential Venture Capital" in the next three years. We will also further broaden our global presence, rebalancing the investment portfolio and laying the basis for mid to long-term growth.





# KB Data Systems

In 2020, KB Data Systems took an active role in digital and platform-centered IT projects of KB Financial Group and accelerated sales targeting digital business. As a result, we posted KRW 100.0 billion in revenue, built open source-based DevOps/cloud infrastructure, and contributed a great deal to the IT innovation of KB Financial Group.



### Next-generation systems successfully developed

In 2020, KB Data Systems successfully completed the revamping of the call center system under the KB Kookmin Bank's 'The K Project', and the development of information systems and data hub projects. Also, we focused on winning such digital technology-intensive projects of group umbrella as 'Liiv Real Estate' and 'KB Senior Platform' of KB Kookmin Bank, 'KB Pay' of KB Kookmin Card, and 'KiwiBank' of KB Savings Bank; and as a result, new projects won in 2020 amounted to KRW 35.7 billion while sales reached KRW 20.4 billion.

### Synergies created through joint IT system development

We expanded our business arm to include participation in the corporate banking platform projects at the Group level and sharing our IT know-how from the planning stage. By operating WiseNet a Group portal system, OpenAPI, and other joint IT systems, we actively contributed to improve IT efficiencies within The Group. Also, the scope of our IT operations was expanded to include KB Securities, KB Capital and other affiliates. In support of KB Kookmin Bank's acquisition of PT Bank Bukopin of Indonesia, we set up an IT subsidiary in the ASEAN country, building a proactive collaboration system with banking and other KB affiliates.

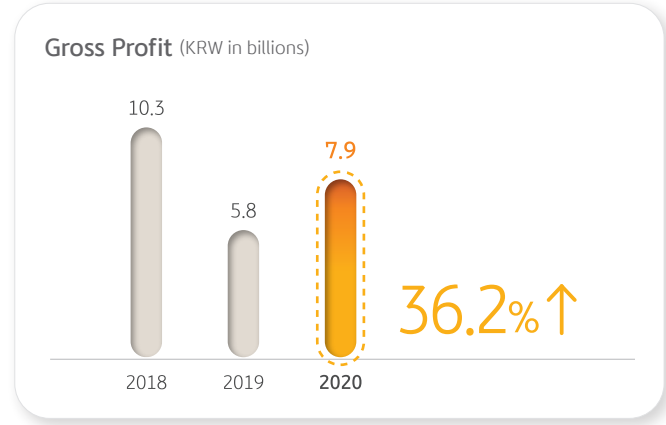
### Digital business capabilities strengthened

To better perform our role as the Group's digital/IT hub, we focused on strengthening the competency of our digital business operations as well as on solution development: we sought to offer our clients value that stands out, assigning senior-level engineers and technicians to affiliates' project TFs from the planning stage; and by securing top-notch IT talent, contributed to strengthen the IT competency of KB Financial Group. In addition to system integration and management, we expanded our role in MSP, a cloud service area, and developed DevOps-based digital SI, a new business area, bolstering the base for developing new growth drivers. Also developed is the Kronos solution, an infrastructure for open source-based DevOps/Cloud, an endeavor to secure the capability to lead the innovation of KB Financial Group.

### 2021 Plans

The fast-evolving financial business environment of late requires more than ever an active partnership with advanced IT service providers. In 2021, IT projects centered on platform and digital business are expected to proceed as part of KB Financial Group's mid to long-term strategy; and in particular, we plan to take part in KB Kookmin Bank's MyData project, KB Savings Bank's development of a next-generation system and other hybrid financial projects. As part of this, KB Data Systems will continue to secure and assign top talent to the projects of their expertise at the right moment, and thus contribute to the successful completion of core digital projects of the Group.

In the area of new digital/IT technology, we will seek to promote synergy in the IT operations of KB Financial Group through collaboration with KB affiliates in major projects such as Kronos, real estate platforms, Liiv, and grow into an organization that offers outstanding IT services through attainment and internalization of superior digital capabilities.



# KB Credit Information

In 2020, KB Credit Information recovered delinquent debts totaling about KRW 300 billion and posted KRW 39.8 billion in sales, a 3.9% increase from the previous year. The increase is laudable in light of unfavorable business conditions triggered by a COVID 19-induced diminishing ability of borrowers to repay their debt and by government policy-prompted extensions of loan maturities and deferrals of interest payments.



### Contributing to the Group's soundness management

In 2020, KB Credit Information contributed to the asset quality management of KB Financial Group by keeping the loan delinquency and default rates of KB affiliates in a range manageable from a long-term perspective. This fact becomes more meaningful in view of unfriendly business conditions triggered by a COVID 19-induced diminishing ability of borrowers to repay their debt and by government policy-prompted extensions of loan maturities and deferrals of interest payments.

At the end of 2020, debt collection revenue amounted to about KRW 27.4 billion and some KRW 300 billion was recovered of debts originated from the group subsidiaries, both a satisfactory figure in light of the exceptionally challenging environment. By actively employing collectors with banking and card experiences, applying a fair performance compensation system, conducting effective promotions distinguished by debt type, and making other efforts, we markedly improved the efficiency and competitiveness of debt collection. We also continued to expand our business within the Group by bolstering credit recovery and NPL management.

By types of debt, KRW 158.0 billion is from debts issued by KB Kookmin Bank, KRW 130.6 billion from KB Kookmin Card, and KRW 11.0 billion from other subsidiaries.

In 2020, in addition to employing debt collectors with an outstanding track record as in 2019, we focused on developing average debt collectors into experts. As most of them performed well relative to their peers, they are expected to play a key role in the Company gaining a clear competitive advantage in the future.

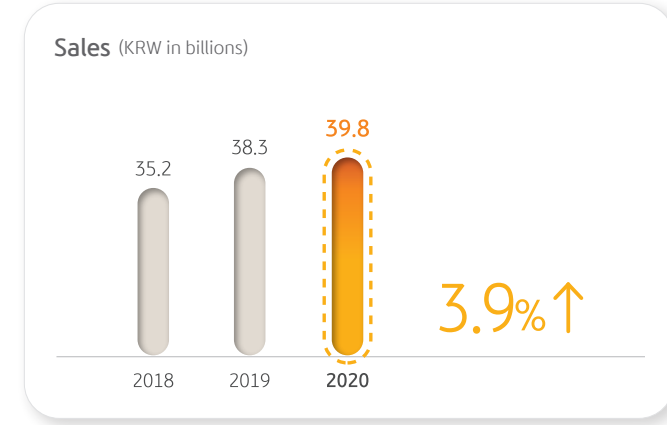
In lease investigation, fee income amounted to about KRW 11.9 billion, year on year increase of over 125%. Despite a market contraction following regulations restricting mortgage loan services, the income increased in the second half of 2020 following the signing of a lease investigation contract with KB Insurance. Also in 2020, we sought to expand lease investigation operations targeting other KB affiliates and to enter diverse business areas derivative of investigation business.

### 2021 Plans

In 2021, COVID 19 effects are expected to remain; and as the 'Consumer Credit Act' goes into effect in the second half, sales of debt collection companies are more than likely to contract. Also, the government's continuing policy of protecting vulnerable classes is expected to fan the morale hazard of debtors, and current stringent regulations on mortgage loan services could hamper lease investigation business.

Preparing for a worse, KB Credit Information will stay focused on asset quality as a top priority, while making efforts to improve the financial structure.

We will continue the effort to maximize the collection of debts and proactively respond to any reductions in number of debt cases. New revenue sources will be aggressively explored within KB Financial Group, including leases investigation on behalf of KB Insurance, KB Capital and KB Savings Bank. IT systems, including RPA and digital transformation, will be upgraded as a way to cut costs and improve business efficiency and productivity, while continuously tightening the management of delinquent customers in line with financial consumer protection regulations.



## Company Directory

### KB Financial Group(Holding Co.) Head Office

Kookmin Bank 141, Uisadang-daero,  
Yeongdeungpo-gu, Seoul 07332, Korea  
TEL. 82-2-2073-7114

### IR (Investor Relations)

Kookmin Bank 141, Uisadang-daero,  
Yeongdeungpo-gu, Seoul 07332, Korea  
TEL. 82-2-2073-2845  
FAX. 82-2-2073-2848  
E-mail: kbir@kbf.com

### Global Strategy Department

Kookmin Bank 141, Uisadang-daero,  
Yeongdeungpo-gu, Seoul 07332, Korea  
TEL. 82-2-2073-0630  
FAX. 82-2-2073-0610

## Global Network

### KB Kookmin Bank

Country	Name	Address	Telephone
New Zealand	Kookmin Bank Auckland Branch	Level 16, 88 Shortland Street, Auckland CBD, New Zealand	64-9-366-1000
U.S.A.	Kookmin Bank New York Branch	24F, 565 Fifth Avenue, 46 Street, New York, NY 10017, U.S.A	1-212-697-6100
Myanmar	KB Microfinance Myanmar Co., Ltd.	No.104, University Avenue, 9 Quarter, Kamayut Township, Yangon, Myanmar	95-1-7532-909
	KB Bank Myanmar Co.,Ltd.	No.104, University Avenue, 9 Quarter, Kamayut Township, Yangon, Myanmar	95-1-7532-900
	Kookmin Bank Yangon Representative Office	No.306, Thudmar Road, Nga Ward, North Okkalapa Township, Yangon, Myanmar	95-97670-48158
Vietnam	Kookmin Bank Ho Chi Minh City Branch	3F, Mplaza Saigon, 39 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	84-28-3827-9000
	Kookmin Bank Hanoi Branch	25F, Keangnam Hanoi Landmark Tower, E6 Cau Giay New Town, Me Tri, Nam Tu Liem, Ha Noi City, Vietnam	84-24-3226-3377
U.K.	Kookmin Bank London Branch	6F, Princes Court, 7 Princes Street, London EC2R 8AQ, U.K.	44-20-7710-8300
India	Kookmin Bank Gurugram Branch	Unit No.2B/2, 2nd Floor, Two Horizon Centre, Golf Course Road, DLF Phase 5, Sector 43, Gurugram, Haryana-122002, India	91-124-453-2222
Japan	Kookmin Bank Tokyo Branch	Hibiyadai Bldg. 14F, 1-2-2 Uchisaiwaicho, Chiyoda-ku, Tokyo 100-0011, Japan	81-3-5657-0550
China	Kookmin Bank Hong Kong Branch	Suite 1101 and 1106, 11F Central Plaza, 18 Harbour Road, Wanchai, Hong Kong	852-2530-3633
	Kookmin Bank(China) Limited	19F, SK Tower, No.6 jia, Jianguomenwai Avenue, Chaoyang District, Beijing, China	86-10-5671-2800
Indonesia	PT Bank KB Bukopin Tbk	Jakarta Jl.MT.Haryono Kav.50-51 Jakarta Selatan 12770, Indonesia	62-21-798-8266
Cambodia	Prasac Microfinance Institution PLC	Building no 212, Street 271, Tuol Tumpung2, Chamkarmon, Phnom Penh, Cambodia	855-23-999-911
	Kookmin Bank Cambodia PLC.	No.55, St.214, Sangkat Boeung Reing, Khan Daun Penh, Phnom Penh, Cambodia	86-23-999-300

### KB Securities

Country	Name	Address	Telephone
U.S.A.	KBFG Securities America Inc.	Suite 1900, 1370 Avenue of the Americas, New York, NY10019, U.S.A.	1-212-265-2333
Vietnam	KB Securities Vietnam Joint Stock Company	2 floor, Sky City Tower, 88 Lang Ha Street, Dong Da Ward, Ha Noi City, Vietnam	84-24-7303-5333
	KB FINA JOINT STOCK COMPANY	101B, 1F, NO1B-Golden Land Bldg, No.275 Nguyen Trai, Thanh Xuan Trung Ward, Thanh Xuan District, Ha Noi City, Vietnam	84-24-7301-4628
China	KB Securities Shanghai Representative Office	Rm.1405, North Stock Exchange Tower, 528 Pudong Rd, South Shanghai, China	86-21-6881-7007
	KB Securities Hong Kong Ltd.	Suite 1105, 11F, Central Plaza, 18 Harbour Road, Wan Chai, Hong Kong	852-2869-0559

### KB Insurance

Country	Name	Address	Telephone
U.S.A.	Kookmin Best Insurance Co., Ltd., US Branch	55 Challenger Road Suite #302, Ridgefield Park, NJ 07660, U.S.A.	1-201-720-2100
	Leading Insurance Services, Inc.	55 Challenger Road Suite #302, Ridgefield Park, NJ 07660, U.S.A.	1-201-720-2100
	KB Insurance Co., Ltd. Los Angeles Liaison Office	505 North Brand Blvd., Suite 220, Glendale, CA 91203, U.S.A.	1-818-254-1040
Vietnam	KB Insurance Co., Ltd. Hanoi Representative Office	Rm. 801, Hanoi Tung Shing Square, 2 Ngo Quyen St., Ha Noi City, Vietnam	84-4-3935-0814
	KB Insurance Co., Ltd. Ho Chi Minh City Representative Office	Rm.15, 16F, Vincom Center, 72 Le Thanh Ton St. & 47 Ly TuTrong St. Dist 1, Ho Chi Minh City, Vietnam	84-8-3821-9968
Indonesia	PT Kookmin Best Insurance Indonesia	Suit 2501, 25F, Sinarmas Land Plaza Tower 2, JL.M.H. Thamrin No. 51, Jakarta, Indonesia	62-21-391-3101
China	LIG Insurance (China) Co., Ltd.	27F, No.2701-2703, Sunnyworld Center, 188, Lushan Road, Nanjing, Jiangsu Province, China	86-25-8778-0888

### KB Kookmin Card

Country	Name	Address	Telephone
Myanmar	KB Kookmin Card Co., Ltd (Yangon Representative Office)	No.306, Thudamar Street, Nga Ward, North Okkalapa Township, Yangon, Myanmar	099-6911-7859
Cambodia	KB Daehan Specialized Bank PLC.	Building No.1 (Oval Office Tower), 21st and 22nd Floor, Street 360, Sangkat Boeng Keng Kang Ti Mouy, Khan Chamkarmon, Phnom Penh, Cambodia	855-23-991-555
Indonesia	PT KB Finansia Multi Finance	Office 8 Building, 15th floor, JL. Jend. Sudirman Kav. 52-53 SCBD Lot 28, Jakarta 12190, Indonesia	62-21-2933-3646



## KB Asset Management

Country	Name	Address	Telephone
Vietnam	KB Asset Management Vietnam Representative Office	Unit 702B, 37 Ton Duc Thang Street, District1, Ho Chi Mihn City, Vietnam	84-90-988-5343
Singapore	KB Asset Management Singapore Pte. Ltd.	3 Church Street,#21-01 Samsung Hub, Singapore 049483	65-6580-2660
China	KBAM Shanghai Advisory Services Co., Ltd.	2205, No. 161, Lujiazui East Road, Pudong New Area, Shanghai, China	86-21-5864-7156

## KB Capital

Country	Name	Address	Telephone
Laos	KB KOLAO Leasing Co., Ltd	7F, Alounmai Tower 23 Singha Rd, Vientiane, Laos	856-21-417-900
Indonesia	PT Sunindo Kookmin Best Finance	50F, Sahid Sudirman center, Karet Tengsin, Tanah abang, Kota Jakarta Pusat DKI Jakarta, Indonesia	62-021-2253 -5098

# Disclaimer

## Financial and other information

The financial statements included in this annual report are prepared in accordance with the Korean International Financial Reporting Standards, or K-IFRS. Unless expressly stated otherwise, all financial data included in this annual report are presented on a consolidated basis.

In this annual report:

- references to “we,” “us” or “KB Financial Group” are to KB Financial Group Inc. and, unless the context otherwise requires, its subsidiaries;
- references to “Korea” are to the Republic of Korea;
- references to the “government” are to the government of the Republic of Korea;
- references to “KRW” or “Won” are to the currency of Korea; and
- references to “U.S. dollars,” “USD” or “US\$” are to United States dollars.

Discrepancies between totals and the sums of the amounts contained in any table may be a result of rounding.

## Forward-looking statements

Certain information set forth in this annual report contains “forward-looking information”, including “future-oriented financial information” and “financial outlook”, under applicable securities laws (collectively referred to herein as forward-looking statements). Except for statements of historical fact, the information contained herein constitutes forward-looking statements and includes, but is not limited to, the (i) projected financial performance of the Company; (ii) completion of, and the use of proceeds from, the sale of the shares being offered hereunder; (iii) the expected development of the Company’s business, projects, and joint ventures; (iv) execution of the Company’s vision and growth strategy, including with respect to future M&A activity and global growth; (v) sources and availability of third-party financing for the Company’s projects; (vi) completion of the Company’s projects that are currently underway, in development or otherwise under consideration; (vi) renewal of the Company’s current customer, supplier and other material agreements; and (vii) future liquidity, working capital, and capital requirements. Forward-looking statements are provided to allow potential investors the opportunity to understand management’s beliefs and opinions in respect of the future so that they may use such beliefs and opinions as one factor in evaluating an investment.

These statements are not guarantees of future performance and undue reliance should not be placed on them. Such forward-looking statements necessarily involve known and unknown risks and uncertainties, which may cause actual performance and financial results in future periods to differ materially from any projections of future performance or result expressed or implied by such forward-looking statements.

Although forward-looking statements contained in this annual report are based upon what management of the Company believes are reasonable assumptions, there can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. The Company undertakes no obligation to update forward-looking statements if circumstances or management’s estimates or opinions should change except as required by applicable securities laws. The reader is cautioned not to place undue reliance on forward-looking statements.



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