

# ONE Platform

— for your life and finance

Annual Report 2021

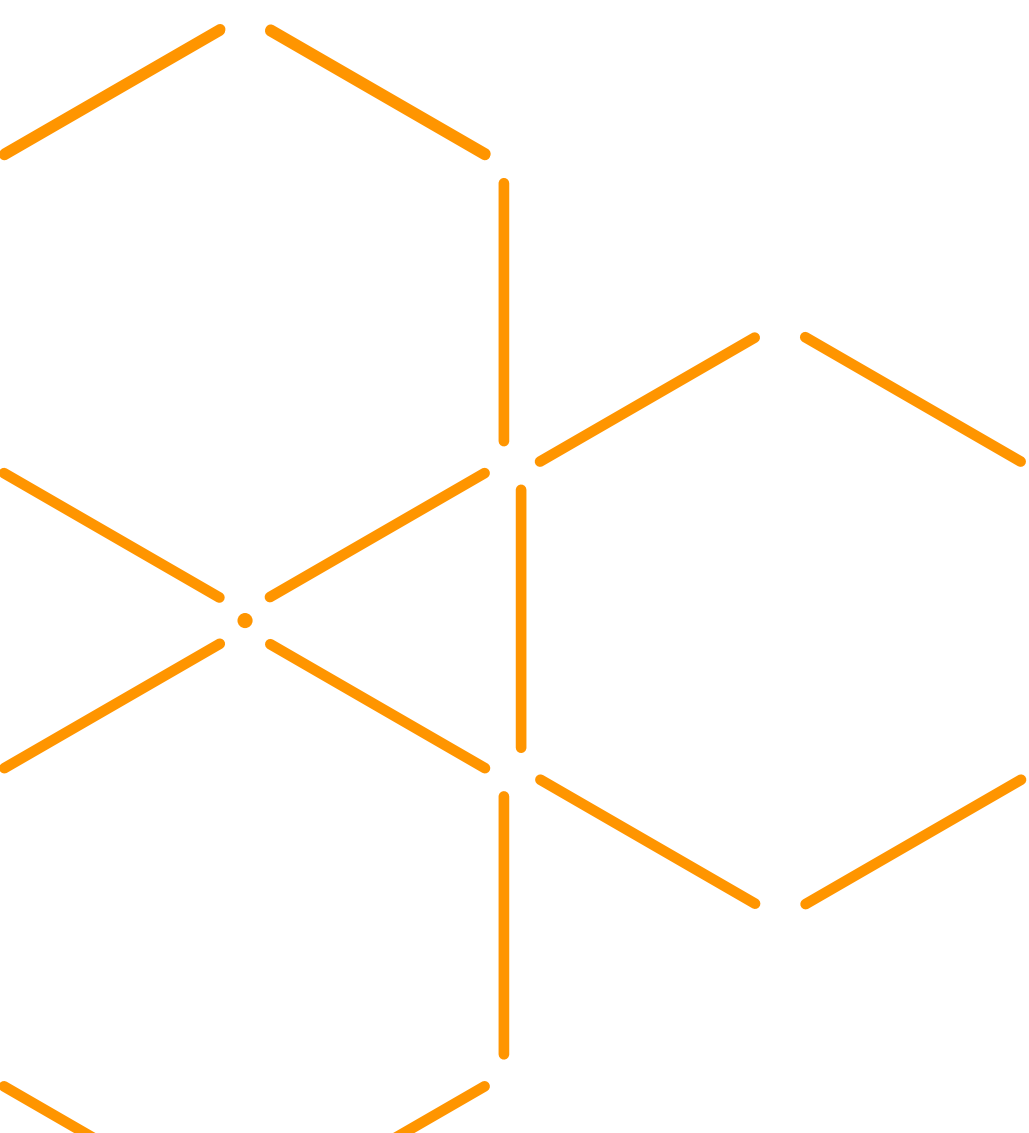
Focusing on strategies

R.E.N.E.W. 2023

Connecting daily life

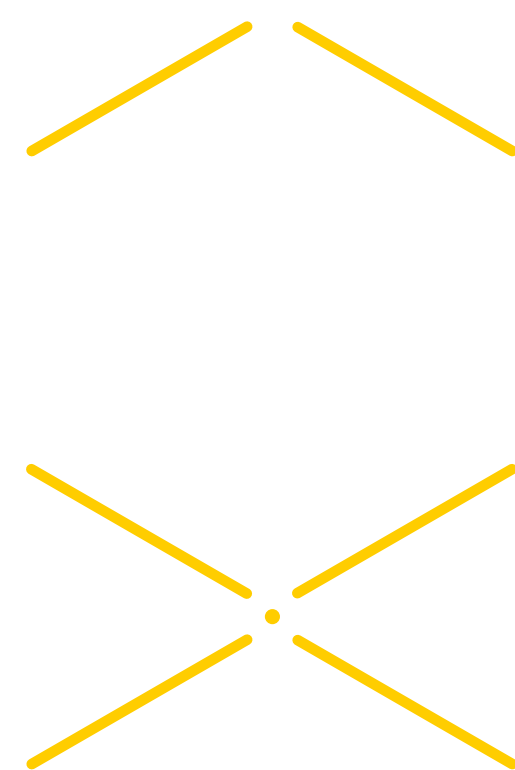
Challenging for change

Looking beyond the scene



# ONE Platform

— for your life and finance



KB Financial Group is leading the innovation in financial platforms for a more prosperous world. Financial innovation has opened up a whole new financial experience.

In severing its mere reliance on past success formulas, KB Financial Group has embraced innovation and challenge with agility, rising to become the **No. 1 financial platform** provider offering the best-possible digital customer experience.

Anchored in its core competencies, KB Financial Group channels its resources into upgrading platforms and enhancing customer convenience. KB Financial Group is becoming a trusted financial platform provider through its ability to reach and positively impact the daily lives of its customers.



# KB Financial Group Annual Report 2021

## Navigating the Report

This Report is created in interactive PDF and allows the viewer to go directly to the relevant websites through hyperlinks in the document. Click on the icons on the navigation bar at the top of each page to go directly to the cover page, the table of contents, the previous or next page, or print.

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# CEO Message

KB Financial Group remains focused on its mid- and long-term strategies even amid the rapidly changing financial market environment. In line with the strategies, we've set the key strategic goals for 2022 as 'R.E.N.E.W. 2022', mobilizing the Groupwide resources to attain them.

Esteemed Shareholders, Investors, and Customers,

Firstly, I would like to express my deepest gratitude for your unwavering support and encouragement for KB Financial Group's innovation and growth.

Even amid the challenging business environment due to the prolonged pandemic, we have mobilized Groupwide resources towards a brighter future driven by world-class talent and tireless innovation under the Group mission, 'Financial services delivering change.'

The Group continued solidifying its market presence as Korea's leading financial group by strengthening the core competencies of its subsidiaries. In particular, the integration of Prudential Life and the robust performance of securities operations expanded the contribution of non-bank subsidiaries to more than 40 percent of the Group's overall net profit. On the global front, aggressive global expansions resulted in the M&As of Prasac Microfinance Institution in Cambodia and PT Bank KB Bukopin in Indonesia, securing future revenue sources through a balanced business portfolio as a leading financial group.

Domestically, we made meaningful progress in 2021 towards our mid-term strategic goal of becoming 'your trusted financial partner for life' as the top financial platform company. In October, we polished up KB Star Banking app, the Group's flagship platform, drastically improving the simplicity, speed, and security of the customer experience. Customer convenience has been bolstered as the single platform integrates the key financial services of six distinct KB Financial Group subsidiaries, including: Easy Stock Trading Service of KB Securities; Digital payment service of KB Kookmin Card; and the Smart Insurance Claim service of KB Insurance.

We are also broadening customer touchpoints for our non-financial platforms through such services as KB Real Estate, KB Cha Cha Cha, and Liiv M. In October, KB Insurance became the first Korean insurer to establish a healthcare subsidiary.

Moreover, five of our subsidiaries—KB Kookmin Bank, KB Securities, KB Insurance, KB Kookmin Card, and KB Capital—have all obtained licenses for the MyData Service, so as to take the lead in the MyData market, which will become fully operational in 2022. Each subsidiary will provide personalized products and services relative to their respective specialties.





In the meantime, we raised the bar higher with our leadership in ESG management practices for sustainable growth. In June, KB Financial Group officially committed to carbon neutrality by 2050 under the strategy 'KB Net Zero S.T.A.R.' and became the first financial company in Asia and the first-ever Korean company to obtain approval from SBTi (Science-Based Target initiatives) for its carbon reduction goal. Moreover, KB Financial Group was the first Korean financial group to join the RE100 (Renewable Energy 100), a global corporate renewable energy initiative facilitating the collaboration of hundreds of large, ambitious businesses committed to 100% renewable electricity.

Let me touch on the business financial results of the past year.

KB Financial Group posted KRW 4.4 trillion in net profit for 2021, up KRW 941 billion from a year ago. Even after the preemptive provisioning for COVID-induced uncertainties, the Group's net profit surge can be attributed to the growth in interest income led by an increase in corporate loans and improved net interest margin. Non-interest income also rose from wealth management, investment banking, credit cards, and insurance operations thanks to the enhanced fundamentals of the non-banking subsidiaries.

The Group's total assets grew by KRW 53.2 trillion year on year, reaching KRW 663.9 trillion as of the end of 2021. This considerable success was attainable through solid growth in corporate loans extended to prime SOHO and SMEs, expanded investments in securities as part of our profit diversification strategy, and global business expansion.

These remarkable increases in earnings and assets stand out amid the adverse business environment mired in pandemic-induced uncertainty. Credit for this should go as much to the unwavering support of our customers and shareholders as it does to the tireless hard work of our dedicated employees. Going forward, we at KB Financial Group will do our utmost to continue developing through ceaseless growth and innovation.

The pandemic has induced uncertainty both at home and abroad, and it poses yet another challenging year ahead for the financial sector. We are at the crossroads of a paradigm shift, where the 'money move' trend is observed from deposits to investments, while expediting the separation between the manufacturing and distribution of financial instruments.

In meeting these transformative times, we at KB Financial Group remain focused on implementing our mid-to long-term strategies in 2022. We will channel the groupwide resources into achieving the R.E.N.E.W. 2022 key strategies.

First, we will Reinforce the Core competitiveness to consolidate our profit base and achieve sound growth.

To prepare for a fluctuating base rate trend, we will increase our income sources in corporate financing and capital markets and employ our professional asset management competencies to be a truly reliable financial partner both to our customers and the market.

Expansion of Global & New Biz is our second goal to materialize business results in our global and non-financial business operations.

On the global front, we will keep with the two-track strategy, where we will pursue retail banking business in the Southeast Asian markets while strategically pivoting to asset management and wholesale banking operations in advanced markets. To bolster the Group's future growth drivers, we will fortify our market dominance in the four non-financial platforms we selected for greater customer touchpoints. These include telecommunications, automobile services, and real estate, as well as digital healthcare services, in which we became the first to advance among all Korean financial institutions.

Our third goal is to become No. 1 Customer-Centric Platform, most trusted by customers through the enhanced KB Star Banking app and MyData Service.

The Group's flagship application, KB Star Banking, will serve as the sole platform to access our financial services, including securities, insurance, credit cards, and banking services. We will establish a truly customer-centric platform by upgrading the user experience through a constant feedback flow of customer pain points.

We will also secure an edge with the MyData business by offering hyper-personalized services based on our refined data analysis results. Our focus will be to refine the customer experience by seamlessly connecting advanced customer services and optimal products via our integrated channels using innovative technologies.

Fourth, we will enhance ESG management practices to scale to new heights in our ESG Leadership.

While seeking out new business opportunities in Net Zero facility investments, we will advance our practices for carbon neutrality. We will favorably finance businesses with proven success in their carbon reductions while expanding investments in the green sector. In fulfilling our social responsibility, we will adopt projects from a 'win-win' perspective for SME companies with little or no experience or knowledge in ESG management.

Lastly, World-Class Talents & Culture is our ultimate goal for cultivating an open and creative organizational culture that will foster a higher caliber of talent.

In recruiting and reassigning employees to ensure the digital and core growth sectors are adequately staffed, we will promote 'KB-style agile organization'—an agile and well-organized corporate culture—at the Groupwide level.

Looking ahead, 2022 will mark a milestone year for KB in our efforts to gain greater trust and support from our customers. To this end, we will continue with our unique customer-centric management practices that place the customer's perspective at the core of our business strategies and make their values a paramount priority.

In closing, I would like to ask for your continued support and encouragement this year. I wish our customers, shareholders, and their families abundant health and prosperity.

Thank you.

Yoon Jong-kyoo

Chairman & CEO, KB Financial Group Inc.

# R.E.N.E.W. 2023



## World Class Talents & Culture

- Training talent for the digital era
- Renew the KB culture to lead innovation
- Promoting expedient and efficient platform organization



## No.1 Platform (Customer-Centric)

- Ensuring the competitiveness of a total financial platform
- Connecting and providing optimal customer-oriented channels
- Data-driven marketing innovation



## Reinforce the Core

- Redefining roles and reinforcing the market positions of its subsidiaries
- Upgrading the revenue stream of business models
- Strategic innovation in cost structure



## ESG Leadership

- Securing a differentiated ESG leadership
- Reinforcing the risk management system
- Upgrading the financial consumer protection system



## Expansion of Global & New Biz

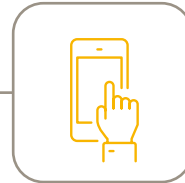
- Reinforcing global business operations
- Increasing investments in growth industries
- Expanding into non-financial sectors to reach beyond finance



# 2021 at a Glance



Focusing on Strategies



Connecting Daily Life



Challenging for Change



Looking Beyond the Scene



## April

- KB Kookmin Bank Launched Asia Credit Review Center**

KB Kookmin Bank has reformed and promoted the credit review unit of its Hong Kong branch to the Asia Credit Review Center. The purpose of the reform was to broaden the scope of its credit review operations, which had previously been concentrated on the Hong Kong market, to cover the Southeast Asian markets.

## May

- KB Kookmin Bank Received Preliminary Approval for the Singapore Branch**

Advancing into the capital markets of Asia's largest financial hub, KB Kookmin Bank is securing a base in the Asia-Pacific (APAC) region. This will complete its global infrastructure, connecting to the financial hubs of London and New York for round-the-clock responses to the worldwide capital markets.



- KB Financial Group Launched STAR WM, a WM Financial Planner Service for VIPs**

By assigning selected competent Life Planners from Prudential Life to the Group's premium outbound channel Star WM, the Group exclusively provides high net worth (HNW) customers with premium wealth management services coordinated by bank and securities subsidiaries.



## December

- KB Financial Group Posted a Net Profit Exceeding KRW 4 trillion for the First time in History**

KB Financial Group saw its net profit exceed KRW 4 trillion for the first time in its history, reaching KRW 4.4 trillion for 2021, which consolidated its position as a leading group in terms of profitability and growth.

- KB Kookmin Bank Topped the Market Share in Retirement Pension Reserves**

KB Kookmin Bank topped the market share in retirement pension reserves. The bank was the first retirement fund manager to see its AUM size surpass KRW 30 trillion. We will continue leading the retirement pension market through competitive products, differentiated customer relations management.





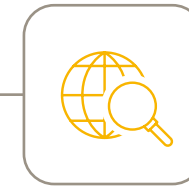
# 2021 at a Glance



Focusing on Strategies



Connecting Daily Life



Challenging for Change



Looking Beyond the Scene >>>>

## August

- KB Kookmin Bank Launched an 'All-in-one' Household Lending System**  
 KB Kookmin Bank has overhauled its previous virtual household lending service to expand its lineup of contactless loan products and services available within a streamlined loaning process. Launched as a fully contactless 'All-in-one' Household Lending System, the service equips the Bank with differentiated competitiveness we expect to lead non-face-to-face channels.

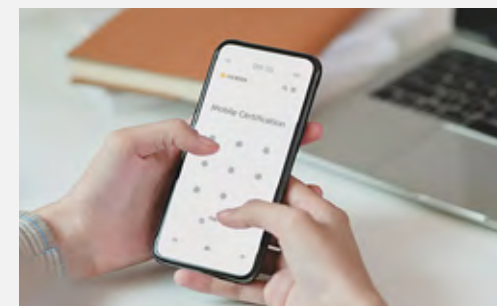
## October

- KB Kookmin Bank Designated as a Digital Signature Certification Business**  
 KB Mobile Certification has earned wide recognition for its secure and reliable performance, expanding its service into public and private organizations, as well as the Group subsidiaries.

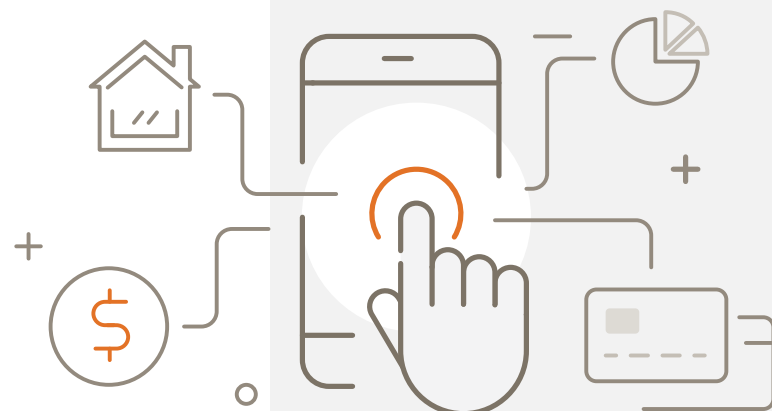


## December

- KB Mobile Certification Subscribers Surpassed 9.6 Million**  
 The subscribers for KB Mobile Certification exceeded 9.6 million in just a little over two and a half months of service, with the number of its monthly average transactions amounting to 77 million.



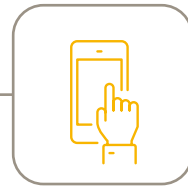
- KB Kookmin Bank and KB Kookmin Card Piloted the MyData Service**  
 In 2021, KB's bank, credit card, securities, insurance, and capital subsidiaries were designated as MyData Service providers. In January 2022, KB Kookmin Bank and KB Kookmin Card piloted the service in advance. KB Financial Group aims to lead the MyData market by leveraging the extensive database of 36 million customers, coupled with the key content of its subsidiaries and its outstanding WM expertise.



# 2021 at a Glance



Focusing on Strategies



Connecting Daily Life



Challenging for Change



Looking Beyond the Scene



## February

- **KB Kookmin Card Became the First Korean Card Issuer to Enter the Thailand Market**

In January 2021, KB Kookmin Card acquired a 49.99% stake in KB J Capital, a Thai credit finance company (a board seat requires at least 50.99% stake). This made the Company the first Korean credit card issuer to enter the Thai market since the 1997 Asian Financial Crisis. By tapping into KB's key financial expertise, we will take full advantage of the customer base, network, and local market expertise of KB J Fintech to become the top-tier credit finance business in the Thailand market.

## May

- **KB Kookmin Bank Commenced Cryptocurrency Remittance Service**

KB Kookmin Bank launched a cryptocurrency custody service through KODA, the institutional digital asset custody solution created as a joint venture with the blockchain developer,

Haechi Labs, and a blockchain-focused fund, Hashed, at the end of 2021. The Bank became the first Korean commercial bank to enter the digital asset markets in pursuit of a future growth model.

## October

- **KB Kookmin Bank Secured 100% Stake in the Prasac Microfinance Institution**

KB Kookmin Bank recently acquired the remaining 30% stake in the Prasac Microfinance Institution, which brought it up to a 100% stake in the Cambodian subsidiary. Prasac is the largest microfinance provider in Cambodia. It aims to transform into a commercial bank and become a leading bank in Cambodia in the near future.



- **KB Insurance Became First in the Industry to Establish a Healthcare Subsidiary**

In 2021, KB Insurance became the first Korean insurer to establish a healthcare subsidiary, KB Healthcare. Based on its digital healthcare platform, the company will offer comprehensive total lifestyle & financial services that bridge the gap between finance and healthcare.



## November

- **KB Kookmin Bank Assumed Management Power in the PT Bank KB Bukopin**

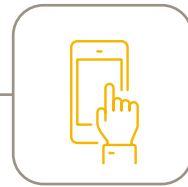
Following its acquisition of a 67% stake in PT Bank KB Bukopin in 2020, KB Kookmin Bank seconded executives and one vice chairman (a board member), which allowed it to assume managerial control over the Indonesian bank.



# 2021 at a Glance



Focusing on Strategies



Connecting Daily Life



Challenging for Change



Looking Beyond the Scene



## February

- KB Kookmin Bank Joined the Equator Principles**  
 KB Kookmin Bank joined the Equator Principles, a risk management framework voluntarily adopted by global financial institutions to exclude those projects likely to incur environmental destruction or human rights violation from financial support.



## June

- KB Financial Group Announced Net Zero S.T.A.R.**  
 KB Financial Group announced Net Zero S.T.A.R., its mid-to-long-term strategy. It is a roadmap for the Group to achieve carbon neutrality in its internal emissions by 2040 and in its financed emissions by 2050. KB Group was also the first Korean financial company to disclose its financed emissions.



## September

- KB Financial Group Joined the RE100**  
 KB Financial Group became the first Korean financial company to join the RE100, the global corporate renewable energy initiative for global companies committed to 100% renewable energy.



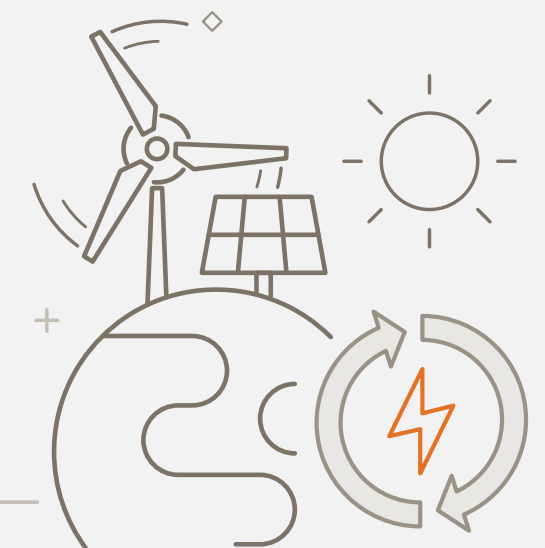
## October

- KB Financial Group Became the First Asian Financial Institution to Win SBTi Approval**  
 KB Financial Group was the first Asian financial institution to win the SBTi approval for its carbon emission goals, which went to prove the practicality of its carbon neutrality roadmap.
- KB Financial Group Scored Straight A+'s on the 2021 KCGS ESG Evaluation for a Second Straight Year**  
 KB Financial Group earned an A+ in all the three sectors of environment, social and governance and ESG ranking in the 2021 ESG Evaluation from the Korea Corporate Governance Service (KCGS) for a second consecutive year.



## November

- KB Financial Group Remained on the DJSI World Index for 6th Consecutive Year, Topping the Global Banking Sector**  
 In 2021, KB Financial Group became the first Korean financial institution to rank atop the global banking sector of the Dow Jones Sustainability Index (DJSI) and remained on the DJSI's highest rating World Index for a sixth consecutive year.





# Focusing on Strategies

## Sustainable Growth

In order to retain sustainable growth engines, KB Financial Group will reserve the top-tier market position for key subsidiaries, including the bank, securities, insurance, and credit card businesses, while expanding revenue streams in the key businesses of WM, IB, and capital markets to establish itself as a financial partner renowned for exceptional asset management capabilities.

Focusing on the strategic goal becoming the No. 1 financial platform provider, we continue to update our platforms and push ahead with customer-oriented innovation going beyond traditional financial business models to secure the springboard for sustainable growth as a leading financial group.



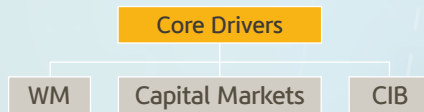
# Focusing on Strategies

## Group Net Profit

(bn won)



## Core Growth Drivers



## WM Paradigm Shift

Introduced the 'WM Asset Management Platform', providing AI-based customized wealth management solution

## Triple Crown in League Tables

Topped the League Tables of the Syndicated Loans, DCM, and M&A

\* Syndicated Loan and DCM (Bloomberg), M&A (The Bell)

## Omni Channel Seamless Service

Around-the-clock service via on and offline channels



## Net Profit Contribution from Non-Banking

**42.6%**



# Connecting Daily Life

## Customer Value +

KB Star Banking, our flagship platform for comprehensive asset management, aims to be a scalable total financial service platform that serves as the Groupwide hub platform. Offering all the core services of our subsidiaries, the app has enhanced convenience in the customer experience of the digital lifestyle, along with our comprehensive financial services.

KB Star Banking will evolve from its role as a super app that synergizes the services of our subsidiaries to become a platform specialized in serving future generations. The competitiveness of the platform will give us an edge in the MyData market by providing hyper-personalized asset management services that cover everything from finance to daily lifestyles.

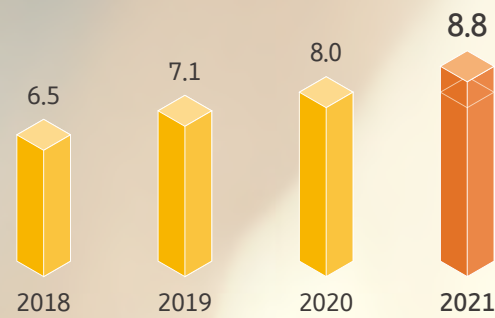




# Connecting Daily Life

## KB Star Banking MAU

(million)



Growth target for 2022

**15 million**

### Super App, KB Star Banking

KB Kookmin Bank's flagship app, featuring the key services of six subsidiaries

### Digital Marketing

Enhance digital marketing capabilities utilizing 36 million of the Group customer base

### Market Leadership in MyData

Hyper-personalized wealth management service specified by business

- KB Kookmin Bank: omni-channel-based total wealth management service
- KB Securities: financial investment-specified investment platform
- KB Insurance: a data-based digital lifestyle coaching service converging finance with healthcare
- KB Kookmin Card: offering lifestyle benefits and financial information
- KB Capital: PFM service optimized to car life cycle





# Challenging for Change

## New Opportunities

KB Financial Group continues to reinforce its fundamentals for earnings, which is attributable to robust growth in core earnings and tangible results from inorganic growth of its non-banking operations. Specifically in the non-financial businesses, we have established stable synergistic models in digital healthcare, telecommunications, auto financing, and real estate, gaining momentum in our endeavors for future growth engines.

KB Financial Group also maintains its solid growth base in global business operations. To ensure future revenue sources, we will expedite our two-track strategy that takes different approaches: while we seek high growth potentials in the emerging markets of Southeast Asia, we expect high investment security in developed markets.



# Challenging for Change

## New Opportunities

Fortify market dominance in non-financial platforms such as automobile, real estate, healthcare, telecommunications to bolster future growth drivers



Automobile



Real Estate



Healthcare



Telecommunications

## Global Business Scale-Up

To become one of Indonesia's top 10 comprehensive financial groups through creating synergy among the Indonesian-based KB subsidiaries



KB Kookmin Bank



KB Insurance



KB Securities



KB Kookmin Card



KB Capital

## Net Profit Contribution from Global Operation

**10% by 2023**



# Looking Beyond the Scene

## Better World

KB Financial Group's leadership in ESG management is the result of our constant vigilance to the social demands from the customer perspective. We translate numerous ideas into action for the sake of mutual prosperity with society, the environment, and local communities while we serve our mission as a financial institution through expanded ESG investors and finance.

KB Financial Group remains committed to responsible management practices, both environmentally and socially through strategic climate actions while contributing to creating a financial ecosystem for the transition into a low-carbon economy and a sustainable society. In the future, KB Financial Group will play a leading role in the transition to a low-carbon economic system that truly lives up to its status as a global leader of ESG management.



# Looking Beyond the Scene

## KB Net Zero STAR

Pursue carbon neutrality based on KB Net Zero S.T.A.R., mid-to-long-term carbon neutrality strategy



## ESG Leadership

Secure ESG leadership through global initiative activities in the field of environment

## SBTi Approval

Received SBTi approval for the first time among Asia regional financial groups

## DJSI World

Included in the DJSI World Index for 6 consecutive years  
No.1 in Korea banking industry

## Green Finance

Goal to reach KRW 50 trillion in ESG products, investments, and loans by 2030



# Response to COVID-19

As we have yet to see an end to the COVID-19 pandemic, it continues to wreak havoc on society and leave economic turmoil in its wake. For a swift and systemic response to the challenges, KB Financial Group has established a Group-level Emergency Management Committee, which provides immediate support to companies, SMEs, and the underprivileged adversely affected by this unprecedented calamity. As such, KB Financial Group is translating its vision into reality as its financial services delivering change support its customers through the COVID-19 crisis for a happier life and a better world.



## Contributing to a Better World

### Support for the Underprivileged

KB Financial Group's COVID-19 relief programs are directed towards the underprivileged in our society. We donated masks and other PPE (personal protective equipment for COVID-19) packages to 1,900 community childcare centers and 300 elderly homes nationwide and provided free delivery on prescriptions to 12,000 low-income families. We improved the living conditions of 375 underprivileged families and sponsored their heating bills to help them stay safe and warm over the cold winter months. We offered discounts on mobile phone bills to customers from the regions hit hard by the pandemic and for students of all grade levels, who had to go online at school under the physical distancing policy. We also donated COVID-19 preventive kits to several Southeast Asian countries, including Indonesia, Laos, and Cambodia, who struggled from the lingering spread of COVID-19.

### Support for Small Business Owners

KB Financial Group focused its social contribution activities on small businesses ailing from COVID-19. The "Goodwill Consumers Campaign" encouraged cardholders to make pre-payments and pre-purchases to help local small companies mitigate the liquidity crunch. The Group also subsidized employees with KRW 11 billion Onnuri gift certificates for use at traditional markets. For the Korean Thanksgiving holiday, known as Chuseok, KB Kookmin Bank purchased KRW 600 million worth of rice and meat from local shops and traditional markets all across the nation and donated this food to 10,000 financially-distressed people enduring hard times. Participating in the "Compassionate Landlord Campaign," the Group reduced the rent for small business tenants from the buildings in its holding. We initiated a relay campaign to help floriculturists whose sales plummeted due to the COVID-19 physical distancing policy.

## Financing a Better World

### Increased Issuance of ESG Bonds

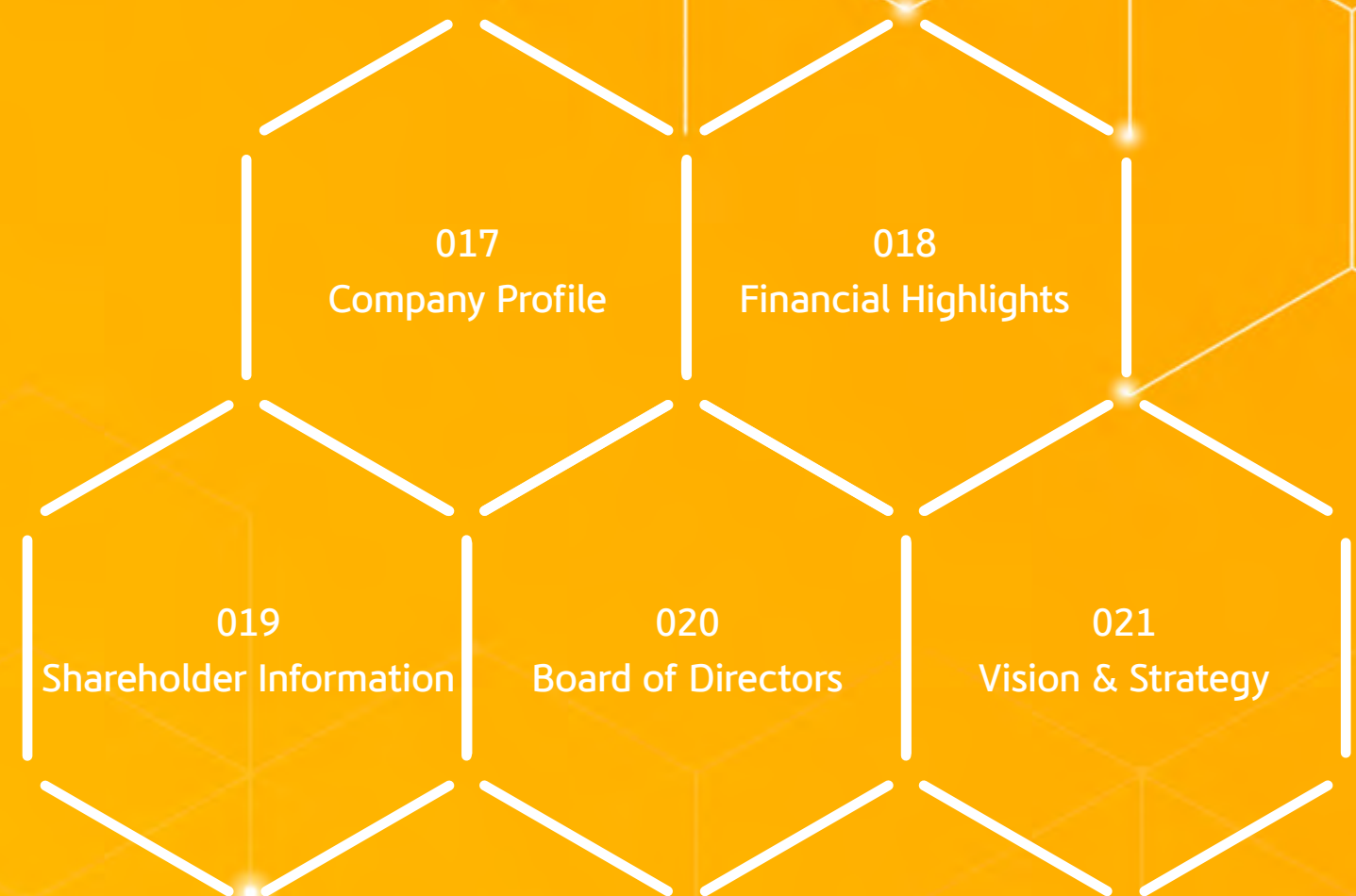
KB Financial Group expanded its issuance of ESG bonds to finance the underprivileged and SME and microenterprises ailing under the pandemic. In addition, KB Kookmin Bank issued social bonds totaling KRW 400 billion and USD 1 billion worth of sustainability bonds to finance companies affected by COVID-19. In particular, the Bank was the first in the industry to issue foreign currency-denominated bonds to finance COVID-19 relief programs for companies. KB Kookmin Card issued social bonds totaling KRW 1.3 trillion on eight separate occasions for the early settlement of credit sales for small business merchants suffering liquidity shortages due to the pandemic.

### Financial Support for Companies Damaged by COVID-19

KB Kookmin Bank provided new loans, extended the maturity of existing loans, and deferred the loan principal and interest payments for corporates clients who experienced direct/indirect pandemic-induced hardships. As of the end of 2021, we held a total of KRW 8.5 trillion in new lending, and the maturity was extended for KRW 4.2 trillion existing loans. The loan balance of deferred principal reimbursements for installments amounted to KRW 380 billion, and the loan balance for deferred principal/interest repayments stood at KRW 480 billion. KB Kookmin Bank also extended the reimbursement period following the grace period for customers who had applied for the benefit. Moreover, the Bank offered various programs to help customers prepare for the soft landing through individualized consulting services on repayment planning.



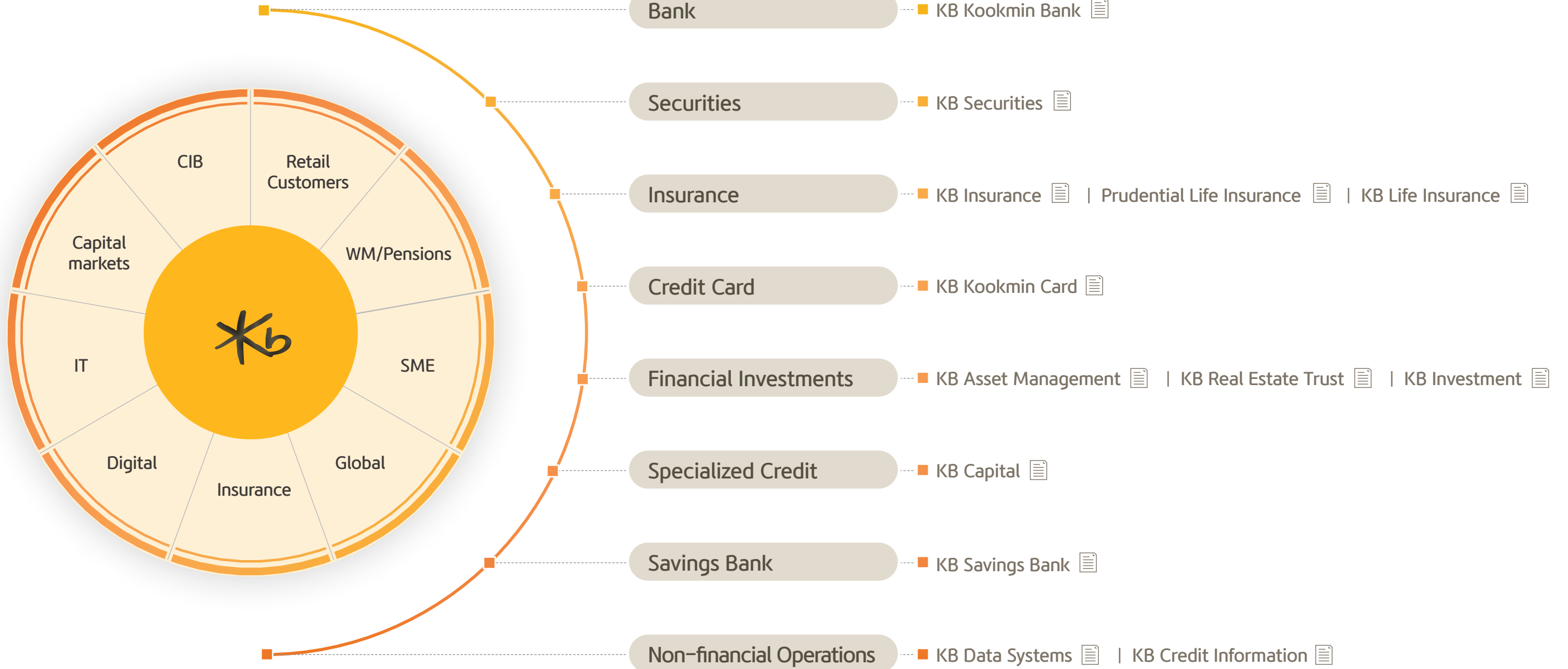
# GROUP REVIEW



# Company Profile

KB Financial Group offers advanced financial services and products through 13 subsidiaries in nine business units—retail customers, wealth management/pensions, small-and medium-sized enterprises, global, insurance, digital, IT, the capital markets, and corporate & investment banking (CIB).

KB Financial Group, as the holding company, holds 100 percent of the shares in each subsidiary.

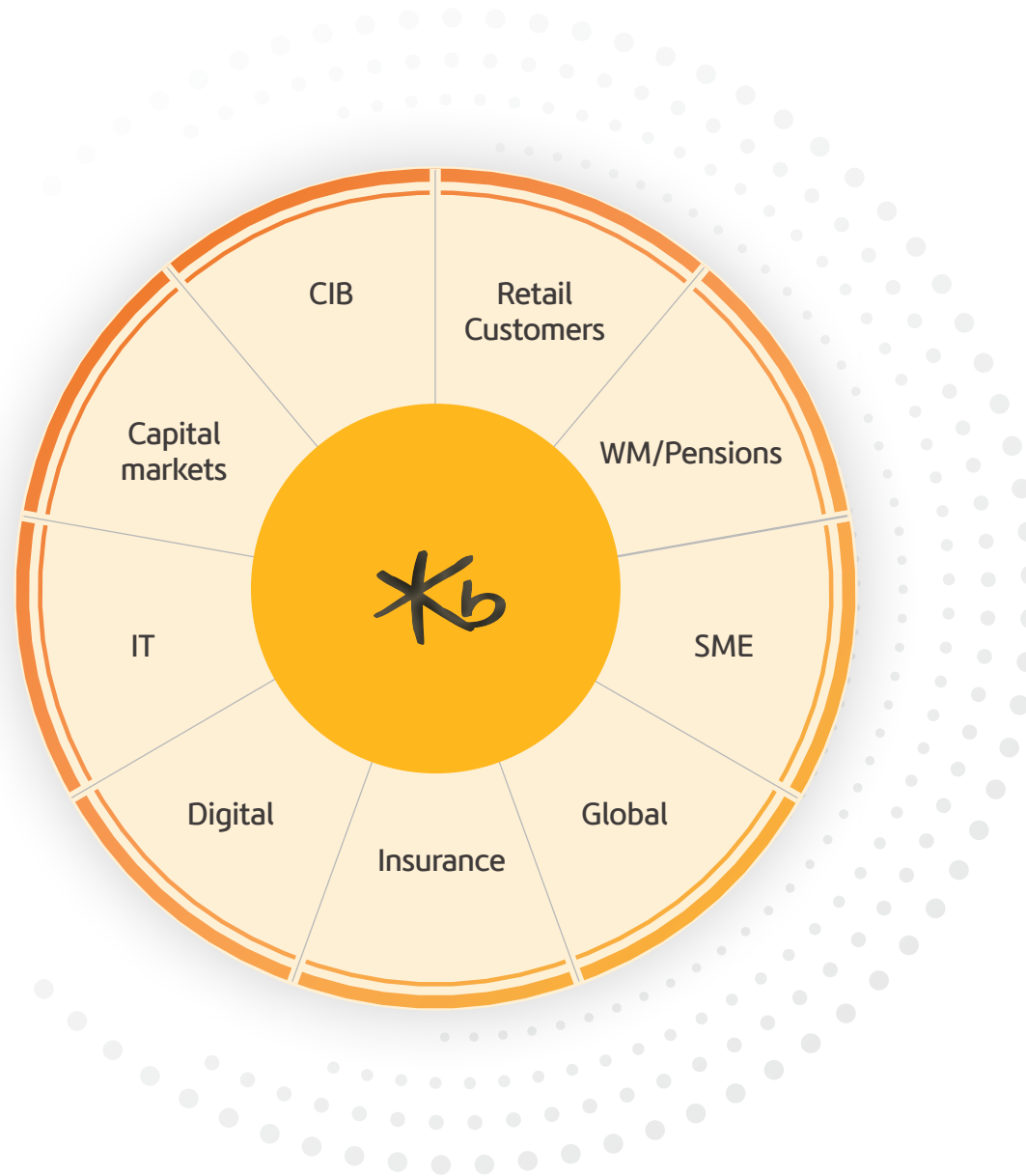




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## GROUP NETWORK

Domestic **1,637**  
Overseas **754**

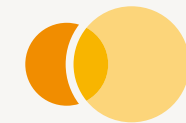


## GROUP CUSTOMERS

**36.3** million



## ESG



Dow Jones Sustainability Indexes

Included in for 6 consecutive years

**KCGS A+**  
Korea Corporate Governance Service

## GROUP EMPLOYEES

**25,176**



## CREDIT RATINGS

Moody's **A1** / Stable

S&P **A** / Stable



Carbon Disclosure Project Honors in the finance sector for 5 consecutive years



# Financial Highlights

KB Financial Group continued to reinforce its position as a leading financial group in all aspects of profitability, asset quality, capital adequacy, and in the sheer size of its assets.

KB Financial Group recorded its historic-high profit of KRW 4,410 billion, up 27.2% YoY, driven by the balanced improvements in all business operations. The Group ROE enjoyed significant YoY growth which climbed to 10.22% in 2021. The non-banking sector's contribution to the Group's overall net income also significantly rose, from 30% or below, up to 42.6% in 2021.

The Group's total assets, including AUM, continued to advance in 2021, amounting to KRW 1,121.2 trillion by the year end.

The cost-income ratio (CIR) significantly improved in 2021, reaching an impressive 49.7%.

Asset quality remained stable in 2021 through effective risk management. As of the end of 2021, the Group's non-performing loan (NPL) ratio stood at 0.33%, and the NPL coverage ratio at 208.9%.

As of the end of 2021, KB Financial Group maintained industry top-level capital adequacy as the Group's BIS ratio recorded 15.8%, with a Tier 1 ratio of 14.5% and a CET1 ratio of 13.5%.

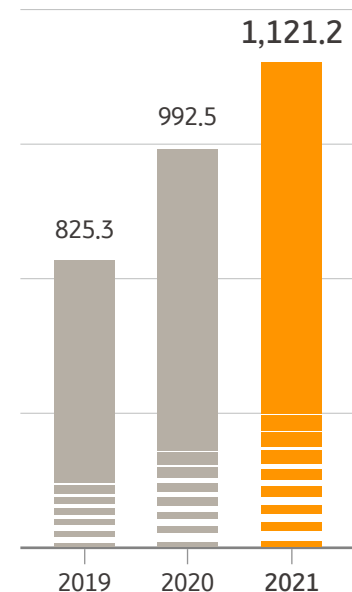
## Financial Summary

	2021	2020	2019
<b>Profitability</b> (bn won) <sup>1)</sup>			
Gross operating income	14,484	12,493	11,432
Operating profit	6,098	4,634	4,490
Net profit <sup>2)</sup>	4,410	3,468	3,311
ROA (%)	0.69	0.61	0.66
ROE (%) <sup>3)</sup>	10.22	8.79	8.98
Cost-income ratio (CIR) (%)	49.7	54.6	54.9
<b>Financial position</b> (tn won)			
Assets	663.9	610.7	518.5
Total assets including AUM	1,121.2	992.5	825.3
Liabilities	615.6	567.3	479.4
Shareholders' equity	48.3	43.4	39.1
<b>Asset quality</b> (%)			
NPL ratio <sup>3)</sup>	0.33	0.41	0.49
NPL coverage ratio <sup>4)</sup>	208.9	168.6	147.1
Credit cost ratio (CCR)	0.30	0.26	0.20
<b>Capital adequacy</b> (%)			
BIS ratio	15.8	15.3	14.5
Tier 1 ratio	14.5	14.1	13.9
CET 1 ratio	13.5	13.3	13.6

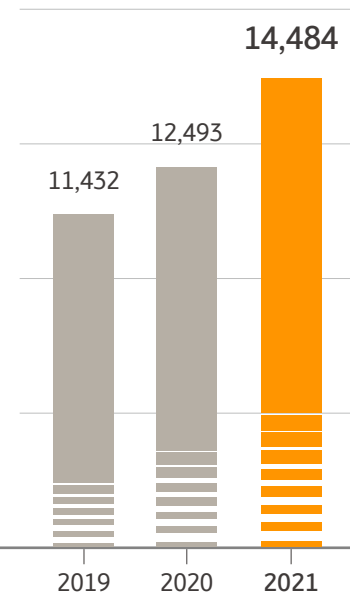
## Key Performance Indicators



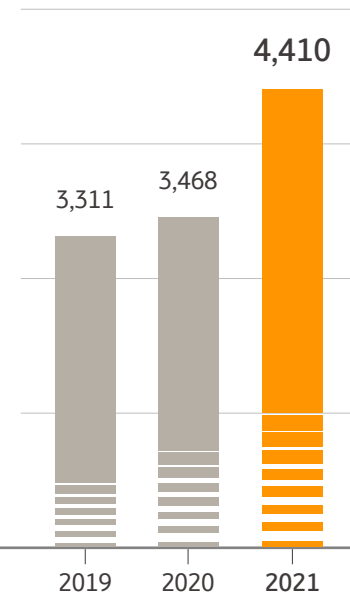
**Total Assets (incl. AUM)**  
(tn won)



**Gross Operating Income**  
(bn won)

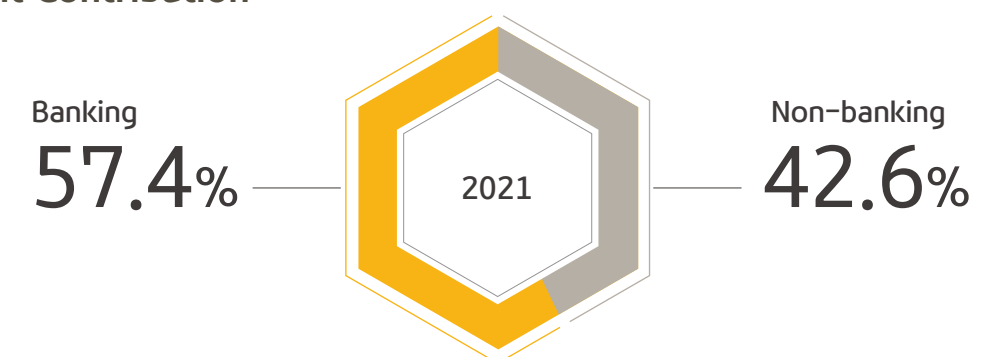


**Net Profit**  
(bn won)



- 1) The consolidated financial information for the years ended December 31, 2020 and 2019 have been restated retrospectively to reflect the accounting policy changes in connection with the IFRIC decision regarding K-IFRS No. 1019
- 2) Based on profit attributable to controlling interests
- 3) Based on return on common equity
- 4) Based on simple arithmetic sum of each subsidiary's figures (excl. overseas local subsidiaries, overseas equity investments, SPCs for consolidation, etc.)

## Net Profit Contribution





# Financial Highlights

KB Financial Group continued to reinforce its position as a leading financial group in all aspects of profitability, asset quality, capital adequacy, and in the sheer size of its assets.

KB Financial Group recorded its historic-high profit of KRW 4,410 billion, up 27.2% YoY, driven by the balanced improvements in all business operations. The Group ROE enjoyed significant YoY growth which climbed to 10.22% in 2021. The non-banking sector's contribution to the Group's overall net income also significantly rose, from 30% or below, up to 42.6% in 2021.

The Group's total assets, including AUM, continued to advance in 2021, amounting to KRW 1,121.2 trillion by the year end.

The cost-income ratio (CIR) significantly improved in 2021, reaching an impressive 49.7%.

Asset quality remained stable in 2021 through effective risk management. As of the end of 2021, the Group's non-performing loan (NPL) ratio stood at 0.33%, and the NPL coverage ratio at 208.9%.

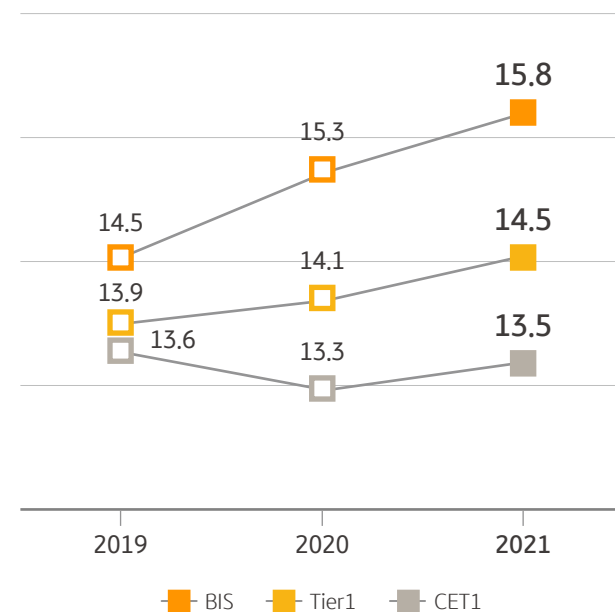
As of the end of 2021, KB Financial Group maintained industry top-level capital adequacy as the Group's BIS ratio recorded 15.8%, with a Tier 1 ratio of 14.5% and a CET1 ratio of 13.5%.

## Financial Summary

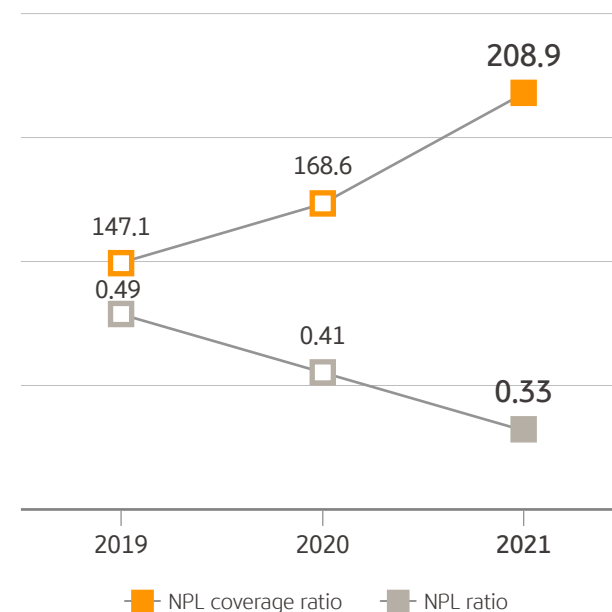
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## Key Performance Indicators

BIS Ratio (%)

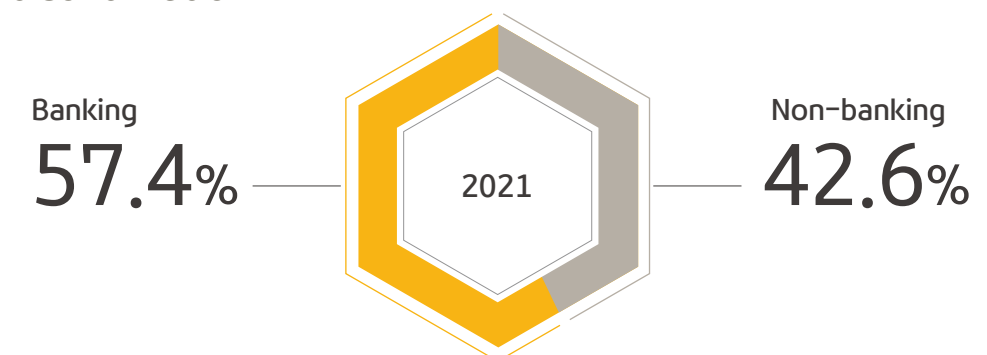


NPL & NPL Coverage Ratios (%)



- 1) The consolidated financial information for the years ended December 31, 2020 and 2019 have been restated retrospectively to reflect the accounting policy changes in connection with the IFRIC decision regarding K-IFRS No. 1019
- 2) Based on profit attributable to controlling interests
- 3) Based on return on common equity
- 4) Based on simple arithmetic sum of each subsidiary's figures (excl. overseas local subsidiaries, overseas equity investments, SPCs for consolidation, etc.)

## Net Profit Contribution



# Shareholder Information

## Stock Information

	2021	2020
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	55,000	43,400
Market capitalization (in billions)	22,869	18,046
Dividend per share	2,940	1,770
Book value per share	113,425	100,484
Basic earnings per share	11,134	8,843

(Shares, KRW, %)

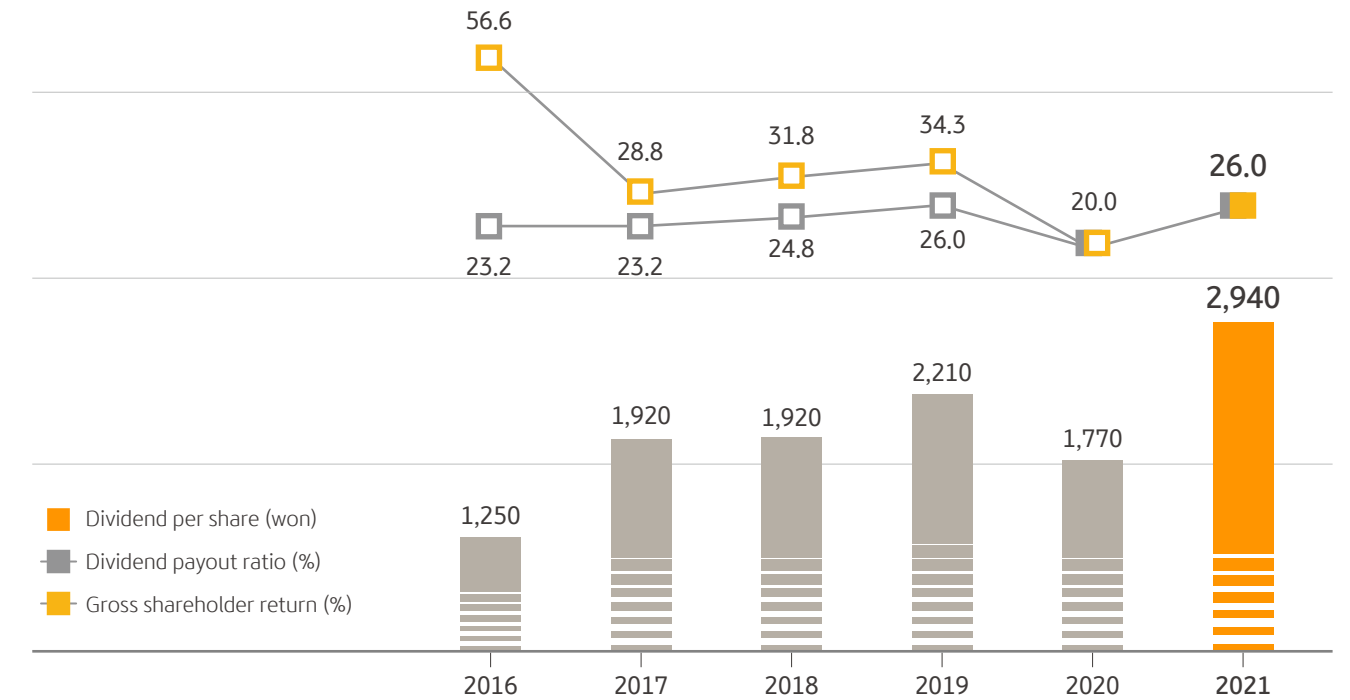
## Share Ownership

	Number of shares owned	Ownership
Korean National Pension Service	37,626,516	9.05
JPMorgan Chase Bank (ADR) <sup>1)</sup>	23,929,641	5.75
Employee Stock Ownership Association	7,682,571	1.85
The Government of Singapore	7,313,932	1.76
Norges Bank	6,751,952	1.62
Peoples Bank of China	5,020,801	1.21
Vanguard Total International Stock Index	4,951,356	1.19
Fidelity Investment Trust	4,926,355	1.18
Samsung Asset Management	4,628,808	1.11
Stichting Depository APG Emerging Markets Equity Pool	4,466,237	1.07

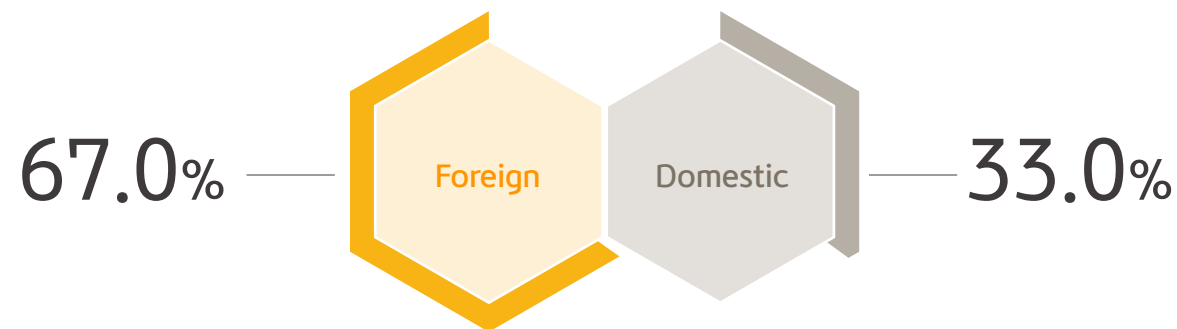
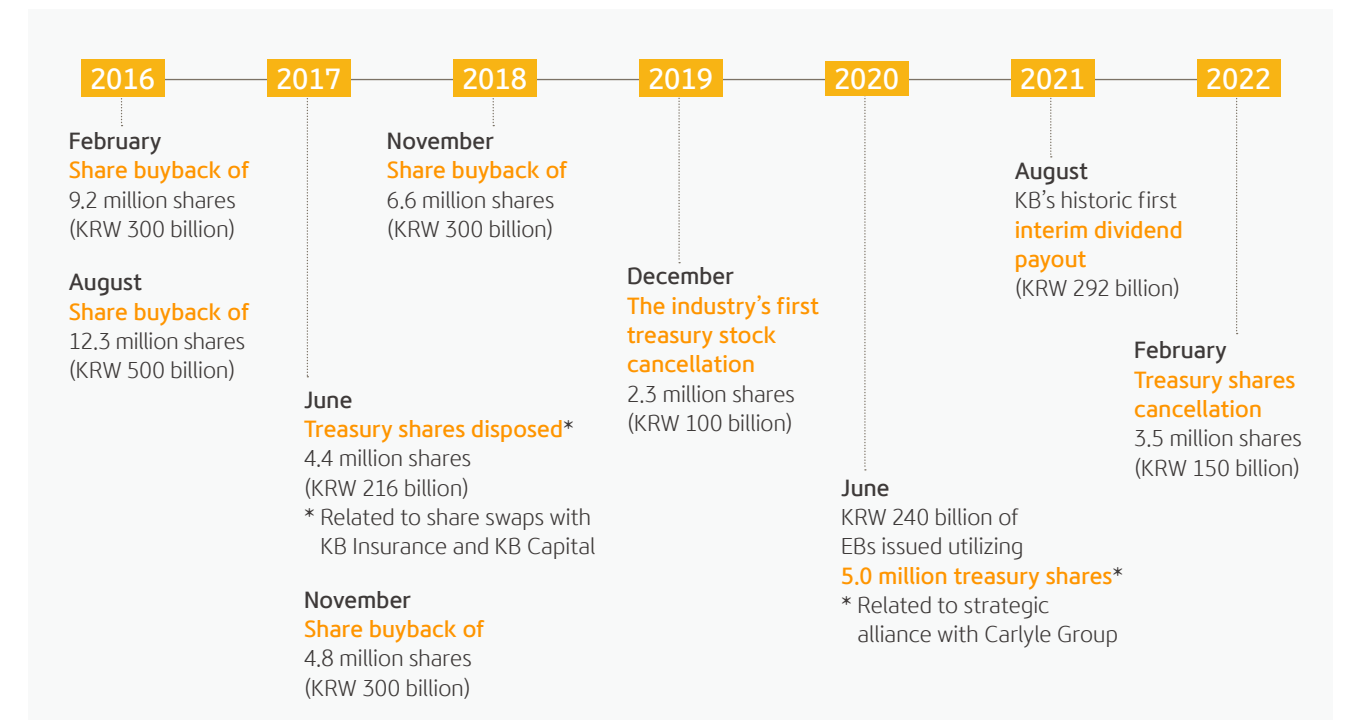
(Shares, %)

1) Depository under the ADR program

## Gross Shareholder Return



## Key Takeaways





# Board of Directors

As of the end of March 2022, KB Financial Group’s Board of Directors (BoD) consists of 9 directors: 7 non-executive directors, 1 executive director, and 1 non-standing director. The BoD is operated and structured with independence, expertise, and diversity to ensure sustainable growth, enhance corporate value, and protect the interests of shareholders.

## Independence

Non-executive directors make up the majority of the BoD



Non-executive directors **77.8%**

## Diversity

Non-executive director candidates are not discriminated against based on their gender, nationality, or age



**Five** non-executive directors are male and **two** are female

## Expertise

	Suk Ho Sonu	Myung Hee Choi	Kou Whan Jeong	Kyung Ho Kim	Seon Joo Kwon	Gyu Taeg Oh	Jae Hong Choi
Finance		•			•		
Business management					•		
Finance/Risk management	•			•		•	
Accounting				•		•	
Laws/Regulations		•	•				
Digital/IT							•
ESG/Consumer protection	•	•	•			•	

<p>“I will proactively provide advice on the Group’s long-term management strategies and goals to contribute to its stable growth and creation of values. I also strive to stabilize the Group’s corporate governance system.”</p> <p><b>Suk Ho Sonu</b> Non-executive Director, Chairman of the Board</p> <ul style="list-style-type: none"> <li>Former Professor, School of Business Administration, Hongik University</li> </ul>	<p>“I check the management of the Group to ensure its operations are in line with the management plans approved by the Board of Directors and oversee the operation of the Group’s internal control system.”</p> <p><b>Myung Hee Choi</b> Non-executive Director</p> <ul style="list-style-type: none"> <li>Vice President, Korea Internal Control Assessment Institute</li> </ul>	<p>“I will contribute to the rational decision-making process of the Board of Directors by verifying the legitimacy of the resolutions of the Board of Directors. I will do my utmost to protect the rights of consumers from their perspectives.”</p> <p><b>Kou Whan Jeong</b> Non-executive Director</p> <ul style="list-style-type: none"> <li>Nambujeil Law and Notary Office Inc. President Attorney at Law</li> </ul>
<p>“I review the overall accounting policy of the Group and provide professional feedback to contribute to enhancing the transparency of the Group’s accounting.”</p> <p><b>Kyung Ho Kim</b> Non-executive Director</p> <ul style="list-style-type: none"> <li>Former Professor, School of Business Administration, Hongik University</li> </ul>	<p>“I will proactively inspect the Group’s practices to ensure a sound risk management system in times of uncertainties. I will set forth impartial opinions to assist the management in making well-informed decisions on new business plans.”</p> <p><b>Seon Joo Kwon</b> Non-executive Director</p> <ul style="list-style-type: none"> <li>Former Chairman &amp; CEO, Industrial Bank of Korea</li> </ul>	<p>“I will provide timely management plans to efficiently utilize the Group’s capital. I keep monitoring the Group’s own ESG strategies to solidify the Group’s ESG leadership and create sustainable value.”</p> <p><b>Gyu Taeg Oh</b> Non-executive Director</p> <ul style="list-style-type: none"> <li>Professor, School of Business Administration, Chung-Ang University</li> </ul>
<p>“I provide an extensive array of opinions to allow the Group to become the “No. 1 Financial Platform” through digital innovation and enhanced competitiveness.”</p> <p><b>Jae Hong Choi</b> Non-executive Director</p> <ul style="list-style-type: none"> <li>Professor, Department of Multimedia &amp; IT Engineering, Gangneung-Wonju National University</li> </ul>	<p>“The whole KB Financial Group will think from the customer’s perspective in practicing its differentiated customer-centric management that places customer value first.”</p> <p><b>Jong Kyoo Yoon</b> Executive Director</p> <ul style="list-style-type: none"> <li>Chairman &amp; CEO, KB Financial Group</li> </ul>	<p>“I will provide my experience and knowledge accumulated from my service in the key roles of KB Financial Group to assist the Board of Directors in making rational decisions.”</p> <p><b>Jae Keun Lee</b> Non-standing Director</p> <ul style="list-style-type: none"> <li>President &amp; CEO, KB Kookmin Bank</li> </ul>

# Vision & Strategy

## Mission

**Financial service delivering changes**  
happier life & better world

Guided by the Group mission, ‘Financial services delivering changes—happier life and better world,’ our overarching goal is to improve the lives of our customers and do our part to create a more prosperous world. Our lofty vision to better the world guides our management practices and strategies, uniting all of us at KB under the shared commitment to best serve our customers.

## Vision

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

Our Group vision provides the map from which KB’s world-class financial experts boldly navigate and lead the financial paradigm so as to become the top-tier financial group that customers turn to first as a financial partner for life.

## 2021 Key Activities and Achievements

### Reinforce the Core

KB Financial Group recorded a historic-high net profit of KRW 4.4 trillion in 2021 thanks to continued revenue growth and sound risk management in the face of the protracted COVID-19 pandemic challenges. Each subsidiary did their part in dedicating great efforts to reinforcing their business competitiveness. Meanwhile, we also focused on strengthening the core competitiveness of our business lines, such as WM, CIB, and the capital markets at the Group level. As a result, the contributions from non-banking subsidiaries to the Group’s overall income jumped to 43% at the end of 2021, demonstrating the Group’s ability of generating profits from a balanced group portfolio.

### Expansion of Global & New Biz

Since the cross-border mergers and acquisitions of Prasac and Bukopin Bank, KB Financial Group has channeled its resources to more cohesively incorporate their global assets and network into its operations. Domestically, we are seeking out new opportunities beyond the financial landscape. In October, KB Insurance became the first Korean insurer to establish a digital healthcare subsidiary, KB Healthcare, and KB Kookmin Bank launched an upgraded Liiv Real Estate service. Meanwhile, the Group is also exploring innovative financial service areas through equity investments and business alliances with the Korea Digital Asset (KODA) and FINT, an AI-based wrap account service.

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

With the aim of becoming the No. 1 financial platform operator, KB Financial Group is actively embracing a customer-oriented digital transformation to enhance platform competitiveness as a comprehensive financial service provider. In October 2021, we reinforced our platform competitiveness with the launching of our remarkable app service, New KB Star Banking. This app seamlessly connects the primary services of all our subsidiaries, as well as the banks. We also introduced Liiv Next, a financial platform targeting the Z-generation as future potential customers. Furthermore, five of our subsidiaries—Kookmin Bank, KB

Securities, KB Insurance, KB Kookmin Card, and KB Capital—have obtained the MyData Service license, making it possible to provide data-based hyper-personalized financial services.

### ESG Leadership

KB Financial Group is systematically implementing the Groupwide ESG strategies in tandem with the KB Green Wave 2030, the Group’s mid-to long-term ESG management roadmap. The Group declared its carbon neutrality goal, termed ‘KB Net Zero S.T.A.R., to be achieved by 2050. We were also the first Korean financial company to join the RE100 (Renewable Energy 100) initiative in 2021. These endeavors earned us both rewards and recognition for our ESG leadership at home and abroad: we scored an A+ rating on all the criteria for the second consecutive year in the ESG evaluation by the Korea Corporate Governance Service (KCGS); and we ranked first in the global sector of the banking industry in the 2021 Dow Jones Sustainability Index World, where we were listed for a sixth consecutive year.

### World Class Talents & Culture

KB Financial Group is committed to building an open and creative corporate culture that cultivates high-caliber talent. Through ‘reskill and upskill’ strategies, we continue to train and reassign our workforce to staff up the digital and core growth areas. Furthermore, Kookmin Bank became the first in the Group to introduce the DevOps (a set of practices that combines software development (Dev) and IT operations (Ops)) platform structure while expanding shared service centers (SSC) to future contact centers and KB One Cloud to promote an agile and open corporate culture.



# Vision & Strategy

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### Financial service delivering changes happier life & better world

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## Vision

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

Our Group vision provides the map from which KB’s world-class financial experts boldly navigate and lead the financial paradigm so as to become the top-tier financial group that customers turn to first as a financial partner for life.

## Management Goal 2022

The pandemic has induced uncertainty both at home and abroad, and it poses yet another challenging year ahead for the financial sector. We are at the crossroads of a paradigm shift, where the ‘money move’ trend is observed from deposits to investments, while expediting the separation between the manufacturing and distribution of financial instruments.

In meeting these transformative times, we at KB Financial Group remain focused on implementing our mid-to long-term strategies in 2022. We will channel the groupwide resources into achieving the R.E.N.E.W. 2022 key strategies.

First, we will Reinforce the Core competitiveness to consolidate our profit base and achieve sound growth.

To prepare for a fluctuating base rate trend, we will increase our income sources in corporate financing and capital markets and employ our professional asset management competencies to be a truly reliable financial partner both to our customers and the market.

Expansion of Global & New Biz is our second goal to materialize business results in our global and non-financial business operations.

On the global front, we will keep with the two-track strategy, where we will pursue retail banking business in the Southeast Asian markets while strategically pivoting to asset management and wholesale banking operations in advanced nations. To bolster the Group’s future growth drivers, we will fortify our market dominance in the four non-financial platforms we selected for greater customer touchpoints. These include telecommunications, automobile services, and real estate, as well as digital healthcare services, in which we became the first to advance among all Korean financial institutions.

Our third goal is to become the No. 1 Customer-Centric Platform most trusted by customers through an enhanced KB Star Banking app and MyData Service.

The Group’s flagship application, KB Star Banking, will serve as the sole platform to access our financial services, including securities, insurance, credit cards, and banking services. We will establish a truly customer-centric platform by upgrading the user experience through a constant feedback flow of customer pain points.

We will also secure an edge with the MyData business by offering hyper-personalized services based on our refined data analysis results. Our focus will be to refine the customer experience by seamlessly connecting advanced customer services and optimal products via our integrated channels using innovative technologies.

Fourth, we will enhance ESG management practices to scale to new heights in our ESG Leadership.

While seeking out new business opportunities in Net Zero facility investments, we will advance our practices for carbon neutrality. We will favorably finance businesses with proven success in their carbon reductions while expanding investments in the green sector. In fulfilling our social responsibility, we will adopt projects from a ‘win-win’ perspective for SME companies with little or no experience or knowledge in ESG management.

Lastly, World-Class Talents & Culture is our ultimate goal for cultivating an open and creative organizational culture that will foster a higher caliber of talent.

In recruiting and reassigning employees to ensure the digital and core growth sectors are adequately staffed, we will promote ‘KB-style agile organization’—an agile and well-organized corporate culture—at the Groupwide level.



# CORE COMPETENCY

023  
ESG Leadership

030  
Digital Transformation

032  
Global Business

034  
Risk Management



# ESG Leadership

KB Financial Group, guided by its mission ‘financial services delivering change’, is committed to ESG management in every aspect of its business for a ‘happier life and a better world’. Under the strategic goal to ‘create sustainable value and enhance customer trust by promoting responsible management for the environment and society while disseminating healthy corporate governance’, KB Financial Group has set a three-pronged ESG strategy. First, we will advance our climate change strategy to help protect the environment; second, we will internalize responsible management for the good of society; and third, we will broaden the overall culture of transparent governance. These directions set the course of our focus areas in selecting and implementing ESG strategic tasks.

In 2021, we established KB Net Zero S.T.A.R., our medium- and long-term carbon neutrality promotion strategy to address climate change. It will guide our commitment to support eco-friendly companies speed up their transformation into the low-carbon economy and align our strategies with the Paris Agreement to restore the environment. To that end, our goal is to achieve carbon neutrality in operational emissions by 2040 and for our Group’s financed emissions by 2050. The KB GREEN WAVE 2030, our mid- to long-term ESG roadmap, expresses our intentions to expand the balance of ESG products, investments, and loans to KRW 50 trillion by 2030. This is just one of the ways we are making a positive impact on society through sustainable finance, and how we do our part in adding environmental and social value while securing green leadership in the green financial ecosystem.

Sustainability Report



## ESG Governance

### Advancing ESG Governance System and Implementation

In March 2020, KB Financial Group became the first Korean financial group to establish an ESG Committee within its Board of Directors. Comprised of all directors—both executive and non-executive, as well as non-standing directors, the committee performs a significant role in Groupwide ESG management practices. As the Group’s highest decision-making body concerning ESG management practices, the committee oversees the establishment of ESG strategies and policies and in monitoring/controlling that they are implemented. In 2021, the committee resolved the Group’s carbon neutrality strategies and the agenda for establishing the environmental & social risk management standards at the Group level. Each subsidiary also operates their own level-appropriate ESG committee and consultation body, in which, they set their respective ESG strategic directions, expand green finance products and investments, and establish a risk management system for addressing climate change.

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

**NET ZERO S.T.A.R.** **Carbon Neutrality**  
Internal emissions by 2040  
Asset portfolio’s emissions by 2050

**KB GREEN WAVE 2030** **KRW 50 trillion**  
ESG products, investments, and loans



#### 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 financial inclusion



#### 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

## ESG Leadership

# Environment

## Advancing the Climate Change Strategy for Environmental Conservation

KB Financial Group is well aware of the urgency in addressing climate change. In an effort to help offset the effects of pollution, we have established and phased in the Groupwide mid- to long-term carbon neutrality initiative KB Net Zero S.T.A.R. For the systematic management of climate change risks, we also upgraded our climate change risk management process with the Groupwide environmental and social risk management system. Moreover, we are securing our green leadership through global initiatives in various environmental sectors.



### KB Net Zero S.T.A.R: a Mid-to Long-Term Carbon Neutrality Strategy

In June 2021, KB Financial Group established KB Net Zero S.T.A.R., a Group-level mid- to long-term carbon neutrality initiative to lend our financial acumen to transition into a low-carbon economy. The purpose of KB Net Zero S.T.A.R. is to foster and support eco-friendly businesses to accelerate the transformation into a low-carbon economy and restore the environment by aligning with the Paris Agreement. We've measured the Groupwide carbon emissions by applying the methodologies recommended by the global initiatives, SBTi (Science-Based Targets initiative) and PCAF (Partnership for Carbon Accounting Financials), to calculate and disclose our financed emissions from our investments in and loans to companies.

Based on the outcomes, we have developed our mid- to long-term goals of achieving carbon neutrality in operational emissions by 2040 and our financed emissions by 2050. According to this strategy, we set a goal to cut our financed emissions by 33% by 2030 and by 61% by 2040; and operational emissions to be reduced by 42% by 2030. These carbon neutrality goals have been approved by the SBTi in October 2021, for the first time in Korea and among any financial company in Asia. This is a significant accomplishment, as our reduction goals are globally recognized for their objectivity through rigorous scientific verification.

### A Risk Management Base to Combat Climate Change

KB Financial Group is keenly aware of the pivotal role the financial industry plays in fighting climate change. To this end, it has developed an environmental and social risk management policy (ESRM Policy) for a Groupwide integrated and systematic approach to managing the direct/indirect risks associated with environmental/social impacts. Our ESRM Policy classifies social and environmental risks into three areas: Exclusion, Attention, and Support. Social and/or environmental impacts that are considered high risk are designated as Exclusion; significant risks to climate change are categorized as Attention for Climate Change; and those that positively impact the mitigation of climate change and support new green growth industries are classified as Support for Green Industries area. While we preemptively sift out the risk factors in the Exclusion and Attention areas, we actively finance the projects that fall within the Support area.

Committed to a preemptive response to environmental crises, including climate change and natural disasters, KB Financial Group became the first Korean financial group to declare coal-free finance in September 2020. We took it upon ourselves to suspend any new project financing or the underwriting of bonds for the construction of coal-fired power plants, both domestically and abroad. In February 2021, KB Kookmin Bank joined

the Equator Principles, which prohibits the financing of any large-scale development project that poses a risk to the environment. The Bank has completed an in-house process to align its business activities with the Equator Principles. Before investing in large-scale development projects, it weighs any potential social and/or environmental risks and impacts. Relevant departments of the Bank appoint a staff who they provide with regular training on managing social and environmental risks to oversee the Equator Principles. The Bank transparently discloses its annual performance results through the annual publication of the Equatorial Principles Implementation Report.

ESRM Policy Report on Equator Principles Implementation 2020

### Member of 'RE100', a Global Initiative for the Renewable Energy Transition

In September 2021, KB Financial Group became the first Korean financial group to join the global initiative for the renewable energy transition, 'RE100', which brings together the world's most influential businesses committed to 100% renewable electricity. As a new and committed member, the Group plans to replace its electric power source with all renewable energy sources by 2040. To this end, a renewable power generation facility will be constructed at the Group's headquarters. Several options will be considered, including the power purchase agreement (PPA) on the purchase of electricity from renewable energy suppliers, the purchase of the renewable energy certificate (REC) and active investments in renewable energy projects.

### Green Buildings and a Green Corporate Culture

KB Financial Group is also committed to constructing renewable energy facilities to help offset the negative effects of climate change. Our Groupwide energy conservation initiative includes installing fuel cell facilities and energy-saving air conditioning systems at our new office building in





Yeouido, Seoul, along with an Integrated IT Center in Gimpo, and promoting the use of eco-friendly vehicles for the reduction of carbon emissions. In April 2021, KB Kookmin Bank enrolled in the K-EV100 (100% future vehicles by 2030) declaration organized by the Korean Ministry of Environment. Under the K-EV100, the bank pledged to replace all its business vehicles with electric cars and hydrogen-powered vehicles by 2030, phasing in zero-emission vehicles and charging stations each year.

KB Financial Group also engages in several ESG campaigns to promote an eco-friendly culture among all its stakeholders, including its customers and employees. The KB Green Wave is a customer-participation campaign encouraging customers from using paper bankbooks and copy paper, saving energy, and reducing the use of disposable products under the three themes: 'Paperless, No Plastic, and Save Energy'.

**A Faithful Advocator of the TCFD Recommendations**

The Financial Stability Board (FSB) created the Task Force on Climate Change related Financial Disclosures (TCFD) to meet the global call for standardized guidelines on financial information disclosures concerning

climate change. In 2017, the TCFD released recommendations for the Task Force on Climate related Financial Disclosures (TCFD Recommendations) for the consistent and voluntary disclosure of such information. Committed to a preemptive response to the climate change crisis, KB Financial Group became a member of the TCFD initiative in 2018. Since then, we have faithfully implemented the Recommendations and disclosed the results in our annual Sustainability Report. In December 2021, we published the first TCFD Report detailing our achievements in addressing climate change in the four key areas of governance, strategy, risk management, and metrics & targets. KB Financial Group will continue to share its accomplishments and strategy for mitigating climate change with its customers, shareholders, local communities, and various other stakeholders.

**ESG Global Leadership**

In April 2021, KB Financial Group became a founding member of the Net Zero Banking Alliance (NZBA), a global environmental initiative for banks. In July, the Group was elected to represent the Asia-Pacific Region in the Steering Group, the highest decision-making body of the NZBA. As it represents regional banks in the Asia-Pacific for the next two years, KB

Financial Group will support global financial companies to implement their carbon neutrality commitments and encourage their participation in international initiatives. In November, KB Financial Group was invited to the official conference of the 2021 United Nations Climate Change Conference (COP26·Conference of the Parties), to present its strategies for mitigating climate crisis to the High-Level Meeting of 'Caring for the Climate', as a global leader representing the financial sector.

**2022 Plans**

KB Financial Group will augment its practices to attain carbon neutrality goals. To this end, our carbon neutrality strategy KB Net Zero S.T.A.R. will take to the Group-level to reduce Scope 1 and Scope 2 carbon emissions from internal operations. We will also take the initiative to transition to a low-carbon economy, and motivate our client companies through an ESG-consulting service and customer engagement activities to reduce Scope 3 emissions. In the meantime, we will continue promoting the KB Green Wave campaign as part of our Groupwide eco-friendly management practices.

**Our TCFD Journey**

TCFD Report

Governance	Strategy	Risk Management	Metrics & Targets
<p><b>Establishment of the Board-level ESG Committee</b></p> <ul style="list-style-type: none"> <li>Develop Groupwide strategy to respond to climate changes and oversees the performance</li> </ul> <p><b>Organization of ESG committees at subsidiary level</b></p> <ul style="list-style-type: none"> <li>Develops subsidiary-level strategy to execute the Group's climate strategy</li> </ul>	<p><b>Development of climate-related strategy</b></p> <ul style="list-style-type: none"> <li>Strategy to achieve carbon neutrality (KB Net Zero S.T.A.R.)</li> <li>Strategy to expand sustainable financing (Green Wave 2030)</li> </ul> <p><b>Review of climate resilience strategy through scenario analysis</b></p> <p><b>Reinforcing cooperation for global climate action</b></p>	<p><b>Development of Group ESRM policy</b></p> <ul style="list-style-type: none"> <li>Categorization and management of Areas for Exclusion/Attention/Support according to the intensity of carbon emissions</li> </ul> <p><b>Adoption and implementation of the Equator Principles</b></p> <ul style="list-style-type: none"> <li>Assessment of environmental and social risks for large-scale projects</li> </ul>	<p><b>Establishment of SBT-based net-zero targets</b></p> <ul style="list-style-type: none"> <li>Scope 1 &amp; 2 (operational emissions): 42% reduction by 2030; net-zero by 2040</li> <li>Scope 3 (financed emissions): 33.3% reduction by 2030; net-zero by 2050</li> </ul> <p><b>Establishment of sustainable financing goal</b></p> <ul style="list-style-type: none"> <li>ESG products, investments and loans to reach KRW 50 trillion by 2030</li> </ul>

High-Level Meeting of Caring for Climate, COP26, Conference of the Parties



E S G Leadership

# Social Responsibility

## Internalizing Responsible Management for Society

Corporate social responsibility has become a global standard as the demand and interest for socially responsible corporate citizens has risen. Guided by the Group's mission, 'Financial Services delivering change', KB Financial Group tirelessly endeavors to create social value and fulfill its social responsibilities as Korea's leading financial group. Our commitment to social contribution for future generations remains steadfast, while we work for mutual prosperity and shared growth through financing social enterprises. Moreover, we are promoting compassionate finance with our inclusive finance and job creation initiatives.



## Education and the Environmental Initiatives for Future Generations

**Funding All-day Care Services** KB Financial Group's ongoing social contribution activities help children and teens grow into healthy citizens. Since signing an agreement with the Ministry of Education in 2018, allocating a total of KRW 75 billion funds over a period of five years, we have funded afterschool programs at elementary schools nationwide, aided in the construction & expansion of public kindergartens, and added new preschools in regions that lack quality childcare programs. As of the end of 2021, 1,228 new afterschool classes have been added at elementary schools, along with 568 new classes at public kindergartens since our 2018 commitment, benefitting 36,000 children in total.

**Educational Support for Teens** KB Financial Group helps the future generations reach closer to their dreams and aspirations through various educational programs. KB Kookmin Bank commits itself to the keyword of 'mentoring' to help underprivileged teens and children. The 'Mentoring for Learning' provides customized learning support to teens from low-income or multicultural families who often lack access to quality education; 'Mentoring for Career Building' provides advice to youth in developing their career path and navigate the rapidly-changing industrial environment. In 2021, the bank opened an online education platform 'KB La School' for teens from low-income families to help close the educational gap induced by the prolonged pandemic.

**Economic & Finance Education Programs** KB Financial Group established a nonprofit foundation KB Foundation in 2011. Since then, we have set a new direction for economic and financial education in supporting people in cultivating sound financial practices and training through various programs over the past decade. KB Foundation has organized a team of professional lecturers, who spearhead diverse education programs and constructed the 'KB Star\*D,' an economic and finance education & activity center that offers customized youth education programs. KB Kookmin Bank also operates KB

Star Financial Class, which offers financial training for teens from financially-marginalized, low-income or multicultural families.

## Fostering Social Enterprises

**Social Finance Ecosystem** KB Financial Group created a social investment fund in alliance with Korea Growth Investment Corp. to contribute to a social investment ecosystem that fosters social enterprises to thrive and prosper. The KRW 100 billion fund aligns with the UN Sustainable Development Goals (UN SDGs) to invest in social enterprises that generate a positive impact in dealing with social and environmental issues. As of the reporting date, KRW 37.7 billion of the fund has been invested in 28 social enterprises. The venture capital subsidiary KB Investment has also contributed to the KRW 15 billion-sized KB Social Impact Fund, partnering with the Korea Fund of Funds (KFoF), through its venture capital subsidiary KB Investment, financing the social finance ecosystem and social enterprises.

## 2021 Launching Ceremony of KB Career Development Club, 'Youth Mentor, KB!'



## 'Twogether', Microbusiness Support Project



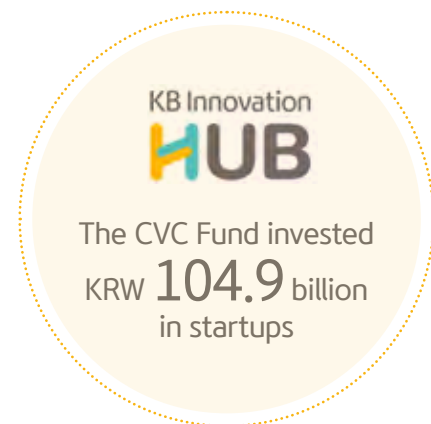


**Uncovering and Sponsoring Startups** KB Financial Group discovers and finances underfunded, yet promising startups to prosper. Through expanded incubation, linked investment, and professional consulting services, we support the sustainable and shared growth of such startups while creating social value for mutual prosperity. KB Innovation Hub Center selects startups with technologies that facilitate innovative services as KB Starters, arranging partnerships with or investments by KB Financial Group subsidiaries. To date, 156 future unicorns are benefiting from the programs. KB Financial Group is the most active financial institution in alliances and investments, having entered into 219 business alliances with KB Starters with investments totaling KRW 104.9 billion through the Group's CVC Fund.

KB Kookmin Bank offers its financial acumen to experts in the field through KB Finance Campus S.I.N.G (Social Innovation Startup New Guru) Project, which provides participants training and a customized curriculum on finance. A total of 46 companies have completed the program as of the end of 2021. KB Kookmin Card is operating FUTURE9, a startup accelerator program. Since 2017, FUTURE9 has supported and mentored 54 selected startups with new product development and technology development collaboration, along with joint efforts in platform collaboration, marketing support, and in the arrangement of investments by the Group subsidiaries or consortiums.

### Inclusive Finance and Social Responsibility

**Inclusive Finance** KB Financial Group strives to ensure equity in social sustainable growth through its 'inclusive finance' practices. We offer SMEs and microbusinesses suffering from the COVID-19 pandemic new loans and defer their repayments for the principal and interest. We also launched new loan products to help the underprivileged maintain their standard of living and provide free consulting services—KB SOHO Consultation and KB Wise Consultation—to SMEs, small proprietors, and aspiring entrepreneurs facing financial difficulties due to the pandemic.



**Job Creation** KB Financial Group has been operating the KB Good Job website for the past eleven years, providing up-to-date information on job openings along with useful tips. We also organize the annual KB Good Job Fair, a venue where job seekers and outstanding SMEs and MEs can search for the right positions and candidates. The KB Good Job Fair has become our leading social contribution program as the nation's largest job fair. To date, a total of 4,330 employers and 918,100 job seekers have visited the fair since its opening. Among these, 23,000 job seekers have successfully found positions through the KB Good Job Fair as of the end of 2021. This offers a clear indicator of KB Financial Group's contribution to employment in that the KB Good Job has become the leading brand name of job fairs.

### 2022 Plans

As a responsible corporate citizen, KB Financial Group will serve to realize the value of shared growth and mutual prosperity through the support of startups and social enterprises. We will also continue supporting the younger generation. To this end, we will continue expanding the scope of our inclusive finance. First, we will increase the number of afterschool programs at elementary schools and add more public preschools. We will also promote social impact through the KB Social Investment Fund. We will contribute to the sustainable development of society through training in economics & finance for the next generation, along with support programs for microbusinesses.

Gwanak Branch of the KB Innovation Hub opened to support early stage startups.



# Corporate Governance

## Promoting Transparent Governance

KB Financial Group establishes transparent and stable corporate governance to protect the interests of its stakeholders, shareholders and financial consumers to achieve sustainable growth. In compliance with the Stewardship Code, we increase the corporate value of the companies we invest in and introduce the products of and expand investments in companies with outstanding governance as part of our commitment to generate sustainable value creation and promote sound corporate governance.



## Stable and Transparent Governance

KB Financial Group actively works to enhance its corporate value for sustainable development and does its utmost to advance the interests of various stakeholder groups. Our ongoing efforts towards transparent and stable governance include the overhaul of the appointment and succession process of the CEO, reinforced internal controls, an industry-first adoption of the Stewardship Code, and the independent operation of the BoD. The principles of the corporate governance of the Group entail the following: 1) to ensure a stable corporate governance through the formation of a BoD able to provide the Group with checks and balances; 2) to maintain transparent and objective governance through the disclosure of its standards, procedures, and outcomes of its business issues; 3) to ensure the composition of the BoD contains experts in various sectors to effectively address management issues and challenges facing the Group 4) to preserve the independence in the governance to shore up the BoD's function of checking and balancing the power of the management. As a result of the close adherence to these principles, our governance practices have received positive ratings from both internal and external agencies. In fact, we were the only Korean financial company to be rated A+ in the 2021 ESG evaluation by Korea Corporate Governance Service (KCGS). Of particular note is that we received an A+ rating for Outstanding Governance by the same institution for a fourth consecutive year.

## (Stewardship Code) Advancing Stewardship Code Practices

KB Financial Group is the first Korean financial group that has adopted the Stewardship Code, which is currently being implemented at six of our significant subsidiaries: KB Kookmin Bank, KB Securities, KB Insurance, KB Asset Management, KB Life Insurance, and KB Investment. In 2021, we expanded the scope of governance-oriented stewardship liability. We enhanced the ESG assessment and our monitoring of the ESG performance status of the investee companies by establishing the standards for the exercise of proxy voting rights concerning environmental and social issues.

KB Financial Group reports its stewardship code performance status to the Board of Directors on an annual basis. Each subsidiary's website specifies the Stewardship Code and its policy/guidelines on the exercise of proxy voting rights and transparently discloses the exercise of voting rights. In 2021, the Group exercised 1,003 proxy voting rights on 158 companies in Korea and sent public letters to and/or made confidential questions to investee companies in fulfillment of fiduciary duties as a steward managing the assets entrusted by our customers.

## 2022 Plans

KB Financial Group will further stabilize its governance structure and lay the foundation for mid- and long-term management to protect stakeholder interest in sustainable growth, enhanced corporate value, and shareholder value. In 2022, we will continue making reasonable and transparent decisions to further enhance corporate and shareholder value.

## Corporate Governance at KB Financial Group

The Board of Directors (BoD) of KB Financial Group is the top decision-making body deliberating and deciding on major business management issues of the Group and its subsidiaries. As of the end of March, 2022, non-executive directors make up the majority of the BoD (7 non-executive, 1 executive, and 1 non-standing), which helps ensure the management remains in check.

### Board of Directors

KB Financial Group's BoD assists non-executive directors in holding the management accountable by utilizing various systems that advance the independence of the governance. All the subcommittees, except the Subsidiaries' CEO Director Nominating Committee and the ESG Committee, are made up entirely of non-executive directors, which protects the independence of subcommittee operations and keeps the management in check. Non-executive directors' rights and duties are stipulated in the BoD Regulations to protect their independence from the management. The BoD is supported by the Office of Board of Directors, which attends to its affairs autonomously.

KB Financial Group transparently publicizes the standards, procedures, and progress of all its business on its website to ensure transparency in its corporate governance. BoD and subcommittee activities, along with other governance issues are published annually in the Annual Report on Governance & Compensation.

### Principles of Director Appointment

Consisting solely of non-executive directors, the CEO Nominating Committee creates a shortlist of candidates through impartial and stringent qualification checks. It then nominates the selected candidates to the General Shareholders' Meeting, which appoints the Chairman and CEO of KB Financial Group as stipulated in the Articles of Incorporation.

The BoD of KB Financial Group has defined the core principles of appointing non-executive directors as 'shareholder representativeness, expertise, and diversity.' The pool of non-executive director candidates is managed year-



round in terms of finance, business management, accounting, finance & risk management, laws & regulations, digital & IT and ESG & consumer protection. The non-executive director candidate nominating process involves three steps—pooling, evaluating, and nominating. Each step is carried out by different entities—the pooling by shareholders & external search firms, the evaluations by external advisory panels and nominating by the committee.

We manage a long list of non-executive director candidates, which is regularly checked and scrutinized on a semi-annual basis through recommendations from shareholders and external search firms. In particular, any shareholder possessing one or more shares in the Group can recommend candidates, and KB Financial Group is the first in the industry to adopt such a practice. To ensure objectivity in candidate evaluations, we hire advisory panels from outside the Group. The Non-executive Director Nominating Committee finalizes the shortlist based on the results and following reference checks.

The committee then reviews the qualifications of the shortlisted candidates as per the criteria set by relevant regulations and the Articles of Incorporation before nominating them to the GSM. In compliance with the Articles of Incorporation, the Chairman of the BoD is appointed from among non-executive directors: the chairman presides over BoD meetings and ensures that it operates in accordance with the principles of checks and balances.

**Subcommittees of the Board**

BoD committees are delegated with specific functions of the BoD as stipulated in the laws and the Articles of Incorporation, consisting of member directors with various background expertise in their respective fields. Under the BoD are several permanent committees and one special committee: the permanent committees include Audit Committee, Risk Management Committee, Evaluation & Compensation Committee, Non-Executive Director Nominating Committee, CEO Nominating Committee, Subsidiaries' CEO Director Nominating Committee and the ESG Committee; and the special committee is the Audit Committee Member Nominating Committee.

**Assessment of the Board of Directors**

Every year, the KB Financial Group BoD assesses the performance results of the Board and non-executive directors to ensure their roles and responsibilities have been properly fulfilled. The assessment reviews the following four areas: BoD Composition & Efficiency, Functions & Roles, Responsibilities, and Shareholders' Right Protection & Shareholder Relations. The results are then reported at the Annual General Meeting of Shareholders as feedback for improvements in the Board's future operations. Executives and peer board members review the yearly performance of non-executive directors against the criteria of Faithfulness, Expertise, Leadership, and Contribution. They also take account of each non-executive directors' yearly activities and attendance rate at the various meetings of the BoD

and subcommittees. The results of the non-executive director assessment are then published in the annual corporate governance report, which also functions as a reference for reappointment by the Non-executive Director Nominating Committee.

**2021 Major Achievements**

In 2021, KB Financial Group held 13 BoD meetings, with an average attendance rate of 99.1%. The regular quarterly meeting received reports on quarterly business results and checked the progress in implementing management plans. It also received reports and discussed important issues, along with those issues mandated for report to the Board by relevant regulations. In particular, the BoD decided to issue hybrid bonds to improve the capital adequacy and financial structure of the Group. Under the revised Act on the Structural Improvement of the Financial Industry, KB Financial Group (both the holding company and the Bank) was selected as "[one of the] systematically important financial institutions." Accordingly, the Board came to a resolution on the KB Financial Group Contingency Plans, preparing expedient responses in the event of a management emergency. In a bid for bettering its shareholder returns, the Board also passed the 2021 Quarterly Dividend Plan, paying the first interim dividends since the launch of the Group. Based on the review results of the 2021 performance results and business environment analysis, the Board deliberated and resolved the 2022 management plans.

**Governance Structure**



**Committees of the Board of Directors**

(○ Chairman, ● Member)

	Suk Ho Sonu	Myung Hee Choi	Kou Whan Jeong	Kyung Ho Kim	Seon Joo Kwon	Gyu Taeg Oh	Jae Hong Choi	Jong Kyoo Yoon	Jae Keun Lee
Audit Committee	●	●	●	○					
Risk Management Committee	●	●			○	●			
Evaluation & Compensation Committee			●	●	●		○		
Non-Executive Director Nominating Committee		○		●	●	●			
CEO Nominating Committee	●	●	○	●	●	●	●		
Subsidiaries' CEO Director Nominating Committee			●			●	●	○	●
ESG Committee	●	●	●	●	●	○	●	●	●

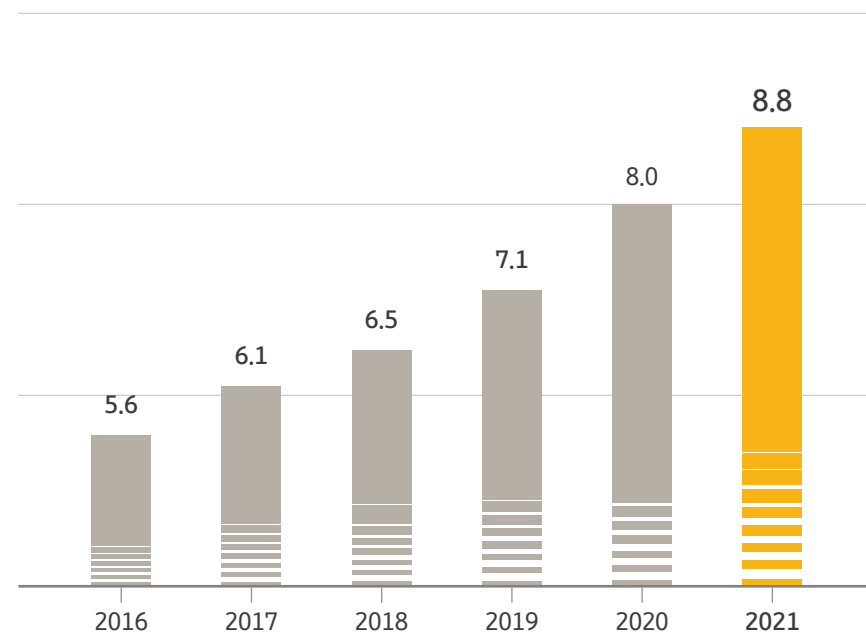
■ Non-Executive   
 ■ Executive   
 ■ Non-Standing

# Digital Transformation

The “Untact” trend, a term used to describe the emerging popularity of contactless service, has become hugely popular in Korea amidst the pandemic, while the MZ generations have risen up as a new powerful financial consumer group. Such trends have fueled the rapid proliferation of contact-free financial transactions, further blurring the boundaries between financial and non-financial services. Ultimately, such developments serve to intensify platform competition among fintech and big tech players. KB Financial Group is working to develop a top-tier digital platform, with its super app, KB Star Banking, playing an instrumental role. We aim to become the No. 1 financial platform company of first choice by our customers by leveraging the extensive big data of 36 million customers across the Group, in-depth data analysis capabilities, subsidiaries’ specialties, and our differentiated expertise in wealth management.

KB Star Banking MAU

(million)



## Reinforcing the Competitiveness of Core Financial Platforms

In November 2021, KB Financial Group launched the New KB Star Banking app. This super app serves as a Groupwide hub platform connecting the key functions of the Group’s subsidiaries, including its securities, insurance, credit cards, and the bank. The app received positive market feedback for its upgraded platform competitiveness, serving to reinforce its reputation as a comprehensive financial group. In order to buoy customer engagement and the resultant 3T (traffic, time-sharing, transaction) performance, the app added on the core functions of the KB subsidiaries and renewed the mobile-friendly UI/UX, enhancing its convenience and service capability. The total digital payment app, KB Pay, has forged a leading financial platform that integrates banking services with wealth management and payment services. For the purpose of expanding our customer base, new customized platforms targeting key demographics were added. M-able mini is a simple mobile trading system (MTS) platform for the MZ generation and for those interested in stock-trading and wealth management, while Liiv Next is a specialized platform aimed at the interests of generation Z. In a bid to lead the platform service in the corporate financing sector, we upgraded the Star CMS (cash management service) and forex internet banking service while revamping our corporate banking (internet/mobile) services to produce a comprehensive corporate financial service in anticipation of the competitive market for corporate digital financial services.

Meanwhile, we bolstered the monitoring and quality assurance on the Group platforms to systemize the analysis of digital platforms and gain an objective insight into advancing our platform competitiveness. In addition to our suggestions to improve the usability of our major platforms, we consulted external digital research agencies and a customer panel (comprised solely of individuals from the MZ generations (KB D.N.A.)) to gather ideas for reinforcing the UI/UX and competitiveness of our platforms.

## Reaching Far into Every Aspect of Our Customers’ Daily Lives

By converging lifestyle services with financial services, our platforms set themselves apart from our competitors and big tech firms. The upgraded UI and UX of the KB Real Estate have been vastly improved in terms of infrastructure and content. Boasting the nation’s most extended list of used cars available for sale, KB Cha Cha Cha integrates auto financing with a platform service that relates to automotive interests. In October 2021, KB Insurance established a healthcare subsidiary, which launched the healthcare platform, O-Care.

KB Financial Group commands market dominance in the authentication service, a critical part of the financial business linking platforms to services. KB Mobile Certification, launched last year as the industry’s first self-developed private authentication service, has locked in 9.6 million

subscribers as of the end of 2021. More importantly, the certification is not only compatible with every service platform at our subsidiaries, it is also used for integrated authorization with MyData Services and governmental services like the Home Tax service of the National Tax Service and the Korean government’s virtual assistant service “Public Secretary.” The secure and reliable performance of KB Mobile Certification enabled us to earn licenses in a digital signature certification business and certified electronic document intermediary service in October 2021.

KB Financial Group explores how it can creatively apply the varied big data of its customers, such as in offering personalized products and services and attracting new customers. KB Kookmin Bank, KB Kookmin Card, KB Securities, KB Insurance, and KB Capital have been designated as MyData Service providers. KB Kookmin Bank and KB Kookmin Card piloted the MyData Service as of December 1, 2021. In a bid to lead the fierce competition for the dominance of MyData Service, KB Financial Group subsidiaries will contribute their specialty products and services to the MyData Service and their key content to the Group’s flagship platform KB Star Banking app.

## Systematic and Segmented Marketing Approach Corresponding to the Customer Journey

To attend to the rising significance of digital marketing and the growing demand for a systematic and professional marketing approach, KB Kookmin Bank established a Retail Marketing Group within its organization, increasing investments and adding to the digital marketing workforce. Meanwhile, we’ve reinforced our Groupwide digital marketing competitiveness through customer-oriented marketing tailored to the different stages of the customer journey, along with a Groupwide data-based marketing system, Group Data Management Platform (DMP).

## Fundamental Transformation into an Agile Organization

In order to create an agile corporate culture that quickly addresses customer needs and boldly embraces innovation, KB Financial Group restructured and consolidated the Bank’s business and technology groups into a platform-based organization. We also adopted an Agile Coaching Program to help internalize development practices that inspire creative problem solving through pairing up our employees with professional coaching agencies to experience agile/DevOps methodologies.

## 2022 Plans

To evolve into a first-choice financial platform in the competitive digital finance market, KB Financial Group will focus its 2022 initiatives on providing customers with the most convenient and valuable benefits through platform innovation, content power enhancement, data application system upgrades, and DT change management.



**Platform Innovation**

The Group’s hub app, KB Star Banking, will expand its scope of service connection with subsidiaries and external services to become the key platform. It will also enhance individualized total wealth management services based on the MyData Service and process innovation for product subscription. In the corporate banking operation, we will reinforce custom-made product/service lineups based on the integrated analysis of big data. While upgrading the KB Star Corporate Banking Service through strengthening the cash management service (CMS) function, we are developing an open API platform to connect with external platforms. We will utilize the magnetic security transmission (MST) technology of Samsung Pay to achieve the scalability of KB Pay. We also plan an Open Pay service that will enable the service to be compatible with the credit card services of other companies, while inducing customer use with our reinforced products/service lineups.

**Content Power Enhancement**

We will provide differentiated wealth management services specialized in MyData-based finance to gain a competitive edge. Our MyData Services will specialize in the business models of each subsidiary (KB Kookmin Bank in total wealth management, KB Securities in investments, KB Insurance in health-related content, KB Kookmin Card in lifestyle services, and KB Capital in auto asset management). Also, in featuring the core content of our subsidiaries, the MyData Service will offer customers varied MyData Service experiences, in pursuit of more cross-selling opportunities. In addition, KB Wallet, which is digital wallet platform, will seamlessly provide comprehensive customer-oriented content, including electronic documents, coupons, and certificates. In terms of the certification, KB Mobile Certification will play a key role in our business expansion into the authentication business. We will apply for authorized agencies of identification to secure the public credibility of our certification. Based on our certified license for the service, we will implement the certified electronic document intermediary service and make the certification system more scalable in tandem with the growing number of users.

**Advancing the Data Application System**

We will discover the behavioral data specified by our subsidiaries’ MyData and their industries and refine the big data collected from external channels to upgrade the customer analysis and insightful results from the Group’s data management platform (DMP). Based on these outcomes, we will refine the segments of the customer journey analytics and reinforce our competitiveness of data-driven personalization marketing. To increase the efficiency of the Group’s data analysis, we will take advantage of the business intelligence and devise the roadmap for developing data analytic personnel to reinforce the Groupwide data analysis capabilities.

**Digital Transformation Change Management**

We will strive to enhance digital quality control to minimize negative customer feedback and eradicate misselling practices. To this end, we are creating a digital quality control unit that oversees the quality assurance (QA) on the Groupwide platform, which will effectively address customer pain points and reinforce our service quality as a customer-centered platform. We also plan to complete a Groupwide KB Future Contact

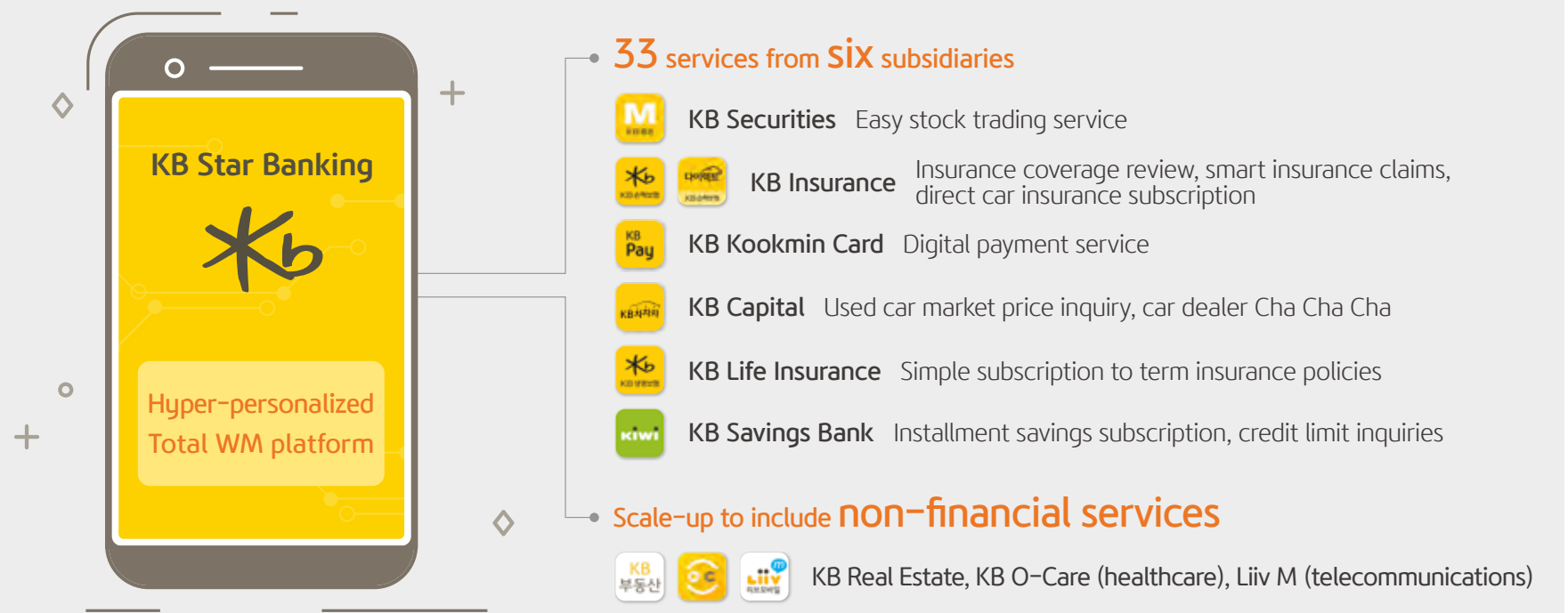
Center by 2023. While seamlessly coordinating the customer centers of each subsidiary at the Groupwide level, the Center will tap into innovative technologies, including AI, to attend to the needs of customers 24/7 with the help of the Callbot and Chatbot functions as a life-care assistant service. Platform service will be further perfected through seamless customer-oriented services.

**KB Star Banking: KB Financial Group’s Super App**

KB Financial Group revamped its KB Star Banking App to become the Groupwide super app. The new KB Star Banking app is a scalable total financial platform that serves as the Groupwide hub platform providing its customers with comprehensive financial services. KB Star Banking offers easy access to the 33 key services of six subsidiaries, including KB Securities’ ‘Easy Stock Trading’ service, KB Kookmin Card’s ‘Digital payment service’ service, and KB Insurance’s ‘Smart Insurance Claims’ service. Moreover, featuring the MyData-based wealth management service, the app provides personalized wealth management services based on its comprehensive analysis of the complete customer asset information, including their assets with other financial institutions and non-financial assets as well as individual bank deposits. Custom-tailored services have improved the utility for customers with their increased capabilities

and convenience. Such services include personalized financial content, customized services according to customer preference, and adjustable/personalized user interfaces.

KB Star Banking continues to evolve through 2022. The app will continue to reinforce its function as the Groupwide hub platform by internalizing the subscription functions of subsidiaries, which will facilitate a seamless switch to the key services of subsidiaries within the app without having to close it out. It will expand the product/service lineups of its subsidiaries and will adequately equip the Group’s non-financial benefits, such as KB Real Estate, KB ChaChaCha, KB Healthcare, and Liiv M services to succeed. As it will also feature public service functions, KB Star Banking will be the only platform for an unrivaled user experience as it will serve as a touchpoint of departure for all the financial and non-financial needs of daily life.



# Global Business

KB Financial Group continues its drive to globally expand in pursuit of a sustainable growth engine beyond the maturing domestic market. To this end, we take a two-track approach targeting Southeast Asian and emerging markets, where we see high growth potential, and look to the US and other advanced markets, whose stability is preferred by Korean customers, for foreign investments.

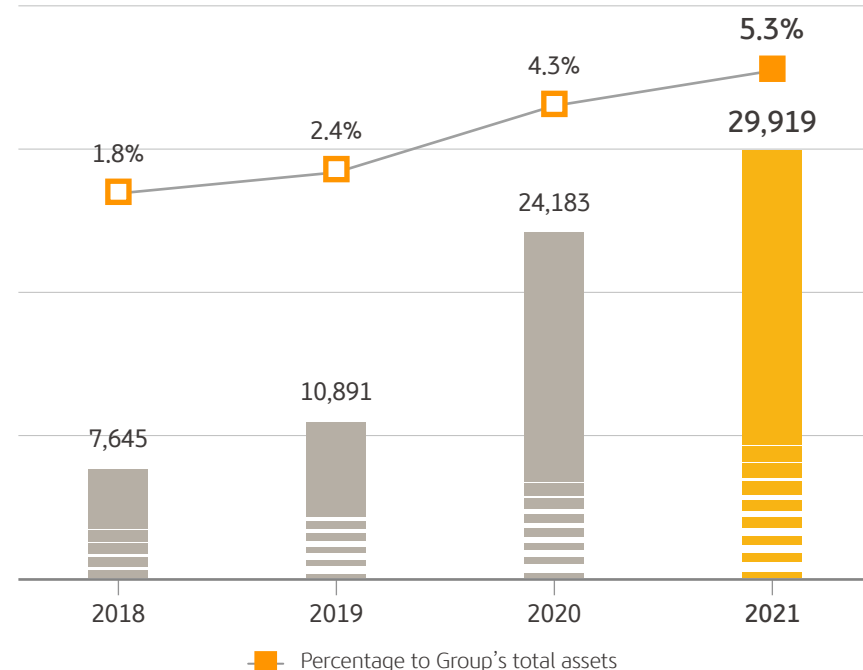
Global Network

Overseas Network

754

KB Kookmin Bank	587	KB Kookmin Card	141
KB Securities	8	KB Asset Management	3
KB Insurance	10	KB Capital	4
KB Data Systems	1		

Total Assets of Global Operations (USD in millions)



Emerging Markets

When it comes to emerging markets, KB aims to transform the major target markets of Indonesia, Cambodia, and Vietnam, into the second “Mother Market”. KB subsidiaries enter into such markets to provide local customers with KB’s range of comprehensive financial services, while expanding its market power with its digital services.

Indonesia

KB Kookmin Bank successfully secured the management rights of the PT Bank KB Bukopin by appointing an executive member of its Indonesian bank. The Bank also laid the groundwork for sustainable growth through a capital increase in November 2021. As it has established a customer base for key Korean corporations active in the local market, the Bank has developed its sales organization and management system to build quality asset portfolios in the local SME and retail banking operations. In its aim to introduce its IT and digital expertise to PT Bank KB Bukopin, KB Kookmin Bank is confident it will become a leading bank in the local Indonesian market of digital banking.

In May 2021, KB Securities signed a shareholders’ agreement with one of Indonesia’s top 10 securities companies. Under the agreement, KB Securities has acquired a 65% stake in Valbury Securities as from February 2022. The acquisition is strengthening our standing as a total financial group in Indonesia, creating synergy with the KB subsidiaries active in the local market. As KB Securities has already successfully fostered its Vietnamese subsidiary KBSV, the Company is well poised to transform Valbury into a leading Indonesian-based securities firm.

In 2020, KB Capital established the local subsidiary SKBF (PT. Sunindo Kookmin Best Finance) in Indonesia. Since then, the Company is growing its market power in its main business area of auto financing. In 2021, it became the designated local financier for Hyundai Motor Company and Hyundai Construction Equipment. Leveraging its captive customer base of Hyundai affiliates, SKBF will seek additional opportunities to collaborate with peer subsidiaries within the market, such as PT Bank KB Bukopin and PT Kookmin Best Insurance Indonesia, to lead the local auto financing market.

Cambodia

In October 2021, KB Kookmin Bank bought out the remaining 30% stake in Prasac Microfinance Institution. This completed KB Kookmin Bank’s full 100% stake acquisition of the largest microfinance deposit-taking institution (MDI) in Cambodia. Despite the disruptions the pandemic brought on, Prasac Microfinance has maintained steady growth through

its 182 sales networks throughout the nation. KB Kookmin Bank plans to turn its new subsidiary into a commercial bank in the very near future which is set to become a leading bank in Cambodia.

Vietnam

In December 2020, KB Securities launched the joint venture, KB FINA Joint Stock Company, in Vietnam, and began operating its total digital financial platform. In 2021, the Company launched a service enabling customers to open accounts with KB Securities Vietnam on the app without visiting a brick-and-mortar branch. The service gained 550,000 subscribers in its first year in service. In November 2021, it became the first non-financial institution in Vietnam to obtain a third-party distributor license, which entitles the Company to sell mutual funds. KB FINA will further expand its mass market customer base through user-friendly services and is expected to serve as a future digital facilitator among KB subsidiaries entering into the local market.

Thailand

In January 2021, KB Kookmin Card acquired a 49.99% stake in KB J Capital, a Thai credit finance company (a board seat requires at least 50.99% stake). This made the Company the first Korean credit card issuer to enter the Thai market since the 1997 Asian Financial Crisis. KB J Capital makes full use of the sales channels of its local partners and is sustaining stable growth with the reduced funding costs thanks to the payment guarantee by KB Kookmin Card. KB Kookmin Card will take advantage of KB’s core financial capabilities to reinforce its product lineup and channel network to secure its customer base and diversify revenue sources.

Advanced Markets

In advanced markets, we will continue to promote the OTD (origination-to-distribution) project. By increasing collaboration and strategic alliances with global leaders, we will develop diverse products targeting advanced markets and expand our distribution into the Korean market. In the global financial hubs, such as New York, London, Hong Kong, and Singapore, we will expand the growth of a wholesale network that will secure large local and multinational companies to reinforce our market position.

Singapore

In April 2021, KB Kookmin Bank obtained a preliminary license from the Monetary Authority of Singapore for a local branch office, which began operations in January 2022. Aside from local-currency-based retail banking, the Singapore branch is qualified to handle all business, from corporate and investment banking to capital-market activities and brokerage transactions.



Entering Asia's largest financial hub market, along with its capital markets, KB Financial Group has completed a round-the-clock capital market infrastructure connecting London and New York. We will utilize the experience and capabilities we accumulated in the global IB and capital markets to develop the Singapore branch into a CIB and capital market base for the Asia-Pacific region.

## 2022 Plans

In 2022, KB Financial Group is assuming a different approach with its subsidiaries, which will continue exploring M&A opportunities while seeking organic growth for their existing networks.

In Indonesia, where we have the most local subsidiaries, the peer subsidiaries (KB Kookmin Bank, KB Securities, KB Insurance, KB Kookmin Card, and KB Capital) will closely collaborate while scaling up their respective business competencies. In particular, the PT Bank KB Bukopin will primarily focus on swiftly normalizing its operations and reinforcing its stability. It will also expand its retail and SME banking asset portfolios while bolstering its digital banking competency. As for Valbury Securities, which will be fully acquired in 2022, it will completely rebrand itself as a member of KB Financial Group on the local market. In Cambodia, we will focus on the expedient transformation of Prasac Microfinance Institution a commercial bank. By transferring KB's advanced competencies and corporate value, Prasac will increase its deposit-taking activities and loan product lineups, upgrade its credit rating models, and reinforce digital competencies to become a commercial bank.

In the future, KB Financial Group will expand its sustainable growth engine by strengthening and expanding its global business operations.

## KB Global Expansion Milestones



### 2017

#### Vietnam

- Acquired Maritime Securities Incorporation (MSI), a local securities firm

#### Laos

- Established KB KOLAO Leasing, specialized in auto financing

#### Myanmar

- Established KB MFI Myanmar

### 2018

#### Indonesia

- Acquired a 22% stake in PT Bank Bukopin

#### Cambodia

- Launched KB Daehan Specialized Bank as a credit finance business

#### Vietnam

- Launched KB Securities Vietnam, formerly known as MSI

### 2019

#### Vietnam

- KB Securities Vietnam raised KRW 70 billion of capital and ranked 10th largest securities company in Vietnam
- KB Kookmin Bank established Hanoi branch

#### India

- KB Kookmin Bank established Gurugram Branch

### 2020

#### Cambodia

- Acquired a 70% stake in Prasac, the largest local MDI

#### Vietnam

- KB Securities launched KB FINA in partnership with G-Group which has vast captive bases in the financial services, media, fintech businesses in Vietnam

#### Myanmar

- KB Kookmin Bank established the first foreign bank in Myanmar

#### Indonesia

- Kookmin Bank became the largest shareholder of PT Bank Bukopin with a 67% equity stake
- KB Kookmin Card established KB Finansia Multi Finance, with a 80% equity stake
- KB Capital launched PT Sunindo Kookmin Best Finance, a local subsidiary

### 2021

#### Singapore

- KB Kookmin Bank obtained preliminary approval to open a branch in Singapore

#### Indonesia

- KB Kookmin Bank secured management control with the appointment of an executive member at PT Bank KB Bukopin, followed by a capital raising
- KB Securities signed a shareholders' agreement to acquire Valbury Securities

#### Cambodia

- KB Kookmin Bank acquired the remaining 30% stake in Prasac, securing a 100% ownership

#### Thailand

- KB Kookmin Card acquired a 50% stake in the local credit finance company, KB J Capital

# Risk Management

KB Financial Group is proactively tightening its risk management at the Group level to respond to both the rapidly-changing business environment, and the regulatory shifts and challenges in the financial markets. The Group-level risk management system focuses on increasing group risk transparency and preventing risk transfer among subsidiaries. Most importantly, its prime concern lies in facilitating a more efficient and comprehensive approach to management decision-making in line with the Group-level management goal and business strategies. We run biannual Groupwide stress testing to develop responsive measures by scenario and monitor potential risk factors on an ongoing basis. The outcomes are also instrumental in determining the Group-level risk appetite and for making management decisions.

## Risk Governance

In principle, all of KB Financial Group's risk-related policies, regulations, management systems, and decision deliberations, align with the risk management philosophy of 'pursuing stable and sustainable growth [through the balance] between risk, profit and capital in our management activities.' To implement risk management strategies in compliance with the aforementioned principle, we established a Groupwide risk management system for integrated risk monitoring at the Group-level.

The Risk Management Committee is a subcommittee under the Board of Directors, which delegates risk management-related authorities to the Committee to set the Group-level risk management strategies, determine risk appetites, and supervise risk management policies and system appropriateness.

The Risk Management Council consists of risk management officers from the holding company as well as from the subsidiaries, and is responsible for deliberating on 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 the Groupwide risk operations and the limits of internal capital by developing risk management policies and operating relevant processes. The risk management departments at each subsidiary

provide around-the-clock checks on risk types and/or any emerging developments and reports these findings to the Group Risk Management Committee and Board of Directors through the subsidiary's Chief Risk Officers (CRO) and the Group's CRO.

## Risk Management Strategies

Our risk management strategies focus on improving our enterprise-wide risk transparency, preventing risks from transferring among subsidiaries, and efficiently supporting our mid-to long-term strategies and management decision-making through preemptive responses to the rapidly changing financial environment. Recognizing credit, the market, interest rates, liquidity, operational issues, credit concentration, strategy, our reputation, and insurance risks as the key risk factors to keep watch on, we develop risk management strategies and set risk appetites by type to measure and manage them through the use of statistical techniques.

### Stress Testing

KB Financial Group runs stress testing at least twice a year to reflect economic cycles and forecasts in order to analyze and proactively respond to the impact of any unforeseen environmental disruptions to the Group. The test results by profit/loss, capital adequacy, and risk type in different scenarios are then reported to the management and the Risk

## Group Risk Governance



Management Committee to assist in the projection of their Groupwide risk tolerance and management decision-making for the future.

Scenarios are set in three stages: Base, Medium, and Severe according to the severity of each scenario based on probable risk factors that could gravely impact on the Group portfolio from the risk factors recognized from the business environmental analysis. We apply different stress testing models to analyze different risk types.

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

KB Financial Group has been calculating Group risk-weighted assets and capital adequacy ratios by the Basel III standards since December 2013 following the introduction of the Basel III framework by the Korean Financial Services Commission (FSC). To further elevate the efficacy of risk management across all subsidiaries, we developed a single model-based Internal Ratings Based Approach (IRB) in 2016, which was thoroughly vetted by the Financial Supervisory Services (FSS), and have since been using it to calculate BIS ratios. KB Financial Group and KB Kookmin Bank, in particular, have both gained FSS approval on their methodology for calculating risk-weighted assets, as permitted in 'Basel III: Finalizing post-crisis reforms', which were then reflected as of September 2020. We expect that the application of IRB in credit risk management will help advance risk management systems and ultimately enhance the soundness of management at the Group level.



## 2021 Major Achievements

### Advancing the Risk Management of Group Portfolio

In keeping with rising household debt and mounting internal/external uncertainty—such as the prolonged COVID-19 pandemic, KB Financial Group is advancing its preemptive risk management through analyzing regulatory impacts and keeping a watch on group-level risk factors. We reinforced and refined our risk management of potential NPLs and subprime borrowers, applying different, circumspect monitoring by customer segment. We also preemptively managed the risks stemming from the ongoing pandemic crises. While keeping a close eye on our corporate clients in the industries that were hit especially hard by the pandemic, we run periodic credit monitoring and prepared soft-landing plans for vulnerable borrowers and provisioning for potential insolvencies.

### Preemptively Countering New Risk Types

KB Financial Group sustains preemptive and proactive responses to emerging risks. In step with the growth of alternative investments and global business operations as our new growth drivers, we are reviewing our alternative investment process and reinforcing our auditing competency for alternative investments. Our overseas subsidiaries also refined their risk management systems and increased periodic monitoring. To advance the ESG-related risk management system, we enacted the Groupwide environmental, social risk management (ESRM) Policy and developed the loan/investment risk management policy, which is based on the Groupwide portfolio.

### Enhance Capital Efficiency and Complex Risk Management

KB Financial Group is establishing a market/operational risk measurement and management system to take a proactive approach in compliance with the updated Basel III. We enhanced portfolio monitoring and rebalancing that is based on the return on risk-weighted asset (RoRWA). These risk management activities helped us enhance efficiency in capital management. While establishing preemptive management systems in the event of an emergency, we reinforced our contingency readiness through the development of a Groupwide Recovery Plan in October 2021. It is a feasible and agile contingency plan that enables an immediate and effective response at the Group level in the event of a crisis. All in all, the integrated approach further reinforced the Groupwide risk management capabilities.

## 2022 Plans

We can surely expect the slated base rate hikes and departure from COVID-19 financial relief programs in 2022 to disrupt the asset stability of financial institutions. In anticipation, KB Financial Group is concentrating

on enhancing the Groupwide risk management competency and refining its risk management system. We will step up our monitoring efforts by borrower group and industry, apply meticulous credit checks on vulnerable borrowers, enhance our preemptive risk management capabilities concerning

capital markets, CIB, and global business operations, and establish our ESG risk management system. As such, we are solidifying the base of the sustainable growth for the Group through our ability to look ahead and be prepared in our responses to the changes in the world outside.

### Emerging Risk Management

At KB Financial Group, we classify emerging risks and separately manage them through preemptive countermeasures. Emerging risks can be defined as ones arising from developing disruptions within the economic, environmental, and/or social surroundings of the Group and which are deemed to pose significant impact on our operations in the long run. This year, “risks related to demographic shifts”, risks in the “paradigm [shift] following the digital finance innovation” and “environmental, social, and governance (ESG) issues”, have been identified as emerging risks. Their definitions, impact on our business, and our countermeasure solutions can be found below.

Risks	Business Impacts	Countermeasures
<p><b>Risks related to demographic shifts</b></p> <p>Demographics are changing as the aging society is expected to cause decreases in average incomes per household. Also, due to the rising propensity to consume, financial debts show no significant growth. The shrinking household loan market could negatively impact the Group’s sales base and profitability.</p>	<p>We can expect a reduced demand for loans due to the aging demographics of households, coupled with reduced corporate investment capacity from weakened real economic demands. The KB Economic Research Institute analysis predicted that the Group’s profitability will drop after 2025 due to a slow-down in household loan growth, falling long-term interest rates, and the narrowing spread between short- and long-term interest rates.</p>	<p>To hedge against potential risks stemming from sluggish household loan growth and/or narrowing spreads, KB is departing from the deposit-loan margin-based revenue structure to diversify its revenue source into CIB and WM operations. In the meantime, KB is preparing itself for socio-demographic risks by diversifying its offshore investment portfolio into emerging markets with fewer issues related to the demographics of an aging society.</p>
<p><b>Paradigm shift following the digital finance innovation</b></p> <p>Rising risks of IT-related, information protection/fraud associating innovative technology/finance and financial institutions’ risks of failing to keep pace with innovative technologies and finance and in proportion to the growth opportunities provided through innovation which gained momentum during the pandemic</p>	<p>Digital innovations in technologies/finance are appearing all across the traditional value chain of financial sector, giving rise to new business models, products, and services.</p>	<p>KB performs in-depth analysis and review of potential risks in digital finance innovation to reinforce its preemptive risk management while taking full advantage of big data and machine learning techniques to enhance its risk management infrastructure and competencies.</p>
<p><b>ESG issues</b></p> <p>Inability to meet the non-financial factors affecting corporate value/sustainability such as – the regulatory and market demands associated with environmental, social, and governance management</p>	<p>In tandem with growing ESG concerns among global institutional investors, ESG issues have become the decisive factors in investment decisions. Also, regulatory changes, such as the carbon emissions trade scheme, can affect asset value fluctuations in high-risk investments, which will work against the Group’s soundness and profitability.</p>	<p>Establishing an ESG masterplan reflecting Groupwide ESG control, KB is developing countermeasures for ESG issues, such as establishing a dedicated team and augmenting their role, while creating an ESG risk-weighted loan/investment portfolio.</p>

# Management's Discussion & Analysis

In 2021, the global economy began to pick up on the back of governments' economic stimulus packages and the worldwide vaccine rollout. The Korean economy also bounced back with a growth rate of 4% on the strength of its historic-high record in exports. While news of the scheduled rate hike poses a positive outlook for the banking sector, there are also concerns about asset quality issues related to the COVID-19 financial forbearance programs and household debts. On the other hand, it is predicted that the performance of the non-banking sector will struggle as the stock market will falter with fluctuating interest rates and central banks' tapering. Even amid such mixed outlooks for so many, KB Financial Group reported robust performance results for 2021, solidifying its position as a leading financial group in Korea.

In 2021, the Group's net profit surged by 27.2% from the previous year to a record-high KRW 4,410 billion. The basic EPS also soared by 25.9% to reach KRW 11,134. Such remarkable performance is ascribable to the substantial growth of the Group's core earnings: net interest income significantly rose, thanks to the solid growth in loans in won along with cross-border M&As, while net fee & commission income also significantly expanded as a result of our competency-building in WM and IB operations. ROE improved considerably to 10.22%, consolidating the Group's fundamentals for earnings. ROE on a recurring basis remained within a stable 10% range each quarter. These improvements in the Group performance can be attributed to our consistent efforts to diversify the Group revenue sources and to build the competencies of the core businesses of our subsidiaries. In particular, the non-banking contribution to the Group's net profit expanded to 42.6% this year.

Group net interest income amounted to KRW 11,230 billion for 2021, up by a whopping KRW 1,508 billion from the previous year, driving the Group's robust performance results.

Group non-interest income rose by 17.5% year-on-year to KRW 3,254 billion, led by the improved performance of non-bank businesses—securities, insurance, and credit cards. As a result of this balanced growth of core earnings in both the banking and non-banking operations, the Group's gross operating income rose by 15.9% to KRW 14,484 billion in 2021.

In terms of expenses, Group G&A expenses grew by KRW 386 billion, or 5.7%, from the previous year to KRW 7,201 billion, which is primarily due to the additional costs in consolidating Prudential Life, Prasac, and PT Bank KB Bukopin. Aside from the M&A effects, it was up only 0.8% from the previous year.

The Group provision for credit losses stood at KRW 1,185 billion, up by KRW 142 billion from the previous year. Group credit costs edged up from the previous year to 0.30%.

## Key Financial Indicators

	2021	2020	YoY
ROA	0.69	0.61	0.08
ROE <sup>1)</sup>	10.22	8.79	1.43
Basic EPS (KRW)	11,134	8,843	25.9
Group NIM (Bank+Card)	1.83	1.76	0.07
Bank NIM	1.58	1.51	0.07
Cost-Income Ratio (CIR)	49.7	54.6	(4.90)
Credit Cost Ratio (CCR)	0.30	0.26	0.04
NPL Ratio <sup>2)</sup>	0.33	0.41	(0.08)
NPL Coverage Ratio <sup>2)</sup>	208.9	168.6	40.3
BIS Ratio	15.77	15.28	0.49
CET1 Ratio	13.46	13.30	0.16

1) Based on return on common equity

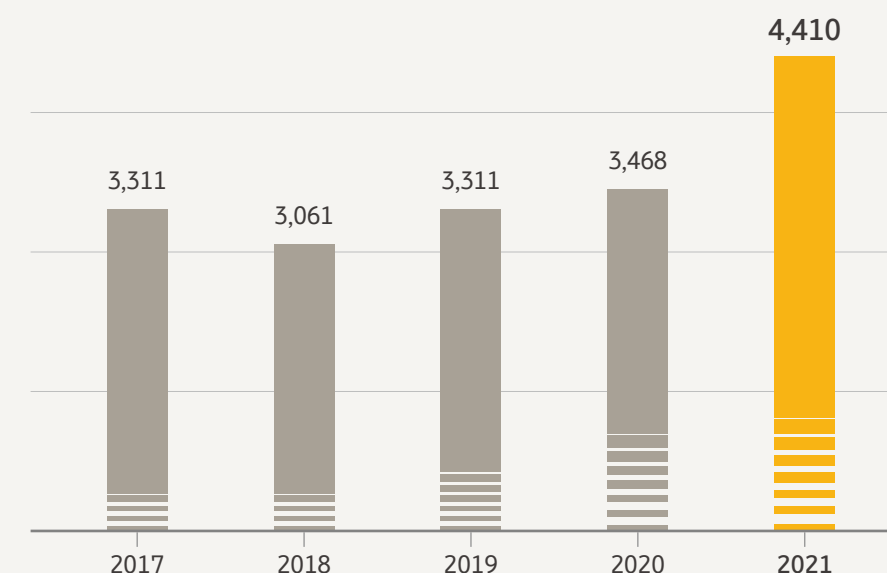
2) Based on simple arithmetic sum of each subsidiary's figures  
(excl. overseas local subsidiaries, overseas equity investment, SPC, etc.)

In terms of asset quality, the Group NPL ratio (simple sum of each domestic subsidiary) stood at 0.33%, decrease by 0.08%p over the year. The NPL coverage ratio rose by 40.3%p from the previous year to reach 208.9%.

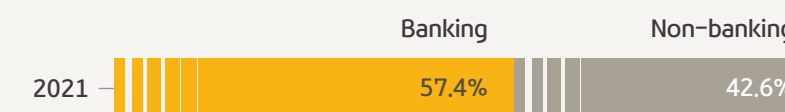
The Group's BIS and CET1 ratios under Basel III recorded 15.77% and 13.46%, respectively. Despite the increase in risk-weighted asset following loan growth and expanded dividend payments, we maintain the industry's top-tier capital adequacy on the strength of our substantial earnings power and strategic capital management, such as issuing hybrid bonds.

## Group Net Profit

(bn won)



## Net Profit Contribution



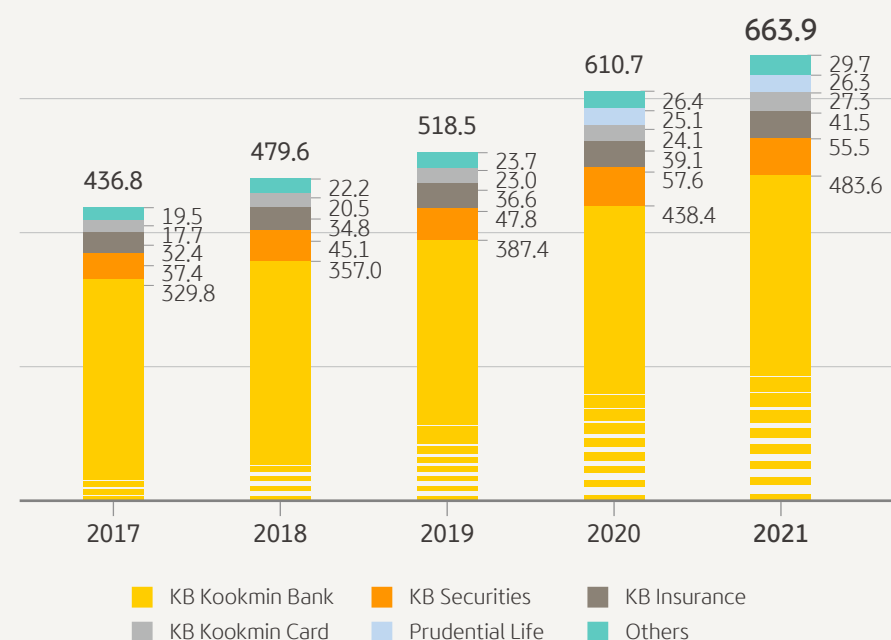


## Group Financial Position

As of the end of 2021, KB Financial Group's total assets stood at KRW 663.9 trillion, up by KRW 53.2 trillion, or 8.7%, year on year, owing to the substantial growth in the banks' loans. The Group's loans expanded by KRW 40.7 trillion year on year to KRW 417.9 trillion: from which, the Group's household loans sustained a modest growth of KRW 9.8 trillion from the previous year; the Group's corporate loans also rose by KRW 18.7 trillion from a year earlier on the back of stable growth in loans to SOHO, SMEs, and large corporations; augmented global operations contributed to the KRW 10.2 trillion year-on-year growth in other loans, mainly in foreign currency loans. Also significant was the Group's AUM, which stood at KRW 457.3 trillion, up KRW 75.5 trillion from the previous year, owing to the rise in investor deposits held by KB Securities and the AUM of KB Asset Management. Adding the AUM, the Group's total assets go up to KRW 1,121.2 trillion, increasing KRW 128.7 trillion from the previous year.

### Group Total Assets

(tn won)



## Group Financial Position

(tn won, %)

	2021	2020	YTD
<b>Assets</b>	<b>663.9</b>	<b>610.7</b>	<b>8.7</b>
Cash & Due from Financial Institutions	31.0	25.6	21.1
FVTPL <sup>1)</sup> Assets	66.0	61.0	8.2
Financial Investments	104.8	98.7	6.2
Loans	417.9	377.2	10.8
Property & Equipment	8.2	8.2	0.0
Other Assets	36.0	40.0	(10.1)
<b>Liabilities</b>	<b>615.6</b>	<b>567.3</b>	<b>8.5</b>
FVTPL <sup>1)</sup> Liabilities	12.1	11.8	2.5
Deposits	372.0	338.6	9.9
Debts	56.9	49.8	14.3
Debentures	67.4	62.8	7.3
Other Liabilities	107.1	104.3	2.7
<b>Shareholder's Equity</b>	<b>48.3</b>	<b>43.4</b>	<b>11.3</b>
Share Capital	2.1	2.1	0.0
Hybrid Securities	2.8	1.7	64.7
Capital Surplus	16.9	16.7	1.2
Accumulated other comprehensive income	1.1	0.6	83.3
Retained Earnings	25.7	22.5	14.2
Treasury Shares	(1.1)	(1.1)	N.A.
Non-Controlling Interests	0.8	0.9	(11.1)
<b>Group Total Assets<sup>2)</sup></b>	<b>1,121.2</b>	<b>992.5</b>	<b>13.0</b>
<b>AUM<sup>3)</sup></b>	<b>457.3</b>	<b>381.8</b>	<b>19.8</b>

1) Fair value through profit or loss

2) Sum of assets of consolidated financial statement and AUM

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

KB Kookmin Bank's total assets amounted to KRW 483.6 trillion, up KRW 45.2 trillion or 10.3%, from the previous year. Loans in Won expanded by 7.9% year on year to KRW 318.7 trillion. Broken down by loan type, household loans grew by a moderate 5.1% year on year driven by the rising demands for *jeonse* loans, while corporate loans sustained their quarterly growth rate within the stable 3%-range. In particular, large corporate loans increased by 11.2% from the previous year as market demands rebounded and our improved CIB business competency achieved considerable progress in acquisition financing.

## KB Kookmin Bank Loans in Won

(tn won, %)

	2021	2020	YTD
<b>Household</b>	<b>170.1</b>	<b>161.9</b>	<b>5.1</b>
Mortgage	92.2	86.0	7.2
General	77.9	75.9	2.6
<b>Corporate</b>	<b>148.6</b>	<b>133.6</b>	<b>11.2</b>
SME	124.5	114.1	9.1
[SOHO]	83.6	76.8	8.9
Large Corp, etc.	24.1	19.5	23.6
<b>Total</b>	<b>318.7</b>	<b>295.5</b>	<b>7.9</b>

## Profitability

KB Financial Group's net profit for 2021 surged a whopping 27.2% from the previous year to reach KRW 4,410 billion, proving the Group's earnings power. The remarkable results can be attributed to a substantial increase in core earnings, including net interest income and net fee & commission income, as well as the inorganic growth effect from M&As. As a result of the subsidiaries' consistent endeavors to enhance core business competencies, there were universal improvement in the performance results of all bank, securities, insurance, and credit card. The non-bank subsidiaries' contribution to the Group's net profit also improved, accounting for 42.6%.

## Group Profitability Overview

(bn won, %)

	2021	2020	YoY
Net Interest Income	11,230	9,722	15.5
Net Fee & Commission Income	3,626	2,959	22.5
Other Operating Profit	(372)	(189)	N.A.
Gross Operating Income	14,484	12,493	15.9
G&A Expenses	7,201	6,815	5.7
Provision for Credit Losses	1,185	1,043	13.6
Net Operating Profit	6,098	4,634	31.6
Net Non-Operating Profit	(16)	146	N.A.
Profit for the Period	4,384	3,516	24.7
<b>Profit attributable to controlling interests<sup>1)</sup></b>	<b>4,410</b>	<b>3,468</b>	<b>27.2</b>

1) The consolidated financial information for the year ended December 31, 2020 have been restated retrospectively to reflect the accounting policy changes in connection with the IFRIC decision regarding K-IFRS No. 1019

The Group's net interest income amounted to KRW 11,230 billion, a significant year-on-year increase of 15.5%, or KRW 1,508 billion, driving the Group's overall performance improvement. This is primarily due to solid loan growth, led by the 7.9% year-on-year growth in the bank's loans in Won, which secured a stable profit base. Plus, the improved NIM boosted the Bank's net interest income by 14.4% year on year, and the net interest income from Prudential Life and Prasac added about KRW 500 billion to the Group's net interest income.

In 2021, the Group NIM and Bank NIM stood at 1.83% and 1.58%, respectively, both improved by seven basis points from the previous year. This advancement in the NIM was made possible through the improvement of net interest spreads through profit-oriented portfolio management while increased core deposit size relieved funding costs. In prudent management of our NIM performance, we will fine-tune the loan pricing, adjust the funding costs policies to market developments, and upgrade our portfolio management of securities investments to enhance profitability. In 2022, NIM performance is expected to further improve as base rate hikes are forecast to fully take hold.

Group net fee & commission income increased 22.5%, or KRW 667 billion, from the previous year to KRW 3,626 billion. This is mainly due to the increased credit card fees on the back of the restoring consumption and the Bank's recovery in the sale of trust products, in proportion to the surge in brokerage commission income driven by the booming stock market and our enhanced IB business competencies. Group net fee & commission income, which had hovered over KRW 2 trillion for years, jumped well above the KRW 3 trillion mark to the mid-range in 2021. This phenomenal record was made possible through competency-building and non-bank portfolio diversification efforts, as much as to the unprecedented rallies in the stock market.

In 2021, other operating profit decreased by KRW 183 billion from the previous year due to weak performances in securities, derivatives, and foreign exchange related businesses due to market rates and rising won-dollar exchange rates. Still, other operating income in the insurance sector advanced by KRW 25.7 billion year-on-year as KB Insurance's earnings fundamental gradually recovered, and the M&A effect was recognized from the acquisition of Prudential Life.

Group G&A expenses grew by 5.7%, or KRW 386 billion, from the previous year to KRW 7,201 billion. This was due to the additional recognition of KRW 300 billion in G&A expenses from the year before following the acquisitions of Prudential Life, Prasac, and PT Bank KB Bukopin. Without these M&A factors, G&A expenses produced a mere 0.8% year-on-year

growth as tangible results from the Groupwide effort towards cost management and workforce efficiency.

In 2021, the Cost Income Ratio (CIR) down by 4.9%p from a year earlier to 49.7%. Cost efficiency fully developed, driven by a substantial increase in core earnings and an improved workforce structure. In particular, the CIR reached an all-time low of 46.3%, excluding the one-off factors of ERP and digitalization costs. By enhancing our earnings power and managing the Groupwide expenses, we will maintain the CIR performance within the mid-40% range, stabilizing down from the historically stagnant mid-50% levels.

The Group's provision for credit losses was KRW 1,185 billion, a mild KRW 142 billion increase year-on-year despite asset growth and the reduced reversal of provisioning. This attested to our quality asset-oriented organic growth and industry-leading risk management capabilities. In particular, we've maintained a proactive risk management approach. Following the additional KRW 377 billion provisioning for loan losses last year, we have reclassified the soundness of some loans related to COVID-19 based on a conservative economic outlook scenario for this year, setting aside a KRW 264 billion as additional provision for credit losses to buffer future uncertainties.

Group credit cost was 0.30%, up slightly from the previous year due to additional provisioning for COVID-19 risks in the fourth quarter and provisioning for risks related to adopting a new credit rating model at KB KookminCard. On a recurring basis excluding these one-off provisionings, however, the Group credit cost stood at 0.21%, remaining steadily between the 20 basis-point range over the last five years.

By subsidiary, KB Kookmin Bank's net profit for 2021 grew by KRW 293 billion year-on-year to reach KRW 2,591 billion. This was made possible by the solid growth in loan assets, improved NIM, additional net income from the newly acquired Prasac and PT Bank KB Bukopin, and the net fee & commission income growth led by trust and IB commission income. Despite the asset growth and the reduced reversal of provisioning, the Bank's provision for credit loss increased a mere KRW 39 billion from the previous year to KRW 523 billion. This attests to our qualitative growth and industry-leading risk management capabilities. The prolonged pandemic gave rise to some concerns regarding the Bank's asset quality. In preemptive preparation for these uncertainties and to improve our responsiveness, we have provisioned an additional KRW 181 billion for the year 2021, securing a buffer against credit loss risks. Meanwhile, we have prudently stepped up our risk management efforts and reinforced the risk management system by industry and borrower type while

simultaneously enhancing our monitoring of weak borrowers. As of 2021, The bank credit cost sustained its low level at 0.11%. The Bank's G&A expenses amounted to KRW 4,403 billion, up KRW 202 billion from the previous year, primarily due to the M&A effects of Prasac and Bank KB Bukopin. The Bank CIR stably remained at 52.2%, as the Groupwide cost management and workforce efficiency efforts materialized.

### KB Kookmin Bank Profitability Overview

(bn won, %)

	2021	2020	YoY
Net Interest Income	7,729	6,755	14.4
Net Fee and Commission Income	1,188	1,068	11.2
Other Operating Profit	(477)	14	N.A.
Gross Operating Income	8,440	7,837	7.7
G&A Expenses	4,403	4,201	4.8
Provision for Credit Losses	523	484	8.1
Net Operating Profit	3,514	3,151	11.5
Net Non-Operating Profit	(22)	(19)	N.A.
<b>Profit for the Period</b>	<b>2,591</b>	<b>2,298</b>	<b>12.8</b>

In 2021, KB Securities' net profit recorded a historic high of KRW 594 billion, up KRW 168 billion from the previous year. This is largely attributable to the substantial growth in IB commissions and brokerage fees from the increase in large-scale IPO deals and the stock market boom, as much as it is thanks to a KRW 100 billion increase in S&T performance, which overcame the previous year's struggle. By business sector, WM boosted its earnings performance with growing brokerage fees thanks to the bull markets at home and abroad, along with practical efforts to expand retail customer market share, pushing the Prime Club service. The IB sector successfully closed several large-scale IPO deals and profited from PI investments. As a result of its consistent endeavors to build IB competencies, the IB sector is building its market position not only in DCM but also in ECM and M&As. The S&T sector significantly restored its performance, which had faltered with the rising financial volatility stemming from the protracted COVID-19 pandemic. In the future, we will maintain the position in response to the fluctuating stock market and interest rates and diversify the investment strategy to sustain profitability.



KB Insurance's net profit for 2021 posted KRW 302 billion, growing by a significant KRW 125 billion from the previous year. This is mainly due to the rise in premium income and the improvements in auto insurance loss ratio from the decrease in car accidents and improved investment gains through resilient asset portfolio rebalancing. In particular, with the exclusion of one-off factors such as the ERP expenses, the recurring-based net profit was KRW 333 billion, which is a sign of the gradual recovery in its earnings fundamental. Meanwhile, at the end of 2021, the direct premiums written rose by 5.0% from the previous year to KRW 11,524 billion, and the embedded value (EV) reached KRW 7.8 trillion. In 2021, the loss ratio recorded 84.9%, down 0.6%p from the previous year due to the improved auto insurance loss ratio.

KB Kookmin Card's net profit for 2021 amounted to KRW 419 billion, a KRW 94 billion growth from the previous year as the card transaction volume increased due to consumption recovery and continued cost-efficiency efforts across the board. In 2021, the credit card transaction volume steadily grew by KRW 13.3 trillion year on year to reach KRW 157 trillion. There are mounting concerns regarding risks of deteriorating profitability due to lower card merchant fees, higher funding costs, and asset quality risks. However, we will expand recruitment of new memberships and strengthen our membership management to further develop the credit card transaction volume while improving profitability through profit-driven marketing and accelerating new business exploration.

Prudential Life reported a sound net profit of KRW 336 billion in 2021 as a result of the decrease in operating expenses, which is attributable to the contracting sales of protection-type insurance outpaced by increasing sales of savings and annuity insurance across the industry.

### Net Profit by Subsidiaries

(bn won, %)

	2021	2020	YoY
<b>Group Net Profit<sup>1)</sup></b>	<b>4,410</b>	<b>3,468</b>	<b>27.2</b>
KB Kookmin Bank	2,591	2,298	12.8
KB Securities	594	426	39.4
KB Insurance	302	177	70.6
KB Kookmin Card	419	325	28.9
Prudential Life <sup>2)</sup>	336	56	N.A.
KB Asset Management	80	57	40.4
KB Capital	210	142	47.9
KB Life Insurance	(47)	(23)	N.A.
KB Real Estate Trust	82	67	22.4
KB Savings Bank	19	17	11.8
KB Investment	55	15	266.7
KB Data Systems	1	(2)	N.A.
KB Credit Information	0	1	N.A.

1) The consolidated financial information for the year ended December 31, 2020 have been restated retrospectively to reflect the accounting policy changes in connection with the IFRIC decision regarding K-IFRS No. 1019

2) 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

At the end of 2021, the Group NPL ratio (based on the simple aggregation of domestic affiliates) was 0.33%, improved by 0.08% on year, due to our prudent and preemptive risk management efforts against the uncertainties of the prolonged COVID-19. Group NPL coverage ratio was 208.9%, and the NPL coverage ratio, including reserves for credit losses, stood at 433.3%, up 40.3%p and 87.4%p, respectively, from the previous year. This attests to the Group's stable management of asset quality indicators with enhanced TLAC against economic headwinds going forward. In preparing for the future, we will hold to a preemptive and conservative risk management policy and cautiously reinforce the TLAC to maintain the level of our asset quality in the future.

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

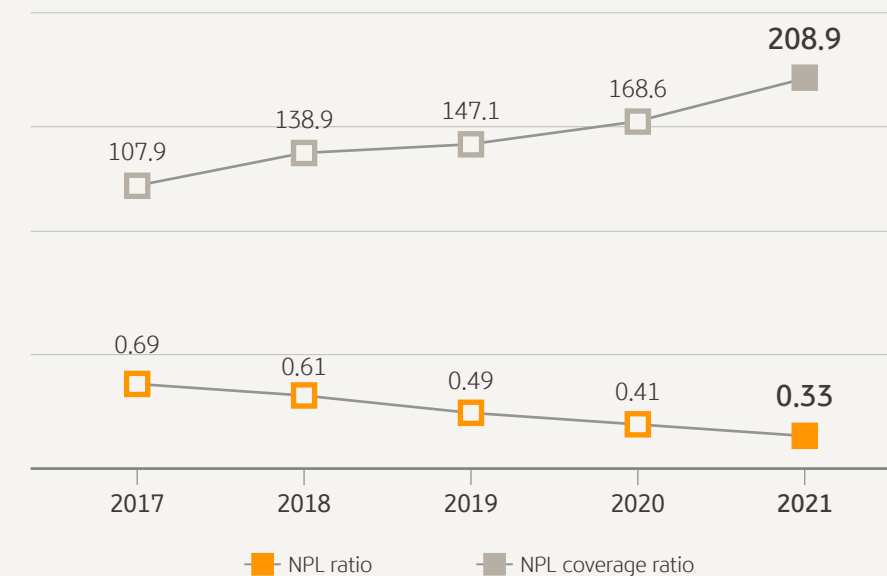
(bn won, %)

	2021	2020	YoY
Loans for NPL classification	400,786	366,428	9.4
Precautionary	2,391	2,379	0.5
Substandard	584	654	(10.7)
Doubtful	483	557	(13.3)
Estimated Loss	252	280	(10.0)
Substandard & Below Loans(NPL)(A)	1,319	1,491	(11.5)
NPL Ratio	0.33	0.41	(0.08)%p
Loan Loss Reserves	2,755	2,514	9.6
NPL Coverage Ratio I (B/A)	208.9	168.6	40.3%p
Reserves for Credit Losses (C)	2,960	2,643	12.0
NPL Coverage Ratio II [(B+C)/A]	433.3	345.9	87.4%p

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

### Group NPL & NPL Coverage Ratios

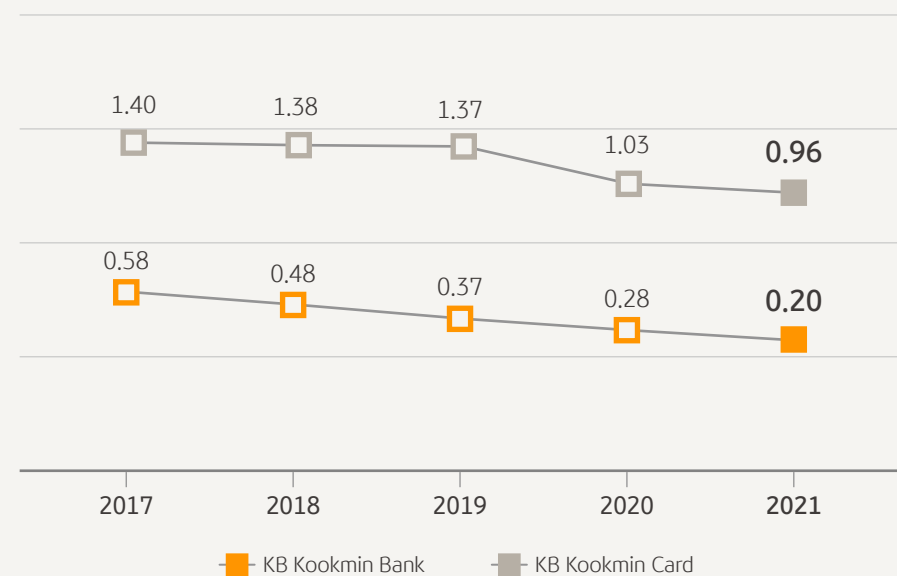
(%)



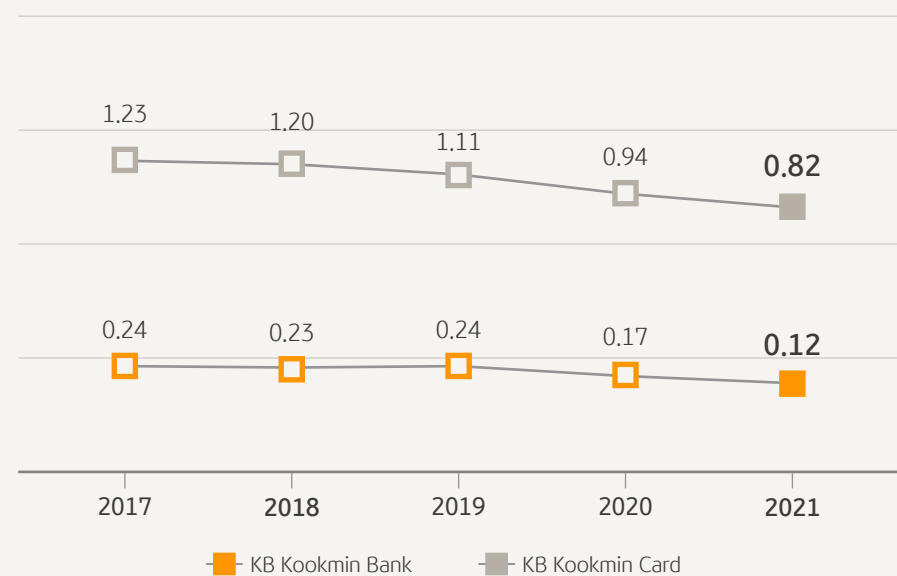
KB Kookmin Bank's NPL ratio and delinquency rate stood at 0.20% and 0.12%, down by 0.08%p and 0.05%p, respectively, from the previous year. This is attributable to the preemptive efforts to rebalance the loan portfolio by reducing potential NPLs and reinforcing risk management. The NPL Coverage Ratio remained at a whopping 225.3%, which helped secure competitive TLAC to hedge against future unpredictability.

KB Kookmin Card's NPL and delinquency ratios stood at 0.96% and 0.82%, down by 0.07%p and 0.12%p, respectively, year on year, despite growing concerns over asset quality with risk exposure to the protracted COVID-19. The NPL coverage ratio posted 348.2%, solidly positioned well above a confidence-inspiring level.

**NPL Ratio (%)**



**Delinquency Ratio (%)**



**Capital Adequacy**

As of the end of 2021, Group BIS and CET 1 ratios under Basel III recorded 15.77% and 13.46%, respectively. Despite the increase in risk-weighted assets following loan asset growth and increased dividend payouts, the Group has maintained its capital adequacy at the industry's top-tier level based on our substantial earning power and strategic capital management, including issuing hybrid bonds. KB Kookmin Bank's BIS and CET 1 ratios under Basel III declined slightly from last year to 17.47% and 14.70%, respectively, due to the increase in the risk-weighted asset size following the loan growth. Still, these performances maintain an industry-leading level.

**KB Kookmin Bank BIS Ratio (%)**

	2021	2020	YoY
BIS Ratio	17.47	17.78	(0.31%p)
Tier1 Ratio	14.98	15.42	(0.44%p)
CET1 Ratio	14.70	15.10	(0.40%p)

**Group Capital Adequacy (bn won, %)**

	2021	2020	YoY
BIS Capital	45,883	40,080	14.5
Tier1 Capital	42,305	36,896	14.7
CET1 Capital	39,144	34,886	12.2
Tier2 Capital	3,578	3,184	12.4
Risk-weighted Assets	290,914	262,349	10.9
BIS Ratio	15.77	15.28	0.49%p
Tier1 Ratio	14.54	14.06	0.48%p
CET1 Ratio	13.46	13.30	0.16%p



# OPERATION REVIEW

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## Bank

# KB Kookmin Bank

In 2021, KB Kookmin Bank revamped its KB Star Banking app, transforming it into a Groupwide super app. Also, the Bank launched its KB MyData Service and Liiv Next apps to expand on customer touchpoints. We amplified the non-contact marketing campaign, which gave way to unparalleled sales capabilities in the emerging post-pandemic business paradigm. Drawing upon innovative IT infrastructure, we are advancing our overall banking services to realize hyper-personalized and relevant customer services across the online/offline channels. In our core business operations—CIB, capital markets, WM, and global banking, we solidified our revenue base while gaining more clout in the financial markets. In 2022, KB Kookmin Bank will continue to lead financial innovation as a customer-centric No. 1 financial platform.



## Digital Finance

### Advancing the Customer-Oriented Platform

In 2021, KB Kookmin Bank developed its platform-focused organization to emerge as a No. 1 financial platform company most trusted by customers. Since our 2021 organizational overhaul into a platform-focused organization, fusing business and technology units together, the DevOps culture has taken hold across the board, as it coordinates effectively between planning, development, and operations. In a bid to successfully transition into a platform-focused organization, the Bank conducted the KB Agile Coaching program on key digital services to internalize the agile development experience within the organization while creating a new Agile Build Team to monitor its progress in becoming 'agile'. In 2022, KB Customer Experience Design Center and KB Digital Contents Center will spearhead the bank-wide effort towards a platform-focused organization. The Customer Experience Design Center will innovate our platform services from the CX (customer experience) perspective while the Digital Content Center will develop and realize innovative content to reinforce the performance of our platform. As these tasks require a more constant pool of digital engineers, we will establish a more substantial recruitment system and increase our offerings for digital training courses on our up-skill and re-skill programs.

### Revamping the Group Flagship Platform, KB Star Banking App

In 2021, KB Kookmin Bank completely revamped its KB Star Banking app, making it one of the top-ranking total financial platforms. KB Star Banking now accommodates 33 key services of the KB Financial Group's six subsidiaries, functioning as the Group's hub platform. It also features data-based personalization services and differentiated personal finance management services. Designed as a scalable platform, KB Star Banking is even compatible with the services of external agencies. Its proposal-based UX has significantly enhanced user convenience. We also streamlined the old menu on the platform by an impressive 38%, and its mobile-only infrastructure boasts superior performance—both in terms of speed and stability. In 2022, the KB Star Banking app will expand its connectivity with more subsidiaries and upload non-financial content to generate synergistic effects with the existing financial services to become even more competitive as a comprehensive, top-performing financial platform.

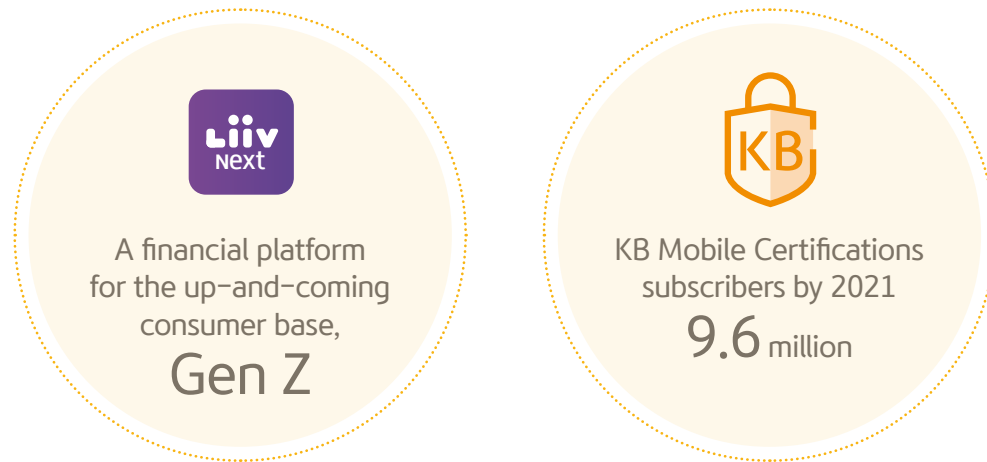
### KB MyData Service Knows Me Better than I Do

In December 2021, KB Kookmin Bank launched the KB MyData Service on its flagship platform, KB Star Banking. The Bank will provide a Groupwide Integrated Personal Finance Management (PFM) Service through the KB MyData Service. By leveraging the Bank's WM expertise and the subsidiaries' core services and offline channels, KB MyData Service correlates the MyData asset data of its customers to provide customized diagnostic and advisory solutions. In addition to the PFM services and consumption pattern analysis, we deliver the following differentiated customer offerings: Goal Challenge, which assists users in developing sound fiscal habits; Money Crew, a community platform for sharing personal financial portfolios; and Financial Plus, which allows users to manage various tangible assets. KB Kookmin Bank will develop KB MyData Service into a customer-oriented lifestyle finance platform that encompasses both financial and non-financial content through public projects for MyData business and cross-industry business alliances.

### Liiv Next, a Financial Platform for Gen Z

In November 2021, KB Kookmin Bank launched Liiv Next, a financial platform especially designed for the interests of Generation Z (the 14-25-year-old demographic), which constitutes the up-and-coming consumer base. Liiv Next is a financial platform geared to help those of generation Z get their financial lives off to a good start, offering customized financial services, along with intriguing non-financial content. In particular, we have opened up the service barriers that teens had previously encountered by allowing them to enroll in the Liiv Pocket service, a prepaid electronic payment model, devoid of complicated procedures. The Liiv Pocket service is customized to the particular financial needs of Generation Z, such as fee-free money transfers, ATM cash withdrawals, card-free digital KB Pay service, and CVS money-charging services. Their financial transactions generate virtual rewards, such as virtual stickers for decorating budget journals on the Liiv Next app or paying for actual goods at preset exchange rates. 'Liiv Next' will continue to add more products and content that will link it to KB Financial Group and offer AI-based financial services to bring about innovative financial experiences for Gen Z.





### Advancing KB Mobile Certification

The KB Mobile Certification is a private authentication certificate released in July 2019. As of December 2021, its subscription surpassed 9.6 million. Unlike public authentication, which requires tedious revalidations, the KB Mobile Certification can be issued on the KB Star Banking following simple steps in no time and supports the entire contactless process – from login to transfers and new product enrolments. In 2021, the certification realized the single sign-on (SSO) service that makes it compatible with the platforms of KB Financial Group’s five subsidiaries—KB Insurance (Jan. 12), KB Life Insurance (June 8), KB Kookmin Card (Sept. 2), KB Savings Bank (Oct. 8), and KB Securities (Dec. 29). This innovation allows users to effortlessly access these platforms with just a single log-in from the KB Star Banking app. Most importantly, KB Securities’ M-able app, where the significance of real-time stock trading is crucial, features a simple log-in function, enabling all transactions, including stock trading, without the hassle of additional authentications. In October 2021, the KB Mobile Certification earned the license for Digital Signature Authentication from the Ministry of Science and ICT, making it compatible with any MyData integrated authentication agencies. The KB Mobile Certification is also enjoying increased market presence as 52 public institutions employ it for simple authentication services.

### KB Real Estate Service Brings Together Real Estate Information

In February 2021, KB Liiv Real Estate service to enhance scalability and add cutting-edge content to the existing real estate finance platform Liiv ON, rebranding it as KB Real Estate in November 2021 to raise brand awareness. KB Real Estate service pulls together a collection of real estate pricing information to a single screen on the app, bringing all real estate information just a click away, including photos/videos of apartment complexes and user comments. KB Real Estate also produces and provides its own real estate content through social media channels (Korean popular portal sites, including Naver and Kakao, as well as YouTube, Facebook, Kakao TV, and Naver TV). In 2022, we plan to collaborate with startups to cumulate big data for real estate, and we will focus on expanding our user base by upgrading the market trends and statistical data that provide the sort of in-vogue content unique to KB Real Estate.

### KB One Cloud for Agile Digital Transformation

In November 2021, KB Kookmin Bank established KB One Cloud for the integrated management and operation of the Group’s cloud system. The integrated system streamlined the complex procurement process for adopting a

new cloud system, which also rendered the operation of cloud resources more efficient. Presently, KB One Cloud harbors all of the developing initiatives of the Bank’s Liiv Next platform and the KB MyData Service, as well as the Group’s Future Contact Center and the projects of KB Savings Bank. In 2022, we plan to build an integrated monitoring system to ensure stability in system operation and gradually upload the existing IT systems to the cloud platform.

## Retail Banking

KB Kookmin Bank ranked first in the banking sector in the 2021 National Customer Satisfaction Index (NCSI) for 15 years in total—a first among commercial banks.

### Customer Value-driven Total WM Services

KB Kookmin Bank aims to offer customer value-oriented total wealth management services by leveraging its exceptional financial expertise. To this end, we spent the whole of 2021 developing the required infrastructure – upgrading our WM channel operations, opening a data-based personal finance management (PFM) platform, and reinforcing our advisory service infrastructure.

First, we worked to enhance customer value on our WM channel operations. We realigned the business models of the PB Center/VIP Lounge with the Bank’s channel strategy “PG 2.0”, and differentiated our WM channel operations by customer segment. Our face-to-face channel operations were reinforced with the addition of several WM centers. The number of branch-in-branch PB centers has grown from two centers in 2020 to seven in 2021. The VIP Lounge Reservation Service has become available at 96 branch offices in 2021, almost double that of the 50 in 2020. Also in 2021 alone, six new WM hybrid branches commenced their one-stop total WM services covering the Groupwide core businesses.

Second, we launched a new WM Asset Management Platform for “All-in-One” and “All-for-One” wealth management services. The platform proposes hyper-personalized investment portfolios for customers based on its ‘WMTI (Wealth Management Type Indicator)’, an in-house developed data-driven customer analysis model. It also provides WM solutions based on an algorithm that draws on KB Financial Group’s own AI platform called the KB Digital Asset Management (KB DAM), which combines with the expertise of our experienced WM specialists. Although the WM Asset Management Platform currently only supports our branch office staff with their customer consultations, it will migrate into contact-free service on the KB Star Banking app.

Lastly, we bolstered our advisory service infrastructure. We expanded digital WM content, including investment strategy-building and market trend outlooks. We also held webinars on wealth management topics pertinent to the interests of our customers, such as tax law amendments and real estate regulations. KB Financial Group’s expert WM Star Advisory Group grew in size and service scope as new subsidiaries joined the panel.

In 2022, we will focus on further expanding our customer touchpoints. WM platforms will be upgraded to reinforce our contactless services. We remain agile to shifting financial trends and consumer interests to preemptively roll out the specific services that customers need most. In order to reinforce our core competencies, we will fully innovate our WM product lineup and fine-tune the WM channels and our financial capability to deliver an unprecedented customer experience.

### Competitive Edge with Enhanced Contactless Marketing

As customer demand for contactless financial transactions continues to rise, the competition within financial markets only intensifies. KB Kookmin Bank, led by its head departments, reinforced its zero-contact marketing campaigns. A Cross-Functional Agile Team came into operation to oversee our contactless marketing efforts, and the Team developed a new systematic and agile marketing process. We have also established a system to integrate marketing management as a foundation for personalized marketing and applied a data-based approach to measure marketing effects, which helped refine our target marketing approach. To tap into the customer base of our subsidiaries, we strengthened collaborative marketing on the platforms of our subsidiaries and promoted practical marketing activities. Meanwhile, the Group's loyalty program, KB Star Club, enhanced its system and renewed its customer benefits plan, KB Star Dream service, to offer more practical customer perks.

The competition in the loan market is quite intense as companies jockey to gain the upper hand in the emerging paradigm that favors contactless financial transactions. We at KB Kookmin Bank also threw our hat in the ring with the launch of our "All-In-One" household lending system, which is essentially an updated edition of our existing contact-free household lending service. The sophistication of the new All-In-One system incorporates our decade-old expertise in household lending with our advanced IT infrastructure. The platform not only expanded contactless loan products and services but also incorporated the credit review process into the mobile platform, thanks to our seamless transfer system. Additionally, the intuitive UI/UX and ChatBot consultation services have significantly enhanced the useability and convenience of the household lending process.

In order to achieve differentiated product competitiveness that distinguishes us from our competitors, we created an E-Mart National Fund for cross-industry affiliate marketing. To harness Groupwide synergy, we introduced new cooperative products with our subsidiaries, including the ONE KB Business Owner Plan, KB Green Wave 1.5°C Time Deposit, and KB Happy Pet Life Installment Savings Plan.

In 2022, KB Kookmin Bank will gain a competitive edge by providing an unparalleled customer experience. Specifically, we plan to further upgrade our customer management through the loyalty program, develop a strategic product management system and offer personalized products, reinforce our omnichannel marketing, continue to nurture our core businesses, and build our capability in providing a distinctive customer experience.

### Investment Banking

In 2021, KB Kookmin Bank focused on developing its global IB competencies in light of market changes in the aftermath of COVID-19. We have established a mid-and long-term roadmap for our growth trajectory into a global IB and improved our IB infrastructure to be on par with that of global standards for rapid decision-making and implementation. Establishing the IB Unit in Singapore assisted us in extending our IB coverage. We also inspected our offshore alternative investment vehicles for potential issues as part of systematic risk management to hedge against volatility within global economies. Our consistent endeavors toward investment-oriented IB portfolio management began to generate tangible results in non-interest profits from our alternative investments in securities. Most notably, KB Kookmin Bank led the league tables in Syndicated Loans (*Bloomberg*) and in M&As (*The Bell*) in 2021.

In the meantime, KB Kookmin Bank has continued its work on ESG projects. We launched the KB New Deal Infrastructure Fund as a cooperative product with our subsidiaries in compliance with the government's New Deal



policy. We've also been actively involved in renewable energy initiatives and smart city projects as part of our ESG investment and project financing activities. In particular, our IB sector assimilated the Equator Principles while we proactively participated in the Group's carbon neutrality initiative, KB Net Zero S.T.A.R., solidifying our leading position in ESG management.

In 2022, KB Kookmin Bank will continue evolving into one of the top global players, in line with the top three priority IB strategies: investment-oriented IB, global IB, and new businesses. More specifically, we established a goal-lead in the Bloomberg Korea League Table, rank fifth in the APAC League Table, and place 30th in the Global League Table. We will overhaul our revenue structure to attain these goals and shift from the traditional spread-based revenue structure into one that is global and ESG-oriented. To foster our investment-oriented IB business, we will increase blind fund seeding and alternative investments while leveraging our relationships with global top-tier asset managers to bolster our arrangement competencies. In securing our position as a global CIB player, we employ a two-track strategy that prioritizes differentially on investment banking (IB) for developed markets and corporate banking (CB) for emerging markets. To expand our IB operations in developed markets, we will size up the IB operational units in New York, Hong Kong, Singapore, and London. In the emerging markets of Southeast Asia, we will expand the Korea Desk to extend our CB operations into local markets. As far as new ESG-oriented businesses go, we will implement a Groupwide initiative to ensure new growth engines through active participation in policy-driven projects, such as the K-New Deal, the Smart City, and the Hydrogen Economy. With these initiatives, we will leverage our market dominance to become a leading financial institution in Korea's ESG finance market.

### SME Banking

In 2021, the Korean government's policy focused on channeling funding into "productive finance" to promising SMEs at the forefront of innovative technology. KB Kookmin Bank embraced the policy with a net increase of KRW 10.5 trillion in SME loans in 2021, sustaining its largest market share among commercial banks. Of this, loans to prime SME borrowers accounted for 81.2%, up by 1.9%p from the 79.3% figure in 2020. The delinquency rate also remained a stable 0.11% as of the year.





## No. 1 Corporate Banking Platform

KB Kookmin Bank has overhauled its services to evolve its Corporate Banking Platform into a customized business management platform. First, the Corporate Banking Platform incorporated the cash management service Star CMS and the non-financial business support solution app KB Bridge into its services. It also features some business management solutions for SMEs and microenterprises from an external platform company to prepare for the big tech's entry into the SME market. Meanwhile, we are involved in a project to digitalize the entire process of corporate banking services—from corporate loan applications to follow-on management—in addition to AI-based automation for credit reviews and mortgage assessment procedures. Also worth noting is our Corporate Financial ACE app that assists in the process of outbound sales and marketing so that corporate borrowers can maximize the advantages of our marketing and enhance their efficiency in corporate banking operations.

## Marketing to Institutional Clients

Institutional client marketing at KB Kookmin Bank began in 2010. Successfully making headway into the market known for its exceptionally high entry barrier, KB Kookmin Bank performs the vaulting work for various municipalities such as Gyeonggi-do, Chungcheongnam-do, Busan City, and Gwangju City. The Bank is also the primary bank for prominent institutions such as the Korea Water Resources Corporation and Sangmyung University. This kind of clientele helps the Bank solidify its position in the institutional client market. In 2021, we continued to increase our market share with back-to-back agreements with new prime customers. We are now the vault bank for Euisung-gun, Bucheon-si, and Guri-si, and the primary bank for Sejong University and Korail Logis. Furthermore, we are actively engaging in marketing activities to promote collateral transactions with these clients as well as marketing for the employees of these institutions, thereby achieving balanced qualitative growth in both corporate and retail banking. In 2022, we have been developing an institutional customer relationship management system to further enhance our capabilities to serve these customers. We will also expand our market presence in the institutional customer market through additional agreements with prestigious institutions and through diversifying our business areas.

## Augmenting Contactless Forex Services

We have strengthened our contactless forex services in step with the “untact” trend and growing customer needs. We have completely revamped the forex internet banking service into one that is user-oriented. KB Global Payment Usance, an import finance service that had before only been available at our brick-and-mortar locations, debuted on the Internet banking platform and achieved an impressive performance result of USD 680 million, or a 971% year-over-year growth. In 2022, our marketing initiatives will focus on import/export companies as demand for T/F transactions is expected to increase from the growing international trade volumes and rising exchange rates.

## SME-customized Social Contribution Activities

In 2021, KB Kookmin Bank provided more than 6,100 free consulting services to SOHOs and microbusinesses struggling in the midst of COVID-19 through our 13 SOHO Consulting Centers nationwide, including the Hub Center in Yeouido. In addition, we hosted five KB Good Job Fairs throughout the year to support SMEs and Middle Market Enterprises with recruitment and address youth unemployment issues. In 2022, we will further our role as an ESG leader by expanding contactless consulting for SOHOs and utilizing our networks with institutional clients to open job opportunity prospects for marginalized regions.

## Capital Markets

In 2021, KB Kookmin Bank focused on effective risk management to hedge against rising volatility in the financial markets and laid the foundation for its advance into global capital markets. We prepared for the digitalization of asset management operations with a new platform for AI-based asset management and e-capital markets. These endeavors helped reinforce our global business operations. The London Unit generated profits, and our new Singapore Unit is presently in full operation, while another Unit in New York is in the pipeline.

In 2022, we will strive to further our domestic market power while reinforcing our overseas profit base. We will pursue stable profits by focusing our investment capabilities on traditional businesses and optimizing our treasury system. We will also elevate our market power through innovation in the operations of capital markets, such as the AI-based asset management and E-Capital digital platforms.

Even amid the protracted spread of the pandemic and the resultant rising volatility in the financial markets, KB Kookmin Bank successfully issued various sustainable debt instruments based on its highest credit ratings among Korean commercial banks, garnering significant interest from its investors. (Moody's Aa3 (Stable), S&P A+ (Stable), Fitch A (Stable))

In March 2021, the bank became the first Korean bank to successfully issue KRW 100 billion green bonds in line with the guidelines set by the Korean Ministry of Environment. We also have further increased transparency in the use of bond proceeds by obtaining an additional Second-Party Opinion from a domestic, independent ESG adviser.

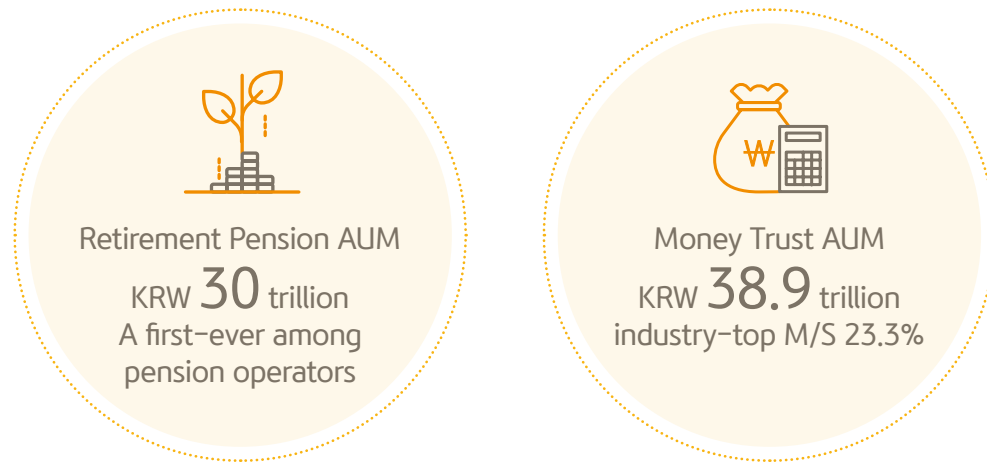
In April, we issued a USD 500 million five-year senior unsecured sustainability bond, attracting new demands from leading global institutional investors. Offered at 55 basis points over US five-year treasury bond yield, the sustainability bonds ended up with a final order book of USD 2.1 billion or 4.2 times the issue amount from over 100 institutional investors.

In October 2021, we successfully issued a EUR 500 million five-year covered bond in green bond format for the first time ever in Korea. Thanks to the large demands from global ESG bond investors, the bonds were priced at the lowest spread among the foreign currency-denominated covered bonds issued by Korean issuers. With 14 basis points over five-year mid swap rate, the final pricing level was 0.048% which led to saving our funding cost compared to the issuance of senior unsecured bonds.

As one of the leading ESG bond issuers, KB Kookmin Bank will continue to provide ESG bonds to the market in order to support green and social projects within the bank. In preparation for the cessation of the USD LIBOR, we have been diversifying funding formats. For example, we issued the first SOFR (Secured Overnight Financing Rate)-based bonds among Korean commercial banks. In addition, as part of the ALM policy, we will spearhead the promotion of the ALM/Treasury system through efficiently hedging the bank-wide mismatch position through capital market funding/investment means.

## Pension

As a lifelong financial partner, KB Kookmin Bank supports its customers in managing their valuable pension assets. The Groupwide retirement pension reserve accrued in 2021 achieved a yearly net increase of



KRW 6 trillion to reach KRW 39 trillion, topping all financial groups. KB Kookmin Bank by far excelled in the retirement pension market, becoming the first retirement pension fund operator with an AUM surpassing KRW 30 trillion.

#### Differentiated Pension Fund Management

KB Kookmin Bank is leading the way in differentiated customer and yield management services. Our certified professional private bankers offer one-on-one consulting services at the Pension Asset Management Consulting Center; the Retirement Pension Customer Management System and Retirement Pension-only Customer Management System are up and running for the target management of pension investors. All our branch offices nationwide are staffed with retirement pension counselors, who attend to customers' individual retirement planning in cooperation with the Pension Asset Management Consulting Center.

At the KB Golden Life Centers, the industry's first consulting center, retirement planners offer retirement asset investment services tailored to the individual needs of customers to help them secure their financial life following retirement. The senior customer-tailored online service, KB Golden Life X, provides total retirement life solutions. Services range from healthcare and lifestyle news to leisure lifestyle activities, financial information, and retirement planning, under the motto, 'a venue for the active and adventurous middle-aged "new Generation-X"'.

#### Customer-oriented Product Lineups and Process Innovation

KB Kookmin Bank is expanding its product lineup to broaden customer options for retirement pension plans. We provide ESG, eco-friendly funds, and defined-benefit (DB) plan funds. Furthermore, we have the longest list of alliance agreements in Korea, allowing for increased principal-protected investment (PPIs) offerings with competitive interest rates, such as ELB, GIC, and time deposit plans with savings banks. Additionally, KB Star Banking upgrades included intuitive UI; introducing the reserve management descriptions and an easily accessible IRP enrollment and retirement pension investment process. The DC Mobile Enrollment Service facilitates the process of signing up for DC Retirement Pension Plans and adjusting investment plans. Also, we were the first Korean bank to introduce a Free-to-Withdraw Pension Plan, an annuity payment program, allowing customers to withdraw from their funds at any time.

In 2022, we will differentiate our pension investment services according to customer needs. We plan to provide corporate clients with Reserve Investment Plan Consulting and Customized Outsourced Chief Investment Officer (OCIO) services while strengthening individualized investment management services as well. In addition, the e-Vote system will streamline the process of introducing corporate retirement pension plans, and the KB Retirement Pension Headquarters Direct System will enable the contactless handling of retirement pension processes. For senior customers, KB Golden Life Center plans to adopt video-call consultation services for retirement asset management parallel to the services at our brick-and-mortar locations. Our contact-free channel, Golden Life X, will continue to align and cooperate with external benefits and strengthen pension/retirement content to provide more specialized retirement asset management services. In addition, the KB Star Banking platform will bolster its retirement asset management service to offer differentiated online consultation solutions, such as Annuity Receipt Decision-making Assistance and Tax-Saving Assistance with Inheritance/Gift Taxes.

#### Trust

In 2021, the seemingly-unending COVID-19 crisis, paired with deepening uncertainty in the global economy, drove customer sentiment to flock to risk-free assets, which inflated the market demand for direct investments. Also, the regulatory environment grew stringent with the enforcement of the Act on Financial Consumer Protection and the Standards for Banks' Internal Control of Non-deposit Investment Product Sales. To prevent misselling practices, we established an AI financial counseling system and an integrated follow-on management system. These tools proved instrumental in the internal control of non-deposit product sales, enabling a one-stop process from product explanations to misselling case reviews. We increased our PPI product lineups, including ABSTB and hybrid bonds, to meet customer demand for low-risk investment vehicles while expanding our ETF product offerings in sync with the latest market trends, fueled by the restoring investment sentiments. As of November 2021, our monetary trust AUM stood at KRW 38.9 trillion, maintaining the industry's top market share of 23.3%, and our ELT balance accounted for the industry's largest market share of 42.9% at KRW 10.5 trillion. As such, KB Kookmin Bank sustained its industry-top position in terms of both its AUM size and its 2021 revenue.

In 2021, we launched a variety of specialty trust products to meet the diverse needs of our customers: KB Great Legacy Trust is an integrated inheritance planning solution; the 3 to 1 ELT is a unique product designed to reduce potential losses; Contact ETF invests in businesses predicted to thrive in the post-COVID era; and Metaverse ETF invests in metaverse-related companies.

Considering the market outlook on a gradual economic recovery in 2022, we will increase our sales for custom-tailored ELTs and ETFs with high growth potential to improve profitability. Meanwhile, we will expand our product lineup for alternative investments, such as overseas real estate, and further develop our property trust sales to achieve sizeable growth in the trust AUM. To serve the rapidly aging population, we will expand our Living Trust operations for high net-worth individual (HNWI) customers. Down the road, we will lead the domestic asset management market through the innovations we make on our services, such as the creation of a unique Family Office business model and the establishment of a hybrid channel that combines face-to-face encounters with virtual media.





## Global Operation

### Stellar Accomplishments in Global Expansion Initiative

In October 2021, KB Kookmin Bank purchased the remaining 30% stake of Prasac Microfinance Institution PLC, the largest microfinance deposit-taking institution (MDI) in Cambodia. The purchase completed the acquisition of the company as a 100% fully-owned subsidiary of KB Financial Group. We made full use of KB's excellent creditability to arrange a global funding of the company so as to enhance the corporate value of our newly acquired subsidiary. Not surprisingly, our efforts have promoted the company to the top of Cambodia's MDI industry, recording a net income of USD 155 million for 2021. KB Kookmin Bank plans to transform Prasac into a commercial bank. This transition will allow the company to expand its business scope, as we at KB Kookmin Bank will provide it with our key competencies and operational expertise to transform it into the largest financial institution in Cambodia.

In December 2021, we issued new stocks to increase capital in PT Bank KB Bukopin, our medium-sized subsidiary bank in Indonesia. PT Bank KB Bukopin boasts an extensive network (356 branches as of the end of December 2021) across Indonesia, which brings along with it a solid local customer base. The bank has ample potential with a stable market position as the only local mid-and large-sized bank (BUKU3), in which the local government holds stakes. The latest capital increase will fund its business normalization initiatives, such as attracting new customers, improving asset quality, and bolstering the IT infrastructure. In the future, the bank will create synergy through cooperation with KB Financial Group's subsidiaries in Indonesia to become a total financial group in Indonesia.

Meanwhile, KB Kookmin Bank also continues to expand its retail banking network in Southeast Asia. KB Microfinance Myanmar opened branches in Hinthada and Taungoo in June 2021, which brings the tally to a total of 23 branch offices in the nation. The Bank is developing a unique business model that combines conventional microcredits with housing loans. It will also continue to broaden its sales network out of its current base in Yangon to surrounding regions such as Sagaing, and to Myanmar's capital, Naypyidaw.

Following the preliminary license obtained in April 2021, KB Kookmin Bank's Singapore Branch commenced operations in January 2022. Our new presence in the global financial hub city will control our worldwide investments and financing as we grow our overseas network. Our presence in the four international financial hubs of Singapore, Hong Kong, New York, and London will provide an excellent vantage from which to cover the global capital markets around the clock. Each unit will complement one another to fortify our capabilities for CIB and capital markets operations. Meanwhile, in April 2021, we promoted the Hong Kong unit into an Asia Credit Review Center. With this, we expanded the coverage of our credit review from Hong Kong and China to Southeast Asia, India, and Oceania regions. Our plan is to move the Asia Credit Review Center to Singapore in the near future so as to pool our global financial capabilities.

In 2022, we are considering further expansion into rapidly growing nations, such as Vietnam, and other unexplored markets where Korean companies outnumber Korean financial institutions in local presence, such as in the Middle East, South America, the Commonwealth of Independent State, and Africa.

## 2022 Plans

In 2022, KB Kookmin Bank aims to become a customer-centric NO.1 financial platform that leads financial innovation and fulfills social responsibility. To this end, we've devised the following four strategic directions to perform our specific action plans.

First, we will strengthen our core competencies.

We will enhance the competitiveness of our deposit-taking and lending operations to secure a competitive edge in the market. We will use the MyData Service as a base to reinforce our customer-centric total financial solution offerings. We are determined to generate tangible results through ambitious advancement in the core growth business CIB/capital markets/WM (pensions and trusts)/global/platform business sectors.

Second, we will augment competitiveness on our customer touchpoints.

Contactless channels will enhance customer access as an open platform, while we will innovate our in-person channels to provide specialized total financial services. We will assume an omnichannel approach to integrate and modernize the customer management and marketing system.

Third, we will internalize a sustainable management system.

We will actively practice ESG management to strengthen our leadership in it. Also, we will modernize the risk management system to flexibly respond to shifting conditions in both the internal/external environment and strengthen cost and capital management to maximize our business management efficiency.

Finally, we will overhaul the organizational management system.

We will establish an enterprising corporate culture rooted in autonomy, trust, and ethics. We will modernize the platform-based organizational management model to share and implement the agile work culture. And the overall organization will become more flexible and open as we adopt a system for attracting outside talent and establish an open architecture infrastructure for our computer system.

## Securities

# KB Securities

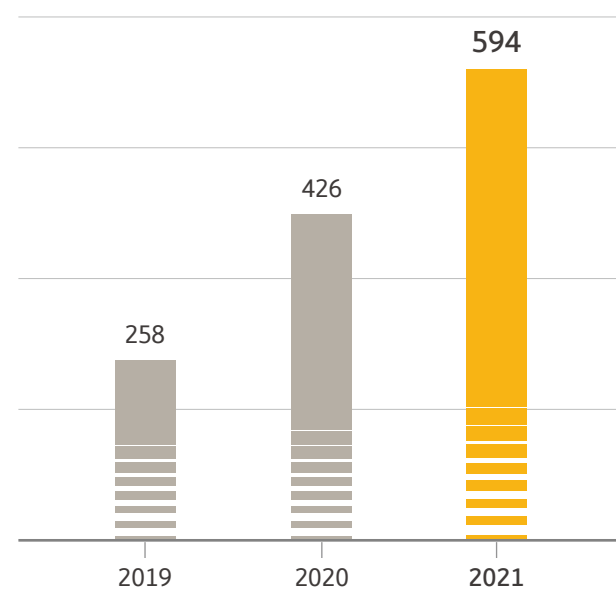
In 2021, KB Securities recorded a historic-high net profit of KRW 594 billion. We remained at the top of the DCM league table for the eleventh consecutive year and has taken the lead in the ECM market as a rising powerhouse. Innovative products were introduced, bolstering our digital competencies. M-able Mini is a mobile trading system targeting the MZ Generations, and Mable-in is the new MyData Service platform. In 2022, we will focus on building our core competencies to upgrade the business models and strategically expand the digital and platform business operations.



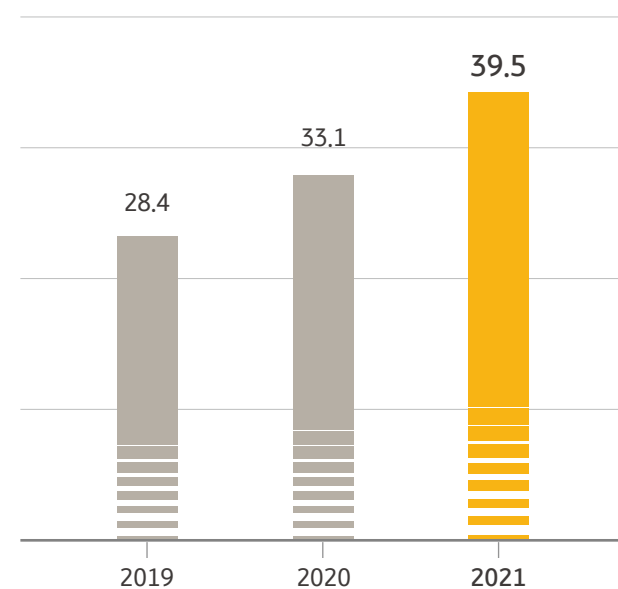
### Record-high Profits in 2021

In 2021, KB Securities recorded a historic-high net profit of KRW 594 billion. The booming stock markets and the increased IPOs raised our brokerage fee income and yields from our fixed-income investments also increased significantly thanks to our timely positioning strategies. The WM AUM grew to KRW 39.5 trillion in 2021. It was a payback for our marketing campaigns to expand our retail market share by focusing on the Prime Club.

Net Profit (bn won)



Assets under WM (tn won)



### Topping the DCM League Table for the 11th Consecutive Year

In 2021, KB Securities claimed 25.2% of the debt capital markets (DCM), topping Bloomberg's DCM League Table for the eleventh consecutive year since 2011. We have built up an unrivaled market position in diverse DCM areas, serving as the bookrunner in issuing corporate bonds and issuing the industry's first movable asset-backed and KAMCO-guarantee asset-backed corporate bonds. We also introduced the first hybrid bonds issued by any financial institution. Regarding ESG bonds, which have recently garnered much attention, we accounted for 22.9% (based on The Bell) of the market, maintaining our No. 1 ESG powerhouse position. KB Securities is also arranging the issuance of covered bonds and Kimchi bonds for Korean companies along with other various structured and global bonds.

### A Rising Powerhouse in the Equity Capital Markets

In 2021, KB Securities led the equity capital markets (ECM) with a share of 14.6% (3rd largest based on The Bell). In the IPO market, we were the bookrunner for 42 IPOs that included Kakao Bank and LG Energy Solutions, and closed 13 rights offering KOSDAQ listing deals. It is notable that KB Securities preemptively made significant upgrades to its IT system, so that several of these mega-sized IPOs, such as Kakao Bank, can be carried out with planned stability without any IT system failure or disruptions. In the rights offering deals, we served as a co-lead manager to successfully close mega-sized deals that raised funds of more than KRW 1 trillion, such as those for Korean Air, Hanhwa Solution, and POSCO Chemicals.

### Launching the MyData Service, Mable-in

KB Securities obtained the license of MyData Service from the Financial Services Commission in November 2021 and launched the service under the name, Mable-in, in February 2022. The Mable-in is a financial platform capable of providing an all-inclusive service to check and manage personal financial assets on a single platform. Upon providing consent, users can check their personal information: the platform displays all financial data—from deposits with financial institutions to e-commerce transaction records, and even telecommunication and other lifestyle financial information. The Mable-in also taps into KB Securities' 30-year experience and expertise in





WM to provide customized financial investment services. Intuitive and accessible services of the MyData Service include: the Investment Appetite Self-checklist that scores users' investment portfolio; the Guru's Choice service that lists stock investment masters' watchlists; and the Retirement Planning service, which assists users with their financial planning for retirement. KB Securities will continue developing its unique competitive edge in the MyData Service specialized in financial investments to take the lead in the digital asset management market.

### Launching the M-able Mini for Gen Z

In August 2021, KB Securities launched the mobile trading system, M-able Mini. While our flagship app service, M-able serves a wide range of investment interest levels—from stock-trading novices to stock investment masters, M-able Mini offers quick and convenient trading services with its intuitive UI/UX designs catering to the specific palates of Generation Z. The platform also features a live-streaming service that users can watch as they trade their stocks. The Pin Trading function allows users to “pin” particular prices to track price fluctuations in real-time while the Fractional Ownership Service facilitates the purchase of expensive overseas stocks in fractions. The Charging Mission Card saves mileage points in proportion to one's mission accomplishments. M-able Mini's amusing and convenient features were enthusiastically received with Generation Z consumers, recording more than 500,000 downloads in just four months of service. KB Securities intends to capitalize on its platform innovation to further expand its customer base.

### Global One Market: Offshore Stock Trading Service Surpasses 1 million in Subscriptions

KB Securities' offshore stock trading service surpassed one million in subscriptions as of September 2021. Launched in January 2019, the Global One Market is an offshore stock trading platform that trades in Korean Won without foreign exchange. Its service markets cover the U.S. (NYSE and NASDAQ), China (SSEC), Hong Kong (HKEX), Japan (NIKKEI), and Vietnam (VN-Index). The popularity of the service can be attributed to its acceptance of deposits in Korean Won, allowing for cross-market transactions prior to stock settlements. KB Securities also lengthened its trading hours for U.S. stocks, making it more convenient for customers in navigating time differences and it also provided a fractional stock ownership service for offshore stocks. As a result of these customer service improvement initiatives, our overseas equity assets grew by 78% from the previous year to KRW 5.4 trillion in 2021, and the revenues increased by 109% to KRW 60.6 billion for the year. Such successes clearly underpin why KB Securities will continue increasing customer access to offshore investments.

### Nurturing Global Business Operations

In pursuit of new growth engines, KB Securities continues to systematically expand its global business operations. Since its launch in 2017, KB Securities Vietnam has grown into one of the top 10 local securities firms. In December 2020, KB FINA, a local fintech subsidiary was established and has become a leader in the local financial platform market. KB Securities Hong Kong is expanding our offshore DCM operations. KBFG Securities America recorded KRW 14 trillion in in/outbound brokerage commitments, contributing to the global competencies of the headquarters' Institutional Investor Relations. Currently, KB Securities is working to acquire Valbury Securities, one of Indonesia's top 10 brokerage houses. When the integration is made complete in the first quarter of 2022, we will quickly develop the new subsidiary through synergies with KB Financial Group's active subsidiaries in the Indonesian market.

### Reinforcing ESG Management

In 2020, KB Securities was the first Korean securities firm to launch the ESG Committee under its Board of Directors, demonstrating its solid commitment to ESG management. Since then, we have persisted to establish

ESG management as a financial investment company. As a result, KB Securities topped as an ESG bond issuance bookrunner in 2021. We also issued our first ESG bonds (raising KRW 110 billion as a result), beefed up our ESG financial investment lineups, and carried out renewable energy investments in that same year. Such endeavors also enabled us to score the highest grade of 'A' among securities firms, from the Korea Corporate Governance Service (KCGS) for the second consecutive year. It also received the highest 'AA' grade in the ESG evaluation by Sustinvest, a Korea-based ESG analytics & advisory service provider. KB Securities will build its ESG leadership as a reliable ESG partner to corporate investors.

### 2022 Plans

The 2022 market outlook indicates greater volatility in the financial market due to the prolonged pandemic, inflationary pressures, and liquidity contraction in the domestic and international markets. In response, KB Securities has directed its 2022 management strategies to advance competency-driven business models, along with the strategic expansion of digital and platform business operations and will implement the following five key initiatives.

First, we will augment our business models by strengthening our investment solution delivery capabilities. Investment solution delivery capabilities are a key competency required in meeting our customer's needs in all the business domains of WM, S&T, IB, as well as in institutional investor operations. We will develop our expertise in various business domains to exceed beyond the mere sales of financial products. In fact, we will recommend the optimal investment portfolios tailored to the specific needs of our customers.

Second, we will bolster our investment and trading business competencies. The capital investment business will strengthen their investment capabilities to increase profitability and capital efficiency. The customer asset management business will develop systematic investment competencies based on the new customer wealth management center to help customers cultivate their financial assets.

Third, we will build up our global business competencies to expand our growth foundation. In emerging markets such as Vietnam and Indonesia, we will reinforce the expertise of local subsidiaries and utilize the digital platform to increase our local mass customer base. As for advanced markets like Hong Kong and New York, we will solidify our revenue base through matrix collaboration with the business divisions at the headquarters.

Fourth, we will assume a preemptive market position for future financing through strategic business expansion based on digital and platform operations. We will grow our MTS into a total WM platform by redefining it as a total financial investment platform. In the same context, it will integrate the MyData Service to offer a more unique customer experience with KB Securities.

Finally, we will advance our contingency plan against market volatility risks to solidify our market position as the most reliable financial investment company. By reinforcing our risk analysis competencies, we will establish a responsible and autonomous internal control system. Meanwhile, ESG management will be at the helm of our corporate social responsibility activities.

Insurance

# KB Insurance

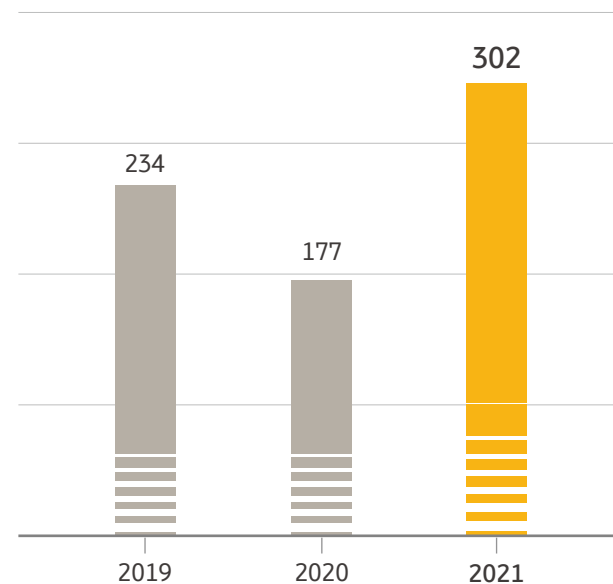
KB Insurance continues to grow steadily toward the goal of becoming the most preferred insurer that provides optimal indemnity products and a one-stop financial consulting service. Obtaining an ‘A’ grade by A.M. Best for its superior financial soundness and management capabilities, KB Insurance became the first Korean insurer to establish a healthcare subsidiary, KB Healthcare, in 2021. It was also the first indemnity insurance company in Korea to obtain the MyData Service license, taking the lead in the market with its new growth drivers.



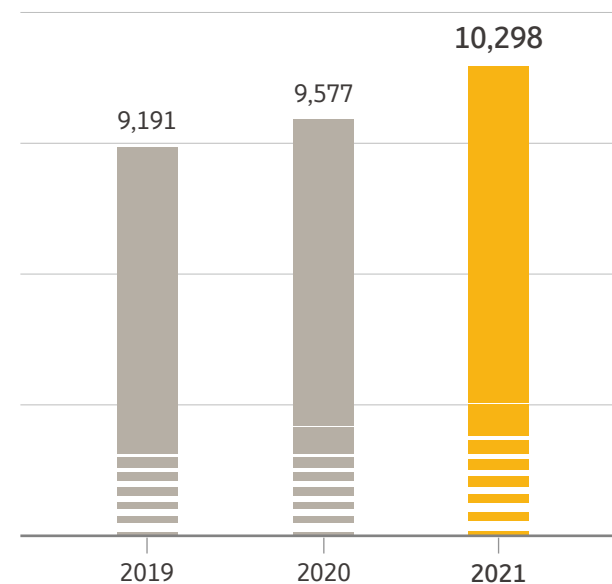
### Achieving a Remarkable Growth in Net Profit

KB Insurance’s net profit for 2021 reached KRW 302 billion, a significant increase of KRW 125 billion, or 70.6 percent, year on year. This is mainly due to the impact of rising premiums and a decrease in car accidents, which has improved the auto insurance loss ratio and the investment gains from resilient asset portfolio rebalancing. The net premium earned was KRW 10,298 billion, an increase of 7.5% over the past year.

Net Profit (bn won)



Net Premium Earned (bn won)



### Long-term Insurance

In 2021, KB Insurance continued launching innovative products, such as the new health technology collateral, expanding product lineups for those with preexisting medical conditions, and developing fourth-generation health insurance products. As a result, our market share for new protection policies accounted for 14.0%, up by 1.9% from the previous year. In addition, we have focused on revenue growth and balancing our profits and losses by establishing a Retention Contract Service Center, which spearheaded the retention management and policy remodeling marketing campaigns.

### Auto Insurance

In 2021, auto insurance sales grew by 2.2% from the previous year to reach KRW 2,669 billion, with a market share of 13.2%. In particular, the direct CM channel sales demonstrated a robust 19.5% year-on-year growth to reach KRW 796 billion. The auto insurance loss ratio improved by 3.2%p from the previous year to 81.5% due to reduced traffic volume and serious car accidents.

### General Insurance

Our sales of commercial lines reached KRW 1,108 billion in 2021, up by KRW 91 billion year on year. The loss ratio for the year edged up by 1.5%p to 85.4%. Albeit there were some major accidents affecting warehouse/manufacturing factory contracts for property insurance along with deteriorated profitability in mobile phone insurance policies, we were able to slightly improve our loss ratio. We achieved this through more stringent risk management to cover the loss rates caused by natural disaster risks.

### Investment Asset Management

Even with difficulties in realizing the gains on sales of bonds due to rising market interest rates in 2021, investment income rose by KRW 103 billion year on year to reach KRW 947 billion due to the increase in dividend income from alternative investments. We expanded our investments in foreign currency securities to increase our yield on AUM while hedging against interest rate risk exposure by aggressively rebalancing the





total AUM portfolio. Specifically, the share of Won-denominated bonds in total AUM declined by 1.7%p. In contrast, the percentage of loan assets grew by 1.4%p, and the share of securities, including foreign currency securities, was also up by 1.2%p. As a result, the return on investment in 2021 was 3.01%, an increase of 0.15%p from 2.86% in 2020, and the AUM also expanded by 6.4% year on year to reach KRW 32,956 billion.

### Risk Management

In 2021, the consolidated RBC ratio was estimated at 179.2%, up 4.4%p year on year due to the effects of net income and capital increase. The available capital rose by KRW 531.6 billion from the previous year to KRW 4,343.6 billion, and the required capital stood at KRW 2,424.3 billion, a year-on-year growth of KRW 242.9 billion. The Risk Management Committee convenes quarterly to decide on major risk-related issues, and the Risk Management Council gathers monthly to discuss key issues concerning each business operation. In light of the factors of the pandemic adversely affecting the economic and industrial outlook, we have fabricated a highly likely-to-occur internal scenario, and elaborated on the practical countermeasures that could address it, through stress testing the RBC ratio and internal capital solvency ratio. In addition, KB Insurance systematically conducts its Own Risk and Solvency Assessment (ORSA). This assessment paid off well as it earned us “High” grades in all nine categories and we were named for having the best practice in the Financial Supervisory Service’s ORSA for the insurance industry.

### Establishment of KB Healthcare

In October 2021, KB Insurance established KB Healthcare, the first subsidiary established by an insurer for healthcare services. KB Healthcare will provide digital healthcare services, such as medical status data and diet data analysis, available for mobile apps. It will also pursue external partnerships for advanced healthcare services, such as genome analysis and mental wellness consultation programs. The main targets for the services are corporate customers in the initial stage of the operations and will expand to the mass market down the road. In any case, KB Insurance is fostering its future growth engines in the digital healthcare business to address increasing consumer needs for preventive healthcare.

### Full License for the MyData Service

In November 2021, KB Insurance became the first in the indemnity insurance industry to obtain a MyData license from the Financial Services Commission (FSC). KB Insurance plans to build a MyData platform that combines financial and health data on its flagship platform, the KB Insurance app. It starts out as an open insurance service that offers an integrated analysis of insurance coverage for indemnity and life insurance and a one-stop claim service that can access any insurance subsidiary in the Group. In the future, we will develop an innovative service for personalized health-finance management that combines medical data and healthcare services with financial assistance. Based on the analysis of financial consumption patterns, we will provide life-friendly services based on microinsurance, such as travel, housing, and liability. In establishing such a differentiated position as an innovation platform, we aim to improve the daily lives of our customers.

### Digital Innovation for Improved Customer Convenience

KB Insurance delivers a unique customer experience through digital transformation. In 2021, our smart insurance claim service was loaded on KB Kookmin Bank’s KB Star Banking app, improving customer convenience. As an upgrade of the existing mobile coverage analysis system, the KB Direct Coverage Analysis 2.0 service introduced a distinctive user experience. KB Direct Coverage Analysis 2.0 allows customers to analyze their own insurance policies and reconfigure their insurance plans to match their own preferences.

What is especially noteworthy is that it is a differentiated comprehensive consulting service that provides ease in insurance analysis with its in-house developed algorithms and provides individualized advice on insurance planning and guidance with healthcare information.

### 2022 Plans

The resurging COVID variant has given rise to greater volatility in 2022, along with global supply disruptions, and rising inflation concerns. In grappling with such a challenging environment, KB Insurance remains steadfast in its commitment to put its customers first in all its business activities.

First, we will proactively prepare for the IFRS17 and the K-ICS, which are slated for 2023. We plan to realign our management system with the IFRS17 standards and take a prudential risk management approach to enhance our corporate value.

Next, we will strengthen the competitiveness of each business unit.

Long-term insurance will lead the market with innovative products that combine coverage for critical illnesses, along with innovative health technologies. It will also enable the continued expansion of insurance premiums through insurance management by duration and category. Additionally, we will expand differentiated underwriting for hospitals, customers, and organizations with dubious claims and fine-tune our early warning detection systems for comprehensive profit management. Auto insurance will continue to improve its sales portfolio by expanding its direct sales revenue and will digitalize the compensation management procedures to enhance its process efficiency. We are also developing related products and pricing schemes, as well as EV-exclusive ratings, to proactively prepare for new markets in the lead-up to the launching of Level-3 autonomous driving vehicles.

We aim to achieve high growth in general insurance through portfolio restructuring and strengthening our price/underwriting competitiveness to establish a sustainable revenue generation structure and increase its market share to the second largest in the industry. In particular, we will develop a clear and differentiated portfolio strategy for the various needs of our customers, products, and markets.

Finally, we will provide a differentiated customer experience through all-around digitalization and innovation. The MyData Service and KB Healthcare will spearhead our hyper-personalized services that combine financial and health data to secure unparalleled market competitiveness.

## Insurance

# Prudential Life Insurance

Prudential Life was named the ‘Good Life Insurance Company’ by the Korea Finance Consumer Federation in 2021 for the 12th consecutive year—a record-breaking feat in the life insurance industry. We are creating a new business model for a highly advanced outbound channel through the Star Wealth Manager program, which maximizes synergy between competent Life Planners and the KB Financial Group. Star Wealth Managers command excellence in their total financial consulting capabilities to offer a distinctive customer experience and value in retirement planning, investments, real estate, and corporate asset management. It will serve as the springboard for Prudential Life to become a premium and most trusted life insurer.



### Boasting Stable Financial Soundness

The year 2021 is especially significant to Prudential Life as it marks the first year following its full integration into the KB Financial Group. While delivering differentiated customer value to the affluent market, our main target segment, we laid the foundation to grow into the most credible premium insurer.

Even amid the challenging sales conditions that the contactless services imposed by way of the pandemic, Prudential Life achieved competitive business results: it recorded KRW 227 billion in converted monthly initial premium (CMIP), up by KRW 27 billion from the previous year; and a net profit of 336 billion. As of the end of 2021, the risk-based capital (RBC) ratio stood at an industry-leading 342.5%, by far exceeding the 100% recommended by the Financial Supervisory Service (FSS), which speaks to the stability of our financial standing. According to the quantitative impact study (QIS) of the new International Financial Reporting Standards (IFRS17), our RBC ratio recorded well above the capital requirements of the FSS in accordance with the new Korea Insurance Capital Standards (K-ICS) that go into effect in 2023. As such, we are keeping all the critical ratios well above a

confidence-inspiring level. More importantly, Prudential Life earned the highest rating, AAA, in the solvency ratio category from the Korea Investors Service for three consecutive years. Furthermore, we were named the ‘Good Life Insurance Company’ for the 12th straight year. The Korea Finance Consumer Federation annually assesses and awards financial companies for their financial stability, consumer-centric approach, soundness, and profitability.

### High-Caliber Prudential Life Planners

Prudential Life Planners are the industry’s A-list of professionals. As certified by the Korea Life Insurance Association, we have maintained the largest percentage of certified insurance consultants in the industry for 14 consecutive years, as of 2021. Moreover, Prudential Life Planners account for 140 out of the 525 MDRT Life Members in Korea. The Million Dollar Round Table (MDRT) Life Membership is essentially the crème de la crème of insurance Life Planners, requiring its members to have held a MDRT membership for at least ten straight years to qualify.

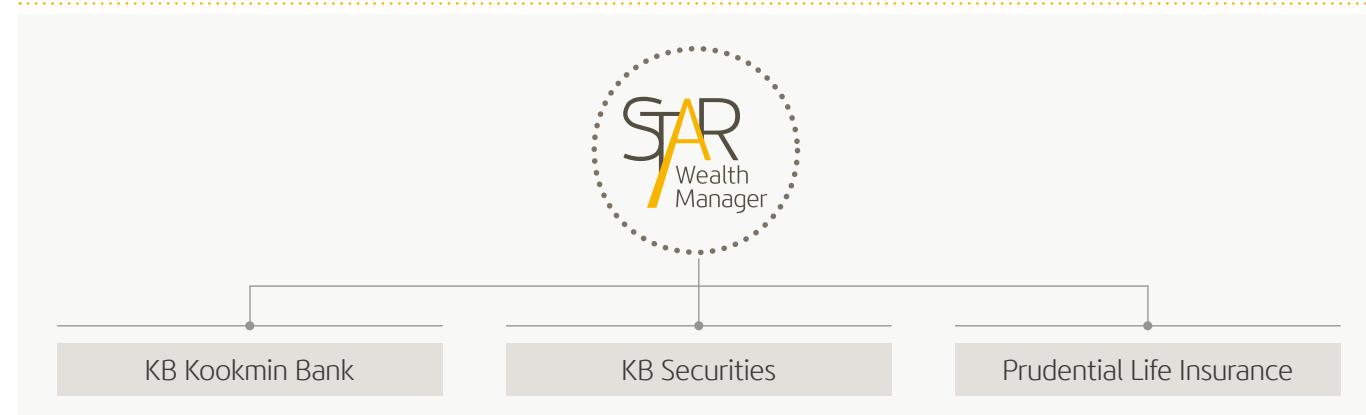
### Star Wealth Manager Model in Full Service

Prudential Life launched the Star Wealth Manager (Star WM) model program by synergizing with its leading Life Planners and KB Financial Group subsidiaries. The Star WMs are premium comprehensive finance professionals who provide personalized finance management (PFM) services to high-net-worth individuals (HNWI) and corporate clients. In particular, they take advantage of the infrastructure of KB Kookmin Bank and KB Securities to provide not only insurance but also optimized PFM services that range from real estate consulting and retirement planning to corporate asset management, inheritance/gifts, and investments. Star WMs are skilled financial specialists who are rigorously screened and selected from a pool of Life Planners holding financial certifications and possessing expertise in inheritance, retirement, and corporate counseling. In 2021, 28 Star WMs began services and achieved outstanding results in the pilot service, proving its feasibility as a Groupwide collaboration model. Indeed, they all scored extremely well in their service expertise, integrated approach, and accessibility criteria in the satisfaction survey from Star WM customers. As of January 2022, we increased our staffing for the Star





### Star Wealth Manager in Full Service



WM program to 136 members. Going forward, we will develop our model for Star WMs as a premium outbound model, based on both their professionalism and KB Financial Group's financial expertise.

#### Expanding the Market for General Agency Channels

We made headway in the non-variable pension market by diversifying into the Dollar Retirement Income Plan and Won Retirement Income Plan. As a result, our market share grew from 3.1% in 2020 to claim a 4.0% share of the variable pension market, the primary market of the GA channel. In addition, we promoted the sales of Executive Group Term Insurance Plans, expanding partnerships with the GAs of corporate markets. Also, our enhanced marketing directed at affluent customers helped us develop differentiated competitiveness, resulting in a 69% year-on-year growth in the high-profit policies generating KRW 1 million in CMIPs. As a result, Prudential Life is gradually expanding its GA market.

#### Workplace Innovation in the Digital Era

Prudential Life has built a Smart Office to realize an open and creative organizational culture through a flexible working environment in response to the digital and "untact" era. Under the motto, 'Alter your surroundings if you need a change!', we forged a horizontal and inclusive working atmosphere by embracing a flexible workspace concept in our office. We also augmented our offices' digital and IT environments to make them more comfortable, and efficient and to facilitate remote/hybrid work, paperless meetings, and various collaboration tools. Digital transformation necessitates process innovation, and this is precisely what we did. In addition to the Smart Office, we have introduced flexible work shifts and work-from-home scheduling. In the future, Prudential Life will continue to embrace various changes in the way we work to create a self-directed and creative organizational culture.

### 2022 Plans

In 2022, we will lay the groundwork to develop as a life insurance-based premium financial platform. To this end, we will innovate our core business models of Life Planners and GAs to provide a valuable customer experience and expand our market presence through the following strategies:

First, Prudential Life will continue to expand its market through innovation in the Life Planner and the GA channels, which comprise our core businesses as a life insurer.

Our Life Planner channel is building an unprecedented premium sales model through the Star WM model. It will expand and reinforce total financial consulting competencies in the services of retirement planning, investments, corporate pension plans, real estate, wealth management, and corporate counseling. In the GA channel, we will expand our sales network and alliances with competent GA channels that boast effective profit-oriented marketing schemes and product strategies, to make a quantum jump in the GA market.

Second, we have initiated a digital transformation to deliver a world-class customer experience. We are implementing a next-generation system, the Life One system, as the base from which to launch a fully scalable and agile full-care ecosystem. This includes building a customer data platform, developing a fast factory of products and services, and establishing a data analytics platform. We will collect and analyze customer data to deliver a hyper-personalized customer experience through our digital platforms, realizing high customer value.

Third, we will revamp our business management process to achieve value-oriented business practices in preparation for the IFRS17, which will become effective in 2023. We are also developing systems and procedures, as well as impact studies, to maintain proactive risk management in preparation for the K-ICS.

Fourth, we will adequately prepare for the road ahead. We will explore new growth drivers for future sustainable growth by pursuing the overseas life insurance market, along with business opportunities to diversify our long-term revenue stream. Most importantly, we will train and foster future leaders, which serve as the most critical resources in attaining sustainable growth.

Fifth, we will strengthen our responsible management for the creation of social value.

We are building a financial consumer protection system to further strengthen our commitment to integrity in business management. We will also embrace ESG management in our practice of social responsibility.

Looking ahead, Prudential Life will do its utmost to evolve into the most admired and trusted life insurance company.

## Insurance

# KB Life Insurance

KB Life Insurance provides customer-centric financial/insurance services through bancassurance channels (BA) on KB Kookmin Bank's nationwide branch network, general agencies (GA), direct marketing channels (DM), and online media. In coping with the rapidly changing business environment, we are building digital competencies—adopting RPA for process automation, forging digital channels, and introducing a data analysis platform for big data analytics. In the meantime, we continue diversifying our product portfolios into protection-type and variable insurance products to pursue future growth drivers.



### Expanding the Mid- to Long-term Growth Base

KB Life Insurance strategically takes advantage of alliance businesses to consolidate its market position and secure its growth base. In 2021, its premium income grew by 26.8% from the previous year to KRW 2,175 billion, while its total assets inched up by 2.4% year on year to KRW 10,674 billion for the year.

### Market-friendly Products & Services

KB Life Insurance offers consumer-oriented, market-friendly products and services. Our customer-driven product competitiveness aids in the expansion of our market base through accessibility to our target customers and the promotion of our brand. We have also reinforced our mobile marketing system, bolstering convenience and access to our customer-oriented services. These endeavors have earned us a Triple-A Massurance position, which is accessible to any mass customer at any place or time.

### Responsiveness to Regulatory Changes

In preparation for the introduction of IFRS17, we have established a stable infrastructure and system to support executive decision-making. In anticipation of the new Korea Insurance Capital Standards (K-ICS), we have been continuously expanding our asset durations and have kept our RBCs above the recommended threshold. By employing various methodologies for an internal model-based approach to risk management, we are segmenting and improving risk coefficients in compliance with the K-ICS to support developing value-oriented products.

### Accelerating Digitalization

Based on our digitalization and data analytics capabilities, we are building a customer-centric digital support framework along with a future digital channel, the online merges with the offline (OMO) business model. We are also working with the Group's subsidiaries and external FinTech firms to expand our ecosystem platform.

### 2022 Plans

In response to the new normal brought on by the two-year-long global pandemic, the insurance industry is vigorously strengthening the competitiveness of its digital platforms. Also worth noting are the regulatory challenges the insurance business is facing: the Act on Financial Consumer Protection and the reform in the business expenses and solicitation commissions schemes that kick off in 2021; along with the IFRS17 and the K-ICS which are slated for 2023. In meeting these challenges, KB Life Insurance outlines the following strategies:

First, we will achieve customer-centric growth. KB Life Insurance has achieved remarkable sales records over the past two years thanks to its convenient and accessible insurance products. Our consumer-oriented management that places customer value first enables us to strive further to brand the Company as an insurer that truly places top priority on the people it serves.

Substantial value-driven growth is our second goal. We aim to provide customer-centric products and continuously implement social contribution activities based on sustainable value-oriented growth. To this end, we will proactively respond to changes in the business environment, such as markets and systems, pursue management efficiency, and further increase our corporate value for the future.

Finally, we will continue our drive for ceaseless digital innovation. We will upgrade our data-driven system to establish an innovative digital platform and expand our digital operations. This will enable us to evolve into a leading digital insurance company that delivers a digital technology-driven hyper-personalized customer experience.

In 2022, we at KB Life Insurance will all continue to drive innovation to expedite our transition into becoming the insurer most trusted by customers.



Credit Card

# KB Kookmin Card

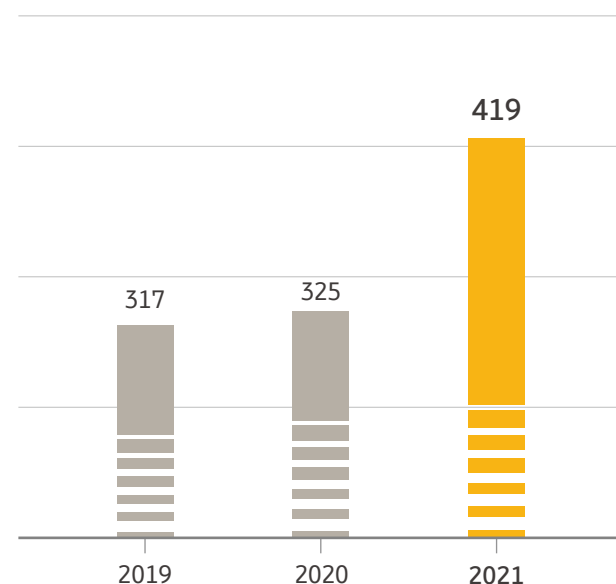
As of 2021, KB Kookmin Card posted KRW 419 billion in net profit, up by 28.9% from the previous year, In 2022, we will diversify our revenue sources by reinforcing our global and new business competencies while expanding our customer base by strengthening the competitiveness of our digital platforms, including KB Pay and Liiv Mate. While reinforcing core competencies, we will faithfully fulfill our corporate social responsibility to take the lead in the market.



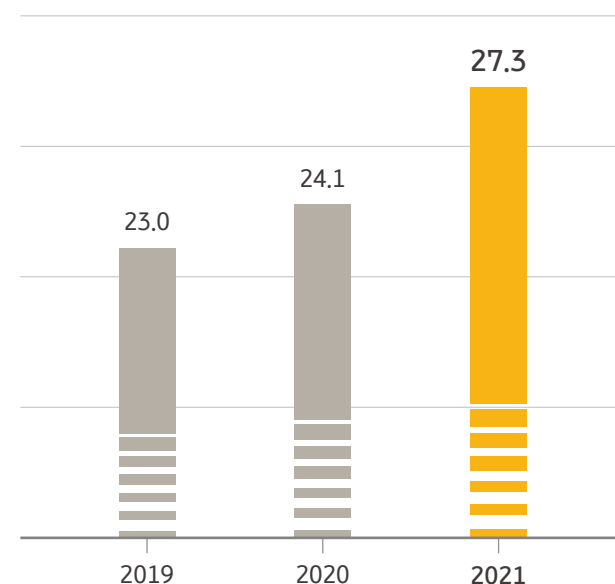
### Surge in Net Profit in 2021

As of 2021, KB Kookmin Card posted KRW 419 billion in net profit, up by 28.9% from the previous year, while total assets grew by 13.3% year on year, reaching KRW 27.3 trillion. The significant gains are attributable to the KRW 13 trillion year-on-year growth in card transaction volumes led by recovering consumer spending, coupled with the company-wide efforts to streamline marketing

Net Profit (bn won)



Total Assets (tn won)



### Liiv Mate, Bringing Lifestyle MyData Service to Life

In December 2021, KB Kookmin Card commenced its lifestyle MyData Service on its platform, Liiv Mate. In the lead-up to the service launch, we upgraded the app in 2020 and obtained the full license of the MyData business from the Financial Services Commission in January 2021. Liiv Mate offers services in three overarching categories: personal financial management, consumption analysis, and proposals. The Personal Finance Management (PFM) service allows users to intuitively pull their asset data from across several financial companies and conveniently view it all on one screen. The Consumption Analysis service evaluates a user’s monthly consumption patterns to offer personalized solutions, such as saving plan suggestions and recommendations for the optimal credit card according to individual consumption patterns. In particular, the TalkTalk Service offers personalized solutions, such as card product recommendations based on one’s asset and consumption data analysis. The Peer Comparison function allows users to cross-compare the status of their financial position with the averages of their peers (based on age, gender & residential community) and proposes PFM solutions. It also provides useful tips and information on travel, food, and culture that correspond to individual consumption patterns and interests based on the key data analysis of consumption history. KB Kookmin Card smartly integrates AI-based PFM solutions to its MyData Service to offer an advanced PFM service that touts the adage that this Card “knows me better than I do”.

### App Integration with KB Pay Renewal Open

In 2021, KB Kookmin Card undertook the endeavor to integrate its multiple app platforms into KB Pay, which was completely revamped with a new version by January 2022. The renewed KB Pay platform hosts the most frequently used functions of the KB Kookmin Card Mobile Home app, such as payments, card issue applications, and reporting, all of which optimize the UI/UX to customers’ credit card service use patterns. The new and convenient features also include: KB Pay Money, a prepayment modality that also allows users to transfer funds and/or make payments; Immediate Payment function, which allows cardholders to settle individual spendings in real-time while viewing the breakdown of their credit card payment history; Dutch Pay function, which conveniently allows a group to share the cost of an initial payment. Additionally, the KB Pay app also



synthesizes the KB Securities' Debit Card function, adding to its competitiveness with open payments and creating a synergic effect on the Groupwide mobile platform. The app's renewal marks the starting point of our drive to accommodate key functions within a single app and develop it into an open payment-based comprehensive financial platform able to converge with various industries.

### Issuing USD300 million Sustainability Bonds

In 2021, KB Kookmin Card successfully raised USD300 million in USD-denominated sustainability bonds, which was well received by the market on the strength of its creditability, sustainable growth potential, and asset soundness as a subsidiary of KB Financial Group. The bonds are five-year fixed-rate USD-denominated debts offering an annual interest rate of 1.50%, with spreads added to the US five-year treasury bond yield. With 60 investors pledging to purchase the bonds for USD 1.1 billion at the proposal stage, we issued the bonds at an interest rate of 37.5 basis points lower than the initial pricing guidance (IPG). The raised funds will be spent on financial support to low-income and underbanked people, along with various social value creation projects. Before this issuance, KB Kookmin Card had received a preliminary certificate of the bonds from Sustainalytics, a global sustainability assessment agency, on its company-wide sustainability management system, including compliance with sustainability bond protocols such as the Sustainability Bond Guidelines (SBG) and the Social Bond Principles (SBP). KB Kookmin Card will try for more opportunities with sustainability bonds to fulfill its corporate social responsibilities, including eco-friendly management and shared growth.

### Expanding the Overseas Branch Network

In November 2021, KB Kookmin Card opened the third branch of KB Daehan Specialized Bank in Dangkao to expand its sales network into Cambodia. Launched in 2018 as our first overseas subsidiary, KB Daehan Specialized Bank has accomplished tangible results, topping local specialized banks in terms of the size of its loan assets thanks to its localization strategy and ambitious marketing efforts, even amid the COVID-19 pandemic. KB Kookmin Card aims to expand its business in Cambodia, further putting its years of experience operating local subsidiaries and implementing differentiated marketing strategies to cater to local needs. The new Dangkao Branch is located in the industrial complex and residential areas in the southwestern part of Phnom Penh, where we've witnessed a high demand for mortgage and working capital loans. The branch will serve as the forward base for our sales and marketing in the southwestern part of Capital City. In the future, KB Kookmin Card will diversify revenue sources through active overseas business expansion.

### Scoring A+ By KCGS for Two Consecutive Years

In 2021, KB Kookmin Card became the first and only card company to earn an A+ for a second straight year in the governance category of the 2021 ESG evaluation by the Korea Corporate Governance Service (KCGS). Its excellent governance had scored an A rating for two straight years since the first assessment of governance in financial companies in 2018. The ESG evaluation reviews shareholder rights protection, the composition of the board of directors, supervision, internal controls, public announcements and other aspects of corporate governance as well as sustainable management, the odds of drops in shareholder value, and other elements specified by industry authorities as governance standards for financial companies. KB Kookmin Card earned high ratings in its evaluation for its substantial sustainability management system and for its low exposure to non-financial risk potentials undermining shareholder value.

### Awarded by the Minister of Small and Medium-sized Enterprises for Venture Startup Supports

The Minister of SME and Startups awarded KB Kookmin Card for its contribution to increasing startup sales,

infrastructure connection, and supporting investments in business growth at the 2021 Venture Startup Promotion Awards. We have been operating FUTURE9, a startup accelerating program for developing venture businesses. To date, a total of 54 venture startups are benefitting from the Company's joint projects, platform collaborations, and various other supports and investments. To name only a few of the beneficiaries, we cooperate TTBB—an independent travel itinerary-planning platform—with the travel venture *Tripbtoz*. KB Kookmin Card has also co-developed and jointly operates a cross-industry data convergence platform with AB180, an advertisement data analysis solution provider. In partnership with *Lomin*, an image recognition solution leader, we developed optical character recognition (OCR) technology, enhancing the effectiveness of credit card issuance and merchant screening processes. Partnering with *Sellerhub*, a total management solution provider for sellers, KB Kookmin Card offers various financial services, including the advance settlement service on sales for small online business owners. We have also created a Venture & Startup Growth Support Fund worth KRW 13 billion to aid the financial growth of FUTURE9 program beneficiaries. KB Kookmin Card continues working with ventures and startups to cultivate the venture startup ecosystem.

### Sponsoring the 'School Forest' Project to Combat Climate Change

KB Kookmin Card sponsored 1,200 potted plants to the 'School Forest' project in April 2021, as part of the School Challenge, a low-carbon lifestyle campaign collaborating with the Ministry of Environment (MOE). The School Challenge is a campaign where students and parents of elementary and middle schools nationwide can earn mileage points by creating new items from recycled plastic or through participating in quiz challenges KB Kookmin Card offers on the MOE's mobile app 'Climate Change 1.5°C'. Following the campaign, the MOE and the Ministry of Education reviewed each school's mileage points and participation rates to award top performers. Meanwhile, KB Kookmin Card awarded 1,200 air-purifying plants to 120 classes from the four top-performing schools. The 1,200 donated potted plants absorb 530kg of carbon dioxide and generate six tons of oxygen each year, which is equivalent to running air purifiers for 132,700 hours to reduce fine dust. KB Kookmin Card continues tackling climate change through differentiated eco-friendly campaigns, such as creating urban forests.

## 2022 Plans

Shifts in the business environment can open a window of opportunity for significant leaps forward. With this in mind, KB Kookmin Card is pushing ahead with its business plans in the following three areas:

First, we will reinforce our core competitiveness for consistency in practicing customer-oriented management. We will further advance our customer experience by enhancing our product competitiveness and the marketing power of our settlement service and consumer finance.

Second, we will bolster our competitiveness on the financial platform market. We will pursue strategic partnerships and tap into the resources and marketing power of our peers to fortify our digital competitiveness to lead the total financial platform market.

Third, we will continue to be an ESG leader in fulfilling our corporate social responsibilities. We will consider and do our utmost to use our business activities in a way that positively impacts the environment and society. At the same time, we strive to fulfill our corporate social responsibilities through financial services.



Financial Investments

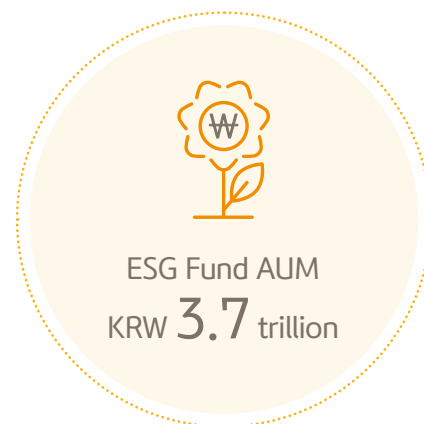
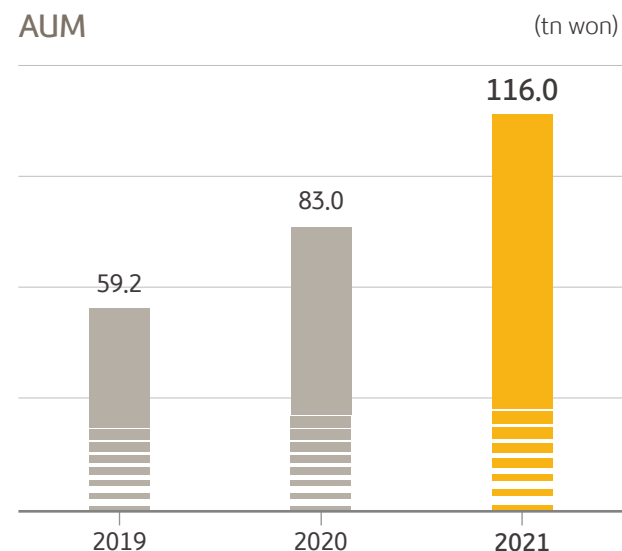
# KB Asset Management

KB Asset Management is a comprehensive asset management company operating a diversified investment portfolio, ranging from equity and fixed-income funds to infrastructure, real estate and alternative investments. KB Asset Management supports customers' stable asset growth through competitive asset management capabilities and efficient investment means utilizing in-house-developed AI solutions. In 2022, we will strengthen our ETF and TDF business and bolster our position as an ESG-committed asset manager.



Industry's Top 3 in AUM Size

In 2021, KB Asset Management maintained its market position as the third-largest in the industry with its total AUM amounting to KRW 116.0 trillion. Despite the widespread volatility in domestic stock markets from the lingering effects of the pandemic in 2021, KB Asset Management enjoyed balanced growth in all investment asset categories—equity-type and hybrid funds as well as mixed-asset funds. As a result, our fund sales grew by 14.3% from 2020 to reach KRW 51.5 trillion in 2021. Also worth noting is that in 2021, our SMA (Separately Managed Account) significantly grew thanks to the alternative and investment assets entrusted by KB Financial Group's insurance subsidiaries, including Prudential Life.



Bolstering the ETF Business to Expand the Market Share

In 2021, KBSTAR, KB Asset Management's ETF brand, quickly rose to become the leading brand name in the ETF market. KB Asset Management took a bold marketing approach to bolster its ETF business competency by drastically cutting fee levels to enhance its product competitiveness and launching diverse growth-driven products. This resulted in an increase in market share from 6.5% in 2020 to 8.0% in 2021 in an ever-challenging market for share increases.

Strengthening TDF Product Competitiveness Targeting Pension Investors

The target date fund (TDF) is a key retirement pension fund product that adjusts investment portfolios to the target date chosen by the investor. In pursuit of retirement pension investors, KB Onkookmin TDF strategically offers low fee levels and conservative asset portfolio management strategies. We also introduced KB Dynamic TDF, which flexibly responds to changing market developments, to serve a wider gamut of customer needs. In 2021, KB Asset Management's TDF sales grew by 153% from the previous year to reach KRW 0.8 trillion. KB Asset Management's TDF market share also surged from 2.3% to 9.8% year on year.

Korea's Leading ESG Investor ESG Fund Sales KRW 3.7 trillion (Industry's Largest in ESG Investments)

In 2021, KB Asset Management was the first in the industry to establish a dedicated ESG Team for ESG management practices. In April 2021, we joined the TCFD (Task Force on Climate-related Financial Disclosure), which discloses climate-related risk information, and established the ESG Management Committee. The Committee oversees all ESG-related decision-making - from developing ESG strategies and ESG investment returns to taking control of ESG risks.

Since its adoption of the Stewardship Codes in 2017, KB Asset Management has steadily engaged in shareholder activities. We consult with external experts to make more informed decisions in casting its voting rights. The grounds and procedures of such activities are disclosed on our official website.



KB Asset Management is also leading in ESG investments. In 2021, the Company increased its investments in environmental PPP projects and various other renewable energy projects, maintaining the industry's largest ESG investment size. The AUM of ESG funds grew by 167% from the previous year to reach KRW 3.7 trillion in 2021.

## 2022 Plans

In 2022, KB Asset Management will continue its leadership in ESG management on the strength of its ETF and TDF product competitiveness.

First, we will further upgrade the KBSTAR brand name through the introduction of innovative products and active brand marketing. We will promote institutional investors, both at home and abroad, as well as peer subsidiaries of KB Financial Group, to establish an KBSTAR ecosystem that boasts abundant liquidity. Moreover, we will expand our market share and product lineup through the listing of diverse innovative products that will serve to sharpen our competitive edge. ETF-based operations, such as the EMP and Robo-advisor, will utilize AI analysis capabilities to develop upgraded solution strategies, thereby bolstering our investment returns and expanding investment assets.

Second, we will ensure competitiveness in the retirement pension market. We will preemptively prepare for the growing retirement pension market of the future by reinforcing our edge in the competitive TDF and pension fund markets.

Finally, we will solidify our leadership as a leading ESG investor. In 2022, we will further expand our ESG investments, such as ESG-related public funds and ETF developments. We will also embrace the ESG alternative investment demands in the domestic and international markets, such as renewable energy and the New Deal Infrastructure development, fortifying our position as Korea's leading ESG investor.



## Financial Investments

# KB Real Estate Trust

KB Real Estate Trust increases capital value for customers through real estate development, finance, asset management, and REITs. In 2021, a rise in the benchmark rate, along with a focus on strengthening government regulations, and the entry of new competitors into the market added to more uncertainty and heated competition. Despite such challenges, KB Real Estate Trust achieved KRW 82 billion in net profit, up 21.8% from the previous year. In 2022, we will secure new growth drivers by pursuing change and innovation under the mission of ‘Taking New Roads to Customers Going beyond Real Estate Trusts’.



### Securing Stable Project Pipelines

KB Real Estate Trust has steadily endeavored to secure a stable project intake base, along with future revenue sources. In the trust business, we expanded the scope of our targets – from construction companies and securities firms to major stakeholders such as developers – in an effort to ensure a steady pipeline of projects. Breaking away from the traditional focus on build-and-manage projects, we diversified our business portfolio to cover real estate development deals and non-real estate trust deals to serve the sophisticated preferences of our customers. In the reconstruction business, we built upon our track record by identifying profitable business sites around Seoul and along regional provinces to respond to the surge in government-driven reconstruction projects and intensifying market competition. In this, we pursued mid-to large-scale project orders. We are broadening our investment targets in pursuit of future revenue sources in the REITs business. Also, it is taking the lead in the land provision compensation REITs deals, as exemplified in the successful close of the deal for the Pyeongtaek Land Provision Compensation REITs. By strategically developing differentiated products, we are joining the leagues of fierce market competitors.

### Preemptive Risk Management

KB Real Estate Trust keeps a watch on the risk factors, internal and external, in the financial real estate market. In thoroughly analyzing both the financial conditions of the building firms as well as the state of the construction site as part of our risk management initiatives, we are able to better maintain the stability of our operations across the board.

We will systematize risk management in the new growth engine business and realign our project management framework to hedge against any long-term uncertainties in the real estate market and against the growing potential exposures of our key products. By strategically liquidating NPL projects and implementing preemptive and effective risk management against mid-and long-term crises, we will become more stable in the soundness of our assets.

### 2022 Plans

Amid growing uncertainties and intensifying competition in the 2022 market, KB Real Estate Trust is embracing change and innovation under the mission: ‘Taking New Roads to Customers Beyond Real Estate Trusts’.

First, we are exploring new business areas for KB Real Estate Trust in the value chains of the real estate market and in the financial sector. While monitoring diverse technological innovation, such as AI and block chains, we are seeking business alliances and collaborations with startups to develop innovative services that appeal to retail customers and corporate clients alike.

Second, we will reinforce our core competencies to offer services that cater to customer needs. In the trust business, we will diversify the revenue structure of each and every product. In particular, we will bolster our marketing network to be first in line for the special projects which local governments sponsor. Meanwhile, we will continue to develop products, such as high-end studio apartments and knowledge industry centers, for which market demand is on the rise for.

In the reconstruction business sector, we are preparing for intensifying competition and increasing our involvement in the public sector. We expect that our reconstruction projects aligned with order-taking companies will expand order receiving routes while seeking Group synergy through its investment vehicles.

In the REITs business, we will prepare for the industry’s growing competition by rebalancing our asset portfolio, through acquisition and disposal, to achieve qualitative growth. While we will continue rolling out differentiated products, we will strive to establish the virtuous cycle of assets under management—purchasing quality assets, enhancing their value and selling them at favorable prices—while maximizing our efficiency in the process to increase the AUM size.

Finally, we will develop a smart workplace and corporate culture that encourages self-development so as to further bolster our organizational capabilities. By installing cloud PCs and work-sharing management systems, we will establish a smart working environment that enhances work efficiency and productivity. We take pride in the fact that we are creating a great workplace where our employees can feel, satisfied both in their personal lives and in their careers, as we foster a corporate culture that supports independent learning and self-directed growth.

## Financial Investments

# KB Investment

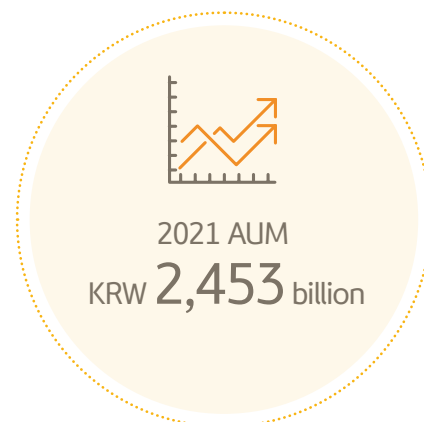
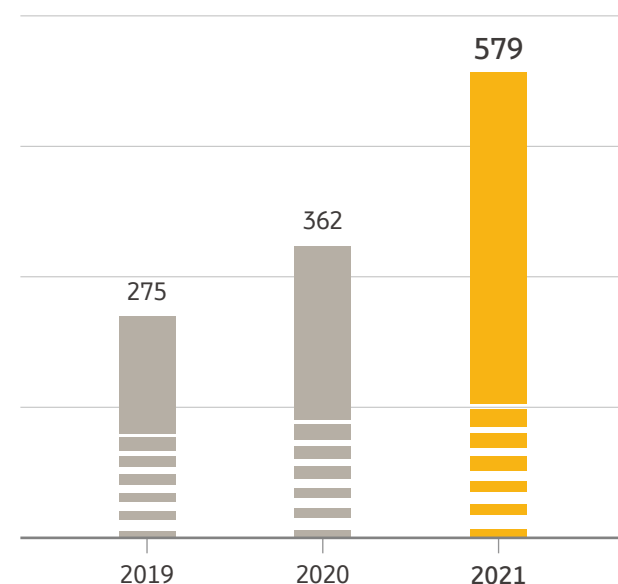
KB Investment is a leading venture capital firm that incubates and accelerates the growth of promising venture firms, thereby contributing to the Korean economy in developing new growth engines. As we continue to increase the size of venture funds, our portfolio of quality investment assets continues to build upon our abundant investment resources. Within three years, KB Investment plans to advance to the top ranks in venture capital by fostering its talent and reinforcing its investment capabilities.



### AUM Size Growth Thanks to Strategic Fund-raising

The 2021 market was fiercely competitive, in which we experienced a second wave of venture boom for the better part of the year, which continued from 2020, and 32 new venture capital firms popped up in 2021 alone. Against this backdrop, KB Investment is strengthening its collaborative efforts with its peer subsidiaries, establishing substantial venture funds, and laying a foundation for advancement in its global investments to secure a competitive edge in the market. In 2021, KB Investment established funds totaling KRW 762 billion including the venture and PE funds. In particular, we launched new venture funds totaling KRW 579 billion. Presently, we operate 28 venture funds and seven PE funds, with an overall fund management asset size totaling KRW 2,453 billion.

New Venture Funds Raised (bn won)



### Synergy Produced from the Creation of a Groupwide Mega-scale Fund

In 2021, KB Investment has formed a KRW 300 billion-sized KB Digital Platform Fund with the Group subsidiaries. These funds will feed strategic investments for digital platform providers that strategically collaborate with KB Financial Group and tech-driven ventures that will serve to strengthen our financial platform competencies.

### Enhanced Sustainability of Global Growth Models

KB Investment pursues multiple co-general partnerships with local powerhouses in Southeast Asia to lay the groundwork to expand worldwide. In 2021, the KB-MDI Centauri Fund grew significantly through a multi-closing strategy. We have also formed new offshore funds, such as the KB-RHL Hibiscus Fund of KRW 54 billion and the RMG-KB Bio Access Fund of KRW 70 billion, to proactively expand our business for sustainable global growth.

### Continuous Expansion of Investments in the 4<sup>th</sup> Industrial Revolution

In 2021, our new investments amounted to KRW 384 billion, a 64.1% increase from the KRW 234 billion in 2020. Investments in the smart healthcare sector grew by 44.2% from KRW 86 billion in 2020 to KRW 124 billion in 2021, while fintech investments also increased by 54.5% from KRW 22 billion in 2020 to KRW 34 billion in 2021. Investments related to the Fourth Industrial Revolution businesses, such as EduTECH, cloud, and AR/VR, are also experiencing continuous growth and accumulating lucrative portfolios in the growth sector industry.

### 2022 Plans

In 2022, it is forecast that the venture capital market will continue to thrive, thanks to the financing policy to help incubate venture companies. With an aim to possess top-tier venture capital in three years, KB Investment is training and reinforcing the expertise of its talent and bolstering its investment capabilities under its mid and long-term growth strategies. In addition, KB Investment plans to further expand its global presence to balance its investment portfolio and develop its mid- to long-term growth foundation.



## Specialized Credit

# KB Capital

KB Capital is Korea's leading auto financier boasting the second-largest asset size in the industry. Between 2020 and 2021, its total assets shot up by 13.3% to reach KRW 14.5 trillion, sustaining solid growth with its diversified business portfolio. Net profits surged by 47.9% year on year to KRW 210 billion in 2021. KB Cha Cha Cha listed more than 140,000 used cars for sale, more than any other in the nation. In 2022, we will provide personal finance management solutions optimized to car life cycles through the MyData Service, Cha Tech, on the KB Cha Cha Cha platform.



### Successful Diversification of the Business Portfolio

In 2021, KB Capital fortified its competitiveness in auto financing while diversifying its business portfolio into retail and corporate financing services. Retail financing operations expanded mid-rate credit loans and real estate financing; corporate financing operations increased prime corporate loans, while investment financing expanded. Our strategic focus on stability and profitability resulted in substantial earnings for its core operations. In 2021, auto financing accounted for 66.3% of the total sales, while retail/corporate financing inched up by 1.8%p and 7.8%p, respectively, to 16.7% and 17.0%.

### Cha Tech, a MyData Service on KB's Cha Cha Cha Platform

KB Capital obtained the full license for the MyData Service from the Financial Services Commission in November 2021 to launch the Cha Tech service, a car-specific MyData Service on the KB Cha Cha Cha platform in March 2022. The Cha Tech service takes advantage of the big data of cars on the KB Cha Cha Cha platform to provide a unique service that seamlessly ties in a customer's financial data to cover services customized to the lifecycle of their car. Its distinctive features include: the My Car Purchase service which allows users to plan out their car purchase and the My Car Finance service which provides personalized auto financing plans. The after sales services Cha Tech provides include: the My Car Garage service which provides total car maintenance management—from assessing the car market value to periodic inspection schedules with just a single input of the license number and the My Asset service which enables users to comprehensively manage their financial and auto assets on a single platform. The 400,000-subscriber base of the My Car Garage clearly appreciates the convenience of the service's car maintenance function. Recently integrated with the MyData Service, it provides even greater financial convenience. Through its Cha Tech service, KB Capital will continue to attract customers to the innovative wealth management experience.

### Company-wide RPA Application for Higher Work Efficiency

KB Capital is expanding the scope of its RPA (robotics process automation) application on a company-wide scale, and in fact, in 2021, RPA implementations saved more than 100,000 labor hours. As we continue to further introduce innovative technologies into the RPA in 2022, that number is expected to climb to 120,000 labor hours

spared by year's end. Additional monitoring tools, including dashboards, will be developed to further upgrade the function and efficiency of RPA operations.

### Strategic Alliances and Global Expansions for Mid- and Long-term Growth Drivers

KB Capital commands the undisputed No. 1 position in the imported car market, claiming 22.6% market share as of the end of 2021. Through strategic alliances with several carmakers, including Kolon and Deutsche Group, we will further secure our market dominance in the imported cars and auto financing businesses. In addition, our subsidiary in Laos, KB KOLAO Leasing, established in March 2017, has become the third largest local lease company in terms of wherewithal. Its Indonesian subsidiary, SKBF (Sunindo Kookmin Best Finance), which opened in June 2020, turned around to generate monthly net profits as of August 2021, after just 14 months of being in operation. KB Capital will continue to develop its overseas subsidiaries through a steady capital supply.

### 2022 Plans

In 2022, KB Capital plans to focus on digital innovation, creating smart work spaces, and furthering global competency-building.

In terms of digital innovation, we will respond with agility to the market's preference for mobile platforms with our car service platform KB Cha Cha Cha and contactless lending service KB Cha Easy.

Second, we will embed RPA on a companywide scale to establish a smarter working environment for sustainable management.

Finally, we will reinforce the competitiveness of our overseas subsidiaries: KB KOLAO Leasing in Laos and SKBF in Indonesia, to secure mid-to-long-term growth drivers.

## Savings Bank

# KB Savings Bank

KB Savings Bank is at the forefront of KB Financial Group's inclusive finance initiative, specifically in lending and deposit-taking for the underbanked in local communities. Its convenient financial services can be accessed around the clock via its mobile platform, KiwiBank. As of 2021, KiwiBank added an open banking service feature, augmenting our customer convenience offerings. In 2022, we will offer differentiated digital customer service by employing big data and AI-based technologies in our next-generation system.



### Expansion of Mobile Financial Platform and Digital Infrastructure

KB Savings Bank is successfully sharpening its digital competitiveness and bringing customer-oriented innovation to its business infrastructure. As part of these initiatives, we introduced the mobile financial platform, 'KiwiBank' in July 2020. KiwiBank provides around-the-clock financial services to realize its core values: Secure, Simple and Speedy. Ever since this digitally-powered innovative platform was launched, the retail assets of KB Savings Bank have achieved sizeable growth. The household mid-rate loans soared by 80.4% from the KRW 342 billion at 2020's end to reach KRW 617 billion by the end of December 2021.

Moreover, KB Savings Bank began to develop the next-generation system in earnest in June 2020 to transition into a top-tier player in the savings bank industry. Upon completion, the next-generation system will facilitate an integrated channel operation, enabling our seamless services to be accessed via mobile devices, and at branch offices and the call centers. Also, our efficiency in customer management and data management will significantly improve. The new system will serve as a foundation for KB Savings Bank to introduce mobile financial services featuring products and services using the latest IT technologies, such as big data and AI.

### Open Banking Services

KB Savings Bank introduced an open banking service on KiwiBank in May 2021. This greatly enhanced customer convenience as the KiwiBank application enables users to check their accounts with other financial companies, use it to pay for goods and services, and even transfer funds. Starting with the introduction of open banking services, KB Savings Bank plans to increase the competitiveness of its products and services to attract customers from commercial banks and other financial companies.

### Implementation of ESG management

KB Savings Bank is spearheading various eco-friendly campaigns to curtail carbon emissions in response to KB GREEN WAVE 2030, a mid-to long-term roadmap for KB Financial Group's ESG management. In one campaign, we encourage employees to use tumblers and reduce disposable products at the workplace. The money spared from cutting disposable product costs was used to create indoor forests for local children and to make solar-powered lanterns for children in energy-poor nations. The lanterns will light up the nights of ardent young

learners. In March 2021, we participated a social contribution campaign, known as the Children's Traffic Safety Relay Challenge, which is designed to raise social awareness for careful driving and child protection within school zones. KB Savings Bank is also bolstering its efforts towards social contribution activities related to the welfare of local children, such as cultural activity support for children from low-income and multicultural families and emergency financial support for those hit hard by the complications of COVID-19.

### Activation of Digital Organizational Culture

KB Savings Bank is amping up its efforts to invigorate the Bank with a vibrant digital organizational culture.

In June 2021, we held an in-house digital event dubbed, KiwiBank Virtual Festival. This came in an effort to help employees remain communicative and connected and to sharpen their skills to be more digitally competitive, even in this pandemic-induced quarantine era. We planned a variety of recreational programs and employees participated in the Virtual Golden Bell Program, where they could simultaneously log onto a quiz game platform on various topics, such as KB Financial Group and KB Savings Bank's management strategies and major issues. This provided a way for them to more deeply understand the company's management strategy in a fun and interactive manner. We are spreading a horizontal and flexible digital organizational culture through various programs such as the Group's first in-house e-Sports Day KiwiBank League in 2020 and the 'Town Hall Meeting' in May 2021.

### 2022 Plans

KB Savings Bank strives to provide customers with convenient and reliable services, along with a distinctive digital customer experience to achieve a level of competitiveness on par with that of Internet-only banks. To this end, KB Savings Bank will implement the following business strategy for 2022:

First, we will further upgrade KiwiBank to strengthen our product competitiveness and adjust our asset portfolio to increase performing loan assets. Second, we will advance our monitoring system and promote preemptive risk management in response to new developments in the external environment. Finally, we will successfully transform into a digital bank to secure unrivaled market competitiveness and create best practices within the Group.



## Non-financial Operations

# KB Data Systems

KB Data Systems is an IT subsidiary of KB Financial Group, providing digital skills and IT expertise to realize the Group's advanced financial services. In 2021, we partnered with the Group's digital innovation as a partner for KB Kookmin Bank's cloud MSP (managed service provider) project and the Groupwide MyData platform builder. Also in 2021, KB Data Systems achieved sales of KRW 172 billion, up 15% from the previous year. In 2022, we will strengthen our cloud and data business capabilities to advance into a software powerhouse for the Group.



### Strengthening the Cloud and Data Business Competencies

KB Data Systems focused on empowering its cloud and data services in tandem with the rising significance of the cloud and data areas in the Groupwide digital transformation and innovation drives. In the cloud business, we brought in high-caliber expertise in cloud technologies to co-develop KB One PaaS (platform as a service), a cloud for Groupwide sharing. We designed the integrated model and services for the cloud management platform (CMP). Also, we received an order for the KB One Cloud-integrated Managed Service Provider (MSP) project to more efficiently manage our cloud systems. Furthermore, we participated in the transfer and operation of the KB One Cloud on our subsidiaries' digital platforms. In January 2021, we established a dedicated data business unit to strengthen competitiveness in the data sector, strove to reinforce our data expertise, and retain our talent pool. As a result, in August 2021, we were designated as the operator of the Group's MyData Integrated Analytics Platform construction project. KB Data Systems will continue to strengthen its business capabilities in the cloud and data business.

### Noteworthy Accomplishments in the Digital Business

KB Data Systems' digital technology and advanced understanding of the financial environment allowed it to serve as the Group's digital platform partner. Our 2021 projects included revamping the KB Star Banking app, establishing KB Real Estate Big Data Hub and Next Liiv On, and upgrading the KB Pay service for the KB Kookmin Card. We have committed to securing bids for the Group's key projects based on our track record in successfully undertaking hundreds of projects. These include KB Kookmin Bank's All-In-One household lending system and corporate digital banking services, along with the digitalization of the Group's WM operations. In 2021, we recorded KRW 44 billion in down payments for new order intakes to attain KRW 30 billion in sales.

### Global Expansion

KB Data Systems established its digital subsidiary in Indonesia, PT KB Data Systems Indonesia, in Q1 2021. In step with the Group's plan to grow into a total financial group in Indonesia, KB Data Systems will support its peer subsidiaries in establishing a global IT base and rapidly expanding their businesses into the local market.

KB Data Systems will use both its digital technology and expertise gained in Korea to evolve into a global IT service provider.

### Offering Customer-oriented Differentiated Value

KB Data Systems is committed to taking an agile stance in responding to dynamic financial conditions and paradigm shifts in the digital landscape. In 2021, we engaged in value-oriented projects and the SM (system management) transformation to swiftly and proactively address the IT issues facing our peer subsidiaries. By favoring more offense and less defense, we were able to more proactively address the IT demands of our subsidiaries. In being proactively involved in projects from the planning stage, we make preemptive suggestions in advance and develop more organic collaboration systems with our subsidiaries. Looking ahead, we will provide the best value to our customers by establishing an 'Agile' organizational culture and expanding our service coverage.

### 2022 Plans

The post-COVID era of 2022 is expected to witness an accelerated transformation in the financial environment. While revolutionary technologies like metaverses are here to stay, some other technologies are expected to be absorbed or disappear. Still, digital technologies, such as the cloud and data, will remain at the axis of these developments.

In coping with the rapidly evolving financial environment, KB Financial Group is currently transitioning its infrastructure to the cloud with the goal of achieving 70% by 2030. The Group is also working on developing and applying the My Data Analytics platform. KB Data Systems is contributing to this by enhancing its cloud and data technology capabilities to support the Group's digital transformation initiative. We will develop a digital foundation around cloud and data as the software powerhouse that provides financial groups with a complete product, such as SaaS (Software as a Service).

## Non-financial Operations

# KB Credit Information

KB Credit Information serves as the control tower for post-credit administration within KB Financial Group, conducting tasks such as debt collection and lease investigation. Based on its industry-leading IT systems and outstanding team of professionals, we have been handling KB Financial Group's debt assets of approximately KRW 4.4 trillion annually over the last three years. It provides fast and accurate lease investigation services. In 2022, KB Credit Information will upgrade its debt management system and strengthen its Groupwide cooperation, with the Group's asset quality as its top priority.



### Contributing to the Soundness of the Group

In 2021, the Korean government's COVID-19 financial relief policy of rollovers and deferrals on interest payments negatively influenced the debt controls of credit information firms, leading to a drop of 15% in debt collections across the Group. Despite such a challenging business environment, our overall sales stood equal to those of the previous year as a result of our endeavors to maximize debt collections on limited resources. The loan delinquency and default rates of the Group subsidiaries remained low, contributing to the Group's ability to keep its asset quality at a manageable level. In 2021, we generated KRW 27 billion in debt collection revenue from our debt collection services amounting to KRW 260 billion for the Group subsidiaries. It was a competitive performance result given the adverse business environment. Despite the government's tighter mortgage regulations, the lease investigation revenue remained at KRW 12 billion, or 103% against the previous year, owing to the sales increase from the title search service for KB Insurance.

### Enhanced Debt Control Efficiency

KB Credit Information established the DT Agile team in the second half of 2021 to improve the efficiency of its debt management. The DT Agile team developed an in-house model for monitoring debts held by banks and credit card subsidiaries in line with its debt collection strategy. The team also optimized the entire debt management process, including predicting and grading debt recoverability. As a result, we won the "Star of the Year 2021 Award" organized by KB Financial Group. In addition, we have made various efforts to enhance the proficiency and competitiveness of debt collection, including the active recruitment and nurturing of competent external debt collectors and differentiating promotions by debt type.

### 2022 Plans

The government's policy is predicted to continue protecting the underbanked throughout 2022. This is because such measures as the Financial Services Commission's personal credit recovery support program and financial relief for the self-employed are here to stay. This policy brought up concerns about the rising risks concerning moral hazard debtors and the diminishing number of lease investigation orders under the Government's real estate policy and the new Act on Financial Consumer Protection.

In light of this, KB Credit Information will make the Group's asset quality its top 2022 priority and focus on improving its financial structure to improve profitability.

First, we will focus on reinforcing our debt management system and Groupwide collaboration. We will maximize the Groupwide recovery of debts and actively respond to the reduction in debt volume. Starting in January 2022, we will begin a quality assurance (QA) service for the call center of KB Kookmin Card. Meanwhile, we will continue pursuing new revenue sources from peer subsidiaries, such as KB Insurance, KB Capital, and KB Savings Bank.

Next, we will strengthen our debt management capabilities. We will actively adopt RPA and DT by modernizing the IT system to increase our debt management efficiency. Furthermore, we plan to enhance our productivity through cost reductions and streamline our workforce management to increase our capabilities through the improved performance of the debt management model. Finally, we will continue to develop and apply measures to tighten our control on delinquent debtors in line with the Korean financial consumer protection protocols.



## Company Directory

### KB Financial Group Head Office (Holding Company)

18~20F, 22F 141, Uisadang-daero, Yeongdeungpo-gu, Seoul 07332, Korea

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### IR (Investor Relations)

18F 141, Uisadang-daero, Yeongdeungpo-gu, Seoul 07332, Korea

TEL. 82-2-2073-2845

FAX. 82-2-2073-2848

E-mail: kbir@kbfsg.com

### Global Strategy Department

18F 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
Cambodia	Kookmin Bank Cambodia PLC.	No. 55, Street 214, Sangkat Boeung Raing, Khan Daun Penh, Phnom Penh, Cambodia	855-23-999-202
	Prasac Microfinance Institution Limited	Building no 212, Street 271, Tuol Tumpung2, Chamkarmon, Phnom Penh, Cambodia	855-23-999-911
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
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
Indonesia	PT Bank KB Bukopin, Tbk.	Gedung Bank Bukopin, Jl. MT. Haryono kav. 50-51 Jakarta 12770	6221-798-8266
Japan	Kookmin Bank Tokyo Branch	14F, Hibiyadai Bldg. 1-2-2 Uchisaiwaicho, Chiyoda-ku, Tokyo 100-0011, Japan	81-3-5657-0550
Myanmar	KB BANK MYANMAR LTD	University Avenue Street, No.104, Kamaryut Township, Yangon Region, Myanmar	95-1-7532-900
	KB Microfinance Myanmar Co., Ltd.	University Avenue Street, No.104, Kamaryut Township, Yangon Region, Myanmar	95-1-7532-910
	Kookmin Bank Yangon Representative Office	U Kun Zaw Avenue Street, Kan Lane, No.87-B, 2nd Floor, U Kun Zaw Yeik Mon Condo, Hlaing Township, Yangon Region, Myanmar	95-9775355922
New Zealand	Kookmin Bank Auckland Branch	Level 16, 88 Shortland Street, PO BOX 7506, Wellesley, Auckland, New Zealand 1142	64-9-366-1000
U.K.	Kookmin Bank London Branch	6F, Princes Court, 7 Princes Street, London EC2R 8AQ, U.K.	44-20-7710-8300
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
Vietnam	Kookmin Bank Hanoi Branch	25F, Keangnam Hanoi Landmark Tower, E6 Cau Giay New Town, Me Tri, Nam Tu Liem, Hanoi, Vietnam	84-24-3226-3377
	Kookmin Bank Ho Chi Minh City Branch	3F, Mplaza Saigon, 39 Le Duan Street, Ben Nghe Ward, District 1, Hochiminh City, Vietnam	84-28-3827-9000

## KB Securities

Country	Name	Address	Telephone
China	KB Securities Hong Kong Ltd.	Suite 1105, 11F, Central Plaza, 18 Harbour Road, Wan Chai, Hong Kong	852-2869-0559
	KB Securities Shanghai Representative Office	Room 1405, North Stock Exchange Tower, 528 South Pudong Road, Shanghai, China	86-21-6881-7007
U.S.A	KBFG Securities America Inc.	Suite 1900, 1370 Avenue of the Americas, New York, NY 10019, U.S.A	212-265-2333
Vietnam	KB FINA Joint Stock Company	Room 207-01, M Floor, NO1A-Golden Land Bldg, No.275 Nguyen Trai, Thanh Xuan Trung Ward, Thanh Xuan District, Ha Noi City, Vietnam	84-24-7301-4628
	KB Securities Vietnam Joint Stock Company	Level 1&3, Sky City Tower, 88 Lang Ha Street, Dong Da Ward, Ha Noi city, Vietnam	84-24-7303-5333

## KB Insurance

Country	Name	Address	Telephone
China	KBFG Insurance (China) Co., Ltd.	27F, No.2701-2703, Sunnyworld Center, 188, Lushan Road, Nanjing, Jiangsu Province, China	86-25-8778-0888
Indonesia	PT. Kookmin Best Insurance Indonesia	Sahid Sudirman Center, 53rd Floor Unit A, E & F, JL. Jendral Sudirman Kav. 86, Jarkarta 10220	62-21-391-3101
U.S.A	KB Insurance Co., Ltd. Los Angeles Liaison Office	505 North Brand Blvd., Suite 220, Glendale, CA 91203	1-818-254-1040
	Kookmin Best Insurance Co., Ltd., US Branch	55 Challenger Road Suite #302, Ridgefield Park, NJ 07660	1-201-720-2100
	Leading Insurance Services, Inc.	55 Challenger Road Suite #302, Ridgefield Park, NJ 07660	1-201-720-2100
Vietnam	KB Insurance Co., Ltd. Hanoi Representative Office	Rm. 801, Hanoi Tung Shing Square, 2 Ngo Quyen St., Hanoi, 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

## KB Kookmin Card

Country	Name	Address	Telephone
Cambodia	KB Daehan Specialized Bank PLC.	Building No.1, Street 360, Sangkat Boeung Keng Kang 1, Khan Boeung Keng Kang, Phnom Penh, Cambodia (Oval Office Tower, 7F,21F and 22F)	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, Indonesia	62-21-2933-3646
Myanmar	KB Kookmin Card Co., Ltd (Yangon Representative Office)	No.506, 5F, Crystal office, Kamaryut Township, Yangon, Myanmar	070-5214-1303
Thailand	KB J Capital Co., Ltd	AIA Capital Center 3 Floor, 89 Ratchadapisek Road, Din Daeng, Bangkok	66-1258



## KB Asset Management

Country	Name	Address	Telephone
China	KBAM Shanghai Advisory Services Co., Ltd.	2205, No. 161, Lujiazui East Road, Pudong New Area, Shanghai	86-21-5864-7156
Singapore	KB Asset Management Singapore Pte. Ltd.	3 Church Street, #21-01 Samsung Hub, Singapore 049483	65-6580-2660
Vietnam	KB Asset Management Vietnam Representative Office	Unit 702B, 37 Ton Duc Thang Street, District 1, Ho Chi Minh City, Vietnam	84-90-988-5343

## KB Capital

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

## KB Data Systems

Country	Name	Address	Telephone
Indonesia	PT. KBDS Indonesia	L'Avenue Office 12E, Jl. Raya Pasar Minggu No.Kav.16, RT.7/RW.9, Pancoran, Kec. Pancoran, Kota Jakarta Selatan, Daerah Khusus Ibukota Jakarta	62-21-8066-7239

# 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; (vii) renewal of the Company’s current customer, supplier and other material agreements; and (viii) 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.



 KB Financial Group