

Annual Report 2022

BETTER ^{to} BEST

EVERY DAY, EVERY WAY





BETTER to
BEST
EVERY DAY, EVERY WAY

KB Financial Group thrives on the support of our stakeholders as we generate the kind of results befitting our name as Korea's leading financial group.

Each day at the Group, talented individuals interact and work closely together, embracing change with agility and an enterprising spirit, with a unified KB synergy bringing us all closer to realizing one shared goal. Through excellence and integrity, we take the required innovation to the next level, something that has earned us the unwavering trust of customers while increasing their satisfaction.

Every day, and in every way, we work tirelessly to make the most out of finance so that it will deliver positive change to the world for the better.

KB Financial Group
Annual Report 2022

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CEO Message

Esteemed shareholders, investors, and customers,

I would like to express my heartfelt gratitude to all our shareholders for their unwavering faith and encouragement in KB Financial Group through our journey of embracing change and achieving growth.

In 2022, the business environment was exacerbated by the ever-rising inflation and the unprecedentedly wild rally of interest rate hikes by the U.S. Fed and the Bank of Korea. Against this backdrop, we continued channeling all Groupwide resources into realizing the Group mission of “Financial services delivering change—happier life and better world.” These endeavors yielded meaningful results in both qualitative and quantitative terms.

KB Financial Group’s subsidiaries are continuously strengthening their core

competency backed by the Group’s well-balanced business portfolio between the banking and non-banking operations. In particular, the Group’s insurance business is ready to embark on a new journey with its advanced competitiveness following the successful wrap-up of its post-merger integration between Prudential Life and KB Life Insurance.

Our strenuous efforts continued towards us becoming “the most beloved No. 1 financial platform company,” which led us to achieving significant progress on the back of our flagship app and newly launched app services.

KB Star Banking, the Group’s flagship app, crossed the 11 million MAU (monthly active users) threshold, becoming the first financial app achieving the milestone among all of Korea’s legacy banks. KB Kookmin Certificate was also the first in the industry to obtain all three government licenses for digital

We continued channeling all Groupwide resources into realizing the Group mission of “Financial services delivering change—happier life and better world.” These endeavors yielded meaningful results in both qualitative and quantitative terms.



verification (digital signature certification business, authorized electronic document intermediary service, and identification service agency). Newly launched in 2022, KB Wallet is a digital platform that provides friction-free services of identification, verification, and payment, simplifying daily errands. KB Pay, our one-stop digital payment platform, also provides customers with personalized financial services.

Moreover, our uninterrupted expansion into non-financial sectors continued to create new customer value by adding a strategic partnership with T Map Mobility, one of the most dominant mobility platform operators in Korea, to our four existing non-financial platforms—KB Real Estate, KB Cha Cha Cha, KB O-Care, and KB Liiv M.

In our private banking service, we successfully launched “KB Gold & Wise the First,” a premium total wealth management brand

that orchestrates the capabilities of high-caliber experts in investment, taxation, real estate, law, and trust businesses for providing seamless financial services to customers. It also offers KB Family Office service, which caters to the particular needs of customers for more personalized wealth management. Likewise, our investment banking operations generated tangible outcomes as well, with KB Securities topping the league tables of the equity capital market (ECM), debt capital market (DCM), and acquisition finance.

All the while we achieved robust performance results in each of our business areas, we also remained steadfast in our commitment to our carbon neutrality initiative under the KB Net Zero S.T.A.R. strategy. We also established the KB Diversity 2027 strategy to promote inclusiveness among all social strata and fully support gender equality.

These far-sighted ESG Leadership initiatives earned us strong recognition and

commendation from different authorities. For instance, we stayed on the DJSI World Index for a seventh straight year in 2022 and scored straight A+’s in all categories on the 2022 KCGS ESG Evaluation for a third consecutive year.

Now, let me brief you on the concrete numbers of our business results from 2022.

KB Financial Group recorded a net profit of KRW 4.39 trillion in 2022, a decrease of KRW 14.7 billion from the previous year. The slight decrease was mainly due to our preemptive increase in provisioning against swelling macroeconomic uncertainties and signs of a slowing domestic economy. Nevertheless, the Group’s core earnings fundamental continued its improvement on the back of sizeable growth in our loan portfolio, coupled with the enhancement in net interest margin (NIM) performance from rising market rates.

Regarding our asset size, KB Financial Group’s total assets amounted to KRW 701.2 trillion as of the end of 2022, up KRW 37.2 trillion year on year. The significant increase in our asset size can be attributed to qualitative growth in household loans targeting prime customers, asset-quality-focused and profit-oriented corporate loan portfolio management, and profit-driven strategic

increases in securities investments. Despite the challenging business environment, we were able to generate these tangible results in both our earnings and assets, owing as much to our customer and shareholder support as it does to our dedicated and talented employees. Buoyed by these robust outcomes, everyone at KB Financial Group will continue with their relentless efforts to further ensure greater development by carrying out the most appropriate changes and innovation.

Looking ahead, dismal market outlooks project that economies will keep slowing down at home and abroad, with growing uncertainty in the global economic landscape as a whole. Worse still, nonbank challengers’ advance into the financial sector adds to fierce intersectional competition.

In meeting this challenging market environment, KB Financial Group will push ahead with the five strategic directions of “R.E.N.E.W. 2023,” which will realize our mid- to long-term management strategy. To that effect, we set “internal growth” and “resilience” as our main slogans for 2023 and will explore new opportunities in this demanding business environment.

KB Financial Group will push ahead with the five strategic directions of “R.E.N.E.W. 2023,” which will realize our mid- to long-term management strategy. To that effect, we set “internal growth” and “resilience” as our main slogans for 2023 and will explore new opportunities in this demanding business environment.



— **Reinforcing the core & resilience is our primary focus.**

To that end, each business sector will pursue substantial growth and solidify their respective profit base, with particular weight being placed on the asset management and capital market segments—the two vitally competitive edges of any financial business. On top of that, we will strengthen the Group’s core competitiveness and resilience, while also optimizing our investment operation models to reflect internal and external variables as we streamline the

Groupwide business portfolio to secure the investment resources required for future growth engines.

— **Expansion of global and new business operation is our second strategy.**

We will expand our global business and generate tangible outcomes in the non-financial business sector. For that matter, our two-track strategy still holds true for our global expansion strategy: We are building our core competencies in key business areas throughout advanced markets while our asset-heavy strategy remains on track in Southeast Asian markets. At the same time, we are strengthening our competitiveness in life-embedded finance areas, such as real estate, mobility, telecommunications, and healthcare. In the future, we will continue to explore other profit models in non-financial businesses to expand our customer touchpoints and boost future growth drivers within the Group.

— **No. 1 financial platform that is embedded in our daily lives is our third goal for the coming year.**

To that end, we will promote our digital platforms—KB Pay and KB Wallet—along with the Group’s flagship app, KB Star Banking, to become an integral part of customers’ daily lives through the constant

buildup of our service ranges and content. In order to become the undisputed financial platform leader, we will also strive to provide customers with the fastest and most accurate financial information they need through a data-driven value proposition.

— **ESG leadership is the overarching value in our business activities.**

The key to our ESG Leadership strategy lies in practical actions and concrete results. While capturing new business opportunities in the financial demand for greenhouse gas reduction initiatives, we will expand our support for ESG management practices in small and medium-sized enterprises and mid-cap companies. Furthermore, we are strengthening our risk management and internal control systems to protect customer assets so as to become the most trusted financial partner by customers and the market.

— **World-class talents and culture are what we are building through an open and creative corporate culture for our industry-top employees.**

In line with a systemic upskilling and reskilling strategy, we will relocate our employees to key growth areas to secure and foster the best-in-class talents. Our pursuit of an agile culture across the board will allow us

to quickly adapt and respond efficiently to rapidly changing financial markets.

The financial industry is at a turning point amid the fast-flowing current of changes, meaning this will be yet another challenging year for businesses. Despite these difficulties, however, everyone at KB Financial Group will make a concerted effort to secure differentiated competitiveness, thereby consolidating our position as the leading financial Group most trusted by customers.

In closing, I would like to ask for your unwavering support and encouragement this year, and, as always, I wish all our customers, shareholders and their families health and happiness.

Thank you.

A handwritten signature in black ink, appearing to read 'Yoon Jong-kyoo'.

Yoon Jong-kyoo

Chairman & CEO
KB Financial Group Inc.

From the Basic

A mighty tree grows out of a tiny seed that sprouted in the right place and is firmly rooted deep into the ground. In a similar way, reliable finance that changes the world adheres to some key fundamentals. By starting from basic principles, KB Financial Group seeks to provide easier, more convenient, and fully trustworthy financial services that make our customers happy.

We strengthen our core competencies so that we can perform the essential role of finance, make financial services accessible in everyday life, and open up the future of finance with technology and know-how as we pursue sustainability for all that is better than ever before. KB Financial Group firmly believes that the trail we are blazing for the world today is the best path forward for everyone.



[Click to view](#)

IB Quadruple Crown

WM Investment Advisory Services

Capital Markets
**Singapore
Branch**

Finance

Building Greater

KB Financial Group is building a greater revenue structure through its unrivaled business acumen in finance. Based on its well-balanced portfolio, the Group is furthering its strengths in core businesses—IB, WM, capital markets, and insurance—to solidify its position as Korea’s leading financial group. Our tireless hard work is bettering tomorrow today, which is already better than yesterday.



Insurance
34.8

Key Figures

Click to view

Capital Markets

Singapore Branch




KB Kookmin Bank's opening of its Singapore branch completed a round-the-clock system for capital markets operation, along with its existing London and New York desks.

Building Core Competencies

In 2022, KB Financial Group further substantialized its business operations and achieved remarkable results in crucial initiatives. Opening a branch in Singapore, for example, successfully completed our round-the-clock global network of capital markets. With the IB sector, it topped all four league tables of ECM, DCM, acquisition finance, and M&A. For its part, KB Kookmin Bank obtained the required business license for investment advisory services and launched the Gold & Wise the First— a comprehensive wealth management brand for UHNW customers, thereby reinforcing its wealth management competencies. Finally, the launch of the integrated life insurance company, following the integration of Prudential Life and KB Life, laid the foundation for strengthening our life insurance business.

IB

Quadruple Crown

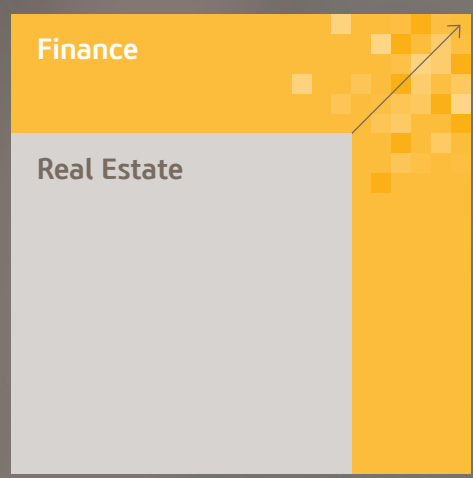


Industry's first company to top all four capital markets (ECM, DCM, acquisition finance, M&A*)

*KB Securities was highest among Korean securities firms in the M&A ranking by Bloomberg.

WM

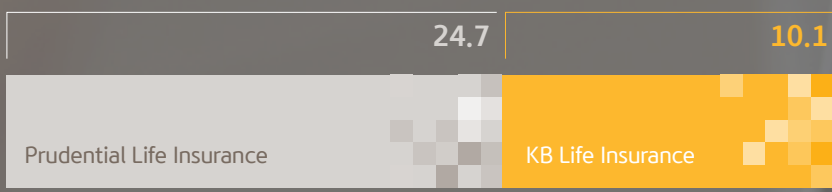
Business License for Investment Advisory Services



KB Kookmin Bank became the first Korean bank to obtain an investment advisory business license, which significantly strengthened the Group portfolio in conjunction with KB Securities and KB Asset Management.

Insurance

34.8



Prudential Life Insurance: 24.7
KB Life Insurance: 10.1

* Based on the IFRS 9 (tn won)

Launch of an Integrated Life Insurance Company

The integration of Prudential Life and KB Life gave birth to a large life insurance company with assets of KRW 34.8 trillion.

Healthcare
O'Care

Telecom
KB Liiv M

Mobility
KB ChaChaCha

Real Estate
KB Real Estate

Nursing Business
KB Golden Life Care

Lifestyle Services

Expanding Broader

In order to improve its financial services, KB Financial Group is expanding its reach to non-financial business areas. To be more precise, we are growing into non-financial businesses such as real estate, automobiles, healthcare, and telecommunications in an effort to expand our customer touchpoints, grow our market power, and constantly enhance the Group's future growth engines. We will continue to extend the possibilities of finance and cross-industrial boundaries from the customer's perspective in pursuit of touchpoints that allow for synergies to take shape between people's lives and finance.

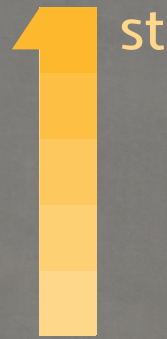
Key Figures



Click to view

Healthcare
O’Care

O-Care, the first healthcare platform started by a Korean insurance company, was launched in February 2022.



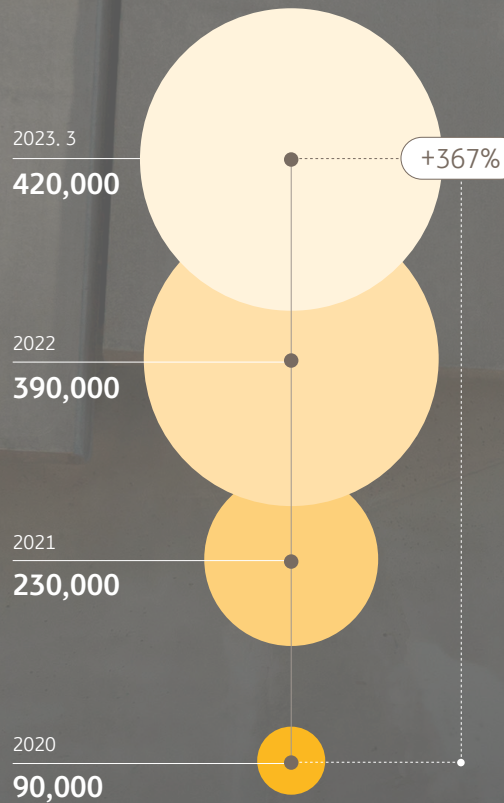
Delivering Life-Embedded Finance

Housing, cars, telecommunications, and healthcare—these are all closely woven into our daily lives, and yet these same services require high-caliber skills. KB Financial Group lends its depth of financial expertise to all these areas by connecting them to our trusted financial services. Through its real estate services, KB Real Estate has begun Data Hub service. In pursuit of a new business model that combines finance to mobility services, the Group invested KRW 200 billion in TMAP Mobility. In fact, TMAP Mobility is currently working on a collaboration with the Group subsidiaries including KB Cha Cha Cha, which boasts Korea’s largest registry of used cars for sale. With respect to KB Liiv M, which has surpassed 420,000 subscribers, it plans to introduce a more differentiated service as an official ancillary bank business. And at KB Insurance, it has grown its nursing care business through its industry-affiliated subsidiary and launched a new healthcare platform.

Telecom
KB Liiv M

KB Liiv M, an innovative hybrid platform that combines finance and communication services, has been licensed as a bank ancillary business by the Financial Services Commission.

MVNO Subscribers Growth



Mobility
KB ChaChaCha

Korea’s longest list of used cars registered for sale

150,000

Real Estate
KB Real Estate

Opened KB Real Estate Data Hub, Korea’s first platform for comparing real estate automated valuation models (AVMs)

Data Hub

Nursing Business
KB Golden Life Care

Business has been steadily growing since it became the first insurance company to start a nursing care business in 2016.

2

Scheduled to Open
(one each of Daycare Center and Nursing Home)

● Daycare Centers
● Nursing Homes

2
Daycare Centers

2
Nursing Homes



Digital & Channel

Connecting Closer

KB Financial Group's flagship banking platform, KB Star Banking, brings together financial and non-financial services of the Group, connecting life and finance closer than ever before. The app is constantly expanding service areas and adding new content to establish itself as the No. 1 financial platform that delivers life-embedded financial services into the palm of your hand.

Platform
11,060

Platform
22,610

Platform
+28.4%

Infrastructure
418.7

Marketing
57%

Key Figures

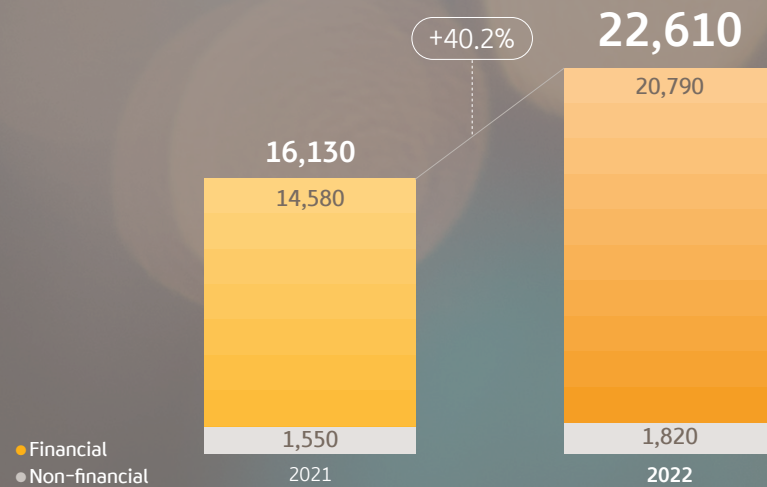


Click to view

Platform

Total MAUs (1k users)

The Group's platform MAUs achieved balanced growth in both financial and non-financial services, exceeding 20 million MAUs.



Platform

11,060**KB Star Banking MAUs** (1k users)

First commercial bank to exceed 10 million MAUs, with 25% YoY growth

Platform

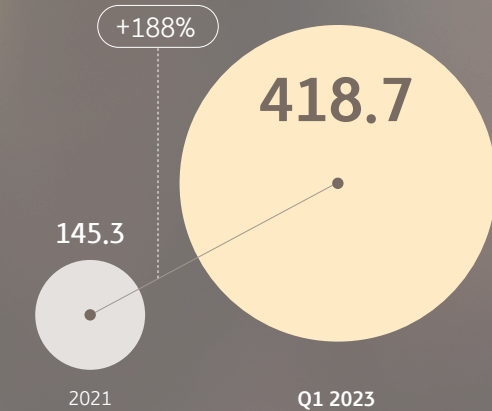
+28.4%**KB Kookmin Certificate Users**

Subscribers exceeded 12.33 million, a 28.4% YoY growth from 9.6 million in 2021

Infrastructure

Investment Partnerships in Digital New Businesses (bn won)

Group CVC Fund and KB Digital Platform Fund to invest in innovative technologies and startups of digital platforms

**Life-Embedded Financial Platform**

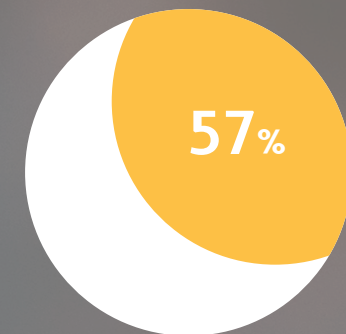
KB Star Banking is becoming more deeply connected to the daily life of its customers as it evolves into a hybrid platform that encompasses life and finance. A single sign-on (SSO) to the Group's flagship app now brings all the services available on any of the Group subsidiary platforms to the popup screen on KB Star Banking. In addition, KB Kookmin Certificate also supports simple authentication for over 149 external institutions. Today, the entire KB Financial Group platform is evolving with the goal of offering the most well-tailored services in an easier, more convenient way. This has clearly been successful, as can be seen by the constant growth of our monthly active users (MAU) and our ability to continue setting records in the banking industry. We are taking this know-how to grow the innovation out of the organization through funds and partnerships that support innovative startups to take advantage of ample opportunities through the synergy of collaboration.

Marketing

Share of New Product Sales in Digital Channel Sales

The proportion of new product sales on digital channel sales has continued its steady annual growth and outpaced in-person channel sales in 2022.

*. KB Kookmin Bank's sales record of deposits/loans/funds



ESG Project
120,000

KB Green Wave
28.1

Net Zero S.T.A.R.
1,369,638

KB Diversity **7.5**

ESG Management Support
ESG Consulting Services

ESG

Reaching Farther

KB Financial Group's ESG leadership is reaching farther. As Korea's No. 1 financial group, we are committed to sound governance as well as carrying out our social and environmental responsibilities in all our business activities. Keenly aware of the impact and consequences of our financing and investment activities, we actively seek win-win opportunities for mutual growth while also fulfilling our duties to fight climate change. Together, we are always seeking the best path to sustainability.

Key Figures



[Click to view](#)

KB Green Wave

2022 ESG Finance (balance) (tn won)

Targeting KRW 50 trillion in ESG financing (products, investments, loans) by 2030

	28.1
Products	6.5
Investments	8.2
Loans	13.4

Leadership for a Better World

Following through on our pledge to attain carbon neutrality has become an essential part of our helping to mitigate climate change. In fact, we set our goal while increasing sustainable finance to induce changes throughout society as a whole. At the same time, we are actively embracing diversity within our corporate culture to ensure a healthier foundation of the organization. Guided by KB Net Zero S.T.A.R., we are working to achieve net zero in operational emissions by 2040 and financed emissions by 2050. Furthermore, KB GREEN WAVE 2030 has laid out the details of our plans to expand ESG financing while KB Diversity 2027 has set the direction for our efforts at enhancing diversity within the Group. Our ESG commitment is also being translated into action, bringing about visible changes in our society for a better world.

ESG Project

K-Bee Project 120,000

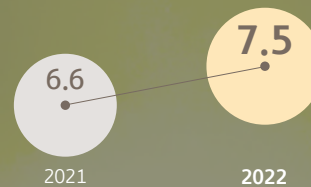
A project to preserve the bee population by creating an apiary with 120,000 honeybees and a forest of 100,000 honey plants

KB Diversity

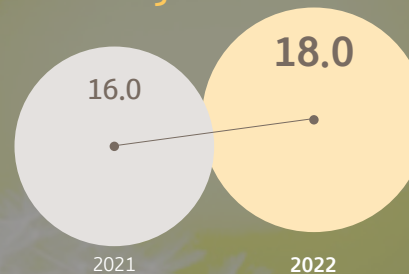
Fostering Female Leaders (%)

Targeting 20% of the entire Group's leaders to be female by 2027

Executives



Head managers

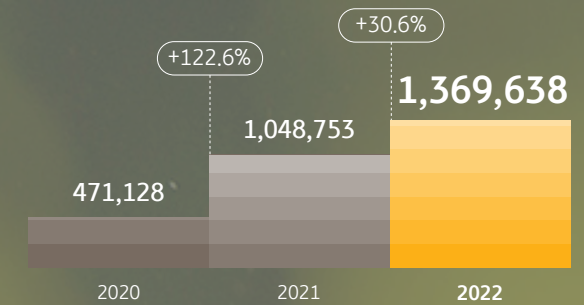


* Combined figures of KB Kookmin Bank, KB Securities, KB Insurance, and KB Kookmin Card

Net Zero S.T.A.R.

Renewable Energy Consumption (kWh)

Our goal is to source 100% of our electric power from renewable energy by 2040.



ESG Management Support

ESG Consulting Services

Offering SMEs and MEs with consulting services in support of their ESG management



Vision & Strategy



Mission

Our goal is to become a lifelong financial group by leading innovation that shift the financial paradigm with our best professionals.

Financial service delivering changes happier life & better world

Vision

We aim to deliver financial services that bring happiness and well-being to our customers and society.

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

Mid-term Strategy

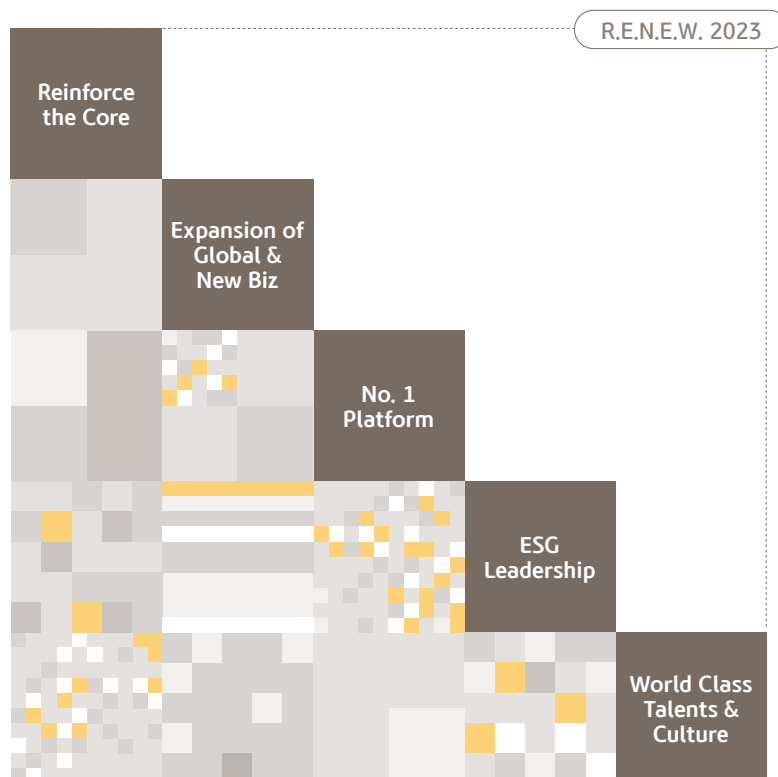
The most beloved No.1 financial platform, a lifetime financial partner

R.E.N.E.W. 2023

Reinforce the Core & Resilience	Expansion of Global & New Businesses	No. 1 Platform	ESG Leadership	World Class Talents & Culture
<ul style="list-style-type: none"> Upgrading the revenue streams of all business models Upskilling & Upscaling capital markets/asset investments Redefining strategic business models 	<ul style="list-style-type: none"> Stabilizing global business operations Generating results and exploring opportunities in non-financial markets Concrete implementation of entry strategies into digital asset markets 	<ul style="list-style-type: none"> Expanding & Reinforcing financial platform competencies Strategically adapting to open sales channels Increasing data-driven digital marketing 	<ul style="list-style-type: none"> Reinforcing customer-centered risk management Accelerating and establishing ESG practices in business operations Maximizing CS and internal controls 	<ul style="list-style-type: none"> Realizing an "Agile KB" Systematic HR reallocation and external talent attraction

Management Goals for 2023

The market outlook for 2023 is not optimistic at all, with a continued economic downturn at home and overseas, as well as growing uncertainties in the global economy. The big blur phenomenon spilled over into the financial landscape as the entry of non-financial companies into the market only intensified the already fierce competition. In meeting this challenging market environment, KB Financial Group is holding to the five strategic directions of “R.E.N.E.W. 2023” for the success of its mid- to long-term strategies. That being said, we have added two key tasks for 2023—substantial growth and resilience—in pursuit of new opportunities for a breakthrough in the complex market environment.



— First, we will reinforce our core competitiveness and resilience through a “**Reinforce the Core & Resilience**” strategy. As such, each business sector will consolidate its profit base and achieve substantial growth. In particular, we will bolster our capabilities in asset management and capital markets—the core competencies of any financial business. We will also secure investment resources for future growth drivers by optimizing our investment models to internal/external variables and streamlining the business portfolio from the Group’s perspective.

— Second, we will expand our global operations and generate tangible results in non-financial operations through an “**Expansion of Global & New Biz**” strategy. The two-track strategy remains in effect as part of our global market approach. We will continue to reinforce core competencies in advanced markets while expanding our presence in the emerging markets of Southeast Asia. Additionally, we are building our competencies in life-embedded finance areas, such as real estate, mobility, communications, and healthcare. At the same time, we are seeking enhanced customer engagement as we strengthen the Group’s future growth engines in new non-financial revenue streams.

— Third, we are establishing a life-embedded financial platform to become the “**No. 1 financial Platform.**” In addition to the Group’s super app KB Star Banking, we will promote KB Pay and KB Wallet as our digital channels to complete a

life-embedded financial platform whose evolving services and content are convenient for everyone to use on a daily basis. Furthermore, we will become the first financial institution to provide customers with essential financial information and make data-driven innovative value propositions as the No. 1 financial platform that customers trust more than anyone else.

— Fourth, we are committed to sustainable management practices to retain our “**ESG Leadership.**” Our ESG leadership translates into practical action and concrete results: we capture business opportunities in the growing need of financing among businesses seeking to reduce greenhouse gas emissions, while also encouraging SMEs and MEs to start their own ESG management practices. Moreover, we are fortifying our systems to ensure more efficient risk management and internal controls to protect customer assets as the most trusted financial partner by customers and the market.

— Finally, we nurture industry-top talents in an open, creative corporate culture with a “**World Class Talents & Culture**” strategy. Indeed, we are staffing the future core competency areas through human resource relocation, while securing the required talents through systematic upskill and reskill programs. More broadly, we are promoting an “agile” corporate culture across the board in order to quickly and effectively adapt to an economic environment that is evolving at lightning-fast speed.

GROUP REVIEW



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KB Financial Group cares more about sustainability and substantial growth than immediate returns. Profitability, financial soundness, and long-term growth are all equal factors in our comprehensive perspective as we strive to design a better future for stakeholders based on a firm foundation that remains unswayed by macroeconomic changes. We will continue to work tirelessly alongside our stakeholders as we aim higher than ever.

Company Profile

KB Financial Group provides leading financial services through advanced financial services and products offered by its 12 fully owned subsidiaries in 10 business units—retail customers, wealth management/pensions, SME finance, global operations, insurance, digital finance, IT, capital markets, corporate & investment banking (CIB), and asset management (AM).

 Retail Customers

 WM/Pensions

 Small & Medium Enterprise

 Global

 Insurance

 Digital

 IT

 Capital markets

 Corporate & Investment Banking

 Asset Management

Business Units

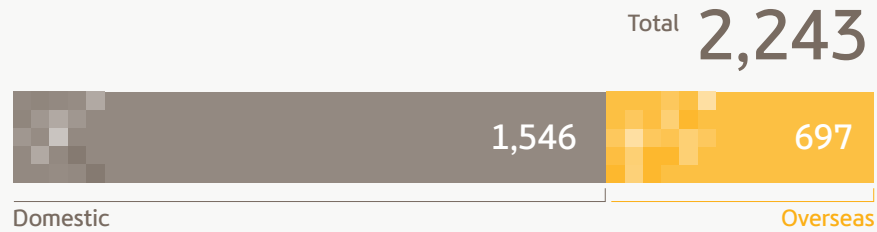
 **KB Financial Group**

Subsidiaries

Bank	KB Kookmin Bank
Financial Investments	KB Securities KB Asset Management KB Real Estate Trust KB Investment
Insurance	KB Insurance KB Life Insurance*
Credit Finance	KB Kookmin Card KB Capital
Others	KB Savings Bank KB Data Systems KB Credit Information

* KB Life Insurance was merged into Prudential Life Insurance in January 2023, and the surviving entity was renamed as KB Life Insurance.

Group Network



Group Customers

37.1 million



Group Employees

24,462



Credit Ratings



ESG



Morgan Stanley Capital International (MSCI)

First and only Korean financial company to earn the top AAA rating in 2022 MSCI ESG Evaluation



DJSI

Listed on the DJSI World Index for a seventh straight year (2016–2022)



KCGS

Only Korean financial company to receive all A+ grades for three straight years



Bloomberg Gender-Equality Index

First Korean company to be listed for four straight years (2019–2022)



Carbon Disclosure Project (CDP)

CDP's A List leader in addressing climate change

Year in Review

KB Kookmin Bank Singapore Branch Opens

On January 19, 2022, KB Kookmin Bank opened a branch in Singapore, completing its global infrastructure for addressing worldwide capital markets around the clock along with its London and New York desks. The Singapore branch will serve as the hub for the Asia Pacific (APAC) market.

Singapore



2022

January

February

April

June

KB Securities Acquires PT Valbury Sekuritas Indonesia

KB Securities completed the acquisition of a 65% stake in Indonesia's PT Valbury Sekuritas, effective as of February 14, 2022. Renamed PT KB Valbury Sekuritas following the merger, the company is entitled to leverage synergies with the Group subsidiaries active in the market to grow into a leading securities firm in the fast-growing Indonesian economy.

65%



KB Financial Group Listed in the S&P Global Gold Class of Banks Category at S&P's Industry Awards 2022

Announced in February 2022, KB Financial Group was the only Korean financial institution to win the S&P Global Gold Class in the Banks category at S&P Global's 2022 Sustainability Awards. Indeed, the Group became the only Korean financial institution in the top-rated Gold Class after earning 89 points in the S&P Global ESG Score for its consistent commitment to sustainable management practices.

S&P
Global

KB Financial Group Establishes Quarterly Dividend Policy

KB Financial Group enhanced its shareholder return with its decision to pay dividends on a quarterly basis. The Group will continue to develop advanced shareholder return systems that better serve the needs of shareholders and strive to further shareholder value.

Quarterly



Prudential Life Launches KB Life Partners

Prudential Life Insurance launched its sales subsidiary, KB Life Partners, on June 2, 2022. KB Life Partners will carry on with the talent development know-how of Prudential Life Insurance and expand its customer engagement to HNWIs and specialty markets (corporate/professionals) targeting the premium market.

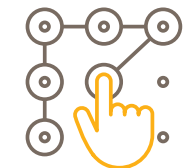
KB Life Partners



KB Kookmin Certificate Wins All Three Identification Licenses Available

KB Kookmin Bank was licensed by the Korea Communications Commission as an identity verification agency in June 2022. The license made the bank the first in Korea's banking industry to win all three identification licenses available—Digital Signature Certification Business, Certified Electronic Document Intermediary Service, and Identity Verification Agency.

3 licenses



Strategic Investment in TMAP Mobility

200 bn won

KB Financial Group signed a strategic investment agreement with TMAP Mobility, one of the most dominant mobility platform operators in Korea, and invested KRW 200 billion into it. The investment will become a stepping stone for the Group to become a leading mobility finance company.



June

August

September

October


November

December

KB Diversity 2027 Strategy

2027

KB Diversity 2027 is a mid- to long-term initiative for promoting diversity within the KB Financial Group. Through this strategy, we will introduce systemic management to promote diversity in the organizational composition across social strata and genders by 2027.



First Korean Financial Group to Adopt AI Ethical Standards

AI Ethical Standards

Committed to building public trust in AI-engineered financial services, KB Financial Group instituted its own AI ethical standards—a first in the Korean financial sector. Through this move, KB Financial Group will continue with its value innovation in the financial sector while also leading the industry in AI application.



KB GOLD & WISE the FIRST: A Full-Service Wealth Management Brand for UHNW Customers Launched

First


KB Financial Group launched KB GOLD&WISE the FIRST, a full-service wealth management brand exclusively for ultra-high net worth (UHNW) customers. Industry-top experts in investment, tax, real estate, laws, and trusts come together here as one team to provide their designated (UHNW) clients with a full-service experience in wealth management.



KB Kookmin Certificate Subscribers Surpasses 12 Million

12,000,000

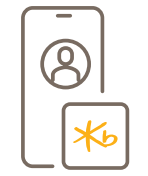
KB Kookmin Certificate (formerly KB Mobile Certificate) saw its subscribers exceed 12 million people, establishing itself as the nation's leading financial certificate. KB Kookmin Bank will continue to provide speedy, simple, and secure authentication services in the future.



KB Star Banking Surpasses 11 Million MAU

+ 11,000,000

KB Star Banking, the Group's super app, saw its monthly active users (MAUs) surpass the monumental 10 million threshold in June 2022, adding one million people in the span of only six months—an unprecedented achievement by any Korean commercial bank.



KB Securities Sweeps IB Market Quadruple Crown

Quadruple Crown

When KB Securities became the first company in the industry to sweep all four league tables—debt capital market (DCM), equity capital market (ECM), M&As, and acquisition finance—it solidified its market leadership in the investment banking industry.



Financial Highlights

In 2022, KB Financial Group generated a net profit of KRW 4,395 billion, reaffirming its solid earnings power despite the unfavorable economic and financial market environments mired in lingering uncertainty. In particular, the increased volatility of financial markets hindered non-interest income growth at all financial institutions. In spite of that, the Group was able to tie the previous year's record-high profit figure thanks to strong growth in core earnings, which was led by interest income, and steady cost-efficiency efforts.

As of the end of 2022, the Group's total assets, including assets under management (AUM), stood at KRW 1,157.9 trillion, a growth of 3.6% year on year, and driven by the increase in loan assets and investment financial assets, as well as the size growth of asset management funds.

The cost-income ratio (CIR) was up slightly from the previous year to 50.2%, but without the extraordinary expenses such as the ERP* and digitalization costs, CIR on a recurring basis stood at 46.7%, demonstrating a clear improvement in cost efficiency performance.

Asset quality remained stable at the end of 2022, with a Group NPL ratio of 0.34%. The Group NPL coverage ratio stood at 216.3%, indicating a sufficient level of total loss absorption capacity (TLAC).

As of the end of 2022, the Group's BIS ratio was 16.16%, with a common equity tier 1 ratio (CET1 ratio) at 13.24%, maintaining the industry's highest level of capital adequacy against economic slowdown and macroeconomic uncertainty.

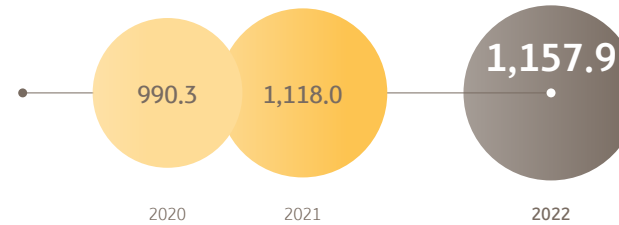
*ERP: early retirement program

Key Financial Metrics

Total Assets (incl. AUM)

1,157.9

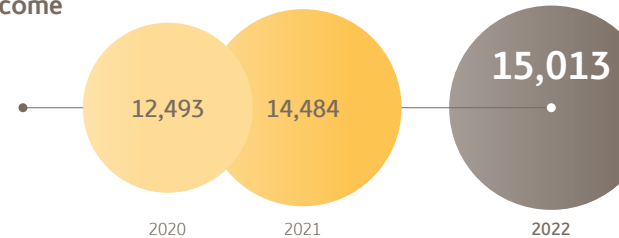
(tn won)



Gross Operating Income

15,013

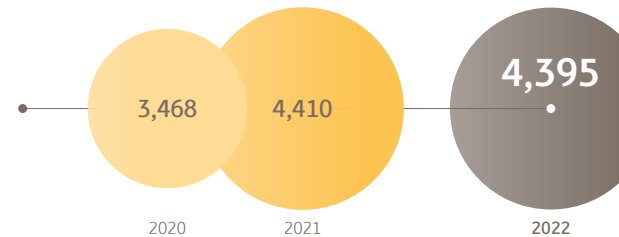
(bn won)



Net Profit

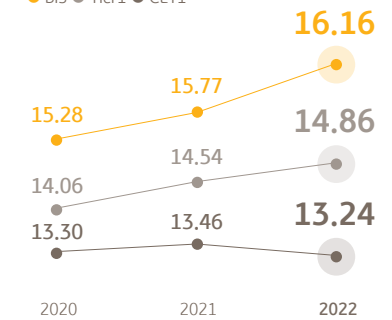
4,395

(bn won)



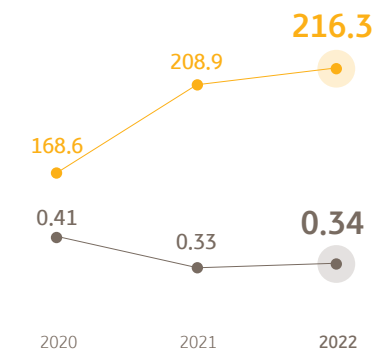
BIS Ratio (%)

● BIS ● Tier1 ● CET1



NPL/NPL Coverage Ratio (%)

● NPL coverage ratio ● NPL ratio



Non-banking Contribution

Bank

64%

Non-bank

36%

2022

Key Financial Figures

	2022	2021	2020
Profitability (bn won)			
Gross operating income	15,013	14,484	12,493
Operating profit	5,639	6,098	4,616
Net profit ^{1) 2)}	4,395	4,410	3,468
ROA (%)	0.60	0.69	0.61
ROE (%) ³⁾	9.82	10.22	8.79
Cost-income ratio (%)	50.2	49.7	54.7
Financial position (tn won)			
Assets	701.2	663.9	610.7
Total assets including AUM	1,157.9	1,118.0	990.3
Liabilities	651.5	615.6	567.3
Shareholders' equity	49.6	48.3	43.4
Asset quality (%)			
NPL ratio ⁴⁾	0.34	0.33	0.41
NPL coverage ratio ⁴⁾	216.3	208.9	168.6
Credit cost ratio (CCR)	0.43	0.30	0.26
Capital adequacy (%)			
BIS ratio	16.16	15.77	15.28
Tier 1 ratio	14.86	14.54	14.06
CET 1 ratio	13.24	13.46	13.30

1) Net Profit for Fiscal Year 2020 have been restated retrospectively as Won 3,468 billion 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.)

Shareholder Information

Shareholders

Foreign investors
70.9%

Domestic investors
29.1%

2022

Stock Information

(shares, won)	2022	2021
Total number of shares issued	408,897,068	415,807,920
Treasury shares	19,262,733	26,173,585
Stocks outstanding	389,634,335	389,634,335
Year-end stock price	48,500	55,000
Market capitalization (bn won)	19,832	22,869
Dividend per share	2,950	2,940
Book value per share	115,910	113,425
Basic earnings per share	10,955	11,134

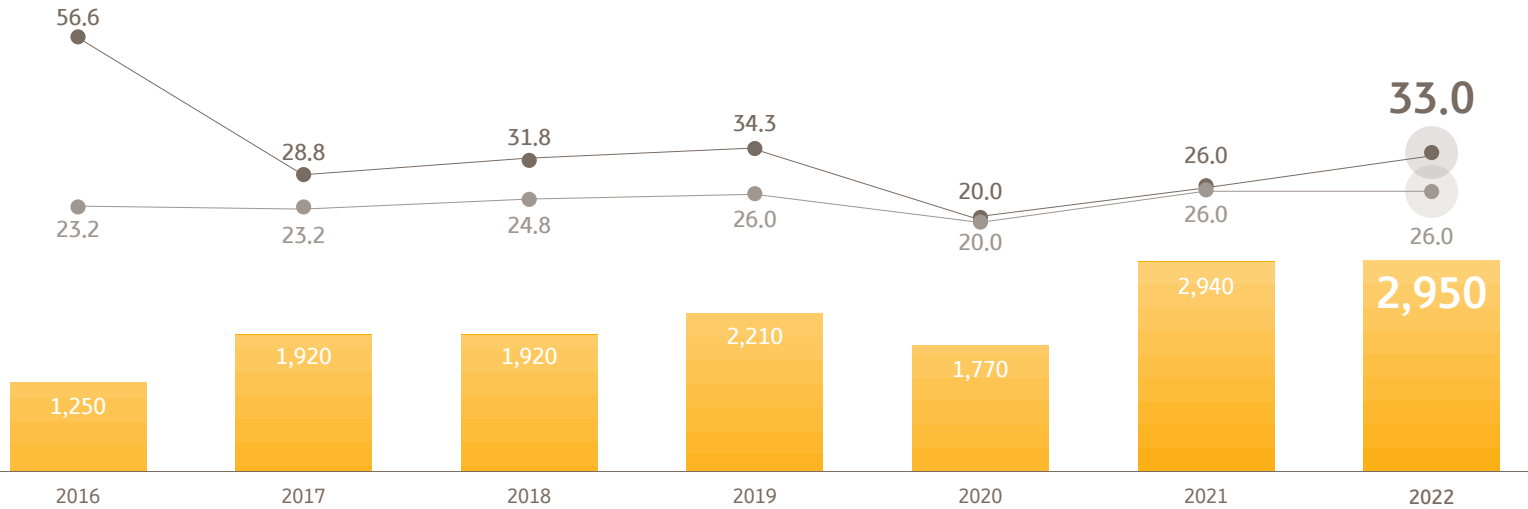
Share Ownership

(shares, %)	Number of shares owned	Ownership
Korean National Pension Service	32,499,151	7.95
JPMorgan Chase Bank (ADR) ¹⁾	25,435,390	6.22
The Government of Singapore	10,560,777	2.58
Employee Stock Ownership Association	9,253,663	2.26
Norges Bank	8,283,132	2.03
Stichting Depository Apg Emerging Markets Equity Pool	5,433,541	1.33
Vanguard Total International Stock Index Fund, A Series of V	5,103,682	1.25
Peoples Bank of China	4,860,216	1.19
Fidelity Investment Trust: Fidelity Series Emerging Markets	4,727,328	1.16
Orbis Global Equity Le Fund (Australia Registered)	3,896,391	0.95

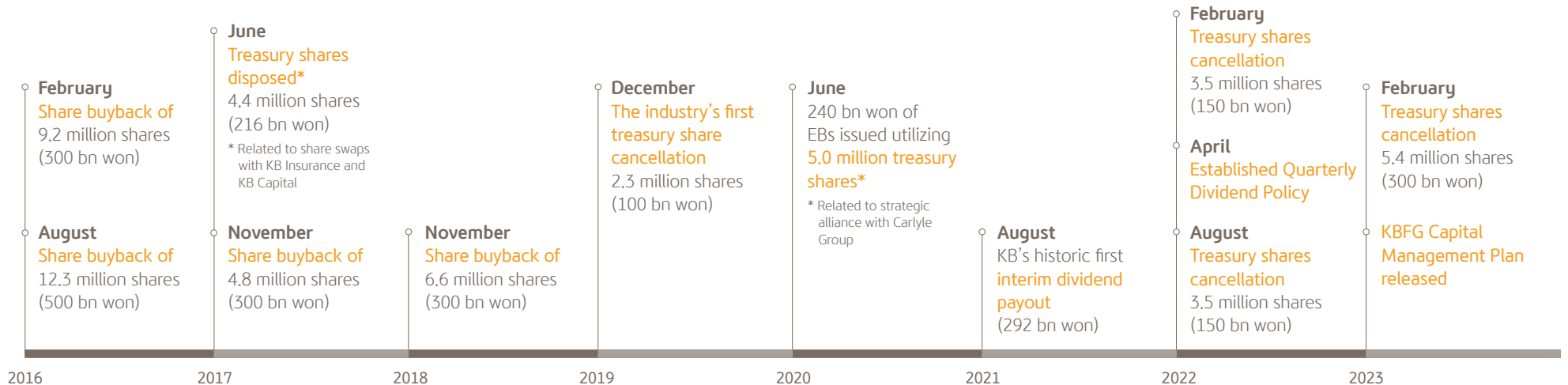
1) Depository under the ADR program

Gross Shareholder Return

- Dividend per share (won)
- Dividend payout ratio (%)
- Total shareholder return (%)

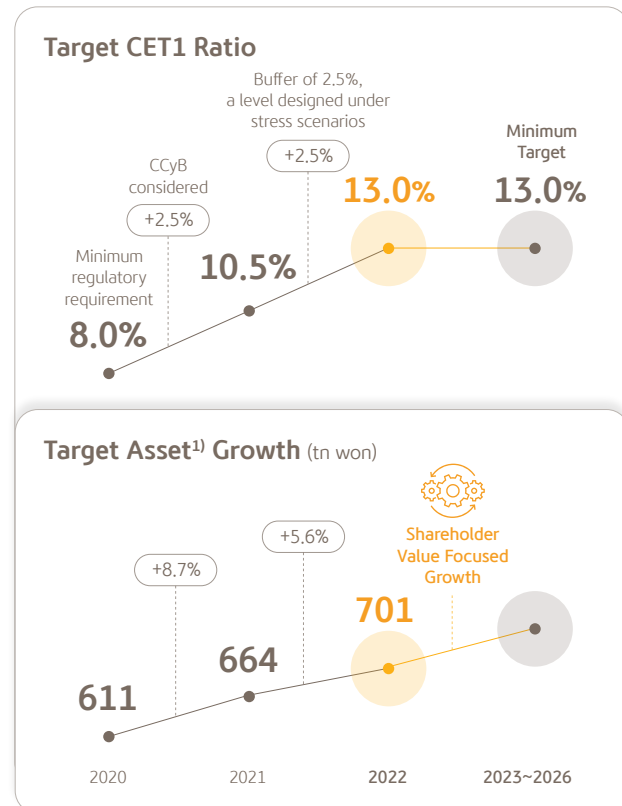


Key Takeaways



KBFG Capital Management Plan

In December 2022, KB Financial Group came up with a Capital Management Plan to take into account a complex range of factors, such as its appropriate capital adequacy ratio, asset growth rate, and shareholder return policies, all of which was based on its Optimal Capital Structure. The Group will faithfully carry out and evolve its mid- to long-term capital management plan in a bid to ensure the sustainable growth of the Group, while also implementing industry-leading shareholder return policies.



1) Based on consolidated financial statements

Mid-to-Long Term Capital Management Plan

1 Target CET1 ratio

13%

KB Financial Group's target CET1 ratio at a minimum level of 13% based on the Group's 「Mid-to-Long Term Capital Management Plan」

- Secure reasonable buffer (250bp) to stably manage CET1 Ratio above 10.5% (regulatory requirement) even under severe macro volatility

2 Asset growth plan

Shareholder value-focused growth

Shareholder value-focused mid-term growth strategy

- Basically referring to nominal GDP as a benchmark, yet adaptively respond to changes of macro, regulation, managerial objective, etc.
- Improve ROA & PBR through efficient asset management

3 Excess capital

Returning excess capital to shareholders

Utilize excess capital exceeding the target CET1 ratio in enhancing shareholder value, fully aligned with Group's active shareholder return policy

- Implement adaptive strategies responding to managerial objectives, regulatory changes, financial market volatilities, etc.

4 Payout ratio & total shareholder return

Stable dividend policy

Further enhance shareholder returns by securing stable dividends and progressive share buyback & cancellation program

- Provide stable payouts to shareholders by securing minimum & progressive dividends per share

5 Social responsibility & shareholder return

Balance

Continue efforts for the balance between shareholder interest and group's social responsibilities as the leading financial group

- Expand shareholder interest derived from sustainable growth

Board of Directors

As of the end of March 2023, KB Financial Group's Board of Directors (BOD) consisted of 9 directors: 7 non-executive directors, 1 executive director, and 1 non-standing director. The BOD composition takes into consideration independence, expertise, and diversity to ensure sustainable growth, enhance corporate value, and protect shareholder value.

Kyung Ho Kim | Non-executive Director (Male)

Former Professor, School of Business Administration, Hongik University

Seon Joo Kwon | Non-executive Director (Female)

Former Chairman & CEO, Industrial Bank of Korea

Wha Joon Cho | Non-executive Director (Female)

Former KT Capital CEO

Gyu Taeg Oh | Non-executive Director (Male)

Professor, School of Business Administration, Chung-Ang University

Jung Sung Yeo | Non-executive Director (Female)

Professor, Department of Consumer Science, Seoul National University

Jae Hong Choi | Non-executive Director (Male)

Professor, Department of Multimedia & IT Engineering, Gangneung-Wonju National University

Sung Yong Kim | Non-executive Director (Male)

Professor, Law School, Sungkyunkwan University

Jong Kyo Yoon | Executive Director (Male)

Chairman & CEO, KB Financial Group

Jae Keun Lee | Non-Standing Director (Male)

President & CEO, KB Kookmin Bank

Independence

Non-executive Directors

78%

Executive Directors

22%

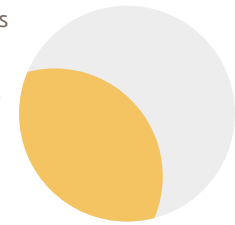


Diversity

Female Non-executive Directors

42.9%

Four non-executive directors are male and three are female.



Expertise

Finance/Risk management

Kyung Ho Kim
Seon Joo Kwon
Wha Joon Cho
Gyu Taeg Oh

Accounting

Kyung Ho Kim
Wha Joon Cho
Gyu Taeg Oh

Finance

Seon Joo Kwon
Wha Joon Cho

Laws/Regulations

Sung Yong Kim

ESG/Consumer protection

Gyu Taeg Oh
Jung Sung Yeo
Sung Yong Kim

Business management

Seon Joo Kwon
Wha Joon Cho

Digital/IT

Jae Hong Choi

Board Skills Matrix

Through our leadership in practicing ESG management, we are unveiling the benefits of finance for all. Our life-embedded financial platform opens up a better future for everyone, as it provides an easy and convenient customer experience that extends the accessibility of finance for all. We take a strategic approach to global markets in pursuit of growth drivers while also meticulously managing risks to secure our substantial growth. KB Financial Group focuses on what matters most as we deliver tangible results for today that will keep us moving forward to an even greater tomorrow.

30 ESG Leadership

39 Digital Transformation

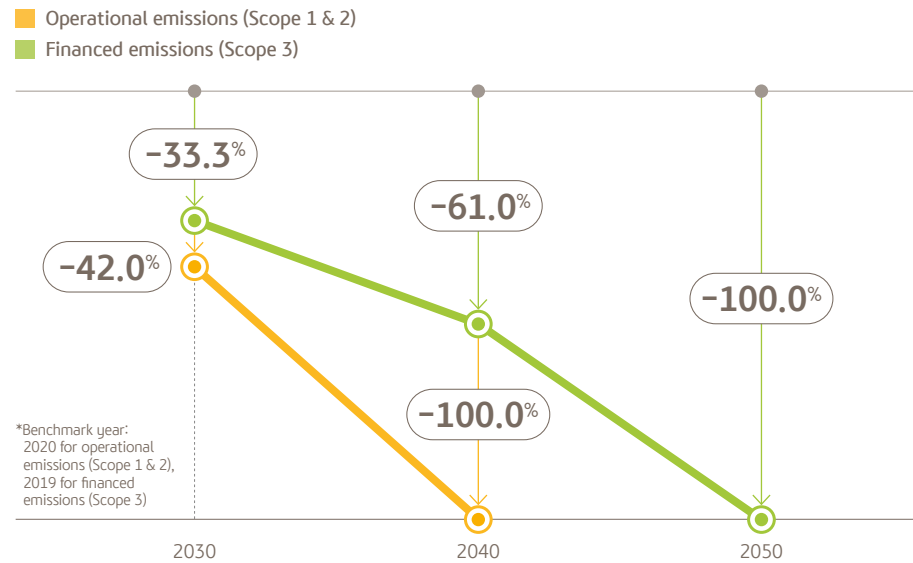


SPECIAL REPORT

45 Global Business

48 Risk Management

KB Net Zero S.T.A.R. Roadmap

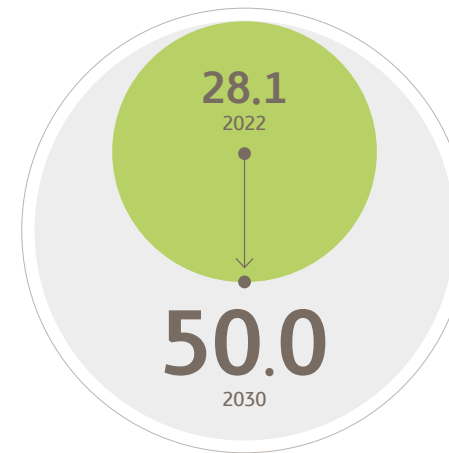


ESG Leadership

Guided by its mission to provide “financial services delivering change,” KB Financial Group is committed to ESG management in every aspect of its business for a “happier life and a better world.”

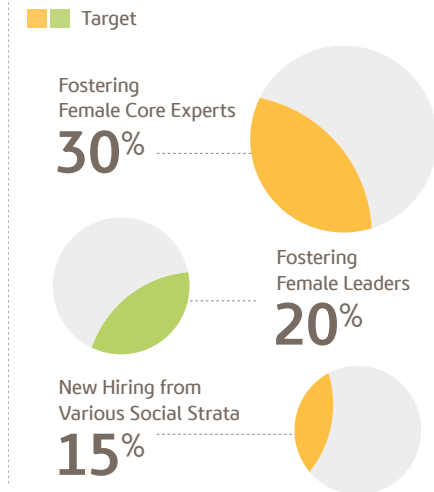
Under the strategic goal to “create sustainable value and enhance customer trust by promoting responsible management for the environment and society, while also disseminating healthy corporate governance,” KB Financial Group now has a three-pronged ESG strategy in place. First, we will advance our climate change response strategies 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. Taken as a whole, these directions set the course of our focus areas in selecting and implementing ESG strategic tasks.

KB GREEN WAVE 2030



In line with KB Net Zero S.T.A.R., we will support eco-friendly companies to expedite transformation into a low-carbon economy and align our strategies with the Paris Agreement to help 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. KB GREEN WAVE 2030, our mid- to long-term ESG roadmap, set forth 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. Further to that, in 2022 we established KB Diversity 2027, committing ourselves to class and gender diversity across the board. Specifically, KB Diversity 2027 represents our commitment to bringing about a harmony between all social strata and accomplishing gender equality through a pledge to increase the proportion of new hires from various walks of life. This includes people with disabilities, veterans, multicultural backgrounds, and government subsidy recipients, making up as much as 15% of new hiring. Our gender equality goal dictates that the percentage of female employees be raised up to 20% of the managerial level for branches or the management board and up to 30% of our core expert group.

KB Diversity 2027



ESG Governance

Advancing Our ESG Governance System and Implementation

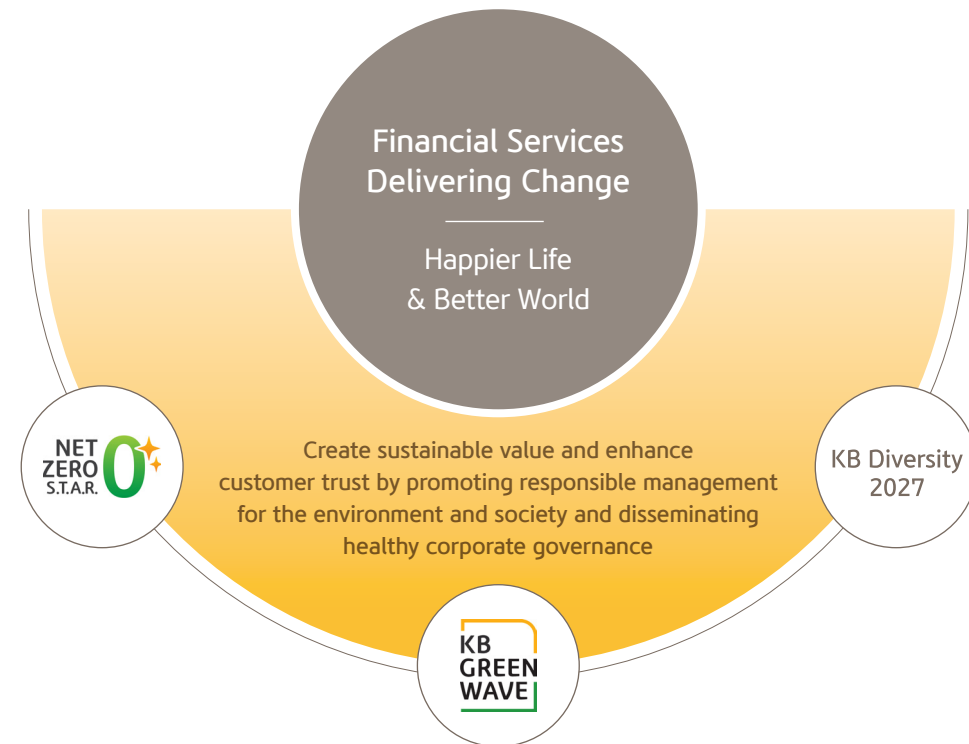
In March 2020, KB Financial Group became the first Korean financial group to establish an ESG Committee within its Board of Directors. Comprised of all directors—both executive and non-executive, as well as non-standing directors—the committee performs a significant role in Groupwide ESG management practices. As the Group’s highest decision-making body concerning ESG issues, the committee not only oversees the development of ESG strategies and policies but also monitors/controls their implementation.

In addition, each subsidiary 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.

ESG Management Strategic Scheme

Mission

Strategic goal



Strategic directions

Environment	Social Responsibility	Corporate Governance
<p>Advancing climate change response strategies</p> <ul style="list-style-type: none"> Setting and managing carbon emissions target Managing environmental risks Increasing green investments and loans Leading the way in green finance ecosystems 	<p>Internalizing responsible management for society</p> <ul style="list-style-type: none"> Expanding social contribution Promoting shared growth and mutual prosperity Respecting human rights and diversity Expanding financial inclusion 	<p>Spreading the culture of transparent governance</p> <ul style="list-style-type: none"> Enhancing transparency in governance Aligning with the stewardship code Expanding investments in excellent governance Building a comprehensive evaluation system

Environment

Advancing Climate Change Response Strategies

KB Financial Group is well aware of the urgency to address climate change and is striving to make the world cleaner. These endeavors are being made step by step in line with the Groupwide mid-to long-term carbon neutrality initiative KB Net Zero S.T.A.R. as we lead the way in transitioning to a low-carbon economy.

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 expediting the transition to 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 to a low-carbon economy and restore the environment by aligning ourselves with the Paris Agreement. As such, we have measured carbon emissions Groupwide by applying the methodologies recommended by the notable global initiatives SBTi (Science-Based Targets initiative) and PCAF (Partnership for Carbon Accounting Financials)

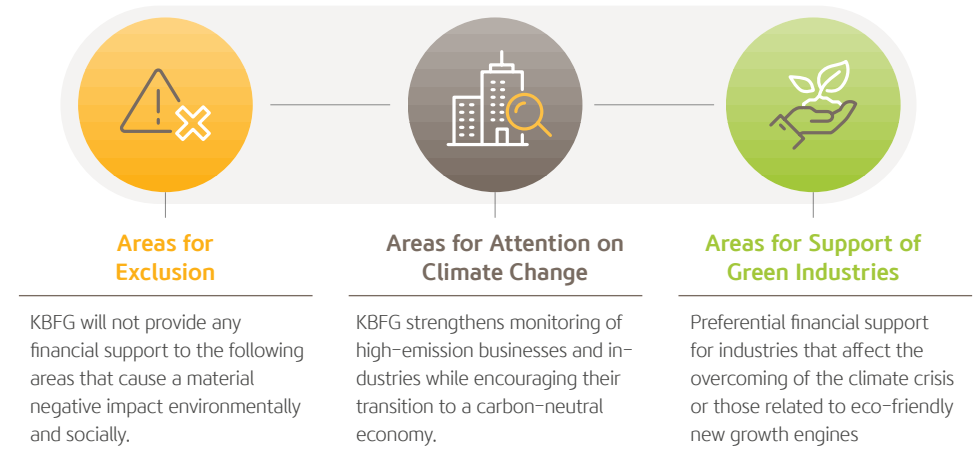
in order to calculate and disclose our financed emissions from our investments in and loans to companies.

Based on these results, we have developed our mid- to long-term goals of achieving carbon neutrality in operational emissions by 2040 and our financed emissions by 2050. To attain that goal, we set mid-term strategies to cut our financed emissions by 33.3% by 2030 and by 61.0% by 2040, with the aim of reducing our operational emissions by 42.0% by 2030. With these goals, KB Financial Group became Asia's first financial institution—and Korea's first company—to obtain SBTi approval in October 2021, gaining global endorsement through rigorous scientific verification.

Establishing an Effective Climate Risk Management System

Knowing that the financial industry can play a pivotal role in fighting climate change, KB Financial Group has developed an environmental and social risk management policy (ESRM Policy) for the Groupwide integrated and systematic management of the direct/indirect risks associated with environmental/social impacts. According to the ESRM Policy, we classify and manage social and environmental risks into three areas: Exclusion, Attention, and Support. By classifying areas with a high risk of a social and/or environmental impact as Exclusion, and those with significant climate risks as Attention for Climate Change, we take

Environmental and Social Risk Management (ESRM) Framework



preemptive measures to sift out the risk factors in these two areas. Those with a high potential in mitigating climate change and supporting new green growth industries are classified as Support for Green Industries, an area in which we are actively increasing our finance efforts.



A Proud Member of the RE100

In September 2021, KB Financial Group became the first Korean financial group to join RE100, a global coalition of the world's most influential businesses committed to renewable energy transition. As a new and committed member, the

Group plans to replace 100% of its electric power sources with only renewable energy sources by 2040. To this end, we are installing renewable power generation facilities at all the Group's office buildings. Indeed, KB Securities has already completed construction of photovoltaic plants at two of its office buildings (annual capacity 160,000 KWh), which have now been in operation since January 2023. Several other options are also in consideration, including a power purchase agreement (PPA) on the purchase of electricity from renewable energy suppliers, the purchase of renewable energy certificates (REC), and active investments in renewable energy projects.

Green Buildings and a Green Corporate Culture

KB Financial Group is committed to constructing renewable energy facilities to mitigate climate change. Our Groupwide energy conservation initiative includes installing fuel cell facilities and energy-efficient air conditioning systems at our new office building in Yeouido, Seoul, as well as at the 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, and will grow the number of its zero-emission vehicles and chargers on its premises each year.

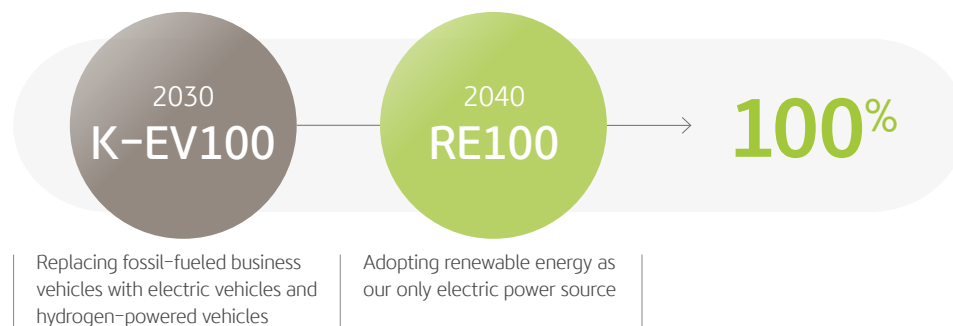
KB Financial Group is also engaging in several ESG campaigns to promote an eco-friendly

| ESG Projects

- ① K-Bee Project
- ② KB Kookmin Clear Sky Forestation Project

culture among all its stakeholders, including its customers and employees. In particular, KB Green Wave is a customer engagement campaign that encourages customers to reduce their use of paper bankbooks and copy paper, save energy, and reduce the use of disposable products under the three themes of “paperless, no plastic, and save energy.”

Eco Energy Transition Plan



ESG Global Leadership

In May 2022, KB Financial Group CEO Yoon Jong-kyu was appointed as an Asia-Pacific (APAC) advisor with the Glasgow Financial Alliance for Net Zero (GFANZ), a global coalition of leading financial institutions committed to accelerating the decarbonization of regional economies. Mr. Yoon is the only Korean member on the board, and is tasked with expediting the transition to a net-zero economy across the APAC region through mutual knowledge-sharing and open dialogue with financial institutions in the region. In April 2022, KB Financial Group joined the Taskforce on Nature-related Financial Disclosures (TNFD), a consultative body aimed at protecting and restoring natural ecosystems. TNFD was established in 2021 to protect biodiversity and

the ecosystem from the negative impact of business activities. As a new member of TNFD, KB Financial Group will take part in developing the financial disclosure framework to factor nature into financial and business decisions. In addition, we plan on introducing various programs to raise awareness related to nature conservation among Korean companies and to conserve biodiversity. For instance, the K-Bee Project was initiated in May 2022 to restore the honeybee ecosystem, whose population is plummeting due to climate change. Back in May 2020, KB Kookmin Bank was the first Korean financial institution to join the Biz N Biodiversity Platform (BNBP) initiative. Since then, the bank has been playing a leading role in biodiversity conservation through the KB Kookmin Clear Sky Forestation project.

| KB Financial Group TV

- ① The Gift of Honeybees
- ② Bon appétit for carbon neutrality

Social Responsibility

Internalizing Responsible Management for Society

Global demand for and interest in corporate social responsibility is stronger than ever. Guided by the Group’s mission, “Financial services delivering change,”

KB Financial Group tirelessly endeavors to 1) foster future leaders and 2) create greater social value to honor its social responsibility as Korea’s leading financial group.

Our commitment to social contribution for future generations remains steadfast while we finance social enterprises for mutual prosperity and shared growth. At the same time, we promote compassionate finance with our inclusive finance and job creation initiatives.

Social Contribution Framework



Mission

Financial Services Delivering Change
| Happier Life & Better World |

Basic directions

Fostering Future Leaders	Creating Greater Social Value
--------------------------	-------------------------------

Business domains

 Supporting underprivileged youth and multicultural families Lending our business acumen to economics & finance education programs	 Catering to social needs Driving shared growth with local communities
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Our domains

Underprivileged Youth, Multicultural Families	Job Creation	Local Communities	The Environment
<p>Dreaming Youth KB Dream Wave 2030</p> <p>Dreaming School Establishing and expanding afterschool care programs and affiliated kindergartens</p>	<p>Dreaming Job KB Good Job</p> <p>Dreaming Impact Supporting social enterprises</p>	<p>Dreaming Neighbor Local community development</p> <p>Dreaming Global Supporting multicultural families</p>	<p>Dreaming City Urban regeneration</p> <p>Dreaming Green Eco-friendly projects</p>
 		  	 

UN SDGs

Educational and Environmental Support for Future Generations

Educational Support for Teens

KB Kookmin Bank has engaged in youth support projects since 2006. In 2022, the bank reorganized these projects when it launched KB Dream Wave 2030 in order to promote ESG management and nurture future leaders. KB Dream Wave 2030 is a mentoring program designed to support underprivileged teens and children through their overall growth process. The program consists of mentoring students, from preschoolers to college students, with their learning, career planning, and economic conditions. The Mentoring for Learning program provides customized learning support to teens from low-income or multicultural

families who often lack access to quality education, while Mentoring for Career Building offers special lectures by professional industry insiders on career-building and job training courses to develop digital skills. Furthermore, the Sponsorship program provides scholarships or creates study rooms for mentees as needed. Since 2012, KB Kookmin Bank has also been carrying out a Study Room Creation Project for underprivileged youth to have their own spaces for entertaining their dreams and hopes, and in 2022 the bank initiated the KB Dream Wave, It's Your Life project to foster digital experts. This last program provided 100 selected university graduates and undergraduates with IT training courses on data analysis and digital finance.

Social Enterprise Investment Fund

(KRW 100 million)



Socially Responsible Investment Fund

1,000



KB Social Impact Fund

150

Economic & Finance Education Programs

In 2011, KB Financial Group established a nonprofit foundation called KB Foundation. Since then, we have set a new direction for economics and financial education in supporting people to cultivate healthy financial habits, while also providing training through various programs over the past decade. On top of that, KB Foundation has organized a team of professional lecturers who spearhead diverse education programs and have constructed KB Star*D, an economics and finance education & activity center that offers specially tailored education programs for future generations. KB Kookmin Bank also operates a KB Star Financial Class, which offers financial training for teens from financially marginalized, low-income, or multicultural families.

Startup Incubation Programs

- ① FUTURE9 by KB Kookmin Card
- ② A Pitch Day event at the KB Innovation Hub Center

Investing in Social Enterprises

Developing a Social Finance Ecosystem

KB Financial Group has 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 takes into consideration the UN Sustainable Development Goals (UN SDGs) to invest in social enterprises that positively address social and environmental issues. The Group's venture capital subsidiary, KB Investment, has also contributed to the KRW 15 billion KB Social Impact Fund, partnering with the Korea Fund of Funds (KFoF) to finance the social finance ecosystem and social enterprises.

Discovering and Incubating Startups

In 2015, KB Financial Group set up the KB Innovation Hub Center, a place dedicated to incubating startups within the Group. The KB Innovation Hub Center selects promising startups with high growth potential as KB Starters, and then supports them with office space, business consulting/mentoring services, and funding. Partnering with corporate venture capitals, the KB Innovation Hub Center also made investments into these startups. Moving forward, it will continue seeking further alliances with subsidiaries to help all KB Starters grow their businesses. For its part, KB Kookmin Card has been running FUTURE9, an open innovation program to foster promising startups, since 2017.

Inclusive Finance and Social Responsibility

Inclusive Finance

KB Kookmin Bank also collaborates with KB Microfinance Foundation, which engages in microcredit projects for underbanked people, and KB Hope Financial Plaza, which offers offline consulting services for microfinance services and online consulting services for those lacking access to brick-and-mortar branches for consulting. Together, they all help to support underfinanced customers through a number of different lending and savings products. These entities waive fees for money transfers via their mobile and internet banking services provided to the microfinance applicants, including the beneficiaries of national basic livelihood guarantees, the disabled, as well as parentless boys and girls. They also provide special savings and lending programs to underfinanced people, such as low-income workers, the disabled, refugees, and multicultural families. For customers whose loan application was rejected by KB Kookmin Bank, we refer them to one of the Group's subsidiaries that has appropriate loan

programs for those particular customers to ensure they do not fall victim to loan sharks or illegal private financiers.

With KB Kookmin Card, it launched the KB Kookmin Smart Protector Card, a product linked with security-related services for socially underprivileged groups. SK Telecom's Smart Keeper 2 device, a service specifically meant to protect the socially vulnerable, offers special discounts on installment payments of smartphone device bills and on safety-related credit card transactions, such as taxi fares, medical bills, pharmaceutical bills, and food delivery app services, which help make these services more convenient and affordable for the socially underprivileged.

At KB Savings Bank, it has a KB Good Savings Fund that it provides to national basic livelihood beneficiaries, parentless boys and girls, single-parent family support recipients, North Korean defectors, those over 65 who are living near or below the poverty line, and recipients of the disability annuity/allowances, or disabled child allowances. The KB Good Savings Fund

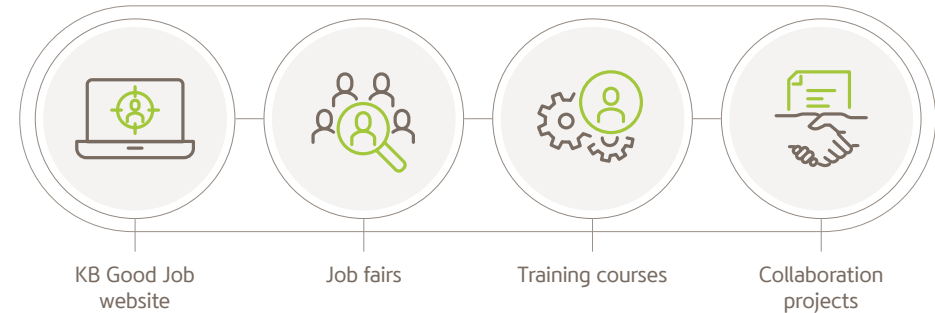
KB Microfinance Channels

KB
Microfinance
Foundation



KB
Hope Financial
Plaza

KB Good Job Programs



provides higher interest rates of up to 5.0% for a 12-month plan. As people can apply for this fund online, the product is recognized to have enhanced financial inclusiveness for many people in Korea. In addition, KB Savings Bank provides low-income families with access to Sunshine Loan and Bridge Loan products, both of which can be attained on the same day an application is made and are accessible via digital channels, including mobile banking.

Job Creation

In addressing social issues concerning youth unemployment and quality job creation, KB Financial Group launched the KB Good Job Program in 2011. This program includes access to the KB Good Job website, job fairs, training courses, and collaboration projects in alliance with organizations that have job openings. In fact, the KB Good Job website provides a variety of content that can be of practical help to young job seekers, including consulting

information on the job search process, such as resume writing and interview preparation. Moreover, the KB Good Job Fair is Korea's largest single job fair. To motivate robust hiring practices and job security, the Group offers subsidies to participating companies who hire regular employees from the job fair and keep them employed for a given period. Additionally, if a participant company applies for new loans afterward, KB Kookmin Bank offers special interest rates under the KB Good Job Premium Interest Rate Program. The job training courses consist of a variety of programs, including the KB Good Job Academy, which is paired with the KB Good Job Fair; KB Good Job School, which provides job consulting and job matching services for vocational school students; Job Camp, an overnight collective training camp that connects job training and job matching services; and the One-Stop Job Support Service, a one-on-one online job consulting program provided by job consulting specialists.

Corporate Governance

Spreading the Culture of Transparent Governance

KB Financial Group believes that its transparent and stable corporate governance is the cornerstone for its sustainable growth as it protects the interests of its shareholders, financial consumers, and other stakeholders. As a means of promoting corporate governance practices that are both sound and transparent, we actively engage with investee companies following the Stewardship Code to help enhance their corporate value. We also strive to expand sustainable value creation by promoting the products of—and increasing our investments in—companies that practice sound governance.

Promoting Stakeholder Communication on our ESG Management

Since 2009, KB Financial Group has been communicating with stakeholders on its key ESG data and sustainability management practices through its annual sustainability reports. The report sets forth in detail the Group's ESG activities, performance results, and future plans. Starting in 2021, the Group has also been publishing an annual TCFD Report (Task Force on Climate-related Financial Disclosures) detailing its approaches and accomplishments in addressing the climate crisis. Separately, we published a Diversity and Inclusion Report on our efforts to promote diverse values and build inclusiveness in the systems and culture of Korean society and a

Sustainable Finance Report on our commitment to ESG financial product innovation initiatives that are leading to changes throughout Korean society for the better. In addition to hosting regular ESG seminars for employees, customers, and related organizations to spread knowledge about ESG management, KB Financial Group promotes its approach to the climate crisis and ESG management accomplishments in conference calls with global shareholders and investors as well as at ESG forums at home and abroad.


[Sustainability Report](#)

[TCFD Report](#)

Aligning with the Stewardship Code

KB Financial Group was the first Korean financial group to align itself with the Stewardship Code, which is now followed by six of our subsidiaries: KB Kookmin Bank, KB Securities, KB Insurance, KB Asset Management, KB Life Insurance, and KB Investment. The Group reports all Groupwide stewardship activities to the Group's Board of Directors (BOD) every year. The Stewardship Code, along with its policy/guidelines concerning the exercise of proxy voting rights and transparent disclosure of the exercise of voting rights, is listed on the websites of all six subsidiary websites. In the spirit of our fiduciary duties as a steward managing the assets entrusted to us by our customers, KB Financial Group sent open letters to investee companies and posed confidential questions to them. In 2022, KB Asset Management published its second annual report on its Stewardship and Responsible Investment giving the details of its

stewardship activities, the exercise of voting rights, and shareholder engagement activities. At the Group level, we established Responsible Investment Principles, which consider ESG factors in our investment decision process, and Guidelines for Stewardship Activities, laying the institutional framework for the practical implementation of our Stewardship Code.

Corporate Governance at KB Financial Group

As the top decision-making body of the Group, the Board of Directors deliberates and decides on material business management issues of KB Financial Group and its subsidiaries. As of the end of 2022, non-executive directors made up the majority of the BOD (7 non-executive, 1 executive, and 1 non-standing), which ensures that the BOD remains independent and keeps management in check. Moreover, the Group has in place several institutional aids to maintain the BOD's independence and authority in holding management accountable. All the subcommittees, except the Subsidiaries' CEO Director Nominating Committee and the ESG Committee, are made up solely of non-executive

directors in an effort to protect the independence of subcommittee operations while simultaneously keeping management in check. Non-executive directors' powers and duties, independent from management, are guaranteed by the Group's BOD Regulations. At the same time, the BOD is supported by the Office of the Board of Directors, which attends to its affairs autonomously. KB Financial Group transparently publicizes the standards, procedures, and progress of all its business activities on its website to ensure transparency in its corporate governance. All 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 shortlists the candidates through impartial and stringent qualification checks. It then refers 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 representative ness, expertise, and diversity.' In line with the principles, we manage a year-round pool of non-executive director candidates in the fields of finances, management, accounting, finance & risk

Stewardship Code

Followed by six subsidiaries:

KB Kookmin Bank, KB Securities, KB Insurance, KB Asset Management, KB Life Insurance and KB Investment.

6


[Overview BOD](#)

management, law & 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 evaluation by external advisory panels and nominating by the committee.

A long list of non-executive director candidates is updated and scrutinized semi-annually through recommendations from shareholders and external search firms. In particular, any shareholder possessing at least 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 check. 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.

2022 Major BOD Achievements

In 2022, the KBFG BOD held a total of 18 meetings to discuss and approve 30 resolutions,

and received reports on 38 agenda issues. The BOD convened quarterly to receive reports on quarterly business results, discuss the Group's current issues, and approve the proposal for the post-merger integration of the two life insurance subsidiaries, setting the tone for the new life insurance branding to strengthen its competitiveness as a leading life insurance company.

The BOD also received reports on launching an integrated commercial bank in Cambodia, drawing up plans to make the new subsidiary the top commercial bank locally through market share increase and business domain expansion. Finally, the Board of Directors reviewed the 2022 performance results and business environment to prepare and confirm its 2023 management plans.

BOD Subcommittees

Risk Management Committee	Building and determining risk management policies and systems
Evaluation & Compensation Committee	Building and determining policies and systems for evaluation and compensation
Non-executive Director Nominating Committee	Year-round management and nomination of non-executive director candidate pool
Audit Committee Member Nominating Committee	Nominating Audit Committee members
Audit Committee	Responsible for Groupwide auditing work
CEO Nominating Committee	Year-round management of candidate pool and succession planning/performing
Subsidiaries' CEO Director Nominating Committee	Subsidiaries' succession planning and performing
ESG Committee	Developing Groupwide ESG strategies and policies

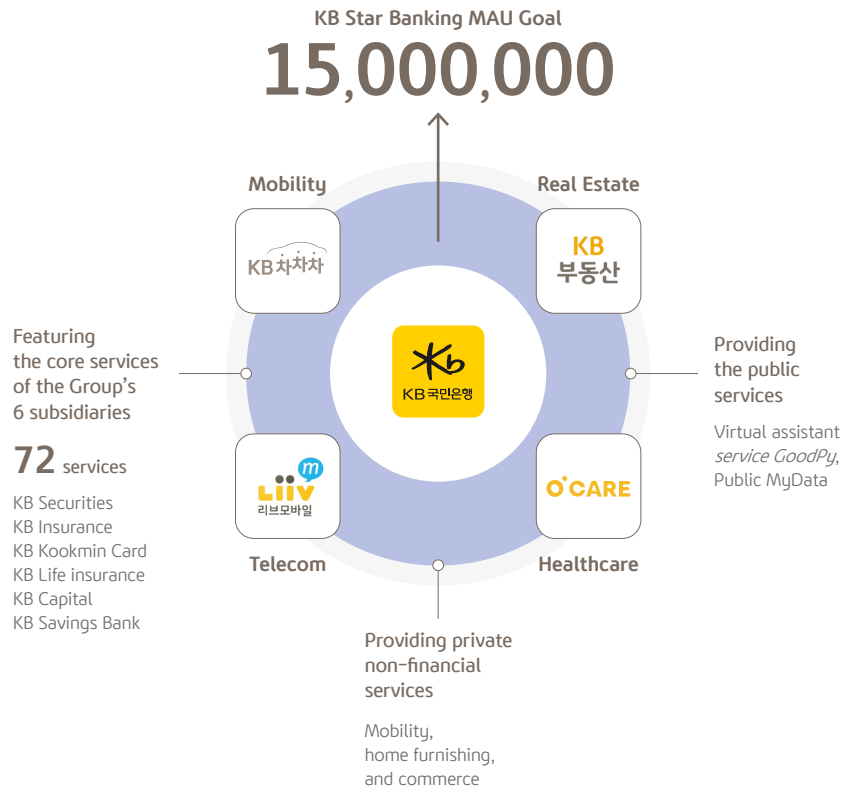
Composition of the Board of Directors

(● Chairman, ○ Member) ■ Non-Executive ■ Executive ■ Non-Standing

	Kyung Ho Kim	Seon Joo Kwon	Wha Joon Cho	Gyu Taeg Oh	Jung Sung Yeo	Jae Hong Choi	Sung Yong Kim	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	○	○	○	●	○	○	○	○	○

KB Star Banking Super App Strategy

* KB Life Insurance was merged into Prudential Life Insurance in January 2023, and the surviving entity was renamed as KB Life Insurance



MyData Service Subscribers

7,115,000

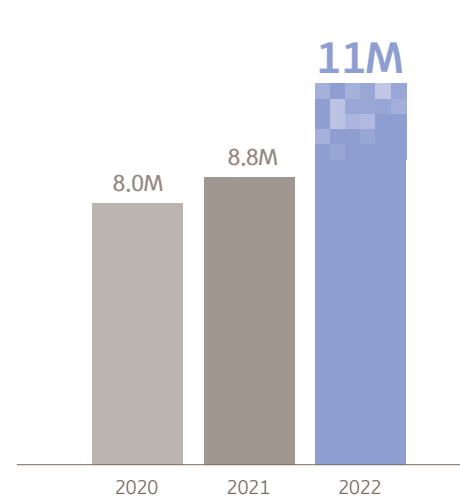
(as of Dec. 2022, Group total)

KB Kookmin Bank's AI-chatbot service MAU

1,100,000

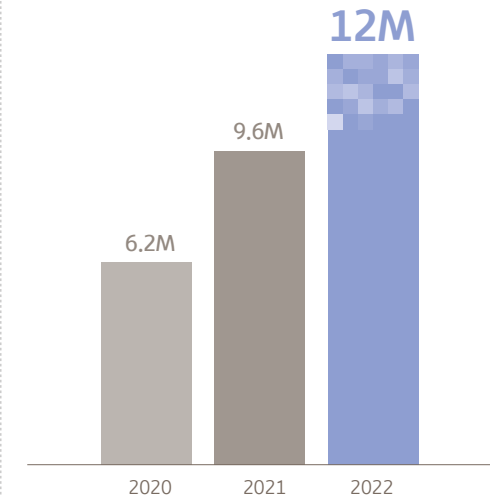
KB Star Banking App MAU

The MAU figure surpassed 10 million in June 2022—first by a Korean commercial bank.



KB Kookmin Certificate Subscribers

* KB Kookmin Certificate renamed from the formerly KB Mobile Certification



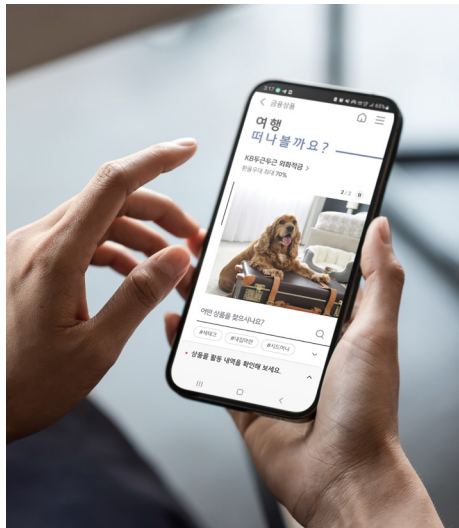
Digital Transformation

The Groupwide DT initiative at KB Financial Group entails both a digital transformation of traditional financial business models and the simultaneous building of innovative business models. Leveraging the industry's largest customer base of 36 million people, our all-inclusive DT initiative applies not only to the platform operation but also to the content developing and marketing campaigns—and all with the aim to increase the 3T performance on our platform—enticing as many customers as possible (traffic), exposing them to our product and service lineups for as long as possible (time-sharing), and eventually inducing transactions from them (transactions). To this end, securing a powerful platform is imperative to the success of this strategy, and the Group's flagship app, KB Star Banking, will play a crucial role in this effort. Indeed, it serves as the super app which offers all-inclusive services related to financial, non-financial, and public services on a single platform, as well as the Group subsidiaries' core services.

Platform · Content · Marketing

KB Star Banking: The Group's Hub Platform

In order to maximize traffic and time-sharing performance results, the KB Star Banking app is loaded with the 72 core services of the Group's 6 subsidiaries—KB Securities, KB Insurance, KB Kookmin Card, KB Life Insurance, KB Capital, and KB Savings Bank—as well as public services. It also offers all of the Group's non-financial services: real estate, auto, healthcare, and telecommunications. As the Group's hub platform, the app processes KB PAY's online and offline payment settlements and runs popular transaction services of our subsidiaries, such as stock trading, insurance inquiries, and savings bank product subscriptions. The super app strategy proved to be successful when its



Financial Product Mall

monthly active user (MAU) figure surpassed 10 million in June 2022, the first time any Korean commercial banking app had accomplished this feat. The MAU reached 11 million by the end of the year.

Furthermore, the app's Financial Product Mall page has been renewed to optimize its user experience on the mobile platform. New features, such as the financial livestream service, facilitate real-time interactions with customers, who can now have more fun browsing products and with easier access than before. At the same time, product subscription is simple—and really no different than purchasing products from an online shopping mall—funneling increased traffic into even more transactions.

Reinforcing Non-financial Services for Better Financial Services

KB Financial Group is actively developing new non-financial services that will further the customer experience and service innovation in synergies with our unrivaled expertise in financial services through our No. 1 financial service platform.

- **[Real Estate] KB Real Estate**

KB Real Estate is KB Kookmin Bank's all-in-one real estate platform. In April 2022, it opened its KB Real Estate Data Hub service to compare platforms using an automated valuation model (AVM) for real estate. The service compares KB's own statistics with three AVM service providers to offer estimates

and future value appraisals of targets. The app offers interior content in collaboration with the lifestyle platform Today's Home, as well as the real estate community services for real users with verified residences. We keep adding new real estate content to our real estate finance know-how in order to continue growing KB Real Estate into a full-service real estate finance platform.

- **[Healthcare] O-Care**

KB Healthcare, a subsidiary of KB Insurance, launched the healthcare platform O-Care in the first quarter of 2022. O-Care is a full-service healthcare platform that provides services in the areas of exercise (fitness, home gym programs), dietary services (institutional catering, diet programs), mental wellness (psychological testing, counseling), health checkups (health test appointments & result analysis), and medical services. The O-Care service will continue to upgrade its platform and product lineups on the back of the synergies it builds with subsidiaries to offer upgraded financial health care services.

- **[Mobility] TMAP Mobility and KB Cha Cha Cha**

KB Financial Group sees ample opportunities for synergies in the burgeoning mobility market. To take full advantage of the synergy value, we invested KRW 200 billion in TMAP Mobility under a strategic investment agreement with Korea's leading mobility platform operator. Each subsidiary of the

Group will seize new business opportunities in the mobility finance field by linking their respective financial services to the vast pool of data and mobility services offered by TMAP Mobility.

Created by KB Capital, KB Cha Cha Cha is Korea's leading second car platform, boasting the nation's most extensive list of used cars registered for sale in Korea. KB Capital provides hyper-personalized wealth management and financial services related to automobiles by drawing on its long-standing auto finance know-how as well as increasing the level of convenience in used car trading for consumers.

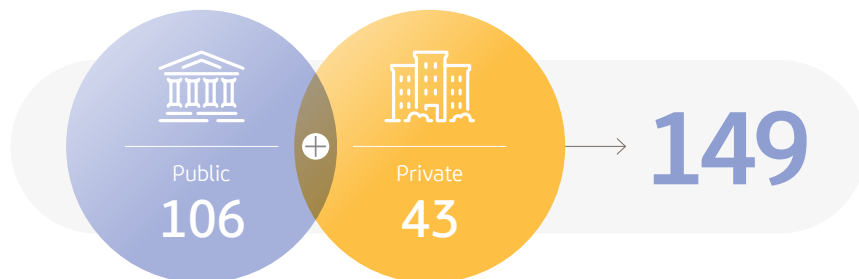
- **[Telecom] KB Liiv M**

In December 2019, KB Kookmin Bank released KB Liiv M, making it the first Korean financial institution to launch a mobile virtual network operating (MVNO) service. After starting as a pilot service as the Financial Services Commission (FSC)'s Innovation Finance No. 1 Project, KB Liiv M service saw its subscribers reach 380,000 by December 2022 and exceed the 420,000 threshold as of March 2023. Upon the FSC officially revise rules to approve the MVNO service as auxiliary banking service in 2023, KB Liiv M will become an official banking service. KB Kookmin Bank will continue to be an innovation leader in financial services by leveraging the customer communication data it obtains from its KB Liiv M service.

KB Certification Ecosystem Scalability

In June 2022, KB Kookmin Bank was licensed by the Korea Communications Commission as an identity verification agency. The license made the bank the first in Korea's banking sector to win all three identification licenses available—Digital Signature Certification Business, Certified Electronic Document Intermediary Service, and Identity Verification Agency—completing the foundation for attracting new customer inflow with its digital licenses. KB Kookmin Certificate (formerly the KB Mobile Certificate that was launched in July 2019) exceeded 12 million subscribers as of December 2022. KB Kookmin Certificate serves as the pass to any of the Group subsidiaries' platform services, as well as the bank's KB Star Banking app. Its most conspicuous convenience stands out in its simple authentication linkage to 106 public and 43 private organizations.

106 public and 43 private organizations use KB Kookmin Certificate for simple authentication services.



MyData-Based Marketing Tailored to Each Customer's Journey

KB Financial Group offers differentiated MyData services through subsidiaries in their respective specialties—total wealth management from KB Kookmin Bank, expenditure management from KB Kookmin Card, investment portfolio management from KB Securities, vehicle management from KB Capital, and insurance portfolio management from KB Insurance. What's more is that the Groupwide MyData service is reinforcing its customer connectivity and scalability through affiliations with third-party and internal platforms. KB Financial Group will leverage the customer database collected from the MyData services to develop marketing strategies tailored to individual customer journeys, such as personalized product recommendations as well as increased services and content.

Infrastructure Organization

Future Contact Center

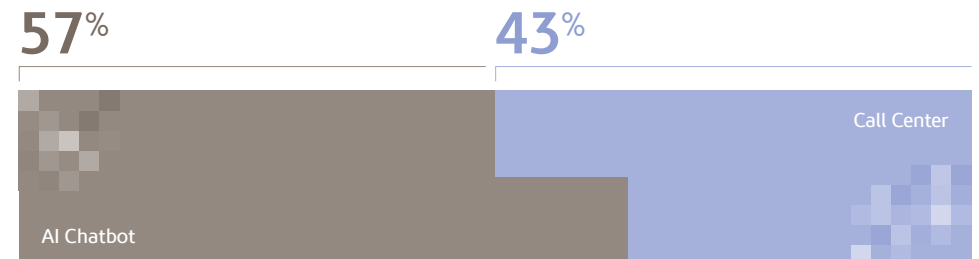
KB Financial Group is building a Groupwide KB Future Contact Center to ensure high-quality customer consultation services featuring higher cost efficiency. The initiative entails migrating the individual customer center IT infrastructures of subsidiaries to a standardized system that employs innovative technologies, such as cloud and AI services. The ultimate goal is to offer differentiated customer experiences through seamless switches between our subsidiaries' consultation services, as well as personalized consultation services. Simple and repetitive inquiries are screened by AI service bots (callbots and chatbots) around the clock, 365 days a year. Then a counselor assistant program utilizes speech-to-text (STT) and text analysis (TA) technologies

so as to assist counselling staff to focus on advanced consultation services requiring financial expertise or digital marketing activities based on a preemptive understanding of the customers they attend to.

Round-the-clock AI customer service provides prompt answers to simple inquiries without delay.



KB Kookmin Bank Digital Customer Contact Channel Usage Rate



Collaborations with Startups

KB Financial Group seeks collaborations with outstanding startups to achieve financial service innovation. To date, the KB Innovation HUB Center, the Group's fintech lab, has selected 202 excellent startups as KB Starters, with the cumulative investment total through KB's investment infrastructure amounting to KRW 141.8 billion as of 2022. Group subsidiaries are maintaining a total of 264 partnerships with KB Starters. In September 2022, we established KB Global Fintech Lab in Singapore to expand our startup incubation and support programs globally.

API Platform for BaaS

KB Kookmin Bank has completed an API platform, the key infrastructure for Banking as a Service (BaaS). Specifically, we have built the infrastructure required for commercializing APIs based on the bank's banking functions and data, while also developing an API monitoring system that can track all transactions with open APIs. In particular, the cloud native-designed architecture enhanced the infrastructure's horizontal scalability, making it easy to accommodate internal and external linkages. KB Kookmin Bank seeks more cross-industry BaaS opportunities to further the competitiveness of KB's financial platform as it continues to lead the rapidly changing business environment in this era of the big blur.

KB Core Next Project

KB Core Next Project is a modernization project for developing a new cloud native core banking system. In fact, KB Kookmin Bank is the first Korean financial institution to develop a cloud native core system. The resultant technology gap is highly expected to push us far ahead of the competition, while also enhancing our productivity in developing new financial products and increasing the efficiency of processing transactions. In 2022, we tested the feasibility of developing MVP (minimum viable product) versions with the bank's three flagship deposit-taking products. The project will fully take off in 2023, with concrete action plans already drawn up and put into action.

Agile/DevOps and Human Resource Development

KB Financial Group is promoting an agile, DevOps-oriented corporate culture, one which will keep the Group nimble to the changing digital business environment and able to offer trendy products and services that meet customer needs. Indeed, a total of 14 DevOps-based platforms are in operation across the Group, mainly at KB Kookmin Bank, with the bank introducing the agile coaching program as part of the Group's initiative to foster in-house IT developers. In addition, the PO (Project Owner) Training Program and the Developer Training Course are in operation to assist our employees as they re-skill and up-skill their digital competencies.

Infusing Innovation from Outside

The KB Innovation HUB Center is infusing innovation from outside into the KB Financial Group.

KB Innovation HUB

KB Starters

202 companies

KB Starters Collaborations

264 partnerships

Cumulative investments in KB Starters

141.8 bn won

KB Innovation HUB Center Video Clip [🔗](#)



Digital Finance with Artificial Intelligence

KB Financial Group aims to fully draw on artificial intelligence technology to offer differentiated financial services. To that end, we have set up a Financial AI Center as the control tower overseeing the Groupwide adoption and utilization of AI technology. Groupwide resources are channeled into AI-related areas, including AI strategy-building, talent acquisition, and adoption of new AI technologies. KB Financial Group will proactively embrace AI advancements, such as GPT technology and voice synthesis, to strengthen its competitiveness and secure long-term growth engines. At the same time, we will make every effort to establish ethical standards in the use of AI technology.

First Korean Financial Institution to Adopt AI Ethical Standards

KB Financial Group recognized the need for AI ethical policies early on to protect financial consumer rights. As it turns out, we actually became the first Korean financial institution to establish formal AI Ethical Standards in October 2022. The AI Ethical Standards contain seven ethical values that must be observed at each stage of AI technology adoption (designing), operation, and management. KB Financial Group will continue to work towards an ethical AI utilization culture through responsible innovation drives.

KB's Focus on AI Technology

KB Financial Group prioritizes customer engagement and focuses its efforts on developing the necessary technologies for seeing, listening, talking, and understanding to better understand customers. Furthermore, we comprehensively consider the trend of using AI technology in finance, the maturity of the technology, and the consequences of its adoption when introducing or internalizing new AI technologies.

KB-STA

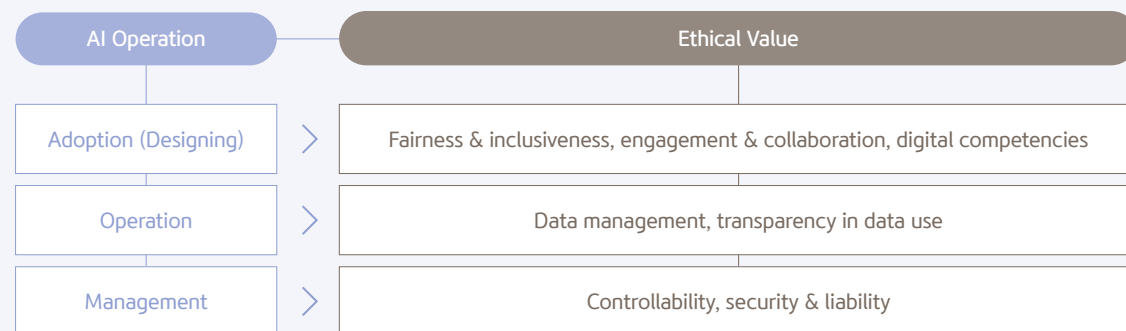
KB-STA (KB State-of-the-Art Text Analytics) is an AI-engineered Korean natural language processing (NLP) engine that specializes in the financial industry. Developed in-house by the KB Financial AI Center, its conspicuous strength

is accuracy in recognizing financial terms and providing proper answers when compared to other NLP engines.

KB AI-OCR

KB AI-OCR is an image processing and analysis solution that uses artificial intelligence neural networks to accurately distinguish text from images. Unlike traditional OCR technology, it can flexibly discern the images of different locations and specifications to process given tasks. Currently, the technology is embedded in the KB Star Banking app as a photo capture function and for money transfer transactions. Also, foreign currency remittance applications, sanction document inspections, and CDD (customer due diligence) processes rely on KB-STA-engineered KB AI-OCR technology.

AI Ethical Standards



Structured Data Analysis Modeling

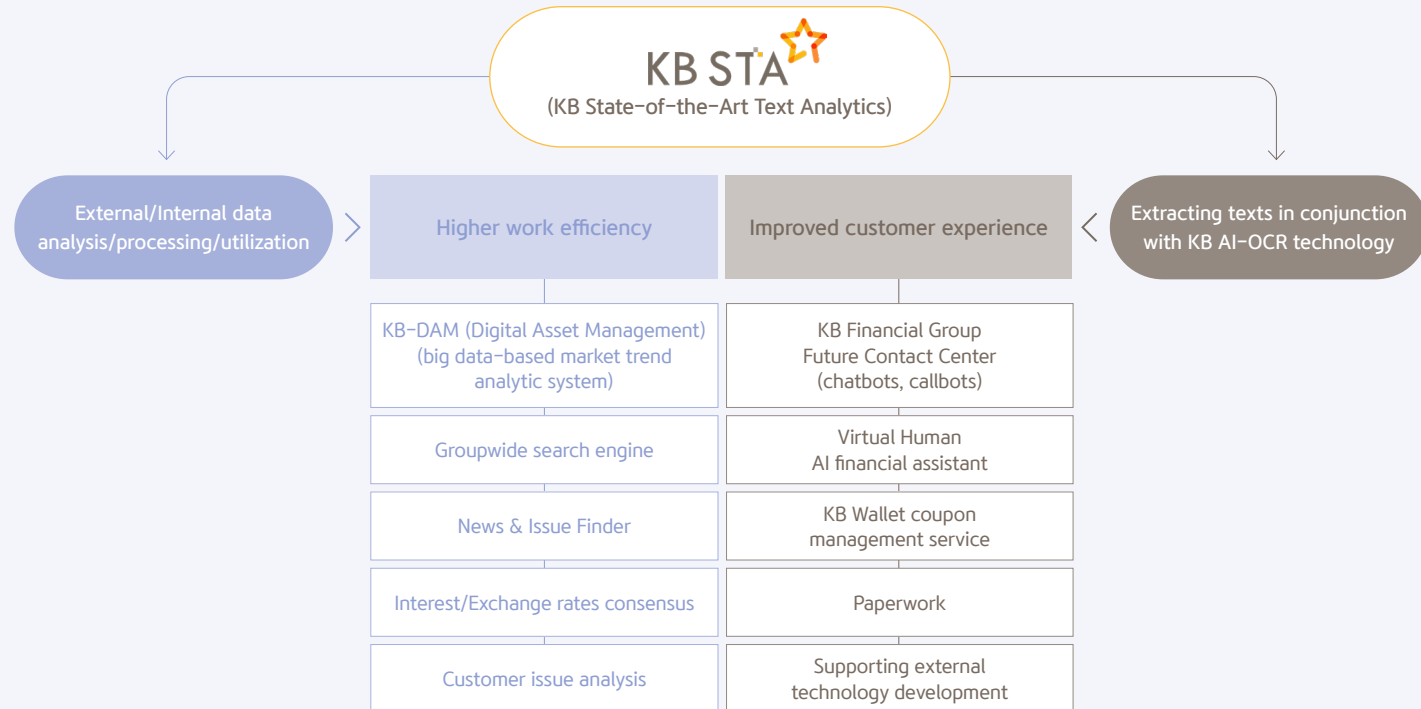
KB Kookmin Bank leverages its enormous data in holdings so that it can apply machine learning-based AI technology to its various business processing. The corporate loan review process entails checking various financial/non-financial data of potential corporate borrowers with the machine learning-based BICS (big data CSS) to notify corporate loan review officers of

the review results. In addition to approving the individual spreads for deposits and loans, the technology also applies to protecting customers from financial incidents by monitoring voice phishing attempts and an FDS (abnormal financial transaction detection system) that checks on the collected data, such as customer information and transaction histories.

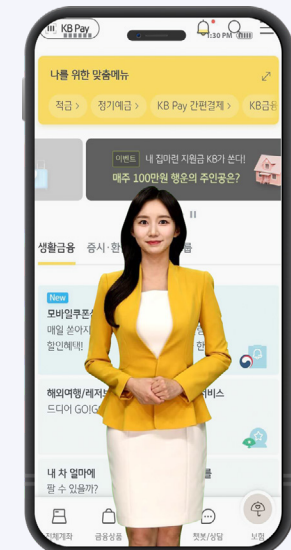
AI Financial Assistant

KB's AI Financial Assistant is currently under development as a virtual human financial assistant service. In 2022, the first AI Financial Assistant served customers on kiosk screens as part of a pilot test at a handful of KB Kookmin Bank branches. KB Kookmin Bank has plans in place to introduce a second-phase mobile AI Financial Assistant in 2023. The bank's ultimate goal is to provide hyper-personalized AI Financial Assistant to individual customers.

KB State-of-the-Art Text Analytics



AI Financial Assistant



Global Business

KB Financial Group has implemented a Groupwide global expansion strategy as our driver of sustainable growth beyond the maturing domestic market. To this end, we are taking a “Two-track strategy”—eyeing both emerging and advanced markets—to harness the high growth potential of emerging markets, while profiting from advanced markets, whose predictability and stable revenue is preferred by Korean offshore investors. OTD (origination-to-distribution) & wholesale banking is our main strategy in embracing the advanced markets of New York, London, Hong Kong, and Singapore, while the “2nd Mother Market Strategy” is one aimed at Southeast Asian markets, with the focus on Indonesia, Vietnam, and Cambodia.

In the meantime, we plan to accumulate market intelligence for untapped regions to enhance our Biz accessibility. We pursue an “Opportunistic approach” in specific industries within the markets of China, India, Bangladesh, Thailand, and the Philippines. We will actively push forward the business, once opportunities become economically feasible. Furthermore, we will take a “First Mover Strategy” to preempt the financial markets in CIS/Eastern Europe, South America, Africa, and the Middle East, where we see ample growth opportunities.

Global Business Strategy

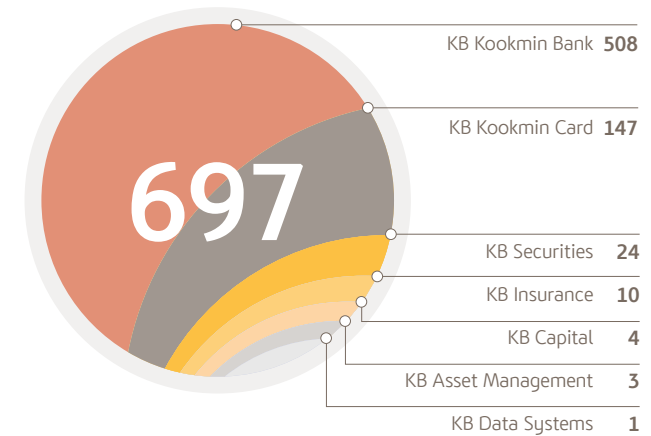
Two-track Strategy

- 2nd Mother Market**
 Indonesia, Vietnam, Cambodia
- OtoD & Wholesale Banking**
 New York, London, Hong Kong, Singapore

- First Mover Strategy**
 South America, Africa, the Middle East, CIS/Eastern Europe
- Opportunistic Approach**
 China, Thailand, India, Bangladesh, the Philippines

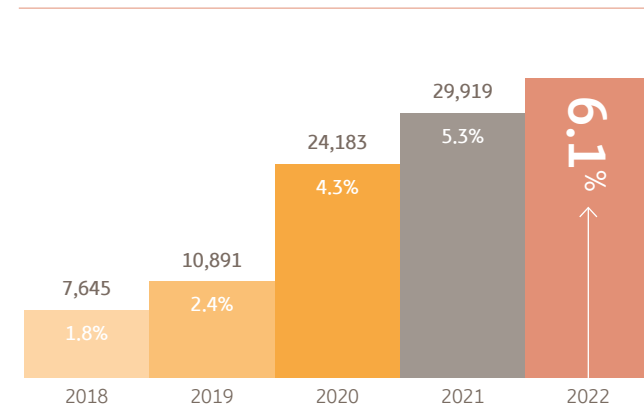


Overseas Network



Total Assets of global operations

33,917 (USD million)



Emerging Markets

In emerging markets, we are working to establish bases in target markets, including Indonesia, Cambodia, and Vietnam, which function as second Mother Markets. With more KB subsidiaries advancing into such markets, we are introducing local customers to the comprehensive financial services of KB, while leveraging our edge in digital services to strengthen our market power.

Indonesia

After gaining a seat on the board of PT Bank KB Bukopin in 2021, KB Kookmin Bank's effort

to put the Indonesian bank back on track started to generate tangible outcomes in 2022. A company-wide restructuring and transfer of KB's business know-how helped the PT Bank KB Bukopin improve its asset quality and revamp its business fundamentals. As a result, PT Bank KB Bukopin earned the Level 2 grade—the highest level granted only to local quality banks—in the risk-based bank rating (RBBR) by the Indonesia Financial Services Authority (OJK), denoting that the bank is now poised to turn around into a good bank. Going forward, PT Bank KB Bukopin will tap into the captive customer base of Korean large-corp employees dispatched

in Indonesia to build the sales network and management system required for establishing profitable assets in SME and retail banking operations. In addition, KB Kookmin Bank plans to make PT Bank KB Bukopin a leading bank in the Indonesian digital financing sector by leveraging KB's IT and digital know-how.

As from February 2022, KB Securities holds a 65% stake in PT Valbury Sekuritas, one of Indonesia's top 10 brokerage houses. The acquisition is a milestone in our business in Indonesia, as it has shored up our business portfolio as a total financial group and allowed

for greater synergies with the Group subsidiaries present in the country. KB Securities plans to leverage its experience of developing its local subsidiary, KBSV, in Vietnam to elevate PT Valbury Sekuritas to a top brokerage firm in Indonesia.

KB Capital's main business in Indonesia is auto financing through its local subsidiary, SKBF (PT Sunindo Kookmin Best Finance), which was established in 2020. Since then, SKBF has been enhancing its sales competencies, and in 2021 it became the local designated financier for Hyundai Motor Company and Hyundai Construction Equipment. The company will draw on the captive customer base of Hyundai affiliates and pursue cross-selling with Group subsidiaries already present in the market, such as PT Bank KB Bukopin Tbk. and PT. Kookmin Best Insurance Indonesia, to lead the local auto financing market.

Cambodia

KB Kookmin Bank completed incorporating Prasac Microfinance Corporation as a subsidiary in October 2020 when it bought out the remaining 30% stake in Cambodia's largest microfinance deposit-taking institution (MDI). On the strength of its extensive sales network of 182 offices nationwide, Prasac Microfinance has sustained steady growth throughout the COVID-19 pandemic. KB Kookmin Bank plans to turn its new subsidiary into a commercial bank in the very near future and grow it into a leading bank in Cambodia.



In December 2022, KB Kookmin Card finalized the acquisition of a local leasing company, “i-Finance Leasing Plc”, in Cambodia with the aim of securing new opportunities for growth, leveraging the stable performance and profits of KDSB, which is currently involved in providing car installment financing services in Cambodia. In the short term, the company is increasing its sales competitiveness and asset quality to build a foundation for growth and stabilize its asset portfolio so as to achieve an asset size making it among the top three in the leasing market within five years.

Vietnam

In December 2020, KB Securities launched KB FINA Joint Stock Company, a joint venture in Vietnam, at which time it officially entered the total digital financial platform business. In 2021, the company launched an in-house-developed app and launched a digital account opening service for KB Securities Vietnam. Soon after, KB FINA Joint Stock Company became the first nonbank firm in Vietnam to obtain a third-party distributor license, entitling the company to sell mutual funds. In 2022, it then reinforced the financial product service lineup by opening accounts with local banks and cross-selling insurance products online. At the same time, it has also strengthened the provision of lifestyle-based content to expand its customer base and solidified its market position as a financial marketing platform. KB FINA will continue to expand its mass customer base

through user-friendly services and is expected to serve as a digital bridgehead for some of the Group’s subsidiaries, with an eye to enter the Vietnamese market.

Thailand

KB Kookmin Card has increased its stake in KB J Capital to 50.99% in 2022, up from 49.99% in 2021. This made KB Kookmin Card 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 maintaining stable growth with reduced funding costs thanks to the payment guarantee ensured by KB Kookmin Card. In the future, KB Kookmin Card will take advantage of KB’s core financial capabilities to reinforce its product lineup and channel network to secure a strong customer base and diversify its revenue sources.

Advanced Markets

We will push ahead with our OTD (origination-to-distribution) strategy in advanced markets, which includes originating diverse products that targets advanced markets and expanding our distribution to the Korean market through collaborative efforts with leading global financiers and broadening our strategic alliances. In global financial hubs such as New York, London, Hong Kong, and Singapore, we will consolidate our market position by expanding the growth of our wholesale

network with local large corporations and multinational companies.

Singapore

KB Kookmin Bank obtained a preliminary license from the Monetary Authority of Singapore for a local branch office in April 2021, and officially commenced operations in January 2022. Except for local currency-based retail banking, the Singapore branch can handle every type of financial business, from corporate and investment banking to capital market activities, as well as parts of brokerage transactions. Entering Asia’s largest financial hub market, along with its capital markets, is a milestone for the Group’s operations, as this marks the completion of a round-the-clock capital market infrastructure connecting our desks in London and New York to our Singapore desk. By leveraging the capabilities that we have accumulated in the global IB and capital markets sectors, we will grow the Singapore branch into a CIB and capital market sales base in the Asia-Pacific region.

2023 Plans

In 2023, our global business operations will become fully aligned with global macroeconomic developments, with the aim of generating a stable global revenue from the substantial growth of the existing network.

In Indonesia, where the largest number of our subsidiaries are present, the “2nd Mother

Market Strategy” will take off as we consider the entrance of more subsidiaries into the country in pursuit of this untapped market. At the same time, our local subsidiaries (KB Kookmin Bank, KB Securities, KB Insurance, KB Kookmin Card, and KB Capital) will collaborate to generate synergies and achieve economies of scale for their respective business areas. In particular, PT Bank KB Bukopin will focus on improving its asset quality, with its top priority being the realization of business normalization as soon as possible. In addition, the bank will swiftly expand its retail and SME business portfolios and heighten its digital banking capabilities.

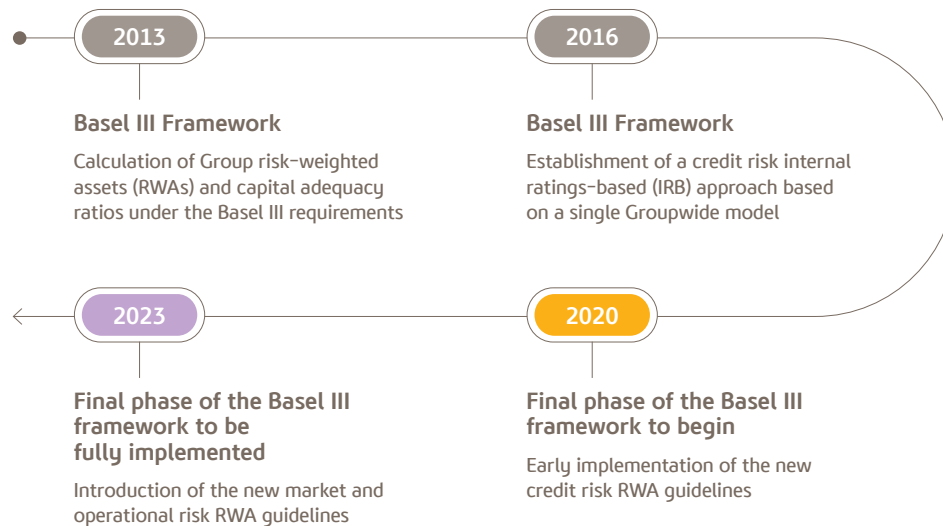
Meanwhile, we are embarking on a full-scale project of transforming Prasac Microfinance Corporation into a commercial bank as quickly as we can. To that end, we will transfer our business know-how and value to Prasac Microfinance to help it bolster the product lineup of deposits and loans, advance its credit rating model, and enhance its digital capabilities.

In short, KB Financial Group will continue to strengthen its global business to expand the Group’s sustainable growth engine.

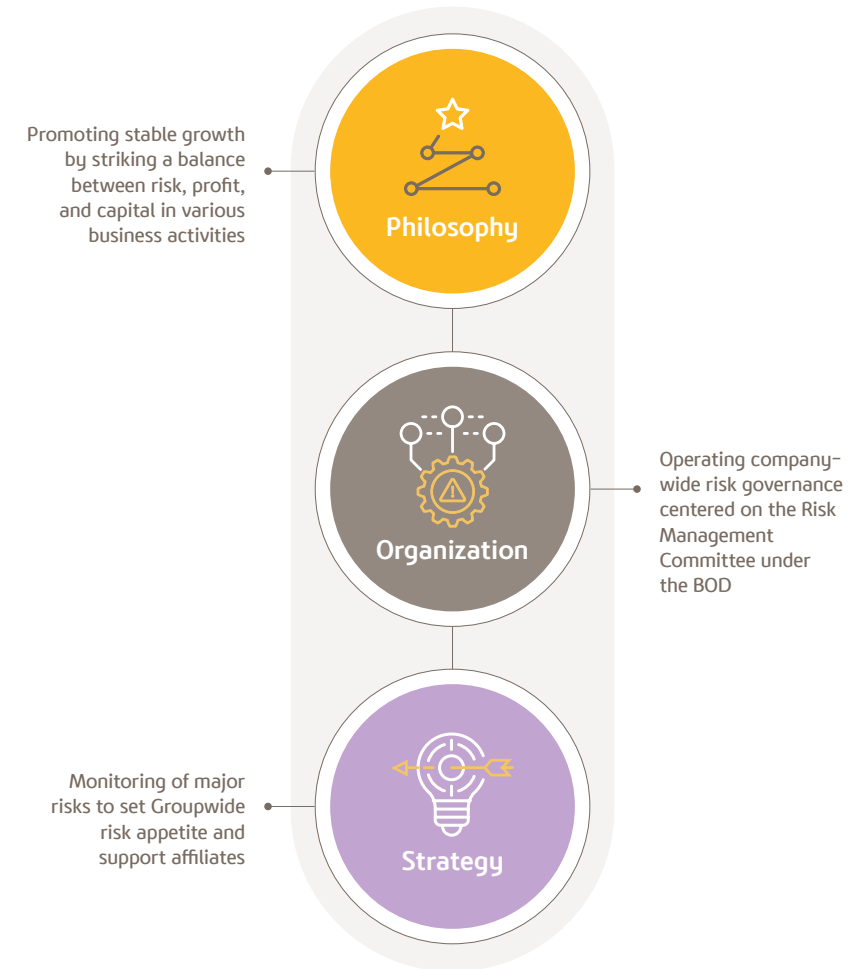
Risk Management

KB Financial Group maintains a preemptive risk management system at the Group level to respond to both the rapidly changing business environment as well as to the regulatory shifts and challenges in financial markets. The Group-level risk management system puts a priority on increasing the Group's risk transparency and preventing risk transfer among subsidiaries, while also supporting management's decision-making in comprehensive consideration of the Group's goals and strategies. We run biannual Groupwide stress testing to develop responsive measures by scenario and exhaustively monitor potential risk factors. The outcomes are also instrumental in determining the Group-level risk appetite and for making management decisions.

Basel III Timeline at KB Financial Group



Risk Management System



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 a 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 delegated by the Board of Directors (BOD) for risk management-related authorities. Accordingly, the committee sets Group-level risk management strategies, determines risk appetites, monitors risk management practices, and approves the system, methodology, and application of major improvements.

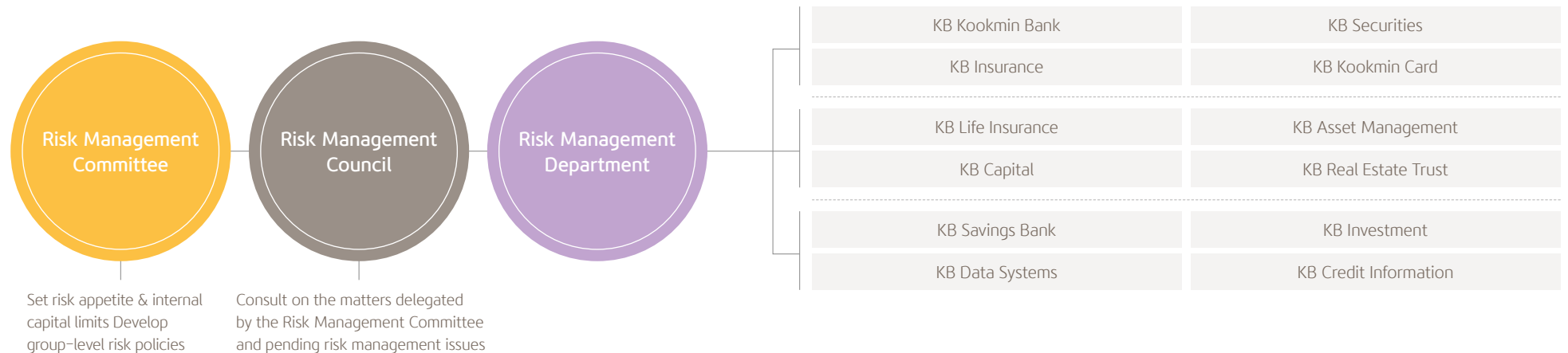
The Risk Management Council, which consists of risk management officers from the holding company and subsidiaries, deliberates on matters as delegated by the Risk Management Committee and consults on the details of all Group risk management issues.

The holding company’s risk management department sets the directions for Groupwide risk management policies and runs all relevant processes to monitor and control Groupwide risk positions and the limits of internal capital. We also have an established risk report system at each subsidiary. Their risk management departments monitor risk types and/or any emerging developments around the clock and must report any untoward event to their immediate Chief Risk Officers (CROs) at each subsidiary and then to the Group’s CRO, eventually reaching the Group Risk Management Committee and the BOD.

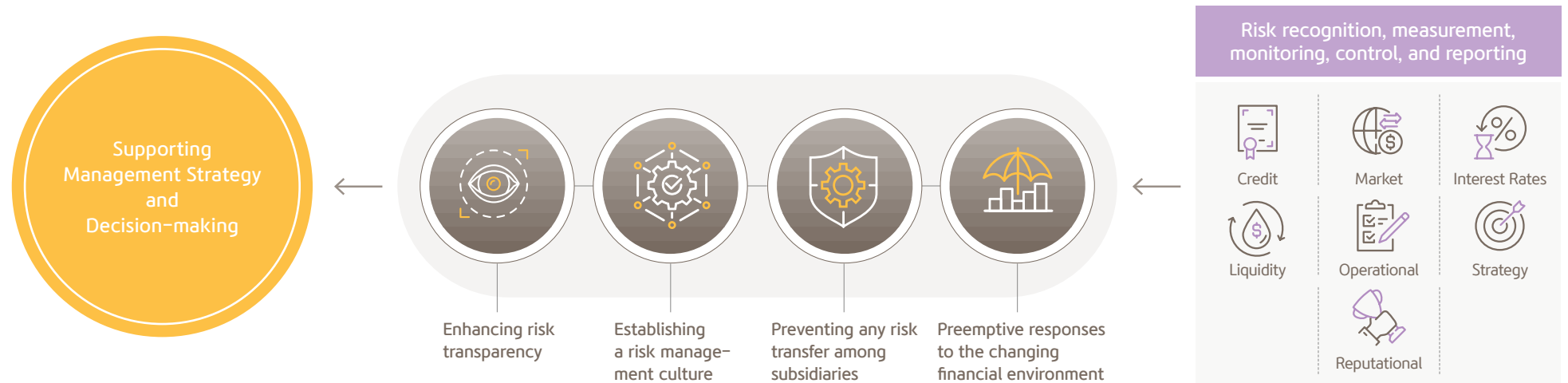
Risk Management Strategies

Our risk management strategies focus on improving Groupwide risk transparency, preventing risks from being transferred among subsidiaries, and efficiently supporting our mid- to long-term strategies and management decision-making through preemptive responses to the rapidly changing financial environment. The critical risk factors requiring a Groupwide approach to their control include credit, market, interest rates, liquidity, and operational risks. As a result, the Groupwide risk management strategies are set by risk type to determine risk tolerance. These risks are then measured and controlled using strategical techniques.

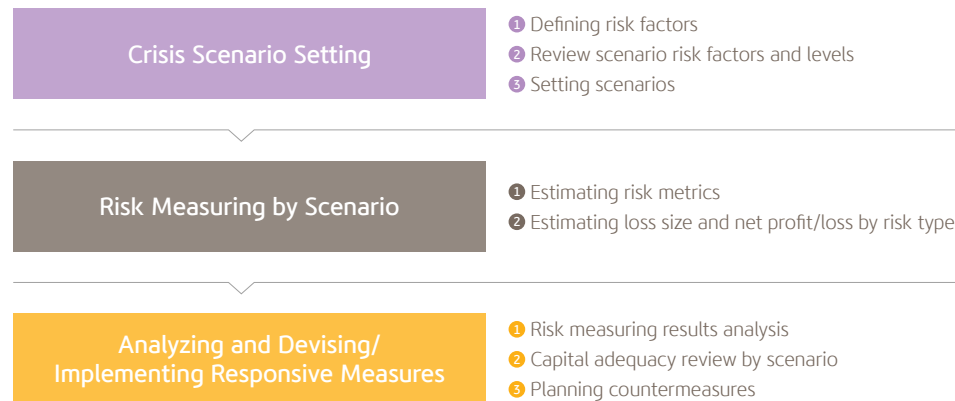
Group Risk Governance



Risk Management Strategies



Groupwide Stress Testing Process



Stress Testing

KB Financial Group runs Groupwide stress testing at least twice a year. At these times, the business cycle and economic outlook are factored in to measure our potential vulnerabilities to exceptional but possible events. The stress testing process follows the steps of creating a test scenario, estimating the key risk factors by risk type and their impact on key management indicators by scenario, as well as evaluating capital adequacy by scenario and developing responsive measures. Based on probable risk factors that could gravely impact the Group portfolio from risk factors recognized from the business analysis, stress testing scenarios are set in three stages according to

their severity: Base, Medium, and Severe. We apply different stress testing models depending on the risk types. The analysis results concerning the impact of different risk types on profit/loss, capital adequacy by scenario are then reported to management and the Risk Management Committee to assist in the projection of their Groupwide risk appetite and management decision-making.

Basel III Framework at KB Financial Group

KB Financial Group's preparation for the Basel III framework started in December 2013 when the Financial Services Commission (FSC) announced the mandatory adoption plan. Since then, we have aligned the Group's

risk-weighted assets (RWAs) and our capital adequacy ratio with the Basel III standards. To start, we helped subsidiaries improve their risk management levels, as they established and now operate their own credit risk IRB based on the Group Single Model, which won approval for use by the Financial Supervisory Service (FSS) after exhaustive examination. The IRB approach has been adopted for calculating the Group BIS ratio since the end of 2016. In point of fact, KB Financial Group and KB Kookmin Bank adopted the credit risk section of the Basel III framework's final reforms—specifically the revised RWA calculation methodology—as early as September 2020 after obtaining approval from the FSS. In 2022, we completed the system for measuring and managing market and operational risks in line with the Basel III guidelines in preemptive response to the complete reforms of the calculation methodology under the Basel III framework's final reforms for market and operational risk management (January 2023).

In order to ensure the advanced management of market risks, we have reinforced our marketable asset portfolio management and diversified investment strategies, such as reviewing sensitivity-hedging investment strategies and improving the accuracy of product-specific information through DQM (data quality management) in step with the changes expected to take place in the market environment. At the same time, we have

plans to operate a risk recognition/evaluation system and monitoring/reporting system in accordance with the Principles for the Sound Management of Operational Risk. KB Financial Group will strive to preserve a stable capital adequacy level through seamless operation of the regulated capital management system under the Basel III standards.

2022 Achievements

Refining the Group's Portfolio Risk Management Practices

As the consequences of liquidity expansion around the world during the height of Covid-19 are forecast to emerge in the aftermath of the pandemic, KB Financial Group made several preemptive moves to strengthen its Groupwide risk management based on an exhaustive analysis of regulatory impacts and their risk factors amid growing uncertainties in the financial and commodity markets. The persistent economic slowdown and fiscal austerity policies are going to squeeze borrowers' repayment capacity and the collateral value of our assets. In preparation of such risks, we have shortened the credit monitoring cycle, tightened up borrower monitoring, adopted a flexible industry policy in consideration of the economic and business conditions, and upped the frequency of our inspections of risky sectors, such as household, corporate finance, acquisition finance, and real estate project finance. As post-pandemic social activities that are explosive in nature

are expected to push up the insurance loss ratio, we are currently developing a machine learning-based strategic model to discover new opportunities to attract quality customers.

Laying the Foundation for Net Zero

We have laid the foundation for a practical Groupwide Net Zero policy with the development and application of our risk management policies to bylaws of subsidiaries for lending/investment activities in accordance with the Environmental and Social Risk Management (ESRM) Framework, which was established by the Group in 2021.



Enhancing Capital Efficiency and Strengthening Complex Risk Management

KB Financial Group adheres to risk-adjusted performance measures (RAPM) by monitoring and managing the indicators of its risk-adjusted return on capital (RAROC). This approach helps the management board make risk-adjusted decisions for portfolio management or rebalancing, eventually contributing to efficiency in the Group's capital management. Furthermore, the Groupwide Recovery Plan was established in October 2021 as a preemptive risk management system for effective responsiveness in the event of complex crisis situations, with the 2022 renewal adding more diversified stress testing scenarios and fire drill plans. As a result, our

Groupwide risk management competencies have evolved into a Groupwide unified risk management system that enables swift, effective responses at the Group level in the event of a complex crisis situation.

2023 Plans

In 2023, interest rate hikes and a continued slowdown in domestic and international economies pose a threat to the asset quality of financial institutions. Accordingly, KB Financial Group is putting its capital management priority on the stable management of the Group's asset quality and capital adequacy through a Groupwide risk review & response system by key risk factors in each business area. We will step up the preemptive monitoring of risk assets by borrower/industry and refine the risk management system to ensure sound asset quality of IB and global business operations. In line with this, we will solidify our sustainable growth foundation through proactive responses to changes in the financial environment, such as ESG and customer assets, while staying prepared for regulatory changes, including the Basel III (market and operational) final reforms and the introduction of K-ICS.

Emerging Risk Management

KB Financial Group defines emerging risks as those arising from economic, environmental, and social changes that may have a significant long-term impact on the Group's business activities, and constantly maintains control of them through preemptive response activities to reduce such risks. In particular, we have selected two major emerging risks—changes in the global economic environment due to intensifying systemic/ideological conflicts and digital financial innovation accelerating the upheaval in the financial world. The following clearly defines risks, the long-term impact they can have on our business, and the countermeasures we have in place.

Changes in the Global Economic Environment Due to Intensifying Systemic/Ideological Conflicts

Definition

- Systemic/Ideological conflict risks were traditionally confined to specific parts of conflict zones or countries in the past. Today, however, they can evolve into large-scale events, such as politico-diplomatic, military security, economic trade, or monetary policy issues, escalating fear over political, economic, and social uncertainties involving such risks.
- Lately, the U.S.-China strategic competition has spread from bilateral political and diplomatic fronts to other areas, such as military security, economic trade, and high-tech industries. In truth, the geopolitical risks are increasing, with the strategic rivalries likely to snowball into a New Cold War era when the two countries start to build or strengthen their own alliances.
- In addition, today's supply chain mismatch, which started as a global supply chain disruption during the height of Covid-19, has failed to address exploding consumption needs in the wake of the recovery from the pandemic, and has since developed into more severe global inflation. Accordingly,

radical monetary policies by major governments to preemptively rein in those risks pushed up interest rates at a swift pace, resulting in the global economy teetering on the brink of recession.

Business Impact

- Disruptions in global logistics and transportation induced by the COVID-19 pandemic deteriorated even more with geopolitical conflicts, which left the global supply chains of commodities and intermediate goods in the depths of continuous shocks. The consequences were worsening trade conditions, leading to production disruptions and export/import bottlenecks in key strategic industries. Moreover, the global economy is tilting toward a recession, as interest rates have risen significantly in such a short span of time as a result of the abrupt tapering policies implemented by major countries in the futile hope of taming global inflation.
- The global recession, inflation, and high interest rates are likely to persist for the time being, raising concerns over credit risk for both individuals and companies, especially those affected by the COVID-19 pandemic, multiple debt borrowers, and marginal borrowers.

Countermeasures

- In preparation for the deterioration of the global economic environment caused by global systemic/ideological conflicts, KB Financial Group has an established system for analyzing global economic policies on a regular or frequent basis and monitoring—and reporting on—major issues and trends in the global financial market to management and the board of directors.
- Based on these analysis results, we set step-by-step scenarios for global economic environment volatility, put our contingency plans through stress testing, and establish action plans for each crisis scenario. Furthermore, we check if subsidiaries' risk management systems are consistent with the Group's system to ensure a Groupwide systemic and integrated response in the event of any risks arising. At the same time, we have established a management information system for the stable operation and timely implementation of our contingency plans.
- For managing credit risks, we have redefined segments for high-risk groups and preemptively recognize risks through continuous monitoring under our clearly defined management goals.

Digital Financial Innovation Accelerating the Upheaval in the Financial World

Definition

- The fallout from COVID-19 on our lifestyle is irrevocable, as it has implanted the virtual world into our daily lives within a span of a couple of years. The consequences of the paradigm shift are infringing upon the boundaries between countries and industries to reach across all sectors.
- The financial industry has gone through some of the swiftest, most acute changes, drifting away from the traditional notion of what a financial business was in the past. Tech-savvy competitors, such as fintech and big tech companies, have entered the financial sector, causing an upheaval in the financial landscape with a far-reaching effect—not only reallocating financial assets but also affecting data assets, human resources, and technical assets—which is only accelerating the upheaval of the financial world.

Business Impact

- As mobile banking services have quickly become the new norm for financial businesses, risks are growing in terms of

customer flight from traditional financial businesses. Admittedly, the mobile platform has become indispensable in our daily lives, and is closely woven into every minute of our daily services and activities, with dependence on it now undoubtedly high. More importantly, although the popularization of mobile services has increased the accessibility to financial services, legacy financial businesses are now compelled to face diversified channel structures for customer engagement.

- The resultant lower barriers to the financial industry has brought in new competitors. Characteristic to financial businesses, customer information (wealth size, transaction data, credit information) is a highly confidential information asset, and something that has given financial companies a competitive edge in their customer services. However, the recent adoption of an open banking system has broken down the entry barriers to the financial industry. Accordingly, big tech firms that have grown based on low payment service charges and service convenience are aggressively expanding their financial businesses into lending, asset management, and insurance by leveraging transaction history data, thereby posing a real threat to the market positions of legacy financial businesses.

Countermeasures

- KB Financial Group is actively engaging in the digital transformation of our traditional financial business model as well as a Groupwide DT to ensure we bring about an innovative business model. Through these initiatives, we aim to become a financial platform company that provides convenience and benefits to customers through the connectivity between finance and non-finance.



Strengthening KB Financial Group's platform competitiveness

KB Star Banking, the Group's universal app service, offers not only financial services but also a wide variety of related non-financial and public services. In June 2022, it became the first banking app to achieve 10 million MAUs. As of December 2022, the app was covering 74 core services from the Group's seven subsidiaries. Its key services and content are linked to APIs, allowing customers to access them all at once.

Expansion of MyData-based services and marketing

KB Financial Group offers differentiated MyData services for each business, such as personal finance management, expenditure management, investment management, comprehensive car management, and insurance asset management. On top of that, we are growing our affiliations with third parties and internal platforms to enhance customer connectivity and scalability.

Untact channel operation expanded

In step with the digital transition trend, KB Financial Group has established the KB Future Contact Center (FCC) to provide seamless services through online and offline channels. The FCC employs innovative technology for customer services connecting in-person and virtual channels. The FCC has adopted AI consultation call bot services (e.g. AI-Navigator) to customer service centers, which are now addressing customer inquiries around the clock—night and day, business day or holiday. In addition, we are incorporating state-of-the-art digital fintech, such as video consultation desks and intelligent automated devices, or so-called smart teller machines (STMs), to bolster the competitiveness and efficiency of offline channels.

Management's Discussion & Analysis

Group Overview

In 2022, Korean economic growth was bogged down by the rollercoaster-like won-dollar exchange rates, with other economies also struggling with their exchange rates amid the lingering effects of COVID-19 and the Russo-Ukrainian war. Financial markets were also mired in numerous challenges. Their expanded volatility hindered non-interest income growth, stirring some level of concern about rising market rates and their negative impact on asset quality. Against this backdrop, KB Financial Group once again delivered solid performance results, proving its strong fundamentals in a very clear way.

Despite its large-scale provisioning for credit losses based on its conservative economic outlook, KB Financial Group posted a net profit of KRW 4,395 billion in 2022, which was similar to that of the previous year and a growth of 26.7% compared to the 2020 net profit of KRW 3,468 billion. Even with the difficult business environment resulting from the stock market downturn and volatile financial market conditions, the Group was able to generate a stable profit owing to solid growth in net interest income and a strong performance in its non-life insurance business. At the same time, the Group's ROE edged down from the previous year to 9.82%. However, Group ROE on a recurring basis, excluding the ERP costs

and preemptive provisions, reached a decade-high level of 11.42%. The non-banking sector's contribution to the Group's net profit dropped 8.2%p YoY to 36.0% in 2022 due largely to the significant growth in the bank's interest income and slashed securities' brokerage fee income amid bearish stock markets at home and abroad.

Specifically, soaring net interest income was the main driver of the Group's solid profit record. It was an increase of KRW 1,808 billion from the previous year to reach KRW 11,381 billion for 2022. The remarkable rise was the result of a 20.2% YoY growth in the bank's net interest income, which was driven by expanded net interest margin (NIM) and corporate loan asset growth.

Group non-interest income declined 8.4% YoY to KRW 3,322 billion. The decline can be explained by falling profits in capital markets and declining brokerage fee income amid the unfavorable market environments from interest rate hikes. Still, the Group's fee income exceeded the KRW 3 trillion mark for two consecutive years mainly owing to the Group's constant push to reinforce competitiveness in core business areas and diversify its non-bank portfolios.

In terms of costs, the Group's G&A expenses for 2022 grew by KRW 337 billion, or 4.7%, from the previous year to KRW 7,538 billion due to an

increase in digital investments and ERP expenses involving workforce reshuffling. Yet, expenses on a recurring basis still remained stable.

The Group's credit loss provisions grew by KRW 651 billion YoY to KRW 1,836 billion, owing to the conservative provisioning in preemptive preparation for future economic uncertainty. Group credit cost stood at 0.43%, up from the previous year, but CCR on a recurring basis remained at 0.26%.

With respect to asset quality, the Group's NPL

ratio (simple arithmetic sum of each domestic subsidiary) was 0.34%, up 0.01%p from the previous year. The NPL coverage ratio edged up by 7.43%p YoY to 216.32%, further enhancing our total loss-absorbing capacity (TLAC).

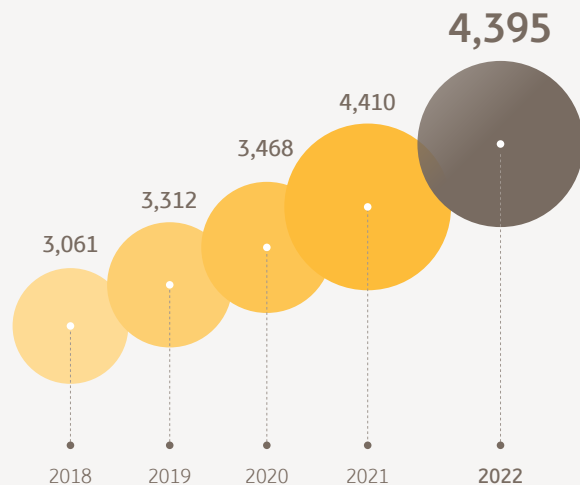
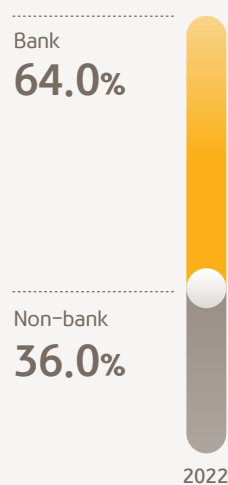
The Group's BIS and CET1 ratios under Basel III stood at 16.16% and 13.24%, respectively, maintaining the highest level of capital adequacy in the financial sector thanks to substantial earning power and strategic capital management capacity.

Key Financial Indicator

(%, %p)	2022	2021	YoY
ROA (%)	0.60	0.69	(0.09)
ROE (%) ¹⁾	9.82	10.22	(0.40)
Basic EPS (KRW)	10,955	11,134	(1.61)
NIM (Bank+Card)	1.96	1.83	0.13
NIM (Bank)	1.73	1.58	0.15
Cost-Income Ratio (CIR)	50.2	49.7	0.50
Credit Cost Ratio (CCR)	0.43	0.30	0.13
NPL Ratio ²⁾	0.34	0.33	0.01
NPL Coverage Ratio ²⁾	216.32	208.89	7.43
BIS Ratio	16.16	15.77	0.39
CET1 Ratio	13.24	13.46	(0.22)

1) Based on return on common equity

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

Group Net Profit (bn won)**Contribution by Bank vs. Non-bank****Group Financial Position**

As of the end of 2022, KB Financial Group's total assets amounted to KRW 701.2 trillion, up KRW 37.3 trillion, or 5.6%, year on year. The Group broke through the constraints on household loan growth by building a sound and profit-oriented corporate loan portfolio. As a result, the won-denominated loan balance grew by KRW 12.8 trillion and financial investments also increased by KRW 11.7 trillion from the previous year. Specifically, the government's tightening of household debts and interest rate hikes dragged

down the household loan balance by KRW 3.7 trillion, or 2.0%, from the previous year. This was, however, offset by the KRW 16.5 trillion, or 10.2%, YoY growth in the corporate loan balance, which came on the back of balanced growth in corporate loans to large corporations, SMEs, and SOHOs. The Group's AUM stood at KRW 456.8 trillion, up by 0.6% YoY, as the shrinking investor deposits held by KB Securities was offset by the increased funds in KB Asset Management's AUM, the Group's total assets including AUM grew by KRW 39.9 trillion YoY to KRW 1,157.9 trillion in 2022.

Group Financial Position

(tn won, %)	2022	2021	YTD
Assets	701.2	663.9	5.6
Cash & Due from Financial Institutions	32.1	31.0	3.5
FVTPL ¹⁾ Assets	64.9	66.0	(1.7)
Financial Investments	116.6	104.8	11.3
Loans	436.5	417.9	4.5
Property & Equipment	8.4	8.2	2.4
Other Assets	42.7	36.0	18.6
Liabilities	651.5	615.6	5.8
FVTPL ¹⁾ Liabilities	12.3	12.1	1.7
Deposits	388.9	372.0	4.5
Debts	71.7	56.9	26.0
Debentures	68.7	67.4	1.9
Other Liabilities	109.9	107.2	2.5
Shareholder's Equity	49.6	48.3	2.7
Share Capital	2.1	2.1	0.0
Hybrid Securities	4.4	2.8	57.1
Capital Surplus	16.9	16.9	0.0
Accumulated Other Comprehensive Income	(2.7)	1.1	N.A
Retained Earnings	28.4	25.7	10.5
Treasury Shares	(0.8)	(1.1)	-
Non-Controlling Interests	1.3	0.8	62.5
Group Total Assets²⁾	1,157.9	1,118.0	3.6
AUM³⁾	456.8	454.1	0.6

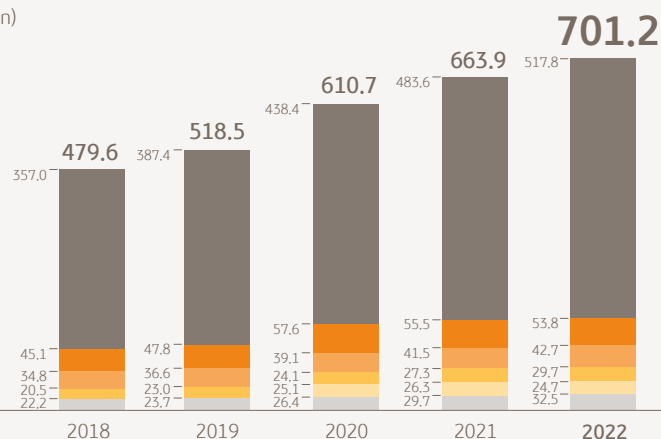
1) Fair value through profit or loss

2) Sum of assets of consolidated financial Statement and AUM

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

Group Total Assets (tn won)

- KB Kookmin Bank
- KB Securities
- KB Insurance
- KB Kookmin Card
- Prudential Life
- Others



KB Kookmin Bank's total assets increased by KRW 34.2 trillion, or 7.1%, from the previous year to KRW 517.8 trillion. Won-denominated loan balance stood at KRW 328.6 trillion, up 3.1% YoY. Broken down by loan type, household loans edged down by 2.4% YoY, mainly in credit loans, due to the steep rise in lending rates and stricter loan regulations. Also, the Korean

bond market crisis that was the result of rising interest rates toward the end of the year led to a ballooning corporate loan size, which ended up growing by 22.8% YoY. In addition, the SME loan balance advanced 6.8% YoY. All in all, the corporate loan balance grew by 9.4% from the previous year.

KB Kookmin Bank Loans in Won

(tn won, %)	2022	2021	YTD
Household	166.0	170.1	(2.4)
Mortgage	92.9	92.2	0.9
General	73.1	77.9	(6.2)
Corporate	162.6	148.6	9.4
SME	133.0	124.5	6.8
[SOHO]	86.8	83.6	3.8
Large Corp, etc.	29.6	24.1	22.8
Total	328.6	318.7	3.1

Profitability

In 2022, KB Financial Group recorded a net profit of KRW 4,395 billion, boasting solid earnings results even amid the constraint on non-interest income growth due to unstable financial markets and increased provisioning against growing market uncertainties. The main drivers of the profit growth were interest income growth propelled by improved NIM

performance and qualifying corporate loan growth, as well as insurance operating profit growth—thanks to improved long-term insurance and auto insurance loss ratios—and continued cost-efficiency efforts.

Group Profitability Overview

(bn won, %)	2022	2021	YoY
Net Interest Income	11,381	9,573	18.9
Net Fee & Commission Income	3,322	3,626	(8.4)
Other Operating Profit	310	1,285	(75.9)
Gross Operating Income	15,013	14,484	3.7
G&A Expenses	7,538	7,201	4.7
Provision for Credit Losses	1,836	1,185	54.9
Net Operating Profit	5,639	6,098	(7.5)
Net Non-Operating Profit	157	(16)	N.A
Profit for the Period	4,173	4,384	(4.8)
Profit attributable to controlling interests	4,395	4,410	(0.3)

1) From 1Q22, certain interest expense portion out of the provisioning for insurance policy reserves, which used to be accounted under Other Operating Profit, has been reclassified as interest expenses under Net Interest Income for more practically-meaningful presentation of financial information. Note that consolidated financial results contained herein have been restated retrospectively for better comparison.

Group net interest income stood at KRW 11,381 billion, up 18.9%, or KRW 1,808 billion, year on year, driving the Group's overall performance enhancement. This was due to an increase of KRW 1,562 billion in the bank's interest income, which was led as much by loan growth and higher NIM as increased contributions by non-bank subsidiaries, such as KB Kookmin Card and KB Capital. In 2022, the NIMs of both the Group and the bank improved by 13bps and 15 bps, respectively, from the previous year, to 1.96% and 1.73% each, leading to interest income growth. That was the result of profit-oriented portfolio management and efforts to enhance ROI performance as well as the steady repricing of loan assets in tandem with rising interest rates.

As for the Group's net fee & commissions income, it was down by KRW 304 billion, or 8.4%, year on year to KRW 3,322 billion. The main reason behind the drop was the plummeting brokerage fee income amid the downturn in stock markets at home and abroad, as well as contracting sales of bank trusts and funds stemming from interest rate hikes and tumbling stock indexes. Even with the unfavorable business environment, the Group IB commission income advanced by 18% from the previous year as a result of the Groupwide effort to enhance business competitiveness and reinforce its market positions.

Other operating income stood at KRW 310 billion in 2022, down significantly by 75.9% from the previous year due to sluggish gains on bond investments tied to soaring market rates, as well as decreased gains on securities, derivatives, and FX transactions amid unstable financial markets. Still, the insurance business income improved by 9.7% YoY, with KB Insurance seeing its overall loss ratio improve in 2022.

Group G&A expenses remained well under control, with only a YoY increase of 4.7%, or KRW 337 billion, mainly attributable to the Group's constant workforce reshuffling and Groupwide cost management offsetting digitalization costs and ERP expenses. The Group's cost income ratio (CIR) for 2022 was 50.2%, but without the extraordinary costs of ERP and digitalization, the figure improves to 46.7%, indicating a clear improvement trend in cost efficiency. The Group plans to further strengthen its earning power and continue with the cost management efforts so that it can further push down CIR performance, which used to be stagnant at around the mid-50% level. In the long run, our goal is to keep the CIR figure as benign as the low- to mid-40% range.

The Group's credit loss provision in 2022 was escalated by KRW 651 billion from the previous year to KRW 1,836 billion, mainly due to preemptive hedging against both the potential fallout of the prolonged COVID-19 pandemic and growing future economic uncertainties.

As part of the Group's proactive credit risk management strategy, the Group preemptively set aside additional provisions based on its conservative economic outlook and applied stricter criteria for measuring the soundness of its loan assets at overseas subsidiaries. The Group's credit costs inched up by 0.13%p YoY to 0.43% due to the additional provisioning to secure a buffer against the potential rise of credit risks, however when taking off such additional provisions, the Group's credit cost remained at a stable level of 0.26%.

KB Kookmin Bank

KB Kookmin Bank's net profit for 2022 amounted to KRW 2,996 billion, a significant growth of KRW 405 billion from the previous

year, and driven by net interest income growth from rising interest rates as well as growth in asset size. The bank's credit loss provision stood at KRW 1,121 billion. The bank is now tightening its risk management with additional provisioning so as to preemptively enhance its loss-absorbing capacity against potential credit risks. Credit cost remained low at 0.13%, reflecting the bank's focus on quality asset growth. Also, the bank's G&A expenses increased KRW 295 billion YoY to reach KRW 4,698 billion due to massive digitalization investments and expanded ERP expenses. The bank CIR stabilized further to 48.7% in 2022, as bank-wide cost management and workforce efficiency efforts materialized tangible results.

KB Kookmin Bank Profitability Overview

(bn won, %)	2022	2021	YoY
Net Interest Income	9,291	7,729	20.2
Net Fee and Commission Income	1,097	1,188	(7.7)
Other Operating Profit	(734)	(477)	N.A
Gross Operating Income	9,654	8,440	14.4
G&A Expenses	4,698	4,403	6.7
Provision for Credit Losses	1,121	523	114.4
Net Operating Profit	3,835	3,514	9.1
Net Non-Operating Profit	(25)	(22)	N.A
Profit for the Period	2,996	2,591	15.6

KB Securities

KB Securities' net profit for 2022 declined by KRW 406 billion YoY to KRW 188 billion, mainly due to growing uncertainties and persistent volatility in financial markets, which are dragging down brokerage fees and S&T operating income. The silver lining was in our IB commissions income, which rose by KRW 382 billion, or 11.2%, from the previous year thanks to the mega-scale IPO deal in the first quarter. Looking forward, the company will strengthen its risk management in major business areas, such as WM, IB, and S&T, diversify its portfolio to stabilize its revenue stream, and expand its market dominance in terms of its digital platform-based wealth management to heighten its business competitiveness.

KB Insurance

KB Insurance's net profit for 2022 surged by KRW 256 billion YoY to reach KRW 558 billion, which was mainly attributable to improved performance from lower loss ratios, as well as the gains made from real estate sales. Excluding such one-off events, the company's profit was KRW 401 billion, an increase of 48% from the previous year, demonstrating stronger earnings fundamental. At the end of 2022, direct premiums written rose by 6.3% YoY to KRW 12,230 billion, and the embedded value (EV) rose to KRW 9.8 trillion. In 2022, the loss ratio fell by 2.4%p YoY to KRW 82.5%, and was propelled by falling loss ratios in long-term insurance and auto insurance.

KB Kookmin Card

KB Kookmin Card's net profit for 2022 was KRW 379 billion, down 9.5% YoY due to lower merchant fee income and higher funding costs the credit card transaction volume continued its steady growth and ended up at 10.7% YoY growth to reach KRW 173 trillion in 2022. Although private consumption growth is forecast to remain constrained by overall inflation and high interest rates, the company will pursue substantial growth focused on profitability and soundness, while continuing to increase its customer base as it expands its revenue base.

Prudential Life Insurance

Prudential Life Insurance's net profit was down by 25.6% year on year to KRW 250 billion in 2022. In spite of the growth in insurance gains driven by stable loss ratios and retention rates, net profit was eroded by increasing acquisition expenses from sales growth as well as low-rate bond swaps to increase long-term fixed income. The 2022 annualized premium equivalent (APE) stood at KRW 324 billion, up by 21.0% YoY, thanks to increased sales of protection-type insurance, while the loss ratio was 51.8%, the lowest level in the industry.

Net Profit by Subsidiaries

(bn won, %)	2022	2021	YoY
Group Net Profit	4,395	4,410	(0.3)
KB Kookmin Bank	2,996	2,591	15.6
KB Securities	188	594	(68.4)
KB Insurance	558	302	84.9
KB Kookmin Card	379	419	(9.5)
Prudential Life ¹⁾	250	336	N.A
KB Asset Management	59	80	(26.2)
KB Capital	217	210	3.4
KB Life Insurance ¹⁾	(64)	(47)	N.A
KB Real Estate Trust	68	82	(16.6)
KB Savings Bank	22	19	16.4
KB Investment	5	55	(91.0)
KB Data Systems	3	1	500.0
KB Credit Information	1	0	150.0

1) KB Life Insurance was merged into Prudential Life Insurance in January 2023, and the surviving entity was renamed as KB Life Insurance.

Asset Quality

At the end of 2022, the Group's NPL ratio (simple arithmetic sum of each domestic subsidiary) was 0.34%, which is being managed stably even in the face of risk expansion from rising interest rates and economic downturns. The Group's NPL coverage ratio was 216.3%, and when including the reserves for credit

losses, the figure stood at 431.0%. Both improved by 7.40%p and 8.10%p, respectively, from the previous year, suggesting that the asset quality is being managed effectively and that the Group has industry-top TLAC against macroeconomic uncertainties at home and abroad. Going forward, the Group will continue to make preemptive risk management efforts.

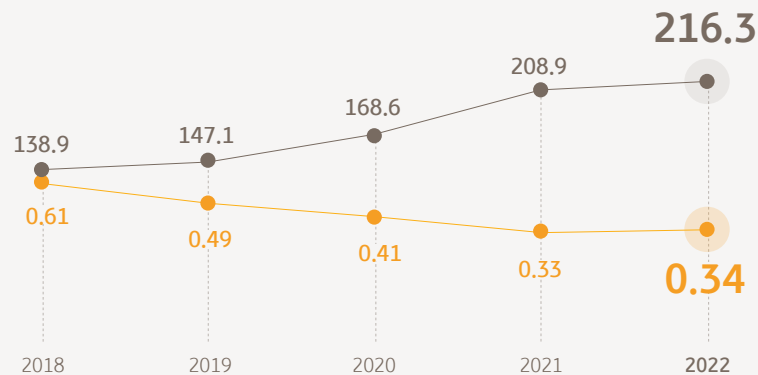
Group Asset Quality¹⁾

(bn won, %)	2022	2021	YTD
Loans for NPL Classification	424,437	400,786	5.9
Precautionary	3,238	2,391	35.4
Substandard	709	584	21.4
Doubtful	537	483	11.3
Estimated Loss	212	252	(15.8)
Substandard & Below Loans (NPL)(A)	1,459	1,319	10.6
NPL Ratio	0.34	0.33	(0.01)%p
Loan Loss Reserves	3,156	2,755	14.5
NPL Coverage Ratio I (B/A)	216.3	208.9	7.4%p
Reserves for Credit Losses (C)	3,131	2,960	5.8
NPL Coverage Ratio II [(B+C)/A]	431.0	433.3	(2.3)%p

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

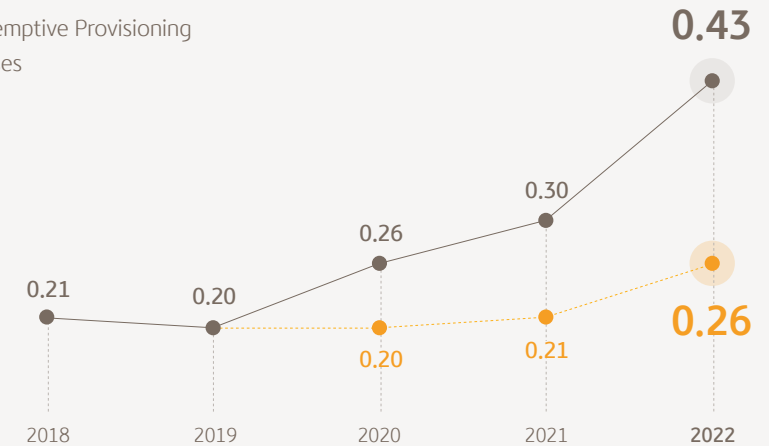
Group NPL & NPL Coverage Ratios (%)

- NPL Coverage Ratio
- NPL Ratio



Group Credit Cost Ratio (%)

- Group CCR
- Excluding Preemptive Provisioning for Credit Losses

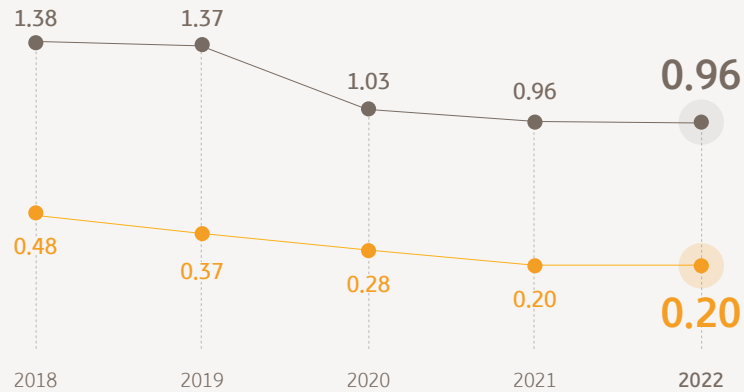


KB Kookmin Bank's delinquency rate was 0.16%, up by 0.04%p from the previous year. The NPL ratio remained the same as the previous year at 0.20%. The NPL coverage ratio was maintained at a sound 259.4%, high enough to secure a loss-absorbing capacity against macroeconomic uncertainties.

KB Kookmin Card's delinquency ratio was up by 0.10%p YoY to 0.92%, while its NPL ratio remained the same as the previous year at 0.96%. The NPL coverage ratio remained high at 335.6%, indicating an excellent asset soundness.

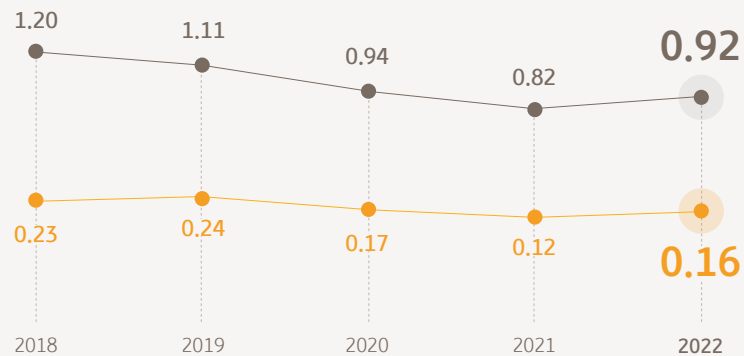
NPL Ratio (%)

- KB Kookmin Card
- KB Kookmin Bank



Delinquency Ratio (%)

- KB Kookmin Card
- KB Kookmin Bank



Capital Adequacy

As of the end of 2022, the Group's BIS and CET1 ratios stood at 16.16% and 13.24%, respectively, maintaining the industry's highest level of capital adequacy on the back of strategic capital management despite the increased risk-weighted assets (RWA) from rising exchange rates and crashing stock prices.

The bank's BIS and CET1 ratios were 17.46% and 14.50%, respectively, maintaining a stable level well above regulatory requirements. Credit for this achievement goes to the bank's strong net income growth, and strategic capital management, which buffered the RWA growth due to corporate loan expansion, exchange rate increases, and stock price crash.

Group Capital Position

(bn won, %)	2022	2021	YoY
BIS Capital	48,970	45,883	6.7
Tier1 Capital	45,032	43,306	6.4
CET1 Capital	40,104	39,144	2.5
Tier2 Capital	3,938	3,577	10.1
Risk-weighted Assets	302,984	290,914	4.1
BIS Ratio	16.16%	15.77%	0.39%p
Tier1 Ratio	14.86%	14.54%	0.32%p
CET1 Ratio	13.24%	13.46%	(0.22)%p

KB Kookmin Bank BIS Ratio

(%)	2022	2021	YoY
BIS Ratio	17.46	17.47	(0.01)%p
Tier1 Ratio	14.92	14.98	(0.06)%p
CET1 Ratio	14.50	14.70	(0.20)%p

KB Financial Group has well-established business units encompassing all areas of finance, with each of them well managed by 12 subsidiaries that command industry-top competitiveness in their respective business areas. In 2022, KB Financial Group's subsidiaries proudly generated solid results in their respective businesses while working together for synergies that enhanced the Group's overall value. Each year, we translate our mission, "financial services delivering change," into substantive action.

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OPERATIONS REVIEW

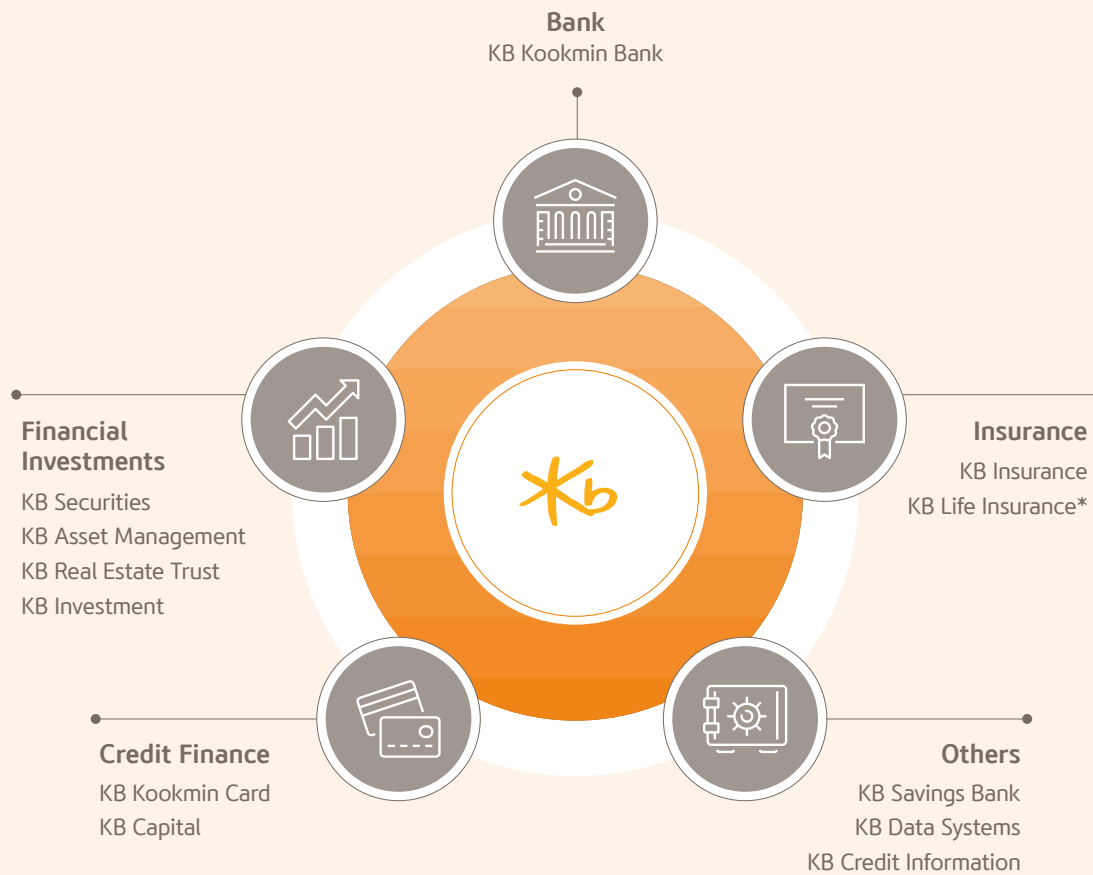


73 Insurance

77 Credit Finance

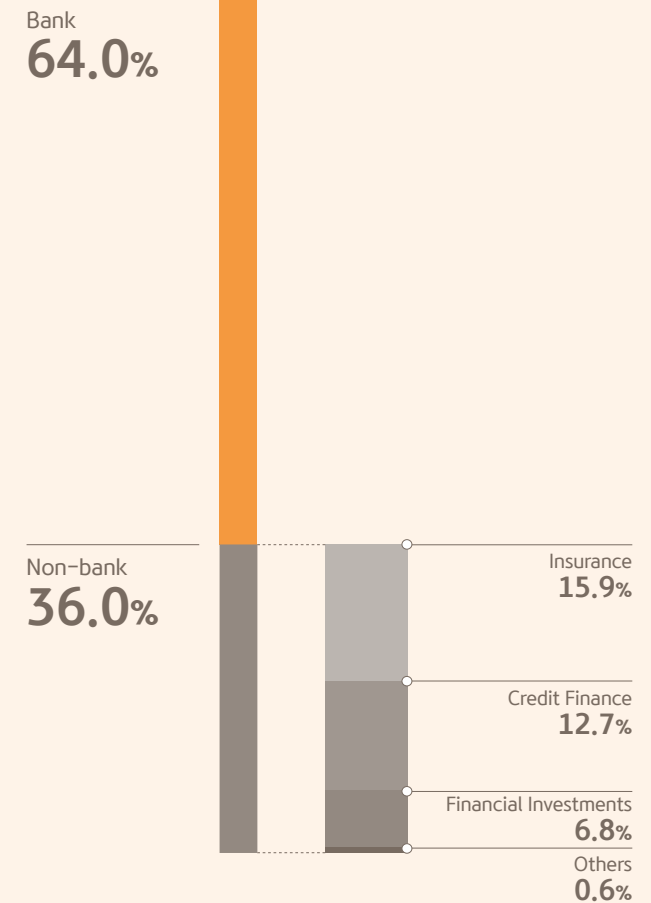
Overview

Subsidiaries



* KB Life Insurance was merged into Prudential Life Insurance in January 2023, and the surviving entity was renamed as KB Life Insurance.

Net Profit Contribution



Bank



KB Kookmin Bank

As Korea's leading bank—and with the nation's largest customer base and branch network—the bank is also leading the digital finance era, providing differentiated financial products and services engineered by its innovative financial know-how.

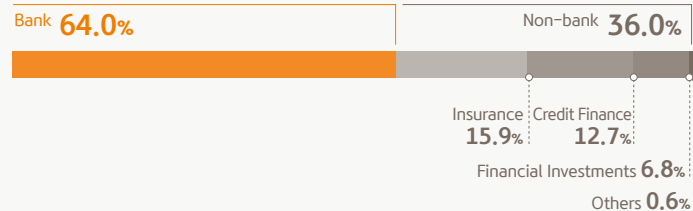
Bank

Financial Investments

Insurance

Credit Finance

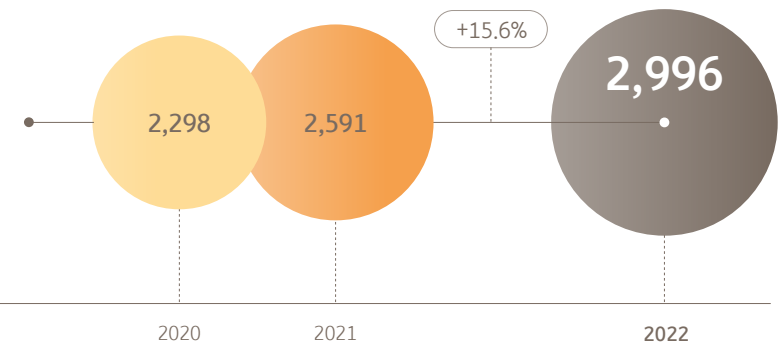
Net Profit Contribution



KB Kookmin Bank

KB Kookmin Bank is Korea's top bank, wielding the strongest brand power and best-in-class sales infrastructure that serves the nation's largest number of customers through the most extensive channel network. Based on its solid business capabilities, the bank is a market leader in deposit-taking, won-denominated loan-making, and investment trust sales. In 2022, the bank achieved a net profit of KRW 2,996 billion and broke its own cumulative No. 1 record when it topped the bank sector of the National Customer Satisfaction Index (NCSI) for a 16th year, the most times any bank has accomplished this feat in Korea.

Net Profit (bn won)



Digital Finance

Strengthening Our Platform Organization

In 2022, KB Kookmin Bank set up a new Customer Experience Design Center as well as a new Digital Content Center to enhance its platform organization for the more systematic support of customer-oriented UI/UX and

content. As we aim to reduce time-to-market in 2023, we have expanded the discretion of product owners (PO) and instituted a part manager (PM) system to prepare an agile decision-making framework to realize shorter time-to-market results.

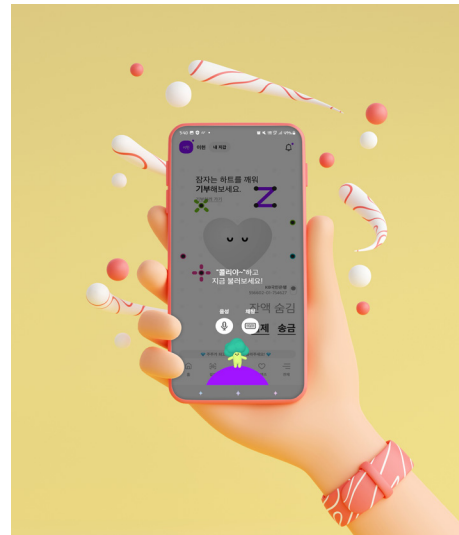
KB Star Banking App Revamp

Ever since it became the first commercial bank app to surpass 10 million MAUs in June 2022, KB Star Banking has maintained its top spot in terms of MAUs among commercial bank platforms. At present, it connects 72 core services from six affiliates, with its upgraded functions having significantly improved user convenience. In 2023, the app will lower the entry barrier even further and maximize the customer experience on its way to becoming a scalable platform. To begin, the sign-up process will become simpler and will not require an account with KB Kookmin Bank, which we believe will significantly boost customers' accessibility to the app.

Liiv Next: Catering to Gen Z's Daily Needs

Liiv Next is KB Kookmin Bank's financial platform aimed squarely at Gen Z. Since its launch at the end of 2021, the app has been augmenting its touchpoint with Gen Zers on the back of its financial services tailored to their specific needs. In the first half of 2022, Liiv Next added an AI banking service called Talk to Collie, making it fun to interact with the KB Star Friends' character Collie when carrying out financial transactions. In 2023, we will continue developing new services and content that appeal to teenagers, such as those associated with school life and convenience stores, to evolve Liiv Next into the top daily platform for Gen Z customers.

Talk to Collie: KB's AI Banking Service



KB MyData Service

Under the catchphrase "Knowing Me Better than I Do Myself," KB MyData Service provides its subscribers with highly personalized services. In 2022, the KB MyData Service environment became more advanced, giving customers a more convenient user experience, more reliable services, and stronger security. In particular, the sign-up process has improved, cutting the amount of time it takes to register by 26%. As a result, its subscribers surpassed 3.4 million as of December 2022. In 2023, the KB MyData Service will further evolve to offer customers an innovative financial experience through even more personalized services based on its accumulated database.

Reduced sign-up procedures
for KB MyData Service

-26%



KB Liiv M: KB's Finance & Communication Hybrid Platform

In December 2019, KB Liiv M became Korea's first mobile virtual network operator (MVNO) service launched by a financial institution, with its subscribers exceeding 420,000 as of March 2023. KB Liiv M will become an official part of our banking service after the Financial Services Commission revise rules to approve MVNO service as an auxiliary bank service in 2023. We now see ample new opportunities for developing more personalized products by taking full advantage of the communication service data offered by KB Liiv M.

KB Real Estate: A Game-Changing Real Estate Information Platform

KB Kookmin Bank is enhancing the scalability and unparalleled content of its existing real estate finance platform KB Real Estate to further its usability and convenience. Today, the KB Real Estate service lists various real estate pricing data on a single screen, with photos/videos of apartment complexes and accompanying user comments also popping up, making all the real estate information a person needs available with

just one click. KB Real Estate also provides its original real estate content through its social media channels (Naver, Kakao, YouTube, and Facebook). In 2023, we will pursue partnerships with third-party proptech firms and focus on upgrading current market trends and statistical data to expand our user base.

KB Kookmin Certification Scale-up

In 2022, we realized single sign-on (SSO) authentication with the platforms at each of our six subsidiaries (KB Securities, KB Insurance, KB Kookmin Card, KB Life Insurance, KB Capital, and KB Savings Bank). As a result, a single sign-on to KB Star Banking renders users access to the affiliate platform services without any additional log-in procedures. More importantly, the KB Kookmin Certificate is now in service for mobile authentication with 106 public institutions and 10 MyData service providers. In 2023, the certificate will broaden its coverage to more organizations in a bid to offer convenient and familiar services to people in their day-to-day lives.

SSO (Single Sign On) function was activated, enabling users to log in to the platforms of six of the Group subsidiaries via KB Star Banking app



6

Retail Banking

Enhancing Business Competitiveness

KB Kookmin Bank has stepped up the monitoring of its household loan portfolios while upgrading its household loan recommendation system to bolster its business competitiveness. Additionally, in order to solidify its market position of core deposits, the bank promoted the sale of KB able Plus accounts and carried out lock-in marketing for refunds of IPO subscriptions. At the same time, it established a new process for opening or changing credit card merchant accounts through both in-person and virtual channels. Furthermore, personalized products were marketed that included the KB Coupon Book Installment Savings Plan, offering myriad benefits from affiliated companies to its subscribers, while the Everyone Healthy Savings Plan gave an additional spread of interest rates to customers who could show proof of walking 100,000 steps per month. In 2023, the bank will continue adding more content-driven marketing campaigns and strengthen its online customer engagement management, thereby growing the customer base to future and senior customers with high credit scores.

Expanding Our UHNW Customer Base

In 2022, KB Kookmin Bank launched the KB GOLD&WISE the FIRST Center, a specialized channel for ultra-high net worth (UHNW) customers, to increase the UHNW customer base. The center offers differentiated services through its Family Office, which provides

comprehensive solutions customized to individual needs according to each stage of clients' life or business cycle, including family business succession, IB consulting, and social contribution issues, as well as team-based wealth management services from experts in tax, law, real estate, and investment. The bank also added new PB centers in key strategic areas of Seoul (Hannam PB Center and Seoul Forest PB Center) to expand the coverage of its PB channels.

Investment Banking

Developing CIB Business Models for Sustainable Growth

In 2022, the CIB Division set investment IB, global IB, and new business as its top three priorities for sustainable growth. The division actively leveraged its relationships with top-tier global asset management companies to cultivate its underwriting capabilities while staying on the lookout for new opportunities in ESG-centered businesses to turn into new growth drivers.

In 2023, the division set its three key tasks at soundness-oriented asset management, aligning business activities with bank-wide management issues, and realizing qualitative growth to generate revenues in pursuit of a breakthrough for driving the performance and growth of CIB operations. To achieve these tasks, the division will advance its CIB total risk management system and focus on proactive

risk management to maintain asset soundness. It will also diversify its portfolio to ensure sound growth in both profitability and stability. With an eye to becoming the No. 1 CIB player in the global market, the division is working on a CIB business model for sustainable growth and profit generation, even in these unstable economic times.

SME Banking

No. 1 Corporate Finance Platform

KB Kookmin Bank improved its corporate banking services (KB Corporate Internet Banking and KB Star Business Banking) to build an expanded comprehensive financial platform for corporate management activities that reflect customer and market needs. Specifically, the platforms integrated the bank's cash management services into one StarCMS, enhanced search functionality, offered customized UI/UX, and added more non-financial content to bring about optimal banking services. This revamp has significantly upgraded user convenience on the back of industry-specific specialized services, which helped realize an integrated service that covers corporate management's financial and non-financial areas.

Reinforcing Trade Finance Competitiveness

In a concerted effort to reinforce its trade finance competitiveness, KB Kookmin Bank launched KB Payment Usance (prepayments) in 2022. This new product supports import

transactions that rely on advance remittances. Coupled with the existing KB Payment Usance (post-payments) service, which supports post-remittances, the service led the Korean market with a transaction value of USD 2.21 billion. In 2023, the bank will strengthen its preemptive support system for export and import companies by broadening its specialized trade finance products and services in preparation for the expected slowdown in the global economy.



USD 2.21 billion
transaction value in pre-/
post-payment remittance
trade finance support

2.21

Capital Markets

Successful Issuance of Sustainability Bonds

Amid the volatility in financial markets caused by drastic interest rate hikes by central banks worldwide, KB Kookmin Bank successfully issued sustainability bonds on two separate occasions on the strength of its excellent business results and its credit ratings, which are the highest among Korean commercial banks (Moody's Aa3/Stable, S&P A+/Stable, Fitch A/Stable). In February 2022, we issued USD 700 million in

| Sustainability Bonds Issuance

700

Senior Sustainability Bonds (mn dollar)

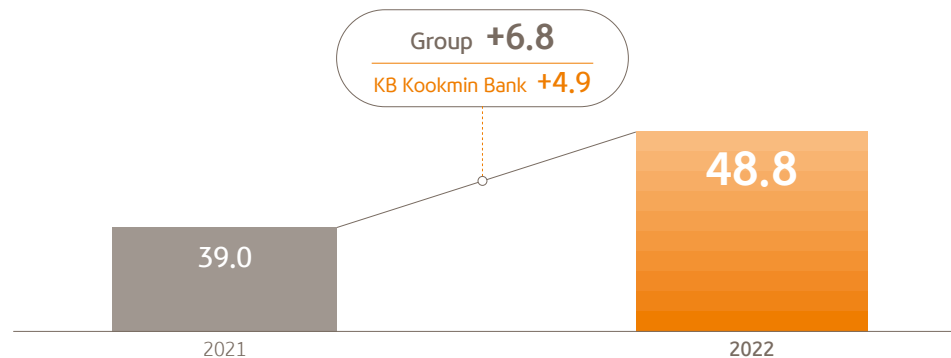


500

Euro-Covered Bonds (mn euro)

senior sustainability bonds (USD 400 million in 3-year and USD 3 million in 5-year maturities), preemptively raising funds at low-interest rates before the significant rise in market rates. In October, we also issued EUR 500 million in 5-year covered bonds (dual recourse) as sustainability bonds. Going forward, KB Kookmin Bank plans to continue issuing sustainability bonds as a leading player in the ESG bond market.

| Retirement Pension Fund (tn won)



Pensions

Top Bank in Pension Services

In a push to solidify its market leadership in the retirement pension business, KB Kookmin Bank is promoting its retirement pension business with the vision of becoming the most dependable partner for people's affluent retirement life. In 2022, the Group achieved an annual net increase of KRW 6.8 trillion in retirement pension reserves, which amounted to KRW 45.8 trillion, solidifying its market leadership among Korean financial groups. In particular, KB Kookmin Bank led the domestic retirement pension market with a net increase of KRW 4.9 trillion, the highest performance ever achieved in its history. In 2023, we plan to develop other innovative products for retirement pensions and implement AI-based customer management. On top of that, we will expand the supply and distribution of high-quality retirement content, such

| Money Trust & ELT Deposit Market Shares (tn won)

ELT

12.4

Money Trust

30.9

40.4%

20.2%

as informational healthcare content, and implement and activate our Retirement Asset Management O2O (online to offline) Service, which links the online Senior Tax Saving Decision-Making Service with the offline Golden Life Center Professional Counselling Service.

Trust

Customer-Oriented Product Supply

In 2022, consumer sentiment increasingly veered toward principal-protected products and fixed-income assets due to prolonged uncertainty in the global financial market. To address this growing demand from conservative investors, KB Kookmin Bank broadened its supply of bond-type products and repayment-safety enhanced ELTs. We also expanded the line-up of ETF products that are up to date with the most current trends and customer needs, such as those linked to

semiconductors and ESG products. Moreover, the new and improved process handling digital trust products further heightened our competitiveness.

As of December 2022, the bank's money trust deposits amounted to KRW 30.9 trillion, accounting for the highest portion of domestic banks' market share at 20.2%, while ELT deposits stood at KRW 12.4 trillion, claiming a 40.4% market share of the banking industry, and reaffirming its dominant market leadership of the money trust deposit segment. In 2023, we will grow the sale of bond-type trusts and promising ETFs in response to customer risk and market volatility. For UHNW customers, we plan on providing ultra-personalized finance management services that focus on inheritances and gift trusts, as well as promoting business model innovation across different platforms and product services.

Global Operations

Stepping up Our Global Expansion Drive

KB Kookmin Bank takes a two-track strategy to its global business operations. While pursuing speedy growth based on our advanced competencies in retail and digital operations in the high-growth potential Asian and emerging markets, we are also focusing on expanding our share of CIB and capital markets to generate revenue in advanced markets.

At the same time, KB Kookmin Bank is assisting PT Bank KB Bukopin, TBK. in developing its next-generation banking system (NGBS) and implementing a capacity transfer program to impart our business know-how to our Indonesian subsidiary bank. In 2023, the bank plans to establish a virtuous cycle management structure by enhancing its business operations and reducing costs by leveraging its increased capital from the recent capital increase. In Cambodia, we are currently working on a project to integrate Kookmin Bank Cambodia PLC. and Prasac Microfinance Institution Limited into one commercial bank. When it completes its conversion into an integrated commercial bank in 2024, it will become the No. 1 commercial bank in the country.

On top of all this, KB Kookmin Bank successfully opened its Singapore Branch in January 2022 to function as a global hub of investment banking and financing. In March, we then established the new North American Credit Review Center,

thereby reinforcing our support for global credit screening in North and South America.

2023 PLANS

In 2023, KB Kookmin Bank set its strategic goal at becoming not only the most trusted financial platform as we stand by our customers but also one that is carrying out a series of detailed tasks in line with our four strategic directions as follows:

Reinforcing Fundamental Business Competitiveness

We will increase our competitiveness in the deposit and loan business to consolidate our market leadership while promoting the qualitative growth of our performance in capital markets and CIB operations. Furthermore, the WM business sector will work hard to secure differentiated competitiveness to heighten its revenue-generating capacity and accelerate its global business growth by increasing our overseas revenue streams.

Advancing Customer Touchpoint Capabilities

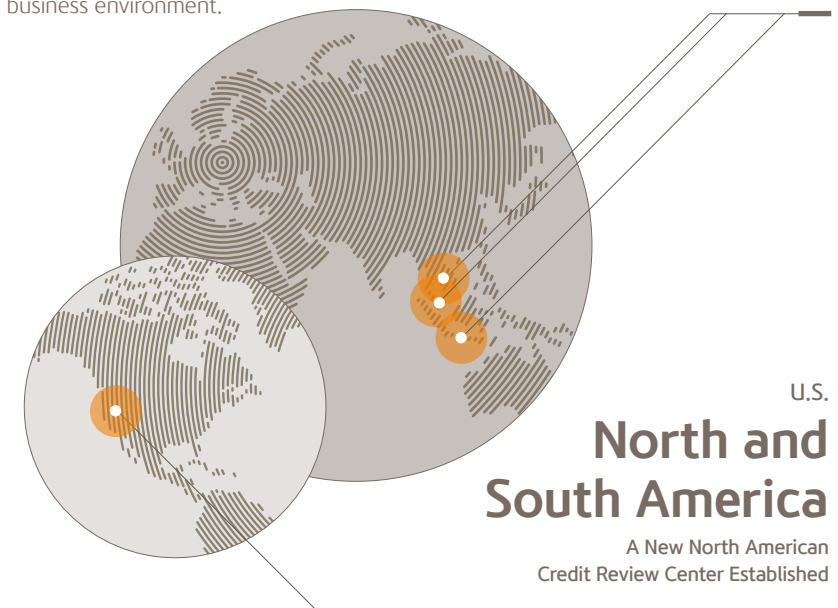
In a bid to ensure the fundamental competitiveness of our financial platform and pursue our advancement into an open platform, we will solidify all in-person channels as customer-oriented ones while engaging in an effective personalization and optimization marketing campaign based on the customer data collected from both online and offline channels.

Internalizing Our Sustainable Management System

In dealing with increasing uncertainty in the market environment, we will upgrade our management system and strengthen our cost and capital management. In addition, we will strive to solidify our status as a leading ESG management company.

Promoting a Future-Oriented Culture

We are building an encouraging corporate culture where people praise and encourage each other without hesitation. Indeed, we are promoting fundamental changes in our work style based on an agile culture and internalizing an open architecture to cope with today's open business environment.



Indonesia
NGBS

Next-generation banking system under way at PT Bank KB Bukopin, TBK.

Cambodia
One Bank

Integrating Kookmin Bank Cambodia PLC. and Prasac Microfinance Institution Limited into one commercial bank

Singapore
Jan. 2022

Singapore branch established

U.S.
North and South America

A New North American Credit Review Center Established

Financial Investments

Bank
Financial Investments
Insurance
Credit Finance

KB Securities

The company provides retail clients with optimal investment solutions to build financial assets and assists corporate clients to achieve successful growth through its main businesses of WM, IB, S&T, and wholesale.

KB Asset Management

Boasting the most diversified investment portfolio among domestic asset managers, the company provides clients with the best investment experience.

KB Real Estate Trust

Featuring a diverse portfolio of real estate development, urban redevelopment, and REITs, the company is a trusted provider of real estate financing services.

KB Investment

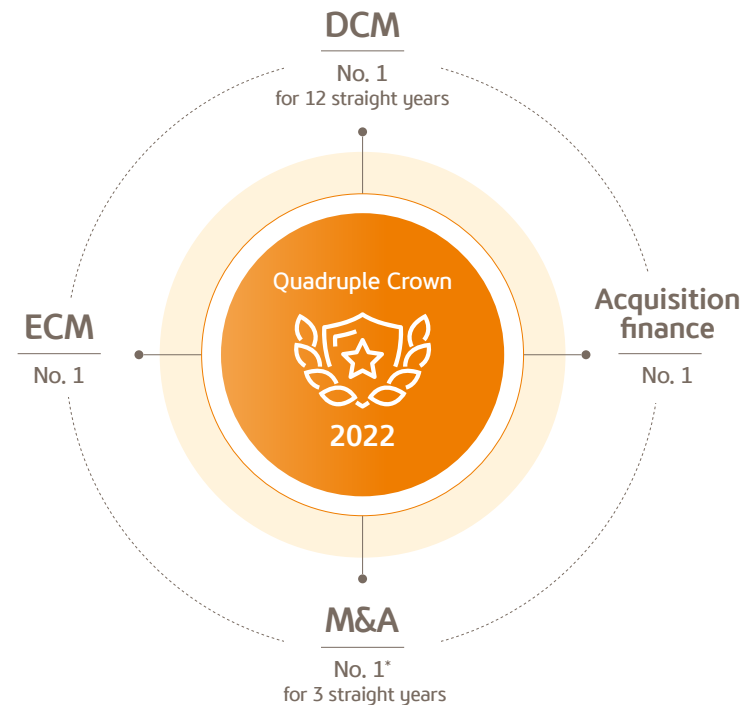
The company is Korea's leading venture investment firm that specializes in corporate investment, inducing the sustainable growth of its investee firms as a trusted investment partner.

Net Profit Contribution

Bank	64.0%
Non-bank	36.0%
Insurance	15.9%
Credit Finance	12.7%
Financial Investments	6.8%
Others	0.6%

KB Securities

In 2022, KB Securities firmly established its market positioning in proactive response to unfavorable market developments in the domestic capital markets stemming from a sharp decline in market transaction volume and a nose-diving stock market. While sustaining stable growth in its WM financial products through competency-building in the WM platform, KB Securities excelled in the IB sector. Proof of this could be seen in the fact that we achieved the quadruple crown in league tables—an unprecedented accomplishment by any Korean brokerage house—by topping the league tables of DCM, ECM, M&A, and acquisition finance.



*Among Korean securities firms

Quadruple Crown in IB League Tables

The most conspicuous accomplishment by KB Securities in 2022 came from its IB operations, which achieved the quadruple crown in all league tables. We claimed an 18.20% share of the DCM market (according to Bloomberg) and has not been unseated from the top spot for 12 consecutive years since it first came out on top in 2011. Our ECM market share was 22.5% (according to The Bell), topping the list yet again. In the acquisition finance league, we ranked No. 1 with 24 deals, including headliners like Doosan Machine Tools and LG CNS. KB Securities also remained at the top of the M&A league table (among all Korean securities firms) on the back of its differentiated marketing strengths.

Stronger Personal Finance Management Platform

As with its WM operations, KB Securities' focus in 2022 was on enhancing its competitiveness with its personal finance management (PFM) platform in order to secure future growth engines. In September 2022, we opened a service allowing for fractional share trading on domestically listed stocks. Also, we launched a so-called "autopilot service," which lowered the barriers for investment beginners and small-scale retail investors. This AI-engineered portfolio management service forms the optimal portfolio based on an individual client's risk

appetite and investment asset size. M-able, KB Securities' flagship mobile trading system (MTS) app, was the first MTS app in the industry to exceed 4 million monthly active users (MAUs) in January 2022. Since then, M-able has maintained a steady number of users even amidst a shrinking market that saw a falling trading volume in 2022. Plus, we recorded the highest annual average MAUs in the industry that same year (according to Mobile Index).

4,000,000

First Korean securities firm with its MTS' MAUs surpassing 4 million, with industry-top annual average MAUs



Global Business Expansion

As of the end of 2022, KB Securities was operating six networks (local subsidiaries and rep. offices) in five countries. In February 2022, we acquired a securities firm in Indonesia, which renamed KB Valbury sekuritas, and is currently building its brokerage market share and business portfolios. In October, KB Securities Vietnam was singled out as an outstanding company at the Asia Pacific Enterprise Awards (APEA). Our local fintech firm in Vietnam, FINA, had locked in 3.19 million subscribers as of the end of 2022. With KB Securities Hong Kong, it is constantly

expanding its global DCM and cross-border acquisition finance businesses, and ranked top among Korean securities at Bloomberg's league table (15th among international FIs). KBFG Securities America is also strengthening its global capabilities, with KRW 17 trillion of in/outbound brokerage commitments.

Excellent ESG Ratings

KB Securities earned the highest ratings from major Korean ESG raters in 2022. We obtained an A grade, the highest grade securities firms received, in the corporate governance evaluation by the Korea Institute of Corporate Governance and Sustainability. Sustainvest Korea, the Korean branch of the globally renowned international investment and consulting firm Sustainvest, also recognized our industry-top ESG management practices with the industry's highest grade, which is an A.

2023 Plans

First, we will enhance the risk management of our asset management and investment businesses to secure a steady revenue stream. The Sales & Trading (S&T) sector will focus on stabilizing the return on ELS and fixed-income investments, while the IB sector will improve its profits from the ECM business and strengthen its soundness.

Second, we will diversify each business sector's revenue structures and new growth drivers. As we expand our portfolio offerings in response

to market changes and reinforces our WM marketing capabilities to solidify our growth foundation, we will also develop the online business competencies of our local subsidiaries in Vietnam and Indonesia.

Third, we will enhance customer value by reinforcing our capacity to provide solutions for heightened investments. While augmenting our marketing activities that are led by the GWS Headquarters, which caters to UHNW clients, we will timely provide institutional clients with optimal investment solutions as a reliable partner for the growth of all our corporate clients.

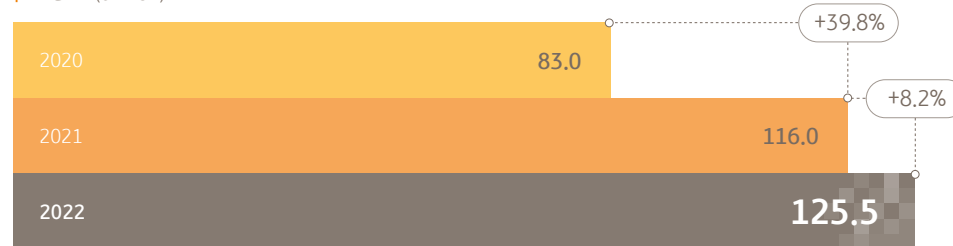
Fourth, KB Securities will expand its online platform-based business operations. As such, we will fortify our digital platform-based asset management services and promote the commercialization of securities-based token products. Furthermore, we will take full advantage of our MyData service for our target marketing practices so as to expand our online businesses.

Finally, the business management system will be upgraded and capital efficiency will be streamlined. Additionally, the upgraded internal control system will help us tighten up our systems to prevent financial mishaps and protect financial consumer rights.

KB Asset Management

KB Asset Management operates a variety of investment portfolios, ranging from traditional investments to alternative investments in real estate and infrastructure. In 2023, we will continue strengthening our leadership in ESG investments and also as an asset management platform.

AUM (tn won)



Solidifying KBAM as Top 3 in the Industry

Through active fundraising and systematic risk management, KB Asset Management's AUM reached KRW 125 trillion, fund deposits and funds entrusted for discretionary investment combined. The growth in AUM is especially noteworthy, considering that the rival companies were mired in reverse growth. The AUM size gap compared to the second-largest asset manager in the market narrowed from KRW 26 trillion to KRW 10 trillion in 2022.

Expanding Offshore Investments

In 2022, the financial investment industry grew by an anemic 5.5%, its lowest growth rate since 2017, mainly due to soaring global interest rates and a series of adverse market events. Against the backdrop, KB Asset Management swiftly responded to changing market developments. As a result, the AUM grew by KRW 9.2 trillion, which accounted for 12.7% of the industry's overall growth.

Laying the Foundation for the Personalized Solutions Business

With our goal to provide more personalized services beyond conventional investments, KB Asset Management is accelerating personalized solutions platform development, such as direct indexing, further utilizing our 'data edge.'

Confirming Our ESG Leadership

KB Asset Management's ESG fund AUM amounts to KRW 3.4 trillion. We are establishing ourselves as an ESG leader through investments in various renewable energy and private environmental projects in Korea.

ESG Fund Size

3.4 tn won



2023 Plans

KB Asset Management is committed to providing our clients with unparalleled outcomes through an extensive range of diverse portfolios and financial solutions than ever before.

Firstly, the year 2023 will represent the milestone of our growth as an asset management platform enterprise, wherein we will furnish personalized portfolio services tailored to the specific investment circumstances, sizes, and principles of each client. Additionally, we aim to fortify our investment solutions for institutional clients.

Secondly, our company endeavors to reinforce its leadership in ESG by catering to the surging demand for ESG alternative investments in domestic and international markets, such as renewable energy and New Deal Infrastructure projects. Furthermore, we will expand our ESG ETFs portfolio.

Lastly, we will develop our organizational system and risk management process to adapt to market changes. As we strive to establish and strengthen our corporate culture as an agile organization, we will implement a comprehensive risk analysis framework to identify, assess and mitigate market, legal, credit, and operational risks. By doing so, we aim to navigate the ever-evolving market landscape.

KB Real Estate Trust

In 2022, KB Real Estate Trust set its mission at “Beyond Real Estate Trust, New Roads to Reach Customers” and worked hard to promote change and innovation throughout the year. Ultimately, we ended up generating KRW 68 billion in net profit despite the adverse market environment. In 2023, we will continue with our sustainable growth under the goal of “Beyond Real Estate Trust 2.0.”

| AUM (tn won)



Focusing on What Matters Most

In 2022, KB Real Estate Trust worked tirelessly to enhance its core competencies in each business sector to provide services that fully satisfy customer needs.

First, the trust business concentrated on balancing its portfolios to secure growth drivers and enhance profitability. We expanded hybrid project orders to balance our project portfolios,

which up until then had been concentrated on build-and-manage projects.

In the reconstruction business, despite the overall slowdown in the real estate market, we captured many opportunities arising from the government’s real estate deregulation measures in a savvy way and aggressively sought profitable projects in the Seoul Metropolitan area and other regions.

As with the REITs business, we strategically focused on select areas to deal with the unfavorable market conditions. At the same time, we prudently chose profitable investments and examined numerous investment vehicles in pursuit of effective principal investment strategies. Additionally, we successfully disposed of the Anseong HomePlus Logistics Center despite the soaring interest rate trend.

In terms of our risk management, we are monitoring negative market signals and tightly managing project site facilities to hedge against any risks derived from a stagnant market.

Net profit

68 bn won



2023 Plans

KB Real Estate Trust set its mission for 2023 at “Beyond Real Estate Trust 2.0” so as to maintain its sustainable growth.

First, in the trust business, we will secure a competitive edge through sound management of core businesses and differentiated sales strategies for each trust product.

Second, in the reconstruction business, we will strategically deal with the mixed market environment, where the potential recession risk and favorable governmental policies are mingled, so as to successfully exit presently ongoing projects and pave the way for new project orders.

Third, we will strengthen the order-taking competitiveness of the REITs sector to establish a foundation for sustainable growth.

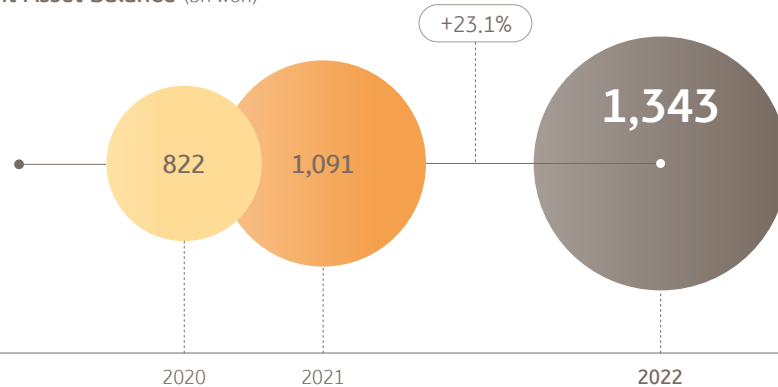
Fourth, in terms of risk management, we will double-check the stability in the structure of our core products while upgrading it to facilitate selective order-taking, mainly on profitable assets.

Finally, we will encourage employees’ competency-building while incorporating cutting-edge digital and IT technologies to the work environment, heightening an already advanced corporate culture to establish ourselves as a company that grows together with its customers.

KB Investment

In 2022, KB Investment expanded its portfolio by prudently picking top-tier corporate clients in the emerging growth industries at home and abroad. Despite a liquidity crunch environment triggered by interest rate hikes, we raised an industry-high amount of investment funds totaling KRW 496 billion. In 2023, we will continue with differentiated growth strategies so as to grow into a global top-tier venture capital.

Investment Asset Balance (bn won)



Funding Strategy Segmentation

In 2022, KB Investment raised a total KRW 495.5 billion in investment funds through venture funds and private equity funds. Today, we are managing 34 venture funds and 7 PEFs, totaling KRW 2,732 billion in AUM size.

Fundraising

496 bn won



Prudent Investments

In early 2022, KB Investment established KBFC, an organization dedicated to investments in early-stage startups, and formed an early-stage-focused fund that grew to a total of KRW 100 billion throughout the year. We prudently but boldly invested in startups in their early stages, from the seed stage to series A, sowing the seeds of growth on a long-term horizon, even in the low season for venture investments.

Upgrading Global Growth Strategies

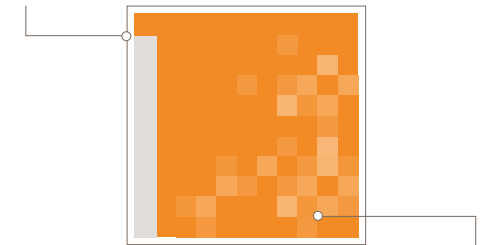
KB Investment is building partnerships with global heavyweights in local markets and CO-GP fund management, while also reinforcing our own investment competencies in local markets to build a leading position there. In 2022, we broadened our offshore fund size through the multi-closing of both the Hibiscus Fund and the RMG-KB Bio Access Fund. As a result of our strategic embracing of global markets, we were also ranked second in the Global Top CVC category by CB Insights for the second quarter of 2022.

Continued Expansion of Investments in New Growth Drivers

In 2022, new commitments amounted to KRW 344 billion, of which 91% was invested in sectors related to the Fourth Industrial Revolution, such as fintech and smart healthcare. In particular, investments in the CIT service industry amounted to KRW 194 billion, up 17% from the previous year, claiming the largest share of investments made during the year. Additionally, we are building profitable portfolios replete with new growth sectors, including bio, AR/VR, Edutech, and cloud.

New Investments

344 bn won



Fourth Industrial Revolution Investments

91%

2023 Plans

In 2023, KB Investment will expand its AUM leverage capabilities through the formation of offshore funds and Co-GP funds in line with its mid- to long-term growth strategy to build strong growth fundamentals for investments. At the same time, we will step up our efforts towards preemptive risk management to hedge the fluctuating markets. Furthermore, we will continue to firmly establish KB's brand positioning as an undisputed leader in the venture capital business.

Insurance

Bank



KB Insurance

The company provides various financial products and services via the Group's industry-leading digital capabilities, as well as optimal risk assurance and comprehensive financial consulting services.

KB Life Insurance

KB Life Insurance was merged into Prudential Life Insurance in January 2023, and the surviving entity was renamed as KB Life Insurance. Its highly skilled expert groups provide customers with customized and comprehensive guarantee services.

Financial Investments

New Growth Engines

Healthcare | * KB Healthcare

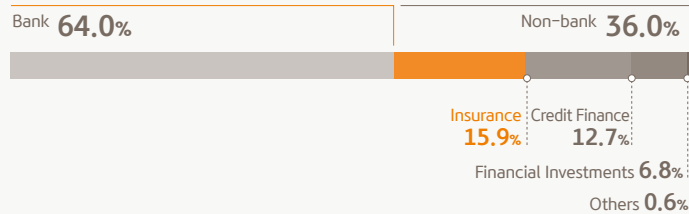
KB Insurance was the first Korean insurer to establish a healthcare subsidiary, KB Healthcare, in 2021. Based on its digital healthcare platform, KB Healthcare offers total life-embedded finance services that integrate financial services into healthcare.

Senior Care | * KB Golden Life Care

KB Golden Life Care was established in 2016 as the first senior care service subsidiary of an insurer. Its premium elderly day care services and facilities contribute to the quality of Korea's care services.

Insurance

Net Profit Contribution

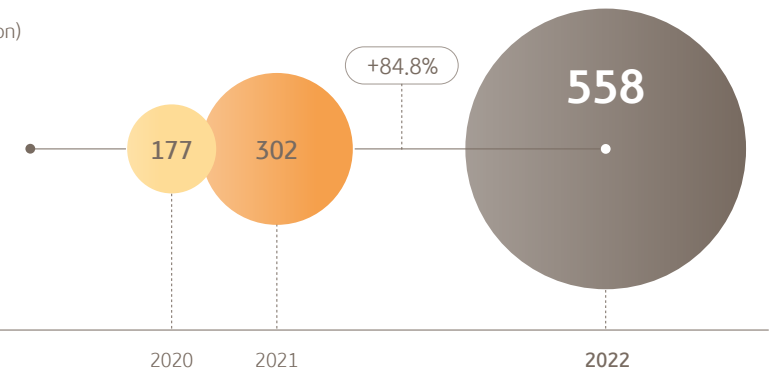


Credit Finance

KB Insurance

KB Insurance is leading the non-life insurance industry with its optimal risk assurance and comprehensive financial consulting services. Its superior financial conditions and management is earning high grades from international credit rating agencies. In addition to the "A" grade it received from the globally renowned insurance evaluation company A.M. Best, KB Insurance recently received an "A2" grade from Moody's, one of the world's top three credit rating agencies. Furthermore, KB Insurance was the first Korean insurer to expand its business areas into the healthcare and nursing home care industries by establishing separate subsidiaries. On top of that, KB Insurance is leading the market with its unparalleled level of digital capabilities, including a direct chatbot consultation service and the industry's first adoption of AI voicebots at call centers.

Net Profit (bn won)



Direct Premiums Written (bn won)



| KB Golden Life Care Nursing Business

①② Premium elderly day care facilities

Long-Term Insurance

In 2022, KB Insurance continued to enhance its product competitiveness by marketing comprehensive health insurance policies that guarantee coverage for each stage of health, from early disease detection to treatment, as well as a kids' insurance policy upgrade campaign at the company-wide level. Also, the loss ratio improved by 6.0%p to 87.9% in 2022 as a result of our unearthing of excessive claims of non-insured medical expenses and its administering of rigid criteria for payment screening. While upgrading the underwriting review process to strengthen cost efficiency, we are adopting a new CSM*-based management system, which began by setting up a profit pre-cognition system that predicts the profitability of

each new contract at the subscription stage.

*. CSM stands for "contractual service margin," a fundamental concept introduced by IFRS17, and represents the unearned profit that an entity expects to earn as it provides services.

Automobile Insurance

In 2022, automobile insurance sales increased 5.6% from the previous year to KRW 2,817 billion. Sales through the direct CM channel grew 18.5% year on year to KRW 944 billion. The auto insurance loss ratio was down 1.3%p from the previous year to 80.2% despite the decrease in insurance premiums in April, higher accident rates following the lifting of social distancing policies, and a substantial rise in losses from summer monsoons and flood damages.

Commercial Lines

In 2022, KB Insurance's commercial lines recorded KRW 1,292 billion in sales, up 9.0% year on year. The sales growth was driven by expanded SME clients and reached KRW 333 billion, an increase of KRW 55 billion year on year, paving the way for higher growth.

Portfolio Management

In 2022, the return on investments improved by KRW 164 billion from the previous year to reach KRW 1,111 billion thanks to gains from the disposal of office buildings and increased dividend income from alternative investments. Its rate of return on investments was 0.39%p higher than the previous year at 3.40%, with an AUM of KRW 33,529 billion, an increase of 1.7% year on year.

Enhanced Customer Convenience

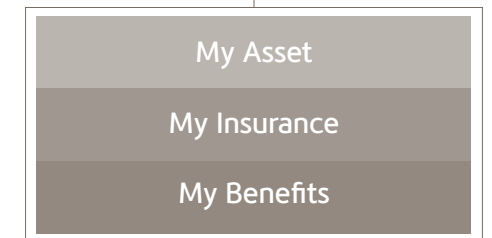
KB Insurance's digital innovation facilitates a wholly differentiated customer experience. In fact, we were the first nonlife insurer to launch a MyData (personal credit information management) service, offering insurance-specific services that guarantee premium levels of health and security. Key features include My Asset, which allows people to make a one-stop inquiry of financial assets on a single screen; My Insurance, which lists one-click insurance policy checks and coverage analysis on a single screen; and My Benefits, which lets customers conveniently keep monitoring their health conditions and earn reward points.

In addition, an improved compensation service helps customers feel secure and cared for whenever an emergency may arise. The newly adopted GPS-based tracking service informs customers on the real-time location and estimated arrival of roadside drivers who are coming to their aid. Customers can also confer with experts on video calls via the Video Consultation Service. Additionally, KB Insurance has improved the insurance claim procedures on its flagship app, making it simple to file for claims with not only the company but also any Korean P&C insurance company.

| MyData Service

1st

First non-life insurer to launch a MyData service



Another advantage is that the customer call center is adopting a number of cutting-edge technologies, such as AI voicebots and visual automatic response systems (ARS), to offer personalized services to customers. Specifically, the ARS service provides personalized menus (such as a direct connection to a CS staff member or priority guidance to the previously used services for elderly customers) to increase customer convenience.

2023 Plans

In 2023, the Korean insurance industry will be going through a major shift in the business environment with the slated adoption of the new IFRS17 accounting standards and increased competition to dominate the platform paradigm within the industry. In response, KB Insurance aims to secure industry-leading business competitiveness to become the No. 1 company in the industry.

The commercial line market is forecast to see a continued rise in reinsurance prices due to ongoing natural disasters, while competition is predicted to heat up for companies vying to become the second biggest in terms of their domestic market share. KB Insurance plans to operate a clear and differentiated portfolio based on its customers, products, and market demand, while strengthening its pricing and underwriting competitiveness to achieve higher growth.

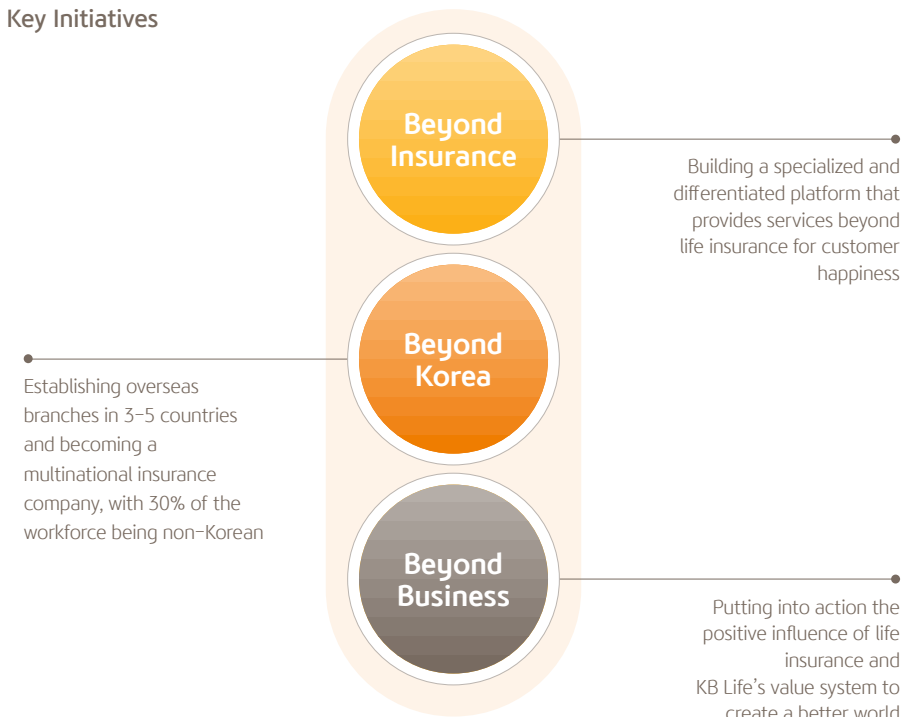
For its part, long-term insurance will increase profits by maximizing its CSM to secure its market position under the new IFRS17 accounting standards, establishing a profit-generating virtuous cycle, as well as a cash flow-based stable revenue source of insurance operating income. To that end, KB Insurance will increase its market share, with a focus on child and sick person insurance coverages. At the same time, we will revamp the coverage structure to avert moral risks so that we can maintain our competitive edge with its loss ratio. In particular, the newly adopted profit pre-cognition system will eliminate any chance of impaired contracts, thereby achieving profit growth.

With the automotive insurance business, we will secure a reasonable price range of insurance premiums in preparation for a return to normal conditions in the post-pandemic era as well as readying itself for premium reduction issues. Moreover, we will develop new products and strategic partnerships to deal with the entry of big tech platform operators in the market. And while upgrading all machine learning-based underwriting models, we will develop future-oriented products in preparation for rising markets related to self-driving technology and electric vehicles.

KB Life Insurance

In 2022, KB Financial Group decided to integrate KB Life Insurance and Prudential Life Insurance to enhance customer value and grow its life insurance business amid a volatile business environment and under a new accounting system. As a result, the integrated life insurer, KB Life Insurance, was officially launched on January 1, 2023. The launch of the new integrated life insurance company achieved economies of both scale and scope in the life insurance business, which will in turn secure work efficiency and business stability for higher competitiveness. Accordingly, KB Life Insurance will push ahead with its three initiatives—Beyond Insurance, Beyond Korea, and Beyond Business—under the goal of becoming one of the top three life insurers in Korea by 2030.

Key Initiatives



Prudential Life Insurance's 2022 Achievements

In 2022, Prudential Life Insurance concentrated its resources on innovating its core business models to expand its market. As part of this initiative, it established a premium sales agency, KB Life Partners, as a subsidiary to increase comprehensive financial consulting services, with the Star WM business model targeting UHNW individuals. The company also proved its innovation by launching a new product that combines a reverse mortgage function with whole-life insurance policies.

At the same time, the company continued with its profit-driven market expansion efforts by launching new coverage insurance products and maintaining sales growth driven by high-margin

products. Consequently, the 2022 converted monthly initial premium (CMIP) surpassed the target of KRW 26.0 billion and reached KRW 27.3 billion by the end of the year. It also generated KRW 250 billion in net income through the preemptive improvement of its asset portfolios, even amid fluctuating market developments featuring volatile interest rates, FX rates, and liquidity.

KB Life Insurance's 2022 Achievements

In response to the changing business environment, which is currently marked by intensifying market competition and surging interest rates, KB Life Insurance continued to promote value-oriented product marketing and went so far as to change its product portfolio

to achieve a CMIP of KRW 51.9 billion, an increase of 3.6% year on year. The value of new business (VNB) amounted to KRW 61.7 billion, a remarkable growth of 91.6% from the previous year.

During the year, we diversified the product portfolio, thereby reinforcing its product competitiveness. Our new signature products, the Promise Whole Life series, and the Term Insurance for executives both expanded lineups and coverage of policies, with a new healthcare insurance product marketed to leave the policy structuring to the discretion of policyholders.

2023 Plans

KB Life Insurance is innovating its customer experience and developing differentiated business models with the goal of evolving into a financial platform that offers full-care services to customers. To attain that goal, we are carrying out five strategies as follows:

The first is a CSM-driven business strategy. We will provide CSM-driven innovative products and services via diverse affiliate channels. We will be cross-selling not only with the subsidiary KB Life Partners but also with the Group to facilitate a comprehensive financial service that will be unmatched by any other general insurance company in Korea.

Second is bolstering new growth engines for future growth. KB Life Insurance is now seriously

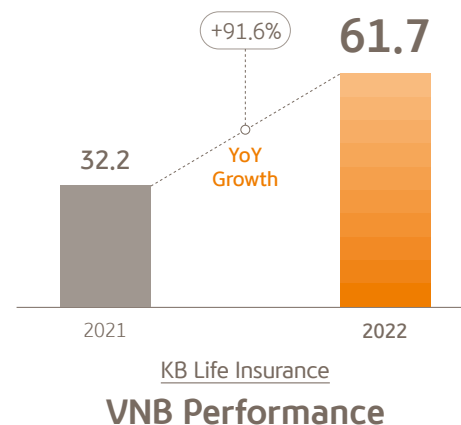
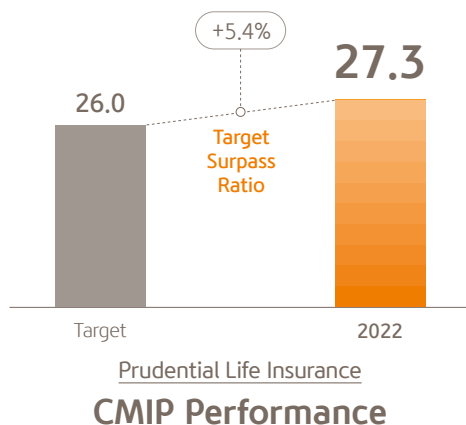
considering advancing into Southeast Asian markets, such as Indonesia and Vietnam, which have shown high market growth potential. In conjunction with the Group's subsidiaries—and leveraging the Group customer data infrastructure—we will come up with a variety of customer life care services through synergies with the Group's subsidiaries, such as the nursing and healthcare services.

Third is our commitment to digital transformation. KB Life Insurance will finish its total digital transformation to complete the infrastructure required for maximizing the customer experience. As such, we will upgrade the self-directed data analysis capabilities to expand customer touchpoints based on its own data analysis.

Fourth is a complete post-merger integration. Built on the management policy of fairness, harmony, and communication, we are in the midst of building a unified corporate culture as one single entity—KB Life Insurance.

Finally, KB Life Insurance will strengthen its ESG-driven responsible management and broaden its overall social contribution. By establishing its own value system, we will heighten our corporate culture, while continuing to promote the positive influence we have on every level of society.

| 2022 Key Performance Highlights (bn won)



Credit Finance

Bank



KB Kookmin Card

In addition to the comprehensive financial services of credit/debit cards and installment finance, the company is innovating its business into new areas, such as big data and blockchain, all of which will heighten the convenience of the customer experience.

KB Capital

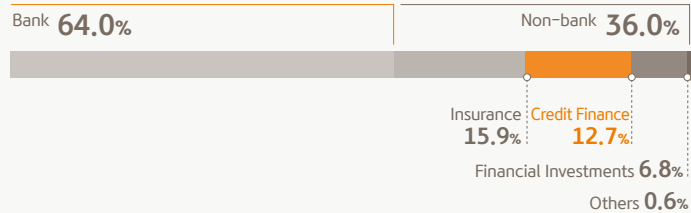
As Korea's leading auto finance company, and boasting the third-largest asset size in the industry, the company is diversifying its portfolio and expanding into global markets for sustainable growth, while also developing its digital competitiveness based on its platform, KB Cha Cha Cha.

Financial Investments

Insurance

Credit Finance

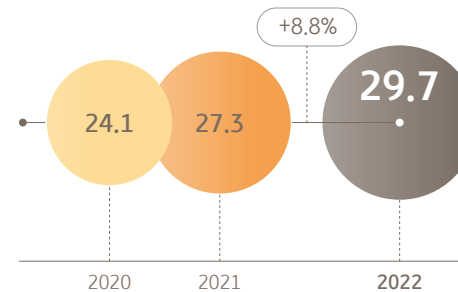
Net Profit Contribution



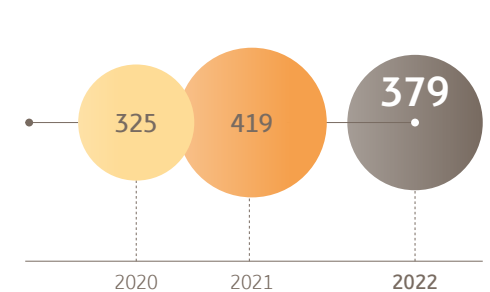
KB Kookmin Card

KB Kookmin Card generated KRW 379 billion in net profit from processing credit card sales of KRW 17.3 trillion in 2022. This strong performance was the result of sustained efforts guided by the goal of strengthening our core customer base, enhancing the revenue base through the upgrading of new businesses, and reinforcing our platform power for a more innovative customer experience. For example, KB Pay incorporated the Mobile Home app and Liiv Mate app into its platform, which enhanced customer convenience while generating greater customer value. Today, the platform is one step closer to becoming Korea's No. 1 financial platform company. The company's business expansion plans also made progress in 2022 with the launch of a credit card processing agency (PA) service for Jeonbuk Bank and the acquisition of a leasing company in Cambodia.

Total Assets (tn won)



Net Profit (bn won)



Total Transaction Volume (bn won)



*. Credit card (lump sum + installment + cash advance) sales + debit card sales

App Integration into KB Pay

KB Kookmin Card integrated the Mobile Home app and Liiv Mate app services into its flagship app, KB Pay. The new feature, MyData service, was also added to KB Pay, making it the only app service anyone needs to access their personalized financial services. Furthermore, the addition of non-financial and life-embedded content—on top of year-round perks—has further enhanced customer attraction to the platform. Going forward, KB Kookmin Card will continue growing KB Pay into a comprehensive financial platform that offers a variety of customized content and personalized finance management services.

Credit Card Processing Agency for Jeonbuk Bank

In October 2022, KB Kookmin Card successfully launched its credit card processing agency (PA) service for Jeonbuk Bank. To ensure the success of this service, we have rebuilt an agency infrastructure (automatic payment and research expense management system) that leverages its highly reliable credit card business capabilities. As a result, KB Kookmin Card has secured the capabilities to meet all the different business needs of client companies. In the future, KB Kookmin Card will pursue a wide range of collaboration opportunities tailored to the different needs of clients, from product development and affiliated marketing campaigns to strategic marketing support policies.

Acquisition of Cambodian Leasing Company

In December 2022, KB Kookmin Card acquired a 100% stake in i-Finance Leasing Plc (IFL), a local company engaged in the business of leasing two- and three-wheeled vehicles in Phnom Penh, Cambodia. The acquisition was made jointly in a consortium with its subsidiary, KB Daehan Specialized Bank. Founded in 2014, IFL is a mid-ranking leasing company in Cambodia, with total assets of USD 8.19 million and equity capital of USD 0.68 million as of the end of 2022. In the short term, KB Kookmin Card plans to diversify the lease product lineup to attract new customers, save on funding costs by covering the payment guarantee, develop a credit rating system to improve the newly acquired subsidiary's asset soundness, and optimize the loan screening process to increase earning assets. In the mid- to long term, KB Daehan Specialized Bank will incorporate the leasing company to expand the coverage of service areas and offer one-stop services for installment finance and leasing products. As it moves forward, KB Kookmin Card aims to establish itself as the top local credit finance company in Cambodia.

Solidifying the local business foundation through the acquisition of IFL

100%



Top ESG Evaluation Rating for Two Straight Years

In 2022, KB Kookmin Card earned a AA grade for the second consecutive year in an ESG evaluation by SUSTINVEST, Korea's leading ESG rating agency. The company's commitment to environmental innovation, customer management, shareholder rights, and information transparency earned high scores in all three areas of environment, society, and governance, proving itself as an excellent ESG practitioner.

No. 1 Rank on NCSI for Two Straight Years

KB Kookmin Card was singled out as the No. 1 credit card company in the 2022 National Customer Satisfaction Index (NCSI) survey for the second consecutive year, following its top ranking in the same category in 2021. Under the slogan "Your best partner for a happy life," we provide customers with differentiated services that encompass both financial and non-financial areas—and all of them centered on its flagship platform, KB Pay.

2023 PLANS

In 2023, KB Kookmin Card will continue to push ahead with the following three strategic directions.

Customer-Centric Management Based on Stronger Core Competitiveness

We will upgrade our customer management system with hyper-personalized marketing techniques as we also pursue various cross-industry partnerships as part of our commitment to differentiate the customer experience. At the same time, KB Pay will further enhance customer convenience and diversify its content offerings to create a more innovative customer experience.

Strengthening the Profit Base through New Business Upgrades

KB Kookmin Card will get the most out of the successful launch of its PA service as it grows into a top-tier PA service provider. We will explore M&A opportunities in markets with or without the Group's global presence in order to expand its local subsidiary network.

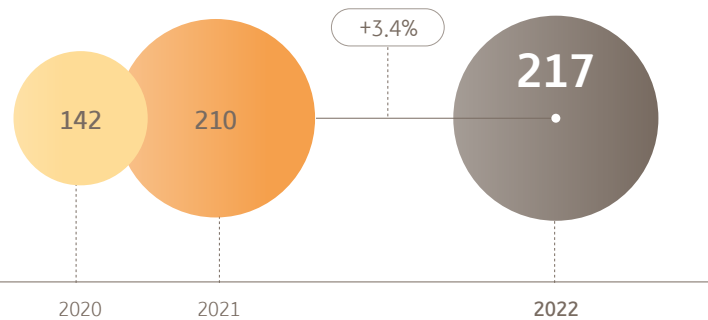
ESG Management for Sustainable Management

We will also refine its ESG management system based on feedback from the market and investors, while working with stakeholders, including customers, to promote the value of sustainable management as well.

KB Capital

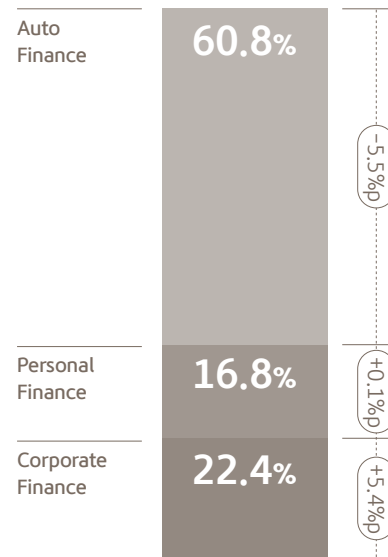
As of the end of 2022, KB Capital's total assets grew by 10.5% from the previous year to KRW 16,077 billion. We sustained growth based on its diversified business portfolio. Net profit for 2022 was up 3.4% year on year to KRW 217 billion, with the number of registered used cars for sale through KB Cha Cha Cha exceeding 150,000 units.

Net Profit (bn won)



Successful Business Portfolio Diversification

In 2022, KB Capital diversified its business portfolio into personal and corporate finance services, while also maintaining its strong competitiveness in auto finance. On top of that, we expanded mid-rate credit loans in the personal finance sector, bolstered its quality corporate loans, and grew its investment finance in the corporate finance sector to reinforce its business competitiveness. As a result, the proportion of auto finance declined 5.5%p from the previous year to 60.8% in 2022, with personal and corporate finance services increasing their shares by 0.1%p and 5.4%p, respectively, to claim 16.8% and 22.4% each.



Enhancing Product Competitiveness

When KB Capital launched KB Cha Cha Cha 4.0, it firmly established a car-life-cycle ecosystem covering both car purchases and management on a single platform. Specifically, we secured 21,600 verified pre-owned cars that customers can trust and purchase, a 149% increase from the previous year, enhancing its product competitiveness in the used car market.

KB Capital will continue to extend its premium pre-owned car lists, including verified pre-owned cars, in 2023. Also, new services are to be launched, such as the lowest price reward service and home delivery service, to provide advanced services in the areas of vehicle purchase, sales, and management. In the auto finance sector, we will broaden automobile-related financial services. Moreover, we will leverage its MyData service to reinforce financial products and channel lineups that customers can navigate through and subsequently recommend the best auto finance programs.

Establishing RPA and Operational Efficiency

KB Capital is establishing robotic process automation (RPA) across the board. In 2022, we completed the 3rd phase of its RPA project and expanded the application of optical character recognition (OCR) technology, thereby cutting back on work time by 130,000 hours annually. In 2023, we will continue to increase the application of chatbot services and automation to maximize operational cost efficiency.

Global Business Expansion

KB Capital is generating stable profits from both of its overseas subsidiaries in Laos and Indonesia. KB KOLAO Leasing, which commenced operations in March 2017, has successfully established itself in the Laotian auto finance market, ranking second among local leasing companies in terms of total asset size. At PT Sunindo Kookmin Best Finance, it turned to making a profit in August 2021 just 14 months since beginning operations in June 2020. The company is demonstrating stable growth on the strength of its strategic partnerships with Korean companies, including Hyundai Motor Company and Hyundai Construction Equipment.

2023 Plans

In 2023, KB Capital will strengthen its global competitiveness and achieve operational efficiency through digital innovation and smart workspace innovation to take the lead in the credit finance industry. First, we will enhance its competitiveness in the global and digital sectors, while also improving productivity in the smart work environment through company-wide RPA adoption. In particular, we will actively respond to the market transition to digital, mobile, and online platforms based on its differentiated competitiveness, such as its car service platform KB Cha Cha Cha and the mobile web inquiry/contract process KB Car Easy, to lay the foundation for sustainable growth.

Company Directory

KB Financial Group Head Office (Holding Company)

18~20F, 22F 141, Uisadang-daero, Yeongdeungpo-gu,
Seoul 07332, Korea
TEL. 82-2-2073-7114

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@kbf.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 Plc.	Building No. 212, Street 271, Tuol Tumpung2, Chamkarmon, Phnom Penh, Cambodia	855-23-999-911
China	Kookmin Bank (China) Limited	19F, SK Tower, No. 6 jia, Jianguomenwai Avenue, Chaoyang District, Beijing, China	86-10-5671-2800
	Kookmin Bank Hong Kong Branch	Suite 1101 and 1106, 11F Central Plaza, 18 Harbour Road, Wanchai, Hong Kong	852-2530-3633
India	Kookmin Bank Gurugram Branch	Unit No. 2 B/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, Indonesia	62-21-798-8266
Japan	Kookmin Bank Tokyo Branch	14F, Hibiya-dai Bldg. 1-2-2 Uchisaiwaicho, Chiyoda-ku, Tokyo 100-0011, Japan	81-3-5657-0550
Myanmar	KB Microfinance Myanmar Co., Ltd.	3F, 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
	KB BANK MYANMAR LTD.	University Avenue Street, No. 104, Kamaryut Township, Yangon Region, Myanmar	95-1-7532-900
New Zealand	Kookmin Bank Auckland Branch	Level 16, 88 Shortland Street, PO BOX 7506, Wellesley, Auckland, New Zealand 1142	64-9-366-1000
Singapore	KB Kookmin Bank Co., Ltd. Singapore Branch	Level 9, Unit 01~05, Ocean Financial Centre, 10 Collyer Quay, Raffles Place, Singapore, 049315	65-6309-7100
U.K.	Kookmin Bank London Branch	15F, Dashwood House, 69 Old Broad St., London EC2M 1QS, United Kingdom	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 Ho Chi Minh City Branch	3F, Mplaza Saigon, 39 Le Duan Street, Ben Nghe Ward, District 1, Hochiminh City, Vietnam	84-28-3827-9000
	Kookmin Bank Hanoi Branch	25F, Keangnam Hanoi Landmark Tower, E6 Cau Giay New Town, Me Tri, Nam Tu Liem, Hanoi, Vietnam	84-24-3226-3377

KB Securities

Country	Name	Address	Telephone
China	KB Securities Shanghai Representative Office	Room 1405, North Stock Exchange Tower, 528 South Pudong Road, Shanghai, China	86-21-6881-7007
	KB Securities Hong Kong Ltd.	Suite 1105, 11F, Central Plaza, 18 Harbour Road, Wan Chai, Hong Kong	852-2869-0559
Indonesia	PT KB Valbury Sekuritas	Sahid Sudirman Center Lantai 41, Unit AC, Jalan Jendral Sudirman No. 86, Desa/Kelurahan Karet Tengsin, Kec. Tanah Abang, Kota Adm. Jakarta Pusat, Provinsi DKI Jakarta	62-21-2509-8300
U.S.A.	KBFG Securities America Inc.	Suite 1900, 1370 Avenue of the Americas, New York, NY 10019, U.S.A.	1-212-265-2333
Vietnam	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 FINA Joint Stock Company	Unit 16, 17th floor, Charmvit Tower, No. 117 Tran Duy Hung Street, Trung Hoa Ward, Cau Giay District, Hanoi City, Vietnam	84-24-7301-4628

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, Indonesia	62-21-50-101-010
U.S.A.	Kookmin Best Insurance Co., Ltd., US Branch	55 Challenger Road Suite #302, Ridgefield Park, NJ 07660, U.S.A.	1-201-720-2100
	Leading Insurance Services, Inc.	55 Challenger Road Suite #302, Ridgefield Park, NJ 07660, U.S.A.	1-201-720-2100
	KB Insurance Co., Ltd. Los Angeles Liaison Office	505 North Brand Blvd., Suite 220, Glendale, CA 91203, U.S.A.	1-818-254-1040
Vietnam	KB Insurance Co., Ltd. Hanoi Representative Office	Rm. 801, Hanoi Tung Shing Square, 2 Ngo Quyen St., 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
	i-Finance Leasing Plc.	City Tower Building, M Floor, Unit No. M1 & M2B, Mao Tse Toung Blvd, Sangkat Phsar Depou Ti Muoy, Khan Toul Kork, Phnom Penh, Cambodia	855-81-761-111
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
	PT Sunindo Kookmin Best Finance, Surabaya Branch	Komplek Ruko Mega Galaxy Blok 14A No. 06, Jl.Kr.Ir.H Soekarno, Klampis Ngasem, Sukolilo, Surabaya 60117	031-596-4668
Laos	KB KOLAO Leasing Co., Ltd.	7F, Alounmai Tower 23 Singha Rd, Vientiane, Laos	856-21-417-900

KB Data Systems

Country	Name	Address	Telephone
Indonesia	PT KB Data Systems 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, Indonesia	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.



FINANCIAL SECTION

Section1 | Consolidated Financial Statements

Section2 | Separate Financial Statements



KB Financial Group Inc. and Subsidiaries

Consolidated Financial Statements

December 31, 2022 and 2021

(With Independent Auditors' Report Thereon)

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Independent Auditors' Report

Based on a report originally issued in Korean

The Board of Directors and Stockholders
KB Financial Group Inc.:*Opinion*

We have audited the consolidated financial statements of KB Financial Group Inc. and its subsidiaries ("the Group"), which comprise the consolidated statements of financial position as of December 31, 2022 and 2021, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with Korean International Financial Reporting Standards ("K-IFRS").

Basis for Opinion

We conducted our audits in accordance with Korean Standards on Auditing (KSAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Republic of Korea, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statement as of and for the year ended December 31, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

(1) Assessment of the allowances for credit losses for loans

As discussed in Notes 3.6, 4.2, 10 and 11 to the consolidated financial statements, the Group recognized an allowance for credit losses using the Expected Credit Loss (ECL) impairment model for loans at amortized cost amounting to KRW 4,158,625 million as of December 31, 2022. A lifetime ECL is recognized for those loans that have experienced a Significant Increase in Credit Risk (SICR) since initial recognition or are credit impaired, otherwise a 12-month ECL is recognized. The Group measures ECL allowances on an individual basis for individually significant corporate loans which are credit impaired and for those which have experienced a SICR and demonstrate certain other high risk indicators (for example, debt restructuring). The individual assessment involves judgment by the Group in estimating the future cash flows expected from collateral. The allowance for credit losses for other loans are measured on a collective basis. For these loans, the Group measures ECL based on its estimates of the Probability of Default (PD), the Loss Given Default (LGD) and the Exposure at Default (EAD) as well as the impact of Forward-Looking Information (FLI). For the corporate loans measured on a collective basis, one of the relevant inputs for determining PD is the internal credit risk rating of the borrower. The internal credit risk rating of the borrower is defined by the Group using quantitative and qualitative factors. The evaluation of the qualitative factors involves a high level of judgment by the Group.



We identified the following risks in accordance with the assessment of the allowances for credit losses for loans as a key audit matter, considering likelihood of error, management judgement, and risk of material misstatement;

- Risk that the Group's estimation of future cash flows for the corporate loans to be individually assessed for ELC is inappropriate due to over or under estimation of assets held as collateral by the Group
- Risks that (i) the analysis of the qualitative factors in determining the internal credit risk ratings of the corporate loans to be collectively assessed for ELC is inappropriate; (ii) the calculation of 12 month and lifetime PD, the calculation of LGD, and the evaluation if FLI incorporated in the measurement of collective ECL is inappropriate due to fraud or error

The following are the primary procedures we performed to address this key audit matter.

- We evaluated the design and tested the operating effectiveness of certain internal controls related to: (i) the estimates of future cash flows for individually assessed corporate loans, including controls over the work of external valuation professionals engaged by the Group to assess the value of collateral; (ii) the validation of the models used to determine the inputs to the collective ECL calculation and the impact of FLI; (iii) the assessment of qualitative factors in the process of determining the internal credit risk rating of the loans; (iv) the completeness and accuracy of quantitative data used in the credit risk ratings; and (v) the process that the qualitative factors and quantitative data are applied to the internal credit risk rating by involving information technology professionals
- We assessed the estimates of future cash flows expected from collateral on a sample of individually assessed corporate loans by (i) comparing assumptions made with information obtained from internal and external sources; and (ii) assessing the reliability of information used in the estimates, including the qualification of external valuation professionals engaged by the Group.
- We involved credit risk professionals with specialized skills, industry knowledge and relevant experience who assisted in: (i) evaluating the methodology and key judgments used in determining the PD and LGD parameters; (ii) evaluating how FLI was incorporated in the collective ECL model; and (iii) recalculating forward-looking PD, and a sample of LGD.
- We evaluated whether, for a sample of corporate loans with ECL measured on a collective basis, Group policy was applied in the internal credit risk rating process.

(2) Internally measured fair value of level 3 derivatives, and level 3 derivative-linked securities

As discussed in Notes 3.3.2 and 6.1.2 to the consolidated financial statements, the Group classifies financial instruments measured at fair value using valuation techniques where one or more significant inputs are not based on observable market data as level 3 in the fair value hierarchy. Those financial instruments measured at fair value classified as level 3 include derivatives and derivative-linked securities both held and issued by KB Securities Co., Ltd. (a subsidiary of the Group), of which fair value is measured by the internally developed valuation models. The fair value of such derivative assets and liabilities as of December 31, 2022 was KRW 120,775 million and KRW 777,542 million, respectively. Also, the fair value of such derivative-linked securities held (presented as 'financial assets at fair value through profit or loss – debt securities') and issued (presented as 'financial liabilities designated at fair value through profit or loss') as of December 31, 2022 was KRW 404,334 million and KRW 8,241,509 million, respectively. In order to measure the fair value of these financial instruments, the Group uses valuation models such as discounted cash flow models and option models. These models use various inputs and assumptions, depending on the nature of the financial instruments.

We identified the following risks in accordance with the measurement of fair value of the derivatives and derivative-linked securities as a key audit matter considering the level of judgement;

- Risks that (i) the models used by the Group to value the level 3 financial instruments are inappropriate; (ii) the models' significant inputs which are not directly observable in financial markets, (such as volatility of underlying assets, correlations, regression coefficients, discount rates, etc.) are inappropriate



The following are the primary procedures we performed to address this key audit matter.

- We evaluated the design and tested the operating effectiveness of certain internal controls related to the measurement of fair value of the derivatives and derivative-linked securities. This included controls related to (i) the development, validation and changes in the models used to value derivatives and derivative-linked securities, (ii) the development and application of the significant unobservable inputs and assumptions used in the measurement of fair values, and (iii) the monitoring of changes to these inputs and assumptions.
- We involved valuation professionals with specialized skills and knowledge, who assisted in: (i) evaluating the valuation techniques and significant unobservable inputs on a selection of the derivatives and derivative-linked securities; and (ii) developing models and significant unobservable inputs independently for a selection of the derivatives and derivative-linked securities and comparing the resulting fair value estimates to the Group's fair value measurements.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with K-IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with KSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with KSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used in the preparation of the consolidated financial statements and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in the internal controls that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Young-Min Kwon.

KPMG Samjong Accounting Corp.

KPMG Samjong Accounting Corp.

Seoul, Korea
March 7, 2023

This report is effective as of March 7, 2023, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying consolidated financial statements and notes thereto. Accordingly, the readers of the audit report should understand that the above audit report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

KB Financial Group Inc. and Subsidiaries
Consolidated Statements of Financial Position
December 31, 2022 and 2021

(in millions of Korean won)

	Notes		December 31, 2022		December 31, 2021
Assets					
Cash and due from financial institutions	4,6,7,8,39	₩	32,063,421	₩	31,009,374
Financial assets at fair value through profit or loss	4,6,8,12		64,935,344		66,005,815
Derivative financial assets	4,6,9		9,446,134		3,721,370
Loans measured at amortized cost	4,6,10,11		436,530,502		417,900,273
Financial investments	4,6,8,12		116,588,575		104,847,871
Investments in associates and joint ventures	13		682,670		448,718
Property and equipment	14		4,991,467		5,239,898
Investment property	14		3,148,340		2,514,944
Intangible assets	15		3,200,399		3,266,357
Net defined benefit assets	25		478,934		100,083
Current income tax assets			204,690		98,798
Deferred income tax assets	17,34		251,085		159,093
Assets held for sale	18		211,758		237,318
Assets of a disposal group held for sale	18		-		171,749
Other assets	4,6,19		28,437,529		28,174,173
Total assets		₩	701,170,848	₩	663,895,834
Liabilities					
Financial liabilities at fair value through profit or loss	4,6,20	₩	12,271,604	₩	12,088,980
Derivative financial liabilities	4,6,9		9,506,709		3,682,258
Deposits	4,6,21		388,888,452		372,023,918
Borrowings	4,6,22		71,717,366		56,912,374
Debentures	4,6,23		68,698,203		67,430,188
Provisions	24		968,819		808,604
Net defined benefit liabilities	25		85,745		225,521
Current income tax liabilities			997,675		662,672
Deferred income tax liabilities	17,34		22,693		1,470,981
Insurance liabilities	38		58,230,303		57,165,936
Other liabilities	4,6,26		40,140,365		43,130,482
Total liabilities			651,527,934		615,601,914
Equity					
Share capital			2,090,558		2,090,558
Hybrid securities			4,434,251		2,838,221
Capital surplus			16,940,731		16,940,231
Accumulated other comprehensive income (loss)	36		(2,713,053)		1,047,274
Accumulated other comprehensive income relating to assets of a disposal group held for sale	18, 36		-		7,671
Retained earnings			28,446,513		25,672,815
Treasury shares			(836,188)		(1,136,188)
Equity attributable to shareholders of the Parent	27		48,362,812		47,460,582
Non-controlling interests			1,280,102		833,338
Total equity			49,642,914		48,293,920
Total liabilities and equity		₩	701,170,848	₩	663,895,834

The above consolidated statements of financial position should be read in conjunction with the accompanying notes.

KB Financial Group Inc. and Subsidiaries
Consolidated Statements of Comprehensive Income
Years Ended December 31, 2022 and 2021

(in millions of Korean won, except per share amounts)

	Notes	2022	2021
Interest income		₩ 20,788,518	₩ 15,210,878
Interest income from financial instruments at fair value through other comprehensive income and amortized cost		19,912,128	14,620,490
Interest income from financial instruments at fair value through profit or loss		876,390	590,388
Interest expense		<u>(7,675,584)</u>	<u>(3,981,306)</u>
Net interest income	5,28	<u>13,112,934</u>	<u>11,229,572</u>
Fee and commission income		5,121,520	5,323,606
Fee and commission expense		<u>(1,799,888)</u>	<u>(1,698,023)</u>
Net fee and commission income	5,29	<u>3,321,632</u>	<u>3,625,583</u>
Insurance income		17,136,842	16,107,858
Insurance expense		<u>(16,440,329)</u>	<u>(15,551,147)</u>
Net insurance income	5,38	<u>696,513</u>	<u>556,711</u>
Net gains on financial instruments at fair value through profit or loss before applying overlay approach		(359,158)	1,160,981
Losses on overlay adjustments		<u>606,515</u>	<u>(165,677)</u>
Net gains on financial instruments at fair value through profit or loss	5,30	<u>247,357</u>	<u>995,304</u>
Net other operating expenses	5,31	<u>(2,365,791)</u>	<u>(1,923,567)</u>
General and administrative expenses	5,32	<u>(7,537,802)</u>	<u>(7,200,853)</u>
Operating income before provision for credit losses	5	<u>7,474,843</u>	<u>7,282,750</u>
Provision for credit losses	5,7,11,12,19,24	<u>(1,835,988)</u>	<u>(1,185,133)</u>
Net operating income		<u>5,638,855</u>	<u>6,097,617</u>
Share of profit (loss) of associates and joint ventures	13	(28,758)	93,526
Net other non-operating income (expenses)	33	<u>185,529</u>	<u>(109,537)</u>
Net non-operating income (expenses)		<u>156,771</u>	<u>(16,011)</u>
Profit before income tax expense		5,795,626	6,081,606
Income tax expense	34	<u>(1,622,387)</u>	<u>(1,697,225)</u>
Profit for the year	5	<u>4,173,239</u>	<u>4,384,381</u>

(Continued)

KB Financial Group Inc. and Subsidiaries
Consolidated Statements of Comprehensive Income
Years Ended December 31, 2022 and 2021 (cont'd)

(in millions of Korean won, except per share amounts)

	Notes	<u>2022</u>	<u>2021</u>
Items that will not be reclassified to profit or loss:			
Remeasurements of net defined benefit liabilities	25	₩ 239,702	₩ (45,510)
Share of other comprehensive income of associates and joint ventures		183	51
Gains on equity securities at fair value through other comprehensive income		(931,731)	903,398
Fair value changes of financial liabilities designated at fair value through profit or loss due to own credit risk		38,867	13,715
		<u>(652,979)</u>	<u>871,654</u>
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences		164,530	255,907
Losses on debt securities at fair value through other comprehensive income		(2,375,084)	(924,698)
Share of other comprehensive income (loss) of associates and joint ventures		(545)	498
Gains (losses) on cash flow hedging instruments	9	31,474	20,864
Gains (losses) on hedging instruments of net investments in foreign operations	9	(79,085)	(57,935)
Other comprehensive loss arising from separate account		(159,619)	(63,814)
Gains on overlay adjustment	38	(440,129)	120,282
		<u>(2,858,458)</u>	<u>(648,896)</u>
Other comprehensive income (loss) for the year, net of tax		<u>(3,511,437)</u>	<u>222,758</u>
Total comprehensive income for the year		<u>₩ 661,802</u>	<u>₩ 4,607,139</u>
Profit attributable to:			
Shareholders of the Parent Company	5	₩ 4,394,830	₩ 4,409,543
Non-controlling interests		(221,591)	(25,162)
		<u>₩ 4,173,239</u>	<u>₩ 4,384,381</u>
Total comprehensive income for the year attributable to:			
Shareholders of the Parent Company		₩ 869,854	₩ 4,610,549
Non-controlling interests		(208,052)	(3,410)
		<u>₩ 661,802</u>	<u>₩ 4,607,139</u>
Earnings per share			
Basic earnings per share	37	₩ 10,955	₩ 11,134
Diluted earnings per share		10,705	10,890

The above consolidated statements of comprehensive income should be read in conjunction with the accompanying notes.

KB Financial Group Inc. and Subsidiaries
Consolidated Statements of Changes in Equity
Years Ended December 31, 2022 and 2021

(in millions of Korean won)

Equity attributable to shareholders of the Parent Company										
Notes	Share capital	Hybrid securities	Capital surplus	Accumulated other comprehensive income	Accumulated other comprehensive income relating to assets of a disposal group held for sale	Retained earnings	Treasury shares	Non-controlling interests	Total equity	
Balance as of January 1, 2021	₩ 2,090,558	₩ 1,695,988	₩ 16,723,589	₩ 630,011	₩ -	₩ 22,540,616	₩ (1,136,188)	₩ 857,783	₩	₩ 43,402,357
Comprehensive income for the year										
Profit for the year	-	-	-	-	-	4,409,543	-	(25,162)	-	4,384,381
Remeasurements of net defined benefit liabilities	-	-	-	(45,742)	-	-	-	232	-	(45,510)
Currency translation differences	-	-	-	241,273	-	-	-	14,634	-	255,907
Gains (losses) on financial instruments at fair value through other comprehensive income and transfer to retained earnings	-	-	-	201,697	-	(223,928)	-	931	-	(21,300)
Share of other comprehensive loss of associates and joint ventures	-	-	-	549	-	-	-	-	-	549
Losses on cash flow hedging instruments	-	-	-	20,864	-	-	-	-	-	20,864
Gains on hedging instruments of net investments in foreign operations	-	-	-	(57,935)	-	-	-	-	-	(57,935)
Other comprehensive loss arising from separate account	-	-	-	(63,814)	-	-	-	-	-	(63,814)
Fair value changes of financial liabilities designated at fair value through profit or loss due to own credit risk	-	-	-	13,715	-	-	-	-	-	13,715
Gains on overlay adjustments	-	-	-	120,282	-	-	-	-	-	120,282
Transfer within equity	-	-	-	(7,671)	7,671	-	-	-	-	-
Total comprehensive income for the year	-	-	-	423,218	7,671	4,185,615	-	(9,365)	-	4,607,139
Transactions with shareholders										
Annual dividends paid to shareholders of the Parent Company	-	-	-	-	-	(689,653)	-	-	-	(689,653)
Quarterly dividends paid to shareholders of the Parent Company	-	-	-	-	-	(292,226)	-	-	-	(292,226)
Issuance of hybrid securities	-	1,142,233	-	-	-	-	-	-	-	1,142,233
Dividends on hybrid securities	-	-	-	-	-	(71,537)	-	(24,145)	-	(95,682)
Non-controlling interests changes in business combination	-	-	-	-	-	-	-	1,994	-	1,994
Transactions with non-controlling interests	-	-	216,853	(5,955)	-	-	-	(18,306)	-	192,592
Others	-	-	(211)	-	-	-	-	25,377	-	25,166
Total transactions with shareholders	-	1,142,233	216,642	(5,955)	-	(1,053,416)	-	(15,080)	-	284,424
Balance as of December 31, 2021	₩ 2,090,558	₩ 2,838,221	₩ 16,940,231	₩ 1,047,274	₩ 7,671	₩ 25,672,815	₩ (1,136,188)	₩ 833,338	₩	₩ 48,293,920
Balance as of January 1, 2022	₩ 2,090,558	₩ 2,838,221	₩ 16,940,231	₩ 1,047,274	₩ 7,671	₩ 25,672,815	₩ (1,136,188)	₩ 833,338	₩	₩ 48,293,920
Comprehensive income for the year										
Profit for the year	-	-	-	-	-	4,394,830	-	(221,591)	-	4,173,239
Remeasurements of net defined benefit liabilities	-	-	-	239,624	-	-	-	78	-	239,702
Currency translation differences	-	-	-	157,281	(7,671)	-	-	14,920	-	164,530
Gains (losses) on financial instruments at fair value through other comprehensive income and transfer to retained earnings	-	-	-	(3,548,378)	-	243,021	-	(1,458)	-	(3,306,815)
Share of other comprehensive income of associates and joint ventures	-	-	-	(362)	-	-	-	-	-	(362)
Gains on cash flow hedging instruments	-	-	-	31,474	-	-	-	-	-	31,474
Losses on hedging instruments of net investments in foreign operations	-	-	-	(79,085)	-	-	-	-	-	(79,085)
Other comprehensive loss arising from separate account	-	-	-	(159,619)	-	-	-	-	-	(159,619)
Fair value changes of financial liabilities designated at fair value through profit or loss due to own credit risk	-	-	-	38,867	-	-	-	-	-	38,867
Gains on overlay adjustments	-	-	-	(440,129)	-	-	-	-	-	(440,129)
Total comprehensive income for the year	-	-	-	(3,760,327)	(7,671)	4,637,851	-	(208,051)	-	661,802
Transactions with shareholders										
Annual dividends paid to shareholders of the Parent Company	-	-	-	-	-	(853,299)	-	-	-	(853,299)
Quarterly dividends paid to shareholders of the Parent Company	-	-	-	-	-	(584,452)	-	-	-	(584,452)
Issuance of hybrid securities	-	1,596,030	-	-	-	-	-	431,807	-	2,027,837
Dividends on hybrid securities	-	-	-	-	-	(126,402)	-	(36,094)	-	(162,496)
retirement of treasury shares	-	-	-	-	-	(300,000)	300,000	-	-	-
Others	-	-	500	-	-	-	-	259,102	-	259,602
Total transactions with shareholders	-	1,596,030	500	-	-	(1,864,153)	300,000	654,815	-	687,192
Balance as of December 31, 2022	₩ 2,090,558	₩ 4,434,251	₩ 16,940,731	₩ (2,713,053)	₩ -	₩ 28,446,513	₩ (836,188)	₩ 1,280,102	₩	₩ 49,642,914

The above consolidated statements of changes in equity should be read in conjunction with the accompanying notes.

KB Financial Group Inc. and Subsidiaries
Consolidated Statements of Cash Flows
Years Ended December 31, 2022 and 2021

(in millions of Korean won)

	Notes	2022	2021
Cash flows from operating activities			
Profit for the year	₩	4,173,239	₩ 4,384,381
Adjustment for non-cash items			
Net gains on financial assets at fair value through profit or loss		(437,347)	(274,515)
Net losses on derivative financial instruments for hedging purposes		141,759	213,996
Provision for credit losses		1,835,988	1,185,133
Net losses on financial investments		236,685	97,813
Share of loss (profit) of associates and joint ventures		28,758	(93,526)
Depreciation and amortization expense		878,841	850,614
Amortization expense of VOBA		137,617	156,074
Other net losses (gains) on property and equipment/intangible assets		(251,858)	1,974
Share-based payments		58,275	101,935
Provision for policy reserves		1,046,300	2,761,135
Post-employment benefits		249,874	237,315
Net interest expense (income)		(89,588)	256,736
Losses (gains) on foreign currency translation		669,989	(665,282)
Gain on a bargain purchase		-	(288)
Other expenses		800,935	721,459
		<u>5,306,228</u>	<u>5,550,573</u>
Changes in operating assets and liabilities			
Financial asset at fair value through profit or loss		3,121,774	(6,149,781)
Derivative financial instruments		546,095	39,343
Loans measured at fair value through other comprehensive income		(49,352)	(24,618)
Loans measured at amortized cost		(21,129,553)	(41,457,544)
Current income tax assets		(105,892)	10,581
Deferred income tax assets		(91,429)	(92,967)
Other assets	2, 39	(1,222,952)	950,313
Financial liabilities at fair value through profit or loss		1,252,561	759,989
Deposits		16,566,047	32,497,922
Current income tax liabilities		335,003	(102,273)
Deferred income tax liabilities		(152,767)	294,130
Other liabilities		(2,862,918)	1,314,561
		<u>(3,793,383)</u>	<u>(11,960,344)</u>
Net cash inflow (outflow) from operating activities		<u>5,686,084</u>	<u>(2,025,390)</u>

(Continued)

KB Financial Group Inc. and Subsidiaries
Consolidated Statements of Cash Flows
Years Ended December 31, 2022 and 2021 (cont'd)

(in millions of Korean won)

	Notes	2022	2021
Cash flows from investing activities			
Net cash flows from derivative financial instruments for hedging purposes		(166,066)	427
Disposal of financial asset at fair value through profit or loss		9,513,537	13,788,604
Acquisition of financial asset at fair value through profit or loss		(12,807,238)	(12,298,792)
Disposal of financial investments		25,993,266	50,825,909
Acquisition of financial investments		(43,612,269)	(56,633,996)
Disposal of investments in associates and joint ventures		167,690	678,636
Acquisition of investments in associates and joint ventures		(430,400)	(261,881)
Disposal of property and equipment		31,181	7,016
Acquisition of property and equipment		(296,937)	(286,613)
Disposal of investment property		1,292,114	177,033
Acquisition of investment property		(649,961)	(118,961)
Disposal of intangible assets		5,654	8,203
Acquisition of intangible assets		(237,258)	(191,696)
Net cash flows from changes in ownership of subsidiaries		932,428	374,992
Others		(21,456)	75,105
Net cash outflow from investing activities		(20,285,715)	(3,856,014)
Cash flows from financing activities			
Net cash flows from derivative financial instruments for hedging purposes		33,402	5,870
Net increase in borrowings		14,669,649	7,321,582
Increase in debentures		107,607,314	121,767,039
Decrease in debentures		(106,631,213)	(117,509,585)
Increase (decrease) in other payables to trust accounts		(1,225,402)	(509,106)
Dividends paid to shareholders of the Parent Company		(1,437,751)	(981,879)
Dividends paid on hybrid securities		(126,402)	(71,537)
Issuance of hybrid securities		1,596,030	1,142,233
Decrease in non-controlling interests		395,713	(24,145)
Redemption of principal of lease liabilities		(257,570)	(253,248)
Others		694,473	(65,826)
Net cash inflow from financing activities		15,318,243	10,821,398
Effect of exchange rate changes on cash and cash equivalents	2, 39	170,639	241,544
Net increase in cash and cash equivalents		889,251	5,181,538
Cash and cash equivalents at the beginning of the year	2, 39	25,273,273	20,091,735
Cash and cash equivalents at the end of the year	2, 39	₩ 26,162,524	₩ 25,273,273

The above consolidated statements of cash flows should be read in conjunction with the accompanying notes.

KB Financial Group Inc. and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2022 and 2021

1. The Parent Company

KB Financial Group Inc. (the “Parent Company”) was incorporated on September 29, 2008, under the Financial Holding Companies Act of Korea. KB Financial Group Inc. and its subsidiaries (the “Group”) derive substantially all of their revenue and income from providing a broad range of banking and related financial services to consumers and corporations. The Parent Company’s main business purpose is to control subsidiaries that engage in the financial business or subsidiaries closely related to the financial business through the stock ownership. The Parent Company’s headquarter is located at 26, Gukjegeumyung-ro 8-gil, Yeongdeungpo-gu, Seoul. In 2011, Kookmin Bank spun off its credit card business segment and established a new separate credit card company, KB Kookmin Card Co., Ltd. and KB Investment & Securities Co., Ltd. merged with KB Futures Co., Ltd. The Group established KB Savings Bank Co., Ltd. in January 2012, acquired Yehansoul Savings Bank Co., Ltd. in September 2013, and KB Savings Bank Co., Ltd. merged with Yehansoul Savings Bank Co., Ltd. in January 2014. In March 2014, the Group acquired Woori Financial Co., Ltd. and changed the name to KB Capital Co., Ltd. Meanwhile, the Group included LIG Insurance Co., Ltd. as an associate and changed the name to KB Insurance Co., Ltd. in June 2015, and KB Insurance Co., Ltd. became one of the subsidiaries through a tender offer in May 2017. Also, the Group included Hyundai Securities Co., Ltd. as an associate in June 2016 and included as a subsidiary in October 2016 by comprehensive exchange of shares. Hyundai Securities Co., Ltd. merged with KB Investment & Securities Co., Ltd. in December 2016 and changed its name to KB Securities Co., Ltd. in January 2017. In August 2020, the Group acquired Prudential Life Insurance Company of Korea Ltd. which was classified as a subsidiary and the name was changed to KB Life Insurance Co., Ltd. in December 2022.

The Parent Company’s share capital as of December 31, 2022, is ₩ 2,090,558 million. The Parent Company has been listed on the Korea Exchange (“KRX”) since October 10, 2008, and on the New York Stock Exchange (“NYSE”) for its American Depositary Shares (“ADS”) since September 29, 2008. Number of shares authorized in its Articles of Incorporation is 1,000 million.

2. Basis of Preparation

2.1 Application of Korean IFRS

The Group maintains its accounting records in Korean won and prepares statutory consolidated financial statements in the Korean language in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (“Korean IFRS”). The accompanying consolidated financial statements have been translated into English from the Korean language consolidated financial statements.

The consolidated financial statements of the Group have been prepared in accordance with Korean IFRS. Korean IFRS are the standards and related interpretations issued by the International Accounting Standards Board (“IASB”) that have been adopted by the Republic of Korea.

The preparation of the consolidated financial statements requires the use of certain critical accounting estimates. Management also needs to exercise judgment in applying the Group’s accounting policies. The areas that require a more complex and higher level of judgment or areas that require significant assumptions and estimations are disclosed in Note 2.4.

KB Financial Group Inc. and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2022 and 2021

2.1.1 The Group has applied the following amended standards for the first time for its annual reporting period commencing January 1, 2022.

- Amendments to Korean IFRS No.1116 Leases - COVID-19-Related Rent Concessions, etc. beyond June 30, 2021

The application of the practical expedient, a lessee may elect not to assess whether a rent concession occurring as a direct consequence of the COVID-19 pandemic is a lease modification, is extended to lease payments originally due on or before 30 June 2022. A lessee shall apply the practical expedient consistently to eligible contracts with similar characteristics and in similar circumstances. These amendments do not have a significant impact on the consolidated financial statements.

- Amendments to Korean IFRS No.1103 Business Combination – Reference to the Conceptual Framework

The amendments update a reference of definition of assets and liabilities to qualify for recognition in revised Conceptual Framework for Financial Reporting. However, the amendments add an exception for the recognition of liabilities and contingent liabilities within the scope of Korean IFRS No.1037 *Provisions, Contingent Liabilities and Contingent Assets*, and Korean IFRS No.2121 *Levies*. The amendments also confirm that contingent assets should not be recognized at the acquisition date. These amendments do not have a significant impact on the consolidated financial statements.

- Amendments to Korean IFRS No.1016 Property, Plant and Equipment - Proceeds Before Intended Use

The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while the entity is preparing the asset for its intended use. Instead, the entity will recognize the proceeds from selling such items, and the costs of producing those items, as profit or loss. These amendments do not have a significant impact on the consolidated financial statements.

- Amendments to Korean IFRS No.1037 Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts: Cost of Fulfilling a Contract

The amendments clarify that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts when assessing whether the contract is onerous. These amendments do not have a significant impact on the consolidated financial statements.

- Annual improvements to Korean IFRS 2018-2020

These amendments do not have a significant impact on the consolidated financial statements.

- Korean IFRS No.1101 First-time Adoption of Korean International Financial Reporting Standards – Subsidiary as a first-time adopter
- Korean IFRS No.1109 *Financial Instruments – Fees in the ‘10 per cent’ test for derecognition of financial liabilities*
- *Korean IFRS No.1116 Leases – Lease incentives*
- Korean IFRS No.1041 *Agriculture – Measuring fair value*

KB Financial Group Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2022 and 2021

2.1.2 The Group has changed the following accounting policy for its annual reporting period commencing January 1, 2022.

The Group had classified due from financial institutions with restriction to use, such as reserve requirement deposits, as due from financial institutions measured at amortized cost rather than cash and cash equivalents; however, following the IFRS Interpretations Committee's decision that cash and cash equivalents include restricted demand deposits, some classified due from financial institutions with restriction to use, such as reserve requirement deposits, the Group has retrospectively classified these accounts as cash and cash equivalents from January 1, 2022. The comparative consolidated financial statements have been restated to reflect the changes made to retrospective application.

The application of these accounting policy changes has no effect on the consolidated statements of financial position as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income for the years ended December 31, 2022 and 2021. The effects on the consolidated statements of cash flows for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	2022	2021
Increase in changes in other assets	₩ 175,012	₩ 4,674,874
Increase in effect of exchange rate changes on cash and cash equivalents in foreign currency	88,082	83,297
Increase in beginning balance of cash and cash equivalents	16,164,814	11,406,643
Increase in ending balance of cash and cash equivalents	16,427,908	16,164,814

KB Financial Group Inc. and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2022 and 2021

2.1.3 The following new and amended standards have been published that are not mandatory for December 31, 2022 reporting period and have not been adopted by the Group.

- Amendments to Korean IFRS No.1001 Presentation of Financial Statements - Classification of Liabilities as Current or Non-current

The amendments clarify that liabilities are classified as either current or non-current, depending on the substantive rights that exist at the end of the reporting period. Classification is unaffected by the likelihood that an entity will exercise the right to defer settlement of the liability or the management's expectations thereof. Also, the settlement of liability includes the transfer of the entity's own equity instruments; however, it would be excluded if an option to settle the liability by the transfer of the entity's own equity instruments is recognized separately from the liability as an equity component of a compound financial instrument. The amendments should be applied for annual reporting periods beginning on or after January 1, 2023, and earlier application is permitted. The Group does not expect that these amendments have a significant impact on the consolidated financial statements.

- Issuance of Korean IFRS No.1117 Insurance Contracts

(a) Major changes in accounting policy

Korean IFRS No.1117 *Insurance Contracts* will replace Korean IFRS No.1104 *Insurance Contracts*. This standard requires an entity to estimate future cash flows of an insurance contract and measure insurance liabilities using discount rates applied with assumptions and risks at the measurement date and recognize insurance revenue on an accrual basis including services (insurance coverage) provided to the policyholder by each annual reporting period. In addition, investment components (refunds due to termination and maturity) repaid to a policyholder even if an insured event does not occur, are excluded from insurance revenue, and net insurance income and net investment income are presented separately to enable users of the information to understand the sources of net income. This standard should be applied for annual reporting periods beginning on or after January 1, 2023, and earlier application is permitted for entities that applied Korean IFRS No.1109 *Financial Instruments*. The Group is scheduled to apply this standard for annual reporting period beginning on January 1, 2023. If the Group prepares consolidated financial statements by applying Korean IFRS No.1117, the following parts are expected to make significant differences with the current consolidated financial statements. It does not mean to include all differences that are arising in the future and can be changed based on the future additional analysis results.

(Measurement of Insurance liabilities, etc.)

Under Korean IFRS No.1117, the Group estimates all cash flows from insurance contracts and measures the insurance liabilities using discount rate that reflects assumptions and risks at the reporting date.

In details, the Group identifies a portfolio of insurance contracts that comprises contracts exposed to similar risks and managed together, then separates the contracts with similar profitability within the portfolio as groups of insurance contracts. The groups of insurance contracts are measured as the sum of the estimate of future cash flows (including cash flows related to policy loans and reflecting time value of money, etc.), risk adjustment, and the contractual service margin. With the adoption of Korean IFRS No.1117, account of the contractual service margin will be introduced, which means unearned profit that would be recognized by providing insurance service in the future.

KB Financial Group Inc. and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2022 and 2021

2.1.3 The following new and amended standards have been published that are not mandatory for December 31, 2022 reporting period and have not been adopted by the Group. (cont'd)

Meanwhile, reinsurance contracts mean insurance contracts issued by a reinsurance company to compensate claims arising from original insurance contracts issued by other insurance companies. The groups of insurance contracts also apply assumptions consistent with the groups of original insurance contracts when estimating the present value of future cash flows for the groups of insurance contracts ceded.

(Recognition and measurement of financial performance)

Under Korean IFRS No.1117, the Group recognizes insurance revenue on an accrual basis for services (insurance coverage) provided to the policyholder by each annual reporting period, excluding investment component (refunds due to termination and maturity) to be paid to the policyholder regardless of the insured event. In addition, net insurance income and net investment income are presented separately to enable users of the information to understand the sources of net income.

The Group also includes the time value of money, financial risk and effects of their fluctuations related to the group of insurance contracts and the Group should select accounting policy whether the insurance finance income or expenses for the periods are divided to profit or loss, or other comprehensive income.

(Accounting policy for transition of insurance contracts)

Under transition requirements of Korean IFRS No.1117, the Group shall adjust the original cost-based measurement to current measurement by applying the fully retrospective approach, modified retrospective approach or fair value approach, for the group of insurance contracts issued before the transition date (the beginning of the annual reporting period immediately preceding initial application date of January 1, 2022).

In principle, the Group shall identify, recognize and measure each group of insurance contracts as if Korean IFRS No.1117 had always applied before the transition date. If this method is impracticable, the Group can apply the modified retrospective approach or the fair value approach. However, the fair value approach can be applied even though it is possible to apply the fully retrospective approach for the group of insurance contracts with direct participation features that meet specific requirements.

Meanwhile, the modified retrospective approach is a way to obtain results very close to the fully retrospective approach by using all reasonable and supportable information available without undue cost or effort. The fair value approach is a way to measure group of insurance contracts using fair value measurements based on Korean IFRS No.1113 *Fair Value Measurements*. When applying the fair value approach, contractual service margin or loss component of the liability for remaining coverage at the transition date are measured as the difference between the fair value of a group of insurance contracts at that date and the fulfilment cash flows measured at that date.

KB Financial Group Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2022 and 2021

2.1.3 The following new and amended standards have been published that are not mandatory for December 31, 2022 reporting period and have not been adopted by the Group. (cont'd)

Key changes in accounting policies expected by adopting Korean IFRS No.1117 are as follows:

	Korean IFRS No.1104	Korean IFRS No.1117
Insurance liability measurement	Measure at cost using the past information	Measure at current value using information at the reporting date Need to choose transition method to adjust the existing group of insurance contracts to current measurement at the transition date (among the fully retrospective approach, modified retrospective approach or fair value approach)
Recognition of insurance revenue	Apply cash basis to recognize the received premium as insurance revenue Include investment component, such as refunds due to termination and maturity, to insurance revenue	Recognize revenue by reflecting services provided to the policyholder by each annual reporting period (accrual basis) Exclude investment component (refunds due to termination and maturity) from insurance revenue Net insurance income and net investment income (financial income) are presented separately
Deferred acquisition cost	Recognize deferred acquisition cost as a separate asset Estimate insurance liability based on net insurance premium (excluding administration expenses)	Do not recognize deferred acquisition cost as a separate asset Estimate insurance liability based on operating insurance premium (including administration expenses)

(b) Status of preparation for Korean IFRS No.1117 adoption

In order for the Group to smoothly adopt Korean IFRS No.1117, it is necessary to prepare a separate implementation department, implement an accounting system, train executives and employees, and analyze financial impact and etc.

Above all, for the adequacy of insurance liability evaluation, the stability of the accounting system and the conformity of system calculations must be secured, and accounting policies and actuarial assumptions must be established reasonably and applied consistently every period. For this, the Group needs to verify the system continually, and prepare various internal control procedures. In particular, the Group shall implement and comply with an internal control over financial reporting suitable for the changed accounting environment so that reliable accounting information can be prepared and disclosed after the adoption of the new accounting standard.

The adoption of Korean IFRS No.1117 will not only change accounting standard, but will also affect insurance product development, sales strategies, and long-term business strategies. Accordingly, it is necessary for the Group to re-establish various business strategies after the adoption of the new accounting standard, provide continual training for related executives and employees and report preparations for adoption and future plans to management.

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2.1.3 The following new and amended standards have been published that are not mandatory for December 31, 2022 reporting period and have not been adopted by the Group. (cont'd)

The detailed preparations for adoption and future plans are as follows:

(KB Insurance Co., Ltd.)

Key activity	Progress (at the reporting date)	Future plan
Implementation department	(Feb. 2017) Organize the implementation department of Korean IFRS No.1117 (Apr. 2018) Expand the implementation department of Korean IFRS No.1117 (currently, total 14 personnel who are fully in charge of)	-
Implementation of accounting system	(Feb. 2017) Start implementation of the integrated actuarial system (Jun. 2018) Complete implementation of the system (Sep. 2018) Start implementation of the accounting system (Nov. 2020) Complete implementation of the system Currently, pilot operation	-
Training for executives and employees	Prepare and implement training for executives/head of departments and employees in related departments	-
Reporting to management	Report implementation of the system, financial effects, etc.	-

(KB Life Insurance Co., Ltd.(former Prudential Life Insurance Company of Korea Ltd.))

Key activity	Progress (at the reporting date)	Future plan
Implementation department	(Apr. 2016) Organize the implementation department of Korean IFRS No.1117 (currently, total 10 personnel who are fully in charge of)	-
Implementation of accounting system	(Nov. 2017) Start implementation of the integrated actuarial system (Nov. 2018) Complete implementation of the system (Nov. 2020) Start implementation of the accounting system (Dec. 2021) Complete implementation of the system	Advancement of the internal control over financial reporting
Training for executives and employees	Implement training for employees	-
Reporting to management	Report the implementation of the system, financial effect of insurance supervisory accounting for adoption of Korean IFRS No.1117	-

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2.1.3 The following new and amended standards have been published that are not mandatory for December 31, 2022 reporting period and have not been adopted by the Group. (cont'd)

(KB Life Insurance Co., Ltd)

Key activity	Progress (at the reporting date)	Future plan
Implementation department	(Jul. 2018) Organize the responsive team for Korean IFRS No.1117 (Mar. 2019) Organize and operate TF for Korean IFRS No.1117	-
Implementation of accounting system	(Mar. 2019) Start implementation of the accounting system (Dec. 2020) Complete implementation of the system Currently, pilot operation	-
Training for executives and employees	Prepare and implement training for executives/head of departments and employees in related departments (total 20 trainings) (Nov. 2020) Open online training (Dec. 2021) Implement non-face-to-face training	Plan to expand training target
Reporting to management	Report implementation of the system, financial effects, etc.	-

(c) Financial effect evaluation

As the adoption of Korean IFRS No.1117 changes the measurement method of insurance liability and insurance revenue recognition, financial volatility is expected to occur in the consolidated financial statements for 2023.

In order to analyze the financial impact of the initial application of Korean IFRS No.1117, the Group assessed the impact on the consolidated financial statements based on the information available and the current circumstances as of December 31, 2022.

Therefore, the results of financial impact assessment as of December 31, 2022 are subject to change depending on economic conditions and additional information available to the Group in the future.

(Changes in amounts in the consolidated statement of financial position and the consolidated statement of comprehensive income)

The results of the financial impact assessment of the initial application of Korean IFRS No.1117 to the consolidated financial statement using the implemented accounting system as of December 31, 2022 are as follows:

Under Korean IFRS No.1117, on a consolidated basis, total assets, total liabilities and total equity as of December 31, 2022 are expected to be ₩ 688,440,673 million, ₩ 634,539,933 million and ₩ 53,900,740 million, respectively, and net income and total comprehensive income for the year ended December 31, 2022 are expected to be ₩ 3,876,614 million and ₩ 3,546,046 million, respectively.

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2.1.3 The following new and amended standards have been published that are not mandatory for December 31, 2022 reporting period and have not been adopted by the Group. (cont'd)

Compared to Korean IFRS No.1104, on a consolidated basis, the total assets of ₩ 12,730,175 million and total liabilities of ₩ 16,988,001 million decreased, respectively, and the total equity of ₩ 4,257,826 million increased. Net income of ₩ 296,625 million and profit attributable to shareholders of the Parent company of ₩ 296,625 million decreased, and total comprehensive income of ₩ 2,884,244 million increased. The results of this analysis may change by economic conditions and additional information available to the Group in the future.

1) Effects on consolidated statement of financial position

(In millions of Korean won)

Korean IFRS No.1104		Korean IFRS No.1117		Net increase (decrease)
Assets		Assets		
Financial assets	₩ 659,563,977	Financial assets	₩ 660,455,971	₩ 891,994
Intangible assets	3,200,399	Intangible assets	1,858,470	(1,341,929)
Deferred income tax assets	251,085	Deferred income tax assets	8,066	(243,019)
Other assets	28,437,529	Other assets	14,813,071	(13,624,458)
		Insurance contract assets	83,988	83,988
		Reinsurance contract assets	1,503,740	1,503,740
Others	9,717,858	Others	9,717,367	(491)
Total assets	₩ 701,170,848	Total assets	₩ 688,440,673	₩ (12,730,175)
Liabilities		Liabilities		
Financial liabilities	551,082,334	Financial liabilities	556,125,846	5,043,512
Insurance contract liabilities	58,230,303	Insurance contract liabilities	46,348,942	(11,881,361)
		Reinsurance contract liabilities	32,141	32,141
Deferred income tax liabilities	22,693	Deferred income tax liabilities	1,307,303	1,284,610
Other liabilities	40,140,365	Other liabilities	28,707,574	(11,432,791)
Others	2,052,239	Others	2,018,127	(34,112)
Total liabilities	₩ 651,527,934	Total liabilities	₩ 634,539,933	₩ (16,988,001)
Equity		Equity		
Share capital and capital adjustments	22,629,352	Share capital and capital adjustments	22,629,352	-
Accumulated other comprehensive income	(2,713,053)	Accumulated other comprehensive income	1,095,485	3,808,538
Retained earnings	28,446,513	Retained earnings	28,896,713	450,200
Non-controlling interests	1,280,102	Non-controlling interests	1,279,190	(912)
Total equity	₩ 49,642,914	Total equity	₩ 53,900,740	₩ 4,257,826

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2.1.3 The following new and amended standards have been published that are not mandatory for December 31, 2022 reporting period and have not been adopted by the Group. (cont'd)

2) Effects on consolidated statement of comprehensive income

(In millions of Korean won)

Korean IFRS No.1104		Korean IFRS No.1117		Net increase (decrease)
Net interest income	₩ 13,112,934	Net interest income	₩ 12,994,671	₩ (118,263)
Net fee and commission income	3,321,632	Net fee and commission income	3,521,504	199,872
Net insurance income	696,513	Net insurance income	1,314,109	617,596
Insurance income	17,136,842	Insurance income	9,532,085	(7,604,757)
Insurance expense	(16,440,329)	Insurance service expense	(7,968,600)	8,471,729
		Reinsurance income	523,140	523,140
		Reinsurance expense	(772,516)	(772,516)
Net gains on financial instruments at fair value through profit or loss	247,357	Net gains on financial instruments at fair value through profit or loss	(1,134,009)	(1,381,366)
Insurance finance income	-	Insurance finance income	(727,321)	(727,321)
Net other operating expenses	(2,365,791)	Net other operating expenses	(2,262,310)	103,481
General and administrative expenses	(7,537,802)	General and administrative expenses	(6,643,917)	893,885
Provision for credit losses	(1,835,988)	Provision for credit losses	(1,847,714)	(11,726)
Net other non-operating income (expenses)	156,771	Net other non-operating income (expenses)	160,367	3,596
Profit before income tax expense	5,795,626	Profit before income tax expense	5,375,380	(420,246)
Income tax expense	(1,622,387)	Income tax expense	(1,498,766)	123,621
Profit for the year	4,173,239	Profit for the year	3,876,614	(296,625)
Non-controlling interests	(221,591)	Non-controlling interests	(221,591)	-
Shareholders of the Parent Company	4,394,830	Shareholders of the Parent Company	4,098,205	(296,625)
Other comprehensive income for the year, net of tax	(3,511,437)	Other comprehensive income for the year, net of tax	(330,568)	3,180,869
Total comprehensive income for the year	₩ <u>661,802</u>	Total comprehensive income for the year	₩ <u>3,546,046</u>	₩ <u>2,884,244</u>

(Financial impact due to the transition methods to Korean IFRS No.1117)

The expected impact of the transition methods on the valuation of insurance contract liabilities as of the transition date of January 1, 2022 is as follows:

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2.1.3 The following new and amended standards have been published that are not mandatory for December 31, 2022 reporting period and have not been adopted by the Group. (cont'd)

1) KB Insurance Co., Ltd.

The Group adjusted the original cost-based measurement to current measurement by applying the fully retrospective approach for the group of insurance contract issued from 2018 to 2021 (within immediately preceding 4 years prior to the transition date of January 1, 2022), and by applying the fair value approach for the group of insurance contracts issued before 2018 (for the periods prior to the year beginning January 1, 2018).

In applying the fair value approach, the fair value of insurance contracts (Korean IFRS No.1113 Fair Value Measurements) was calculated by reflecting some of adjustments based on the valuation amount of insurance contract liabilities calculated under the Korean-Insurance Capital Standards. As a result of analyzing the financial impact related to accounting for transition applying Korean IFRS No.1117, as of January 1, 2022, the insurance contract assets and insurance contract liabilities are expected to be ₩ 1,646,501 million and ₩ 25,805,262 million, respectively.

The impact of the transition method on the valuation of KB Insurance Co., Ltd.'s insurance contract liabilities included in the Group's consolidated financial statements is as follows:

(In millions of Korean won)

Transition method	Period	Korean IFRS No.1117		
		Insurance contract assets ¹	Insurance contract liabilities ¹	Contractual service margin ²
Fully retrospective approach	From 2018 to 2021	₩ 1,360,578	₩ 4,760,647	₩ 5,059,205
Fair value approach	Before 2018	285,923	21,044,615	2,127,218
		₩ 1,646,501	₩ 25,805,262	₩ 7,186,423

¹ Insurance contract assets and insurance contract liabilities are the total amounts, including reinsurance contract assets and reinsurance contract liabilities, respectively.

² The contractual service margin is presented as net amount by offsetting the amounts included in the insurance contract assets and insurance contract liabilities.

2) KB Life Insurance Co., Ltd.(former Prudential Life Insurance Company of Korea Ltd.)

The Group has control over KB Life Insurance Co., Ltd.(former Prudential Life Insurance Company of Korea Ltd.) as it holds the 100% ownership interests on KB Life Insurance Co., Ltd.(former Prudential Life Insurance Company of Korea Ltd.) through stock purchases on August 31, 2020, after the approval obtained from the Financial Services Commission for inclusion the company as a subsidiary on August 26, 2020. Accordingly, the Group adjusted the original cost-based measurement to current measurement by applying the fully retrospective approach for the group of insurance contract issued by KB Life Insurance Co., Ltd.(former Prudential Life Insurance Company of Korea Ltd.)

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2.1.3 The following new and amended standards have been published that are not mandatory for December 31, 2022 reporting period and have not been adopted by the Group. (cont'd)

In applying the fully retrospective approach, the contractual service margin on initial recognition for the group of insurance contract as of the acquisition date, was measured based on applying the fair value of the business combination under measurement on initial recognition of insurance contracts acquired in a business combination of Korean IFRS No.1117. As a result of analyzing the financial impact related to accounting for transition applying Korean IFRS No.1117, as of January 1, 2022, the insurance contract liabilities are expected to be ₩ 20,140,367 million.

The impact of the transition method on the valuation of KB Life Insurance Co., Ltd.(former Prudential Life Insurance Company of Korea Ltd.)'s insurance contract liabilities included in the Group's consolidated financial statements is as follows:

(In millions of Korean won)

Transition method	Period	Korean IFRS No.1117		
		Insurance contract assets ¹	Insurance contract liabilities ¹	Contractual service margin ²
Fully retrospective approach	For the entire period	₩ -	₩ 20,140,367	₩ 3,606,629
		₩ -	₩ 20,140,367	₩ 3,606,629

¹ Insurance contract assets and insurance contract liabilities are the total amounts, including reinsurance contract assets and reinsurance contract liabilities, respectively.

² The contractual service margin is presented as net amount by offsetting the amounts included in the insurance contract assets and insurance contract liabilities.

3) KB Life Insurance Co., Ltd.

The Group adjusted the original cost-based measurement to current measurement by applying the fully retrospective approach for the group of insurance contract issued from 2019 to 2021 (within immediately preceding 3 years prior to the transition date of January 1, 2022), and by applying the fair value approach for the group of insurance contracts issued before 2019 (for the periods prior to the year beginning January 1, 2019).

In applying the fair value approach, the fair value of insurance contracts (Korean IFRS No.1113 Fair Value Measurements) was calculated by reflecting some of adjustments based on the valuation amount of insurance contract liabilities calculated under the Korean-Insurance Capital Standards. As a result of analyzing the financial impact related to accounting for transition applying Korean IFRS No.1117, as of January 1, 2022, the insurance contract assets and insurance contract liabilities are expected to be ₩ 4,180 million and ₩ 8,539,606 million, respectively.

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2.1.3 The following new and amended standards have been published that are not mandatory for December 31, 2022 reporting period and have not been adopted by the Group. (cont'd)

The impact of the transition method on the valuation of KB Life Insurance Co., Ltd.'s insurance contract liabilities included in the Group's consolidated financial statements is as follows:

(In millions of Korean won)

Transition method	Period	Korean IFRS No.1117		
		Insurance contract assets ¹	Insurance contract liabilities ¹	Contractual service margin ²
Fully retrospective approach	From 2019 to 2021	₩ 3,959	₩ 2,060,252	₩ 345,946
Fair value approach	Before 2019	221	6,479,354	99,297
		₩ 4,180	₩ 8,539,606	₩ 445,243

¹ Insurance contract assets and insurance contract liabilities are the total amounts, including reinsurance contract assets and reinsurance contract liabilities, respectively.

² The contractual service margin is presented as net amount by offsetting the amounts included in the insurance contract assets and insurance contract liabilities.

(Financial effect related to insurance liabilities)

If the Group applies Korean IFRS No.1117 to insurance liabilities as of December 31, 2022, the insurance (reinsurance) contract assets and insurance (reinsurance) contract liabilities are expected to be ₩ 1,587,728 million and ₩ 46,381,083 million, respectively.

The estimated composition of applicable assets and liabilities under Korean IFRS No.1117 is as follows:

(In millions of Korean won)

	Assets under Korean IFRS No.1117	
Insurance contract assets	₩	83,988
Contractual service margin		(315,339)
Reinsurance contract assets		1,503,740
Contractual service margin on reinsurance contract		(76,906)
	₩	1,587,728

(In millions of Korean won)

	Liabilities under Korean IFRS No.1117	
Insurance contract liabilities	₩	46,348,942
Contractual service margin		12,548,409
Reinsurance contract liabilities		32,141
Contractual service margin on reinsurance contract		(868)
	₩	46,381,083

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2.1.3 The following new and amended standards have been published that are not mandatory for December 31, 2022 reporting period and have not been adopted by the Group. (cont'd)

(Financial impact of reclassifications of business models)

The Group will re-evaluate the business models according to the facts and circumstances as of the initial application date of Korean IFRS No.1117 for financial assets held in relation to activities related to contracts within the scope of Korean IFRS No.1117. If the business model changes as a result of the re-evaluation, it is expected that the measurement categories of financial instruments will be reclassified and the carrying amount will change accordingly.

The expected impact of the measurement categories of financial instruments due to the re-evaluation of business models is as follows:

(In millions of Korean won)

Measurement categories before the re-evaluation of the business models	Measurement categories after the re-evaluation of the business models	Carrying amount before the re-evaluation of the business models	Carrying amount after the re-evaluation of the business models
Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	₩ 106,412	₩ 106,412
Loans measured at amortized cost	Financial assets at fair value through other comprehensive income	134,811	126,674
Securities measured at amortized cost	Financial assets at fair value through other comprehensive income	22,389,536	18,068,804

* The Group re-evaluated business model evaluation units, management performance reporting, compensation, and risk management for financial assets held in relation to activities related to contracts within the scope of Korean IFRS No.1117. Following the re-evaluation of the business models, the Group will reclassify the financial assets as financial assets at fair value through other comprehensive income if both of the following conditions are met: (a) financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and (b) where the assets' cash flows represent solely payments of principal and interest on the principal amount outstanding.

- Amendments to Korean IFRS No.1001 Presentation of Financial Statements – Accounting Policy Disclosure

The amendments require an entity to define and disclose their material accounting policy information. IFRS Practice Statement 2 *Making Materiality Judgements* was amended to explain and demonstrate how to apply the concept of materiality. The amendments should be applied for annual reporting periods beginning on or after January 1, 2023, and earlier application is permitted. The Group does not expect that these amendments have a significant impact on the consolidated financial statements.

- Amendments to Korean IFRS No.1008 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates

The amendments introduce the definition of accounting estimates and clarify how to distinguish changes in accounting estimates from changes in accounting policies. The amendments should be applied for annual reporting periods beginning on or after January 1, 2023, and earlier application is permitted. The Group does not expect that these amendments have a significant impact on the consolidated financial statements.

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2.1.3 The following new and amended standards have been published that are not mandatory for December 31, 2022 reporting period and have not been adopted by the Group. (cont'd)

- Amendments to Korean IFRS No.1012 Income Taxes – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction

The amendments narrow the scope of the deferred tax recognition exemption so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The amendments should be applied for annual reporting periods beginning on or after January 1, 2023, and earlier application is permitted. The Group does not expect that these amendments have a significant impact on the consolidated financial statements.

- Amendments to Korean IFRS No.1001 Presentation of Financial Statements - Disclosure of gains or losses on valuation of financial liabilities with exercise price adjustment conditions

The amendments require disclosures about gains or losses on valuation occurred for the reporting period (but are limited to those included in profit or loss) for the conversion options or warrants (or financial liabilities with warrants), if all or part of the financial instrument whose exercise price is adjusted due to the issuers' stock price fluctuations, are classified as financial liabilities according to paragraph 11 of Korean IFRS No.1032 *Financial Instruments: Presentation*. The amendments should be applied for annual reporting periods beginning on or after January 1, 2023, and earlier application is permitted. The Group does not expect that these amendments have a significant impact on the consolidated financial statements.

2.2 Measurement Basis

The consolidated financial statements have been prepared based on the historical cost accounting model unless otherwise specified.

2.3 Functional and Presentation Currency

Items included in the financial statements of each entity of the Group are measured using the currency of the primary economic environment in which the entity operates (“functional currency”). The consolidated financial statements are presented in Korean won, which is the Parent Company’s functional and presentation currency.

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2.4 Critical Accounting Estimates

The Group applies accounting policies and uses judgements, accounting estimates, and assumptions that may have a significant impact on the assets (liabilities) and incomes (expenses) in preparing the consolidated financial statements. Management's estimates of outcomes may differ from actual outcomes if management's estimates and assumptions based on management's best judgment are different from the actual environment.

Estimates and underlying assumptions are continually evaluated, and changes in accounting estimates are recognized in the period in which the estimates are changed and in any future periods affected.

Uncertainties in estimates and assumptions with significant risks that may result in material adjustments to the consolidated financial statements are as follows:

2.4.1 Income taxes

As the income taxes on the Group's taxable income is calculated by applying the tax laws of various countries and the decisions of tax authorities, there is uncertainty in calculating the final tax effect.

If a certain portion of the taxable income is not used for investments, wages, etc. in accordance with the Korean regulation called 'Special Taxation for Facilitation of Investment and Mutually-beneficial Cooperation', the Group is liable to pay additional income tax calculated based on the tax laws. Therefore, the effect of recirculation of corporate income should be reflected in current and deferred income tax. As the Group's income tax is dependent on the actual investments, wages, etc. per each year, there are uncertainties in measuring the final tax effects during the period when the tax law is applied.

2.4.2 Fair value of financial instruments

The fair value of financial instruments where no active market exists or where quoted prices are not otherwise available is determined by using valuation techniques. Financial instruments, which are not actively traded in the market and those with less transparent market prices, will have less objective fair values and require broad judgment on liquidity, concentration, uncertainty in market factors, assumptions in fair value determination, and other risks.

As described in the significant accounting policies in Note 3.3 Recognition and Measurement of Financial Instruments, diverse valuation techniques are used to determine the fair value of financial instruments, from generally accepted market valuation models to internally developed valuation models that incorporate various types of assumptions and variables.

2.4.3 Allowances and provisions for credit losses

The Group recognizes and measures allowances for credit losses of debt instruments measured at amortized cost, debt instruments measured at fair value through other comprehensive income, and lease receivables. Also, the Group recognizes and measures provisions for credit losses of acceptances and guarantees, and unused loan commitments. Accuracy of allowances and provisions for credit losses is dependent upon estimation of expected cash flows of the borrower subject to individual assessment of impairment, and upon assumptions and variables of model used in collective assessment of impairment and estimation of provisions for credit losses of acceptances and guarantees, and unused loan commitments.

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2.4.4 Net defined benefit assets(liabilities)

The present value of the net defined benefit assets(liabilities) is affected by changes in the various factors determined by the actuarial method.

2.4.5 Impairment of goodwill

The recoverable amounts of cash-generating units are determined based on value-in-use calculations to test whether impairment of goodwill has occurred.

2.4.6 Estimated claims for Incurred But Not Reported (“IBNR”)

An amount of IBNR is the total sum of estimated insurance claims that shall be paid for accidents that occurred but have not been reported to the Group and estimated insurance claims that shall be additionally paid upon resumption of payment claims. The Group calculates IBNR by applying statistical methods in risk units prescribed in Detailed Regulations on Supervision of Insurance Business, and records IBNR in reserve for outstanding claims of insurance liability. IBNR based on statistical methods requires significant accounting estimates in determining the application methodology for each accident year (PLDM, ILDM, BFM, and others) and determining the loss development factor.

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3. Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

For the comparative purpose, certain information in the notes for the year ended December 31, 2021 have been reclassified to conform to the presentation for the year ended December 31, 2022.

3.1 Consolidation

3.1.1 Subsidiaries

Subsidiaries are companies that are controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Also, the existence and effects of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls the investee. Subsidiaries are fully consolidated from the date when control is transferred to the Group and de-consolidated from the date when control is lost.

If a subsidiary uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that subsidiary's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests, if any. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions (i.e., transactions with owners in their capacity as owners). The difference between fair value of any consideration paid and carrying amount of the subsidiary's net assets attributable to the additional interests acquired, is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group loses control, any investment retained in the former subsidiary is recognized at its fair value at the date when control is lost, with the resulting difference recognized in profit or loss. This fair value will be the fair value on initial recognition of a financial asset in accordance with Korean IFRS No.1109 or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture. In addition, all amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for on the same basis as would be required if the Group had directly disposed of the related assets or liabilities. Therefore, amounts previously recognized in other comprehensive income are reclassified to profit or loss.

The Group accounts for each business combination by applying the acquisition method. The consideration transferred is measured at fair value, and identifiable assets acquired, and liabilities and contingent liabilities assumed in a business combination are initially measured at acquisition-date fair values. For each business combination, the Group measures non-controlling interests in the acquiree that entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation at either (a) fair value or (b) the proportionate share in the recognized amounts of the acquiree's identifiable net assets. Acquisition-related costs are expensed in the periods in which the costs are incurred.

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3.1.1 Subsidiaries (cont'd)

In a business combination achieved in stages, the Group shall remeasure its previously held equity interest in the acquiree at its acquisition-date fair value and recognize the resulting gain or loss, if any, in profit or loss or other comprehensive income, as appropriate. In prior reporting periods, the Group may have recognized changes in the value of its equity interest in the acquiree in other comprehensive income. If so, the amount that was recognized in other comprehensive income shall be reclassified as profit or loss, or retained earnings, on the same basis as would be required if the Group had directly disposed of the previously held equity interest.

The Group applies the book-value method to account for business combinations of entities under common control. Identifiable assets acquired and liabilities assumed in a business combination are measured at their book value on the consolidated financial statements of the Group. In addition, the difference between (a) the sum of consolidated net book value of the assets and liabilities transferred and accumulated other comprehensive income and (b) the consideration paid, is recognized as capital surplus.

3.1.2 Associates and joint ventures

Associates are entities over which the Group has significant influence over the financial and operating policy decisions. Generally, if the Group holds 20% or more of the voting power of the investee, it is presumed that the Group has significant influence.

Joint ventures are investments in which the Group has joint control over economic activities pursuant to contractual arrangement. Decisions about strategic financial and operating policies require unanimous consent of the parties sharing control.

Investments in associates and joint ventures are initially recognized at cost and equity method is applied after initial recognition. The carrying amount is increased or decreased to recognize the Group's share of the profit or loss of the investee and changes in the investee's equity after the date of acquisition. Distributions received from an investee reduce the carrying amount of the investment. Unrealized gains and losses resulting from transactions between the Group and associates are eliminated to the extent of the Group's share in associates. If unrealized losses are an indication of an impairment that requires recognition in the consolidated financial statements, those losses are recognized for the period.

If associates or joint ventures use accounting policies other than those of the Group for like transactions and events in similar circumstances, if necessary, adjustments shall be made to make the associates or joint ventures' accounting policies conform to those of the Group when the associates or joint ventures' financial statements are used by the Group in applying the equity method.

If the Group's share of losses of associates and joint ventures equals or exceeds its interest in the associates (including long-term interests that, in substance, form part of the Group's net investment in the associates), the Group discontinues recognizing its share of further losses. After the Group's interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee.

The Group determines at each reporting period whether there is any objective evidence that the investments in the associates are impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associates and its carrying amount and recognizes the amount as non-operating expenses in the consolidated statement of comprehensive income.

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3.1.3 Structured entity

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity. When the Group decides whether it has power over the structured entities in which the Group has interests, it considers factors such as the purpose, the form, the substantive ability to direct the relevant activities of a structured entity, the nature of its relationship with a structured entity, and the amount of exposure to variable returns.

3.1.4 Funds management

The Group manages and operates trust assets, collective investment, and other funds on behalf of investors. These trusts and funds are not consolidated, except for trusts and funds over which the Group has control.

3.1.5 Intragroup transactions

Intragroup balances, income, expenses, and any unrealized gains and losses resulting from intragroup transactions are eliminated in full, in preparing the consolidated financial statements. If unrealized losses are an indication of an impairment that requires recognition in the consolidated financial statements, those losses are recognized for the period.

3.2 Foreign Currency

3.2.1 Foreign currency transactions

A foreign currency transaction is recorded, at initial recognition in the functional currency, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. At the end of each reporting period, foreign currency monetary items are translated using the closing rate which is the spot exchange rate at the end of the reporting period. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was measured and non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Except for the exchange differences for the net investment in a foreign operation and the financial liability designated as a hedging instrument of net investment, exchange differences arising on the settlement of monetary items or on translating monetary items are recognized in profit or loss. When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income, conversely, when a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

3.2.2 Foreign operations

The results and financial position of a foreign operation, whose functional currency differs from the Group's presentation currency, are translated into the Group's presentation currency based on the following procedures.

If the functional currency of a foreign operation is not the currency of a hyperinflationary economy, assets and liabilities for each statement of financial position presented (including comparatives) are translated at the closing rate at the end of the reporting period, income and expenses for each statement of comprehensive income presented (including comparatives) are translated using the average exchange rates for the period. All resulting exchange differences are recognized in other comprehensive income.

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3.2.2 Foreign operations (cont'd)

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of that foreign operation are treated as assets and liabilities of the foreign operation. Thus, they are expressed in the functional currency of the foreign operation and are translated into the presentation currency at the closing rate.

On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss (as a reclassification adjustment) when the gain or loss on disposal is recognized. On the partial disposal of a subsidiary that includes a foreign operation, the Group re-attributes the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income to the non-controlling interests in that foreign operation. In any other partial disposal of a foreign operation, the Group reclassifies to profit or loss only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income.

3.2.3 Translation of the net investment in a foreign operation

A monetary item that is receivable from or payable to a foreign operation, for which settlement is neither planned nor likely to occur in the foreseeable future is, in substance, a part of the Group's net investment in that foreign operation, then foreign currency difference arising from that monetary item is recognized in the other comprehensive income and shall be reclassified to profit or loss on disposal of the net investment.

3.3 Recognition and Measurement of Financial Instruments

3.3.1 Initial recognition

The Group recognizes a financial asset or a financial liability in its consolidated statement of financial position when the Group becomes party to the contractual provisions of the instrument. A regular way purchase or sale of financial assets (a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned) is recognized and derecognized using trade date accounting.

For financial reporting purpose, the Group classifies (a) financial assets as financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, or financial assets at amortized cost and (b) financial liabilities as financial liabilities at fair value through profit or loss, or other financial liabilities. These classifications are based on the business model for managing financial instruments and the contractual cash flow characteristics of the financial instrument at initial recognition.

At initial recognition, a financial asset or financial liability is measured at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. The fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The fair value of a financial instrument on initial recognition is normally the transaction price (that is, the fair value of the consideration given or received) in an arm's length transaction.

3.3.2 Subsequent measurement

After initial recognition, financial instruments are measured at amortized cost or fair value based on classification at initial recognition.

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3.3.2.1 Amortized cost

The amortized cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

3.3.2.2 Fair value

The Group uses quoted price in an active market which is based on listed market price or dealer price quotations of financial instruments traded in an active market as best estimate of fair value. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

If there is no active market for a financial instrument, fair value is determined either by using a valuation technique or independent third-party valuation service. Valuation techniques include using recent arm's length market transactions between knowledgeable and willing parties, if available, referencing the current fair value of another instrument that is substantially the same, discounted cash flow analysis, and option pricing models.

The Group uses valuation models that are commonly used by market participants and customized for the Group to determine fair values of common over-the-counter ("OTC") derivatives such as options, interest rate swaps, and currency swaps which are based on the inputs observable in markets. However, for some complex financial instruments that require fair value measurement by valuation techniques based on certain assumptions because some or all inputs used in the model are not observable in the market, the Group uses internal valuation models developed from general valuation models or valuation results from independent external valuation institutions.

In addition, the fair value information recognized in the consolidated statement of financial position is classified into the following fair value hierarchy, reflecting the significance of the input variables used in the fair value measurement.

- Level 1 : Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date
- Level 2 : Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 : Unobservable inputs for the asset or liability

The fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety.

If a fair value measurement uses observable inputs that require significant adjustment using unobservable inputs, that measurement is a Level 3 measurement.

If the valuation technique does not reflect all factors which market participants would consider in pricing the asset or liability, the fair value is adjusted to reflect those factors. Those factors include counterparty credit risk, bid-ask spread, liquidity risk, and others.

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3.3.2.2 Fair value (cont'd)

The Group uses valuation technique which maximizes the use of market inputs and minimizes the use of entity-specific inputs. It incorporates all factors that market participants would consider in pricing the asset or liability and is consistent with economic methodologies applied for pricing financial instruments. Periodically, the Group calibrates the valuation technique and tests its validity using prices of observable current market transactions of the same instrument or based on other relevant observable market data.

3.3.3 Derecognition

Derecognition is the removal of a previously recognized financial asset or financial liability from the consolidated statement of financial position. The derecognition criteria for financial assets and financial liabilities are as follows:

3.3.3.1 Derecognition of financial assets

A financial asset is derecognized when the contractual rights to the cash flows from the financial assets expire or the Group transfers substantially all the risks and rewards of ownership of the financial asset, or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset and the Group has not retained control. Therefore, if the Group does not transfer substantially all the risks and rewards of ownership of the financial asset, the Group continues to recognize the financial asset to the extent of its continuing involvement in the financial asset.

If the Group transfers the contractual rights to receive the cash flows of the financial asset but retains substantially all the risks and rewards of ownership of the financial asset, the Group continues to recognize the transferred asset in its entirety and recognize a financial liability for the consideration received.

The Group writes off a financial asset when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. In general, the Group considers write-off when it is determined that the debtor does not have sufficient funds or income to cover the principal and interest. The write-off decision is made in accordance with internal regulations. After the write-off, the Group can continue to collect the written-off loans according to the internal policy. Recovered amounts from financial assets previously written-off are recognized in profit or loss.

3.3.3.2 Derecognition of financial liabilities

A financial liability is derecognized from the consolidated statement of financial position when it is extinguished (i.e., the obligation specified in the contract is discharged, canceled or expires).

3.3.4 Offsetting

A financial asset and a financial liability are offset, and the net amount is presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on a future event and must be legally enforceable in the normal course of business, the event of default, and the event of insolvency or bankruptcy of the Group and all of the counterparties.

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3.4 Cash and Due from Financial Institutions

Cash and due from financial institutions include cash on hand, foreign currency, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and due from financial institutions. Cash and due from financial institutions are measured at amortized cost.

3.5 Non-derivative Financial Assets

3.5.1 Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss unless they are classified as financial assets at amortized cost or at fair value through other comprehensive income.

The Group may designate certain financial assets upon initial recognition as at fair value through profit or loss when the designation eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as an 'accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases.

After initial recognition, a financial asset at fair value through profit or loss is measured at fair value and gains or losses arising from a change in fair value are recognized in profit or loss. Interest income using the effective interest method and dividend income from financial assets at fair value through profit or loss are also recognized in profit or loss.

3.5.2 Financial assets at fair value through other comprehensive income

The Group classifies below financial assets as financial assets at fair value through other comprehensive income:

- Debt instruments that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and where the assets' cash flows represent solely payments of principal and interest on the principal amount outstanding and;
- Equity instruments that are not held for short-term trading but held for strategic investment, and designated as financial assets at fair value through other comprehensive income

After initial recognition, a financial asset at fair value through other comprehensive income is measured at fair value. Gains or losses arising from a change in fair value, other than dividend income, interest income calculated using the effective interest method and exchange differences arising on monetary items which are recognized directly in profit or loss, are recognized in other comprehensive income in equity.

When the financial assets at fair value through other comprehensive income is disposed of, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss. However, cumulative gain or loss of equity instruments designated at fair value through other comprehensive income is reclassified to retained earnings not to profit or loss at disposal.

A financial asset at fair value through other comprehensive income denominated in foreign currency is translated at the closing rate. Exchange differences resulting from changes in amortized cost are recognized in profit or loss, and other changes are recognized in equity.

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3.5.3 Financial assets at amortized cost

A financial asset, which is held within the business model whose objective is achieved by collecting contractual cash flows, and where the assets' cash flows represent solely payments of principal and interest on the principal amount outstanding, is classified as a financial asset at amortized cost. After initial recognition, a financial asset at amortized cost is measured at amortized cost using the effective interest method and interest income is calculated using the effective interest method.

3.6 Expected Credit Losses of Financial Assets (Debt Instruments)

The Group recognizes loss allowances for expected credit losses at the end of the reporting period for financial assets at amortized cost and fair value through other comprehensive income except for financial assets at fair value through profit or loss.

Expected credit losses are estimated at present value of probability-weighted amount that is determined by evaluating a range of possible outcomes. The Group measures expected credit losses by reflecting all reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions, and forecasts of future economic conditions.

The approaches of measuring expected credit losses in accordance with Korean IFRS are as follows:

- General approach: for financial assets and unused loan commitments not subject to the below 2 approaches
- Simplified approach: for trade receivables, contract assets, and lease receivables
- Credit-impaired approach: for financial assets that are credit-impaired at the time of acquisition

Application of general approach is differentiated depending on whether credit risk has increased significantly after initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures loss allowances for that financial instrument at an amount equal to 12-month expected credit losses, whereas if the credit risk on a financial instrument has increased significantly since initial recognition, the Group measures loss allowances for a financial instrument at an amount equal to the lifetime expected credit losses. Lifetime is the period until the contractual maturity date of financial instruments and means the expected life.

The Group assesses whether the credit risk has increased significantly using the following criteria, and if one or more of the following criteria are met, it is deemed as significant increase in credit risk. Criterion of more than 30 days past due is applied to all subsidiaries, and other criteria are applied selectively considering specific indicators of each subsidiary or additionally considering specific indicators of each subsidiary. If the contractual cash flows of a financial asset have been renegotiated or modified, the Group assesses whether the credit risk has increased significantly using the same following criteria.

- More than 30 days past due
- Decline in credit rating at the end of the reporting period by certain notches or more compared to the time of initial recognition
- Subsequent managing ratings below certain level in the early warning system
- Debt restructuring (except for impaired financial assets) and
- Credit delinquency information of Korea Federation of Banks, etc.

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3.6 Expected Credit Losses of Financial Assets (Debt Instruments) (cont'd)

Under simplified approach, the Group always measures loss allowances at an amount equal to lifetime expected credit losses. Under credit-impaired approach, the Group only recognizes the cumulative changes in lifetime expected credit losses since initial recognition as loss allowances at the end of the reporting period. In assessing credit impairment, the Group uses definition of default as in the new Basel Accord which rules calculation of Capital Adequacy Ratio.

The Group generally considers the loan to be credit-impaired if one or more of the following criteria are met:

- 90 days or more past due
- Legal proceedings related to collection
- A borrower registered on the credit management list of Korea Federation of Banks
- A corporate borrower with the credit rating C and D
- Refinancing and
- Debt restructuring, etc.

3.6.1 Forward-looking information

The Group uses forward-looking information, when determining whether credit risk has increased significantly and measuring expected credit losses.

The Group assumes that the risk components have a constant correlation with the economic cycle and uses statistical methodologies to estimate the relation between key macroeconomic variables and risk components for the expected credit losses.

The correlation between the major macroeconomic variables and the credit risk are as follows:

Key macroeconomic variables	Correlation between the major macroeconomic variables and the credit risk
Domestic GDP growth rate	(-)
Composite stock index	(-)
Rate of change of construction investment	(-)
Rate of change of housing transaction price index	(-)
Interest rate spread	(+)
Private consumption growth rate	(-)
Change of call rate compared to the previous year (%p)	(+)
Rate of change of household loan	(-)

Forward-looking information used in calculation of expected credit losses is based on the macroeconomic forecasts utilized by management of the Group for its business plan considering reliable external agency's forecasts and others. The forward-looking information is generated by KB Research with a comprehensive approach to capture the possibility of various economic forecast scenarios that are derived from the internal and external viewpoints of the macroeconomic situation. The Group determines the macroeconomic variables to be used in forecasting future conditions of the economy, considering the direction of the forecast scenario and the significant relationship between macroeconomic variables and time series data. And there are some changes compared to the macroeconomic variables used in the previous year.

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3.6.1 Forward-looking information (cont'd)

As of December 31, 2022, the Group measures expected credit losses to the financial assets by applying both the worse scenario and the crisis scenario, etc. taking into consideration the uncertain financial environment internally and externally and the potential credit risk resulting from the rapid economic recession.

3.6.2 Measuring expected credit losses on financial assets at amortized cost

The expected credit losses of financial assets at amortized cost are measured as present value of the difference between the contractual cash flows to be received and the cash flows expected to be received. The Group estimates expected future cash flows for financial assets that are individually significant. The Group selects the individually significant financial assets by comprehensively considering quantitative and qualitative factors (such as debt restructuring or negative net assets, etc.) among financial assets with the credit risk has increased significantly or credit-impaired (individual assessment of impairment).

For financial assets that are not individually significant, the Group collectively estimates expected credit losses by grouping loans with a homogeneous credit risk profile (collective assessment of impairment).

3.6.2.1 Individual assessment of impairment

Individual assessment of impairment losses is performed using management's best estimate on the present value of expected future cash flows. The Group uses all the available information including financial condition of the borrower such as operating cash flow and net realizable value of any collateral held.

3.6.2.2 Collective assessment of impairment

Collective assessment of impairment losses is performed by using a methodology based on historical loss experience and reflecting forward-looking information. Such a process incorporates factors such as type of collateral, type of product, type of borrower, credit rating, size of portfolio, and recovery period and applies Probability of Default ("PD") on a group of assets and Loss Given Default ("LGD") by type of recovery method. Also, the Group applies certain assumptions to model expected credit losses assessment and to determine input based on loss experience and forward-looking information. These models and assumptions are periodically reviewed to reduce the gap between loss estimate and actual loss experience.

The lifetime expected credit losses are measured by applying the PD to the carrying amount calculated by deducting the expected principal repayment amount from the carrying amount as of the reporting date and the LGD adjusted to reflect changes in the carrying amount.

3.6.3 Measuring expected credit losses on financial assets at fair value through other comprehensive income

The Group measures expected credit losses on financial assets at fair value through other comprehensive income in a manner that is consistent with the requirements that are applicable to financial assets at amortized cost. However, loss allowances are recognized in other comprehensive income. Upon disposal or repayment of financial assets at fair value through other comprehensive income, the amount of loss allowances is reclassified from other comprehensive income to profit or loss.

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3.7 Derivative Financial Instruments

The Group enters into numerous derivative financial instrument contracts such as currency forwards, interest rate swaps, currency swaps, and others for trading purposes or to manage its interest rate risk, currency risk, and others. The Group's derivative financial instruments business focuses on addressing the needs of the Group's corporate clients to hedge their risk exposure and to hedge the Group's risk exposure that results from such client contracts. These derivative financial instruments are presented as derivative financial instruments in the consolidated financial statements irrespective of transaction purpose and subsequent measurement requirement.

The Group designates certain derivative financial instruments as hedging instruments to hedge the risk of changes in fair value of a recognized asset or liability or of an unrecognized firm commitment (fair value hedge) and the risk of changes in cash flow (cash flow hedge). The Group designates certain derivative and non-derivative financial instruments as hedging instruments to hedge the currency risk of the net investment in a foreign operation (hedge of net investment).

At the inception of the hedging relationship, there is formal designation and documentation of the hedging relationship and the Group's risk management objective and strategy for undertaking the hedge. This documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged, the inception date of hedging relationship and how the Group will assess the hedging instrument's effectiveness in offsetting the changes in the hedged item's fair value or cash flows attributable to the hedged risk.

Derivative financial instruments are initially recognized at fair value. After initial recognition, derivative financial instruments are measured at fair value, and changes therein are accounted for as described below.

3.7.1 Derivative financial instruments held for trading

All derivative financial instruments, except for derivatives that are designated and qualify for hedge accounting, are measured at fair value. Gains or losses arising from changes in fair value are recognized in profit or loss as part of net gains or losses on financial instruments at fair value through profit or loss.

3.7.2 Derivative financial instruments for fair value hedges

If derivative financial instruments are designated and qualify for fair value hedges, changes in fair value of the hedging instrument and changes in fair value of the hedged item attributable to the hedged risk are recognized in profit or loss as part of other operating income or expenses. If the hedged items are equity instruments for which the Group has elected to present changes in fair value in other comprehensive income, changes in fair value of the hedging instrument and changes in fair value of the hedged item attributable to the hedged risk are recognized in other comprehensive income.

Fair value hedge accounting is discontinued prospectively if the hedging instrument expires or is sold, terminated or exercised, or the hedging relationship ceases to meet the qualifying criteria. Once fair value hedge accounting is discontinued, the adjustment to the carrying amount of a hedged item is amortized to profit or loss by the maturity of the financial instrument using the effective interest method.

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3.7.3 Derivative financial instruments for cash flow hedges

The effective portion of changes in fair value of derivative financial instruments that are designated and qualify for cash flow hedges is recognized in other comprehensive income, limited to the cumulative change in fair value (present value) of the hedged item (the present value of the cumulative change in the hedged expected future cash flows) from inception of the hedge. The ineffective portion is recognized in profit or loss as other operating income or expenses. The associated gains or losses that were previously recognized in other comprehensive income are reclassified from equity to profit or loss (other operating income or expenses) as a reclassification adjustment in the same period or periods during which the hedged forecast cash flows affect profit or loss. Cash flow hedge accounting is discontinued prospectively if the hedging instrument expires or is sold, terminated or exercised, or the hedging relationship ceases to meet the qualifying criteria. When the cash flow hedge accounting is discontinued, the cumulative gains or losses on the hedging instrument that have been recognized in other comprehensive income are reclassified to profit or loss over the period in which the forecast transaction occurs. If the forecast transaction is no longer expected to occur, the cumulative gains or losses that have been recognized in other comprehensive income are immediately reclassified to profit or loss.

3.7.4 Derivative and non-derivative financial instruments designated for net investments hedges

If derivative and non-derivative financial instruments are designated and qualify for the net investment hedge, the effective portion of changes in fair value of the hedging instrument is recognized in other comprehensive income and the ineffective portion is recognized in profit or loss as other operating income or expenses. The cumulative gains or losses on the hedging instrument relating to the effective portion of the hedge that have been accumulated in other comprehensive income will be reclassified from other comprehensive income to profit or loss as a reclassification adjustment on the disposal or partial disposal of the foreign operation.

3.7.5 Embedded derivatives

An embedded derivative is separated from the host contract and accounted for as a derivative if, and only if, (a) the economic characteristics and risks of the embedded derivative are not closely related to those of the host contract, (b) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative and (c) the hybrid contract contains a host that is not a financial asset and is not designated as at fair value through profit or loss. Gains or losses arising from a change in fair value of an embedded derivative separated from the host contract are recognized in profit or loss as part of net gains or losses on financial instruments at fair value through profit or loss.

3.7.6 Day one gains or losses

If the Group uses a valuation technique that incorporates unobservable inputs for the fair value of the OTC derivatives at initial recognition, there may be a difference between the transaction price and the amount determined using that valuation technique. In these circumstances, the difference is not recognized in profit or loss but deferred and amortized using the straight-line method over the life of the financial instrument. If the fair value is subsequently determined using observable inputs, the remaining deferred amount is recognized in profit or loss as part of net gains or losses on financial instruments at fair value through profit or loss or other operating income or expenses.

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3.8 Property and Equipment

3.8.1 Recognition and measurement

Property and equipment that qualify for recognition as an asset are measured at cost and subsequently carried at its cost less any accumulated depreciation and any accumulated impairment losses.

The cost of property and equipment includes any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Subsequent expenditures are capitalized only when they prolong the useful life or enhance values of the assets but the costs of the day-to-day servicing of the assets such as repair and maintenance costs are recognized in profit or loss as incurred. When part of an item of property and equipment has a useful life different from that of the entire asset, it is recognized as a separate asset.

3.8.2 Depreciation

Land is not depreciated, whereas other property and equipment are depreciated using the method that reflects the pattern in which the asset's future economic benefits are expected to be consumed by the Group. The depreciable amount of an asset is determined after deducting its residual value.

Each part of an item of property and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation method and estimated useful life of property and equipment are as follows:

Property and equipment	Depreciation method	Estimated useful life
Buildings	Straight-line	20~40 years
Leasehold improvements	Declining-balance/ Straight-line	4~15 years
Equipment and vehicles	Declining-balance/ Straight-line	3~15 years

The residual value, the useful life, and the depreciation method applied to an asset are reviewed at each financial year-end and, if expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

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3.9 Investment Properties

3.9.1 Recognition and measurement

Properties held to earn rentals or for capital appreciation or both are classified as investment properties. Investment properties are measured initially at their cost and subsequently the cost model is used.

3.9.2 Depreciation

Land is not depreciated, whereas other investment properties are depreciated using the method that reflects the pattern in which the asset's future economic benefits are expected to be consumed by the Group. The depreciable amount of an asset is determined after deducting its residual value.

The depreciation method and estimated useful life of investment properties are as follows:

Investment properties	Depreciation method	Estimated useful life
Buildings	Straight-line	20~40 years

The residual value, the useful life, and the depreciation method applied to an asset are reviewed at each financial year-end and, if expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

3.10 Intangible Assets

Intangible assets are measured initially at cost and subsequently carried at their cost less any accumulated amortization and any accumulated impairment losses.

Intangible assets, except for goodwill and membership rights, are amortized using the straight-line or declining-balance method with no residual value over their estimated useful life since the assets are available for use.

Intangible assets	Amortization method	Estimated useful life
Industrial property rights	Straight-line	3 ~ 19 years
Software	Straight-line	3 ~ 5 years
Value of business acquired	Declining-balance	30, 60 years
Others	Straight-line / Declining-balance	1 ~ 13 years

The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Where an intangible asset is not being amortized because its useful life is indefinite, the Group carries out a review in each accounting period to confirm whether events and circumstances still support an indefinite useful life assessment. If they do not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate.

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3.10.1 Value of business acquired (“VOBA”)

In the case of acquisition of insurance company, the Group recognizes the difference amount as VOBA in intangible assets, if the fair value of the acquired insurance liability is less than the carrying amount based on the acquiree's accounting policy. In the opposite case, the difference amount is recognized as negative VOBA and included in premium reserve. VOBA is an estimated present value of profits inherent in the future cash flow of insurance contracts at the acquisition date. VOBA is amortized over the above estimated useful life using declining balance method, and the amortization is recognized as insurance expense.

3.10.2 Goodwill

3.10.2.1 Recognition and measurement

Goodwill related to business combinations before January 1, 2010, is stated at its carrying amount, which was recognized under the Group's previous accounting policy, prior to the transition to Korean IFRS.

Goodwill acquired from business combinations after January 1, 2010, is initially measured as the excess of the consideration transferred over the fair value of net identifiable assets acquired and liabilities assumed. If the fair value of net identifiable assets acquired and liabilities assumed exceeds the consideration transferred, the difference is recognized in profit or loss.

For each business combination, the Group decides at the acquisition date whether the non-controlling interests in the acquiree are initially measured at fair value or at the non-controlling interests' proportionate share in the recognized amounts of the acquiree's identifiable net assets.

Acquisition-related costs incurred to effect a business combination are charged to expenses in the periods in which the costs are incurred and the services are received, except for the costs to issue debt or equity securities.

3.10.2.2 Additional acquisitions of non-controlling interests

Additional acquisitions of non-controlling interests are accounted for as equity transactions. Therefore, no additional goodwill is recognized.

3.10.2.3 Subsequent measurement

Goodwill is not amortized and is stated at cost less accumulated impairment losses. However, goodwill that forms part of the carrying amount of an investment in associates is not separately recognized and an impairment loss recognized is not allocated to any asset, including goodwill, which forms part of the carrying amount of the investment in the associates.

3.10.3 Subsequent expenditures

Subsequent expenditures are capitalized only when they enhance values of the assets. Internally generated intangible assets, such as goodwill and trade name, are not recognized as assets but expensed as incurred.

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3.11 Impairment of Non-financial Assets

The Group assesses at the end of each reporting period whether there is any indication that a non-financial asset, except for (a) deferred income tax assets, (b) assets arising from employee benefits and (c) non-current assets (or group of assets to be sold) classified as held for sale, may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset. However, irrespective of whether there is any indication of impairment, the Group tests (a) goodwill acquired in a business combination, (b) intangible assets with an indefinite useful life and (c) intangible assets not yet available for use for impairment annually by comparing their carrying amount with their recoverable amount.

The recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the Group determines the recoverable amount of the cash-generating unit to which the asset belongs. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit that are discounted by a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss and recognized immediately in profit or loss. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units that is expected to benefit from the synergies of the combination. The impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

An impairment loss recognized for goodwill is not reversed in a subsequent period. The Group assesses at the end of each reporting period whether there is any indication that an impairment loss recognized in prior periods for an asset, other than goodwill, may no longer exist or may have decreased, and an impairment loss recognized in prior periods for an asset other than goodwill shall be reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss cannot exceed the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

3.12 Non-current Assets Held for Sale

A non-current asset or disposal group is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset (or disposal group) must be available for immediate sale in its present condition and its sale must be highly probable. A non-current asset (or disposal group) classified as held for sale is measured at the lower of (a) its carrying amount measured in accordance with the applicable Korean IFRS, immediately before the initial classification of the asset (or disposal group) as held for sale and (b) fair value less costs to sell.

A non-current asset while it is classified as held for sale or while it is part of a disposal group classified as held for sale is not depreciated (or amortized).

Impairment loss is recognized for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. Gain is recognized for any subsequent increase in fair value less costs to sell of an asset, but not in excess of the cumulative impairment loss that has been recognized.

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3.13 Financial Liabilities

The Group classifies financial liabilities into financial liabilities at fair value through profit or loss or other financial liabilities in accordance with the substance of the contractual arrangement and the definitions of financial liabilities. The Group recognizes financial liabilities in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the financial liability.

3.13.1 Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading or designated as such at initial recognition. After initial recognition, financial liabilities at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss. At initial recognition, transaction costs that are directly attributable to the acquisition are recognized in profit or loss as incurred.

In relation to securities lending or borrowing transactions, when the Group borrows securities from the Korea Securities Depository and others, these transactions are managed as off-balance sheet items. The borrowed securities are treated as financial liabilities at fair value through profit or loss when they are sold. Changes in fair value at the end of the reporting period and difference between carrying amount at redemption and purchased amount are recognized in profit or loss.

In addition, the change in fair value of the financial liability designated at fair value through profit or loss that is attributable to change in the credit risk of that liability, the Group presents this change in other comprehensive income, and does not recycle this to profit or loss in accordance with Korean IFRS No.1109. However, if this treatment creates or enlarges an accounting mismatch, the Group recognizes this change in profit or loss.

3.13.2 Other financial liabilities

Non-derivative financial liabilities other than financial liabilities at fair value through profit or loss are classified as other financial liabilities. Other financial liabilities include deposits, borrowings, debentures, and others. At initial recognition, other financial liabilities are measured at fair value minus transaction costs that are directly attributable to the acquisition. After initial recognition, other financial liabilities are measured at amortized cost, and its interest expense is recognized, using the effective interest method.

When an asset is sold under repurchase agreement, the Group continues to recognize the asset with the amount sold being accounted for as borrowings. The Group derecognizes a financial liability from the consolidated statement of financial position only when it is extinguished (i.e., when the obligation specified in the contract is discharged, canceled or expires).

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3.14 Insurance Contracts

KB Insurance Co., Ltd. KB Life Insurance Co., Ltd. and KB Life Insurance Co., Ltd.(former Prudential Life Insurance Company of Korea Ltd.) the subsidiaries of the Group, issue insurance contracts.

Insurance contracts are defined as “a contract under which one party (the insurer) accepts significant insurance risk from another party by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder”. A contract that qualifies as an insurance contract remains an insurance contract until all rights and obligations are extinguished or expire. Such a contract that does not contain significant insurance risk is classified as an investment contract and is within the scope of Korean IFRS No.1109 *Financial Instruments* to the extent that it gives rise to a financial asset or financial liability, except if the investment contract contains a Discretionary Participation Features (DPF). If the contract has a DPF, the contract is subject to Korean IFRS No.1104 *Insurance Contracts*. The Group recognizes assets and liabilities relating to insurance contracts as other assets and insurance liabilities in the consolidated statement of financial position, and income and expense relating to insurance contracts as insurance income and expenses in the consolidated statement of comprehensive income, respectively.

3.14.1 Insurance premiums

The Group recognizes collected premiums as revenue on the due date of collection of premiums from insurance contracts and the collected premium which is not earned at the end of the reporting period is recognized as unearned premium.

3.14.2 Insurance liabilities

The Group recognizes a liability for future claims, refunds, dividends to policyholders, and related expenses as follows:

3.14.2.1 Premium reserve

The Group accumulates the amount calculated based on the net insurance premium already received for future claim payments for insurance contracts maintained at the end of the reporting period. It is calculated as the greater of the amount using standard interest rate and standard risk ratio defined by director of the Financial Supervisory Services and the amount using the basic ratios that have been used in premium calculation.

3.14.2.2 Reserve for outstanding claims

When the insured event has occurred before the end of the reporting period, but the claim amount is not confirmed, reserve for outstanding claims is calculated based on the estimated amount to be paid.

3.14.2.3 Unearned premium reserve

Unearned premium reserve is the premium which is to be allocated to the following period among the premium which is due before the end of the reporting period.

3.14.2.4 Reserve for dividend to policyholders

Reserve for dividend to policyholders including dividend of interest rate differential, rate of risk differential, and business expenses differential is recognized for the purpose of provisioning for policyholders' dividends in the future in accordance with statutes or insurance terms and conditions.

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3.14.3 Liability adequacy test ("LAT")

The Group conducts a liability adequacy test for all contracts to which Korean IFRS No.1104 *Insurance Contracts* apply, in consideration of current estimates of all cash inflows and cash outflows from the insurance contracts at the end of the reporting period including options, guarantees, claims handling costs, and policy loans. If the assessment shows that the carrying amount of its insurance liabilities is inadequate in the light of the estimated future cash flows, the entire deficiency is recognized in profit or loss.

Future cash flows from long-term insurance are discounted at interest rate scenario, which is a risk-free rate scenario adjusted by liquidity premium, whereas future cash flows from general insurance are not discounted to present value. In the case of insurance premium and unearned premium reserve, all future cash flows such as payment of claims, administration expenses, and premium received from policyholders are considered for the liability adequacy test. And in the case of reserve for outstanding claims, the adequacy of individually estimated claims is evaluated by applying models among various statistical methods that are considered appropriate for claim development trend.

3.14.4 Deferred acquisition costs

The Group recognizes acquisition cost incurred by the long-term insurance contract as an asset and amortizes it evenly over the premium payment period. If the premium payment period exceeds seven years, the amortization period shall be seven years. If the insurance contract is surrendered or lapsed due to payment overdue, the remaining balances of deferred acquisition cost are fully amortized in the period in which the contract is surrendered or lapsed.

3.15 Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Inevitable risks and uncertainties surrounding related events and circumstances are considered in measuring the best estimate of the provisions, and where the effect of the time value of money is material, the amount of provisions is the present value of the expenditures expected to be required to settle the obligation.

Provisions for confirmed and unconfirmed acceptances and guarantees, and unused credit lines of consumer and corporate loans are recognized using a valuation model that applies the credit conversion factor, PD, and LGD.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provisions are reversed.

An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfill it. If the Group has a contract that is onerous, the present obligation under the contract is recognized and measured as provisions.

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3.16 Financial Guarantee Contracts

Financial guarantee contracts require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are initially recognized at fair value and classified as other liabilities and are amortized over the contractual term. After initial recognition, financial guarantee contracts are measured at the higher of:

- The amount determined in accordance with Korean IFRS No.1109 *Financial Instruments* and
- The amount initially recognized less, when appropriate, the cumulative amount of income recognized in accordance with Korean IFRS No.1115 *Revenue from Contracts with Customers*.

3.17 Equity Instrument Issued by the Group

An equity instrument is any contract or agreement that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

3.17.1 Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or the exercise of stock option are deducted from the equity, net of any tax effects.

3.17.2 Hybrid securities

The financial instruments can be classified as either financial liabilities or equity in accordance with the terms of the contract. The Group classifies hybrid securities as an equity if the Group has the unconditional right to avoid any contractual obligation to deliver cash or another financial asset in relation to the financial instruments. However, hybrid securities issued by subsidiaries are classified as non-controlling interests, dividends are recognized in the consolidated statement of comprehensive income as profit attributable to non-controlling interests.

3.17.3 Treasury shares

If the Group acquires its own equity instruments, these are accounted for as treasury shares and are deducted directly from equity. No gains or losses are recognized in profit or loss on the purchase, sale, issue or retirement of own equity instruments. If an entity within the Group acquires and retains treasury shares, the consideration paid or received is directly recognized in equity.

3.17.4 Compound financial instruments

A compound financial instrument is classified as a financial liability or an equity instrument depending on the substance of the contractual arrangement of such financial instrument. The liability component of the compound financial instrument is measured at fair value of the similar liability without conversion option at initial recognition and subsequently measured at amortized cost using effective interest method until it is extinguished by conversion or matured. Equity component is initially measured at fair value of compound financial instrument in its entirety less fair value of liability component net of tax effect, and it is not remeasured subsequently.

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3.18 Revenue Recognition

The Group recognizes revenues in accordance with the following steps determined in accordance with Korean IFRS No.1115 *Revenue from Contracts with Customers*.

- Step 1: Identify the contract with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

3.18.1 Interest income and expense

Interest income and expense on debt securities at fair value through profit or loss (excluding beneficiary certificates, equity investments, and other debt instruments), loans, financial instruments at amortized cost, and debt securities at fair value through other comprehensive income are recognized in the consolidated statement of comprehensive income using the effective interest method in accordance with Korean IFRS No.1109 *Financial Instruments*. The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and allocating the interest income or interest expense over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument or, where appropriate, a shorter period, to the gross carrying amount of a financial asset or to the amortized cost of a financial liability. When calculating the effective interest rate, the Group estimates expected cash flows by considering all contractual terms of the financial instrument but does not consider expected credit losses. The calculation includes all fees and points paid (main components of effective interest rate only) or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts. In those rare cases when it is not possible to reliably estimate the cash flows and the expected life of a financial instrument, the Group uses the contractual cash flows over the full contractual term of the financial instrument.

Interest income on impaired financial assets is recognized using the interest rate used to discount the expected cash flows for the purpose of measuring the impairment loss.

Interest income on debt securities at fair value through profit or loss is also classified as interest income in the consolidated statement of comprehensive income.

3.18.2 Fee and commission income

The Group recognizes financial service fees in accordance with the purpose of charging the fees and the accounting standards of the financial instrument related to the fees earned.

3.18.2.1 Fees that are an integral part of the effective interest of a financial instrument

Such fees are generally treated as adjustments of effective interest rate. Such fees may include compensation for activities such as evaluating the borrower's financial condition, evaluating and recording guarantees, collateral and other security arrangements, negotiating the terms of the instrument, preparing and processing documents, and closing the transaction and origination fees received on issuing financial liabilities at amortized cost. However, fees relating to the creation or acquisition of a financial instrument at fair value through profit or loss are recognized as revenue immediately.

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3.18.2.2 Fees related to performance obligations satisfied over time

If the control of a good or service is transferred over time, the Group recognizes revenue related to performance obligations over the period of performance obligations. Fees charged in return for the services for a certain period of time, such as asset management fees, consignment business fees, etc. are recognized over the period of performance obligations.

3.18.2.3 Fees related to performance obligations satisfied at a point in time

Fees earned at a point in time are recognized as revenue when a customer obtains controls of a promised good or service and the Group satisfies a performance obligation.

Commission on negotiation or participation in negotiation for the third party such as trading stocks or other securities, arranging merger and acquisition of business, is recognized as revenue when the transaction has been completed.

If the Group arranges a syndicated loan but does not participate in the syndicated loan or participates in the syndicated loan with the same effective profit as other participants, a syndication arrangement fee is recognized as revenue at the completion of the syndication service.

3.18.3 Net gains or losses on financial instruments at fair value through profit or loss

Net gains or losses on financial instruments at fair value through profit or loss (including changes in fair value, dividends, and gains or losses from foreign currency translation) include gains or losses on financial instruments as follows:

- Gains or losses relating to financial instruments at fair value through profit or loss (excluding interest income using the effective interest rate method)
- Gains or losses relating to derivative financial instruments for trading (including derivative financial instruments for hedging purpose but do not qualify for hedge accounting)

3.18.4 Dividend income

Dividend income is recognized in profit or loss when the right to receive payment is established. Dividend income is recognized as net gains or losses on financial instruments at fair value through profit or loss or other operating income depending on the classification of equity securities.

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3.19 Employee Compensation and Benefits

3.19.1 Post-employment benefits

3.19.1.1 Defined contribution plans

When an employee has rendered service to the Group during a period, the Group recognizes the contribution payable to a defined contribution plan in exchange for that service as post-employment benefits for the period.

3.19.1.2 Defined benefit plans

All post-employment benefits, other than defined contribution plans, are classified as defined benefit plans. The amount recognized as a net defined benefit liability is the present value of the defined benefit obligation less the fair value of plan assets at the end of the reporting period.

The present value of the defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount post-employment benefit obligations is determined by reference to market yields at the end of the reporting period on high quality corporate bonds. The currency and term of the corporate bonds are consistent with the currency and estimated term of the post-employment benefit obligations. Actuarial gains and losses resulted from changes in actuarial assumptions and experience adjustments are recognized in other comprehensive income.

When the present value of the defined benefit obligation minus the fair value of plan assets results in an asset, it is recognized to the extent of the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting from the introduction or changes to a defined benefit plan. Such past service cost is immediately recognized as an expense for the period.

3.19.2 Short-term employee benefits

Short-term employee benefits are employee benefits that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. When an employee has rendered service to the Group during an accounting period, the Group recognizes the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service as an expense for the period.

The expected cost of profit-sharing and bonus payments is recognized as liabilities when the Group has a present legal or constructive obligation to make payments as a result of past events, such as service rendered by employees, and a reliable estimate of the obligation can be made.

3.19.3 Share-based payment

The Group provides its executives and employees with stock grants, mileage stock, and long-term share-based payments programs. When stock grants are exercised, the Group can either select to distribute newly issued shares or treasury shares or compensate in cash based on the share price. When mileage stock and long-term share-based payments are exercised, the Group pays the amount equivalent to share price of KB Financial Group Inc. in cash.

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3.19.3 Share-based payment (cont'd)

For a share-based payment transaction in which the terms of the arrangement provide the Group with the choice of whether to settle in cash or by issuing equity instruments, the Group accounts for the transaction in accordance with the requirements applying to cash-settled share-based payment transactions because the Group determines that it has a present obligation to settle in cash based on a past practice and a stated policy of settling in cash. Therefore, the Group measures the liability incurred as consideration for the service received at fair value and recognizes related expense and accrued expense over the vesting periods. For mileage stock and long-term share-based payments program, the Group accounts for the transaction in accordance with the requirements applying to cash-settled share-based payment transactions, which are recognized as expense and accrued expenses at the time of vesting.

Until the liability is settled, the Group remeasures the fair value of the liability at the end of each reporting period and at the date of settlement, with any changes in fair value recognized in profit or loss as share-based payments.

3.19.4 Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or an employee's decision to accept an offer of benefits in exchange for the termination of employment. The Group recognizes a liability and expense for termination benefits at the earlier of the following dates; when the Group can no longer withdraw the offer of those benefits and when the Group recognizes costs for a restructuring that is within the scope of Korean IFRS No.1037 and involves the payment of termination benefits. If the termination benefits are not expected to be settled wholly before twelve months after the end of the annual reporting period, then the termination benefits are discounted to present value.

3.20 Income Tax Expense

Income tax expense comprises current tax expense and deferred income tax expense. Current and deferred income tax are recognized as income or expense and included in profit or loss for the period, except to the extent that the tax arises from (a) a transaction or event which is recognized, in the same or a different period, outside profit or loss, either in other comprehensive income or directly in equity and (b) a business combination.

3.20.1 Current income tax

Current income tax is the amount of income tax payable (recoverable) in respect of the taxable profit (tax loss) for a period. A difference between the taxable profit and accounting profit may arise when income or expense is included in accounting profit in one period but is included in taxable profit in a different period. Differences may also arise if there is revenue that is exempt from taxation, or expense that is not deductible in determining taxable profit (loss). Current income tax liabilities for the current and prior periods are measured using the tax rates that have been enacted or substantively enacted by the end of the reporting period.

The Group offsets current income tax assets and current income tax liabilities if, and only if, the Group (a) has a legally enforceable right to set off the recognized amounts and (b) intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

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3.20.2 Deferred income tax

Deferred income tax is recognized, using the asset-liability method, on temporary differences arising between the tax-based amount of assets and liabilities and their carrying amount in the financial statements. Deferred income tax liabilities are recognized for all taxable temporary differences and deferred income tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized. However, deferred income tax liabilities are not recognized if they arise from the initial recognition of goodwill; deferred income tax assets and liabilities are not recognized if they arise from the initial recognition of an asset or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting nor taxable profit or loss.

The Group recognizes a deferred income tax liability for all taxable temporary differences associated with investments in subsidiaries, associates, and joint ventures, except to the extent that the Group is able to control the timing of the reversal of the temporary difference, and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of a deferred income tax asset is reviewed at the end of each reporting period. The Group reduces the carrying amount of a deferred income tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred income tax liabilities and deferred income tax assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

The Group offsets deferred income tax assets and deferred income tax liabilities if, and only if the Group has a legally enforceable right to set off current income tax assets against current income tax liabilities and the deferred income tax assets and the deferred income tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current income tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred income tax liabilities or assets are expected to be settled or recovered.

3.20.3 Uncertain tax positions

Uncertain tax positions arise from tax treatments applied by the Group which may be challenged by the tax authorities due to the complexity of the transaction or different interpretation of the tax laws, such as a claim for rectification, a claim for a refund related to additional tax or a tax investigation by the tax authorities. The Group recognizes its uncertain tax positions in the consolidated financial statements in accordance with Korean IFRS No.1012 and Interpretation of Korean IFRS No.2123. The income tax asset is recognized if a tax refund is probable for taxes levied by the tax authority, and the amount to be paid as a result of the tax investigation and others is recognized as the current tax payable. However, penalty tax and additional refund on tax are regarded as penalty or interest and are accounted for in accordance with Korean IFRS No.1037.

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3.21 Earnings per Share

The Group calculates basic earnings per share amounts and diluted earnings per share amounts for profit or loss attributable to ordinary equity holders of the Parent Company and presents them in the consolidated statement of comprehensive income. Basic earnings per share is calculated by dividing profit or loss attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is calculated by adjusting the profit or loss attributable to ordinary equity holders of the Parent Company and weighted average number of shares outstanding, taking into account all potential dilution effects, such as exchangeable bonds and share-based payments given to employees.

3.22 Lease

The Group as a lessor recognizes lease payments from operating leases as income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognized as expense over the lease term on the same basis as lease income. The respective leased assets are included in the consolidated statement of financial position based on their nature.

A lessee is required to recognize a right-of-use asset (lease assets) representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Assets and liabilities arising from a lease are initially measured at the present value.

Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payments that depend on an index or a rate
- Amounts expected to be payable by the lessee under residual value guarantees
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease

The lease payments are discounted using the interest rate implicit in the lease if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used, which is the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of the lease liability
- Any lease payments made at or before the commencement date, less any lease incentives received
- Any initial direct costs incurred by the lessee, and
- An estimate of restoration costs

However, the Group can elect not to apply the requirements of Korean IFRS No.1116 to short-term lease (lease that, at the commencement date, has a lease term of 12 months or less) and leases for which the underlying asset is of low value (for example, underlying leased asset under USD 5,000).

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3.22 Lease (cont'd)

The right-of-use asset is depreciated from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

For sale and leaseback transactions, the Group applies the requirements of Korean IFRS No.1115 *Revenue from Contracts with Customers*, to determine whether the transfer of an asset is accounted for as a sale of that asset.

3.23 Operating Segments

The Group identifies its operating segments based on internal reports which are regularly reviewed by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance.

Segment information includes items which are directly attributable and can be allocated to the segment on a reasonable basis.

3.24 Overlay Approach

The Group applies the overlay approach in accordance with Korean IFRS No.1104 and a financial asset is eligible for designation for the overlay approach if, and only if, the following criteria are met:

- It is measured at fair value through profit or loss applying Korean IFRS No.1109 but would not have been measured at fair value through profit or loss in its entirety applying Korean IFRS No.1039 and
- It is not held in respect of an activity that is unconnected with contracts within the scope of Korean IFRS No.1104.

The Group reclassifies between profit or loss and other comprehensive income, and the amount reclassified is equal to the difference between:

- The amount reported in profit or loss for the designated financial assets applying Korean IFRS No.1109 and
- The amount that would have been reported in profit or loss for the designated financial assets if the insurer had applied Korean IFRS No.1039.

The Group is permitted to apply the overlay approach either at initial recognition or it may subsequently designate financial assets that newly meet criterion of not being held in respect of an activity that is unconnected with insurance contract, having previously not met that criterion.

The Group continues to apply the overlay approach to a designated financial asset until that financial asset is derecognized. However, the Group de-designates a financial asset when the financial asset no longer meets the criterion. In this case, the Group reclassifies from accumulated other comprehensive income to profit or loss as a reclassification adjustment any balance relating to that financial asset.

At the beginning of any annual period, the Group may stop applying the overlay approach to all designated financial assets, and cannot subsequently apply the overlay approach, if it stops using this approach because it is no longer an insurer.

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4. Financial Risk Management

4.1 Summary

4.1.1 Overview of financial risk management policy

The financial risks that the Group is exposed to are credit risk, market risk, liquidity risk, operational risk, and others.

This note regarding financial risk management provides information about the risks that the Group is exposed to and about its objectives, policies, risk assessment and management procedures, and capital management. Additional quantitative information is disclosed throughout the consolidated financial statements.

The Group's risk management system focuses on efficiently supporting long-term strategy and management decisions of the Group by increasing risk transparency, preventing risk transfer between subsidiaries and preemptive response to rapidly changing financial environments. Credit risk, market risk, operational risk, interest rate risk, insurance risk, liquidity risk, credit concentration risk, strategy risk, and reputation risk are recognized as the Group's significant risks and measured and managed by quantifying them in the form of internal capital or Value at Risk ("VaR") using statistical methods.

4.1.2 Risk management organization

4.1.2.1 Risk Management Committee

The Risk Management Committee, as the ultimate decision-making body, deals with risk-related issues, such as establishing risk management strategies in accordance with the strategic direction determined by the board of directors, determining the affordable level of risk appetite, reviewing the level of risk and the status of risk management activities, approving the application of risk management systems, methodologies, and major improvements, and establishing and approving risk management policies and procedures to timely recognize, measure, monitor, and control risks arising from various transactions by the Group.

4.1.2.2 Risk Management Council

The Risk Management Council is responsible for consulting on matters delegated by the Risk Management Committee and requests for review by the Management Executive Committee, consulting on details of each subsidiary's risk management policies and procedures, monitoring the Group's risk management status, and establishing and implementing necessary measures.

4.1.2.3 Risk Management Department

The Risk Management Department performs the Group's risk management detailed policies, procedures, and business processes, and is responsible for calculating the Group's risk-weighted assets, monitoring and managing internal capital limits.

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4.2 Credit Risk

4.2.1 Overview of credit risk

Credit risk is the risk of loss from the portfolio of assets held due to the counterparty's default, breach of contract, and deterioration of credit quality. For risk management purposes, the Group manages all factors of credit risk exposure, such as default risk of individual borrowers, country risk, and risk of specific sectors in an integrated way.

4.2.2 Credit risk management

The Group measures the expected loss and internal capital for the assets subject to credit risk management, including on-balance and off-balance assets, and uses them as management indicators. The Group allocates and manages credit risk internal capital limits.

In addition, to prevent excessive concentration of exposures by borrower and industry, the total exposure limit at the Group level is introduced, applied, and managed to control the credit concentration risk.

All of the Kookmin Bank's loan customers (individuals and corporates) are assigned a credit rating and managed by a comprehensive internal credit evaluation system. For individuals, the credit rating is evaluated by utilizing personal information, income and job information, asset information, and bank transaction information. For corporates, the credit rating is evaluated by analyzing and utilizing financial and non-financial information which measures current and future corporate value and ability to repay the debt. Also, the extent to which corporates have the ability to meet debt obligations is comprehensively considered.

The credit rating, once assigned, serves as the fundamental instrument in Kookmin Bank's credit risk management, and is applied in a wide range of credit risk management processes, including credit approval, credit limit management, loan pricing, and assessment of allowances for credit losses. For corporates, Kookmin Bank conducts a regular credit evaluation at least once a year, and the review and supervision departments regularly validate the adequacy of credit ratings to manage credit risks.

KB Kookmin Card Co., Ltd.'s credit scoring system is divided into Application Scoring System ("ASS") and Behavior Scoring System ("BSS"). For applications that meet the eligibility criteria for card issuance, the card will be issued only if the ASS credit rating is above the standard. KB Kookmin Card Co., Ltd.'s internal information, external information from the credit bureau company and others, and personal information on the application are used to calculate the ASS credit rating. The BSS, which is recalculated on a weekly basis, predicts the delinquency probability of cardholders, and utilizes it to monitor cardholders and portfolio risk.

In order to establish a credit risk management system, the Group manages credit risk by forming a separate risk management organization. In particular, independently of the Sales Group, the Credit Management & Analysis Group of Kookmin Bank, a subsidiary, is in charge of loan policy, loan system, credit rating, credit analysis, follow-up management, and corporate restructuring. The Risk Management Group of Kookmin Bank is responsible for establishing policies on credit risk management, measuring and limiting internal capital of credit risk, setting credit limits, credit review, and verification of credit rating models.

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4.2.3 Maximum exposure to credit risk

The Group's maximum exposures to credit risk without consideration of collateral values in relation to financial instruments other than equity securities as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31,		December 31,	
	2022		2021	
Financial assets				
Due from financial institutions measured at amortized cost *	₩	29,500,768	₩	28,362,387
Financial assets at fair value through profit or loss:				
Due from financial institutions measured at fair value through profit or loss		69,469		200,742
Securities measured at fair value through profit or loss		61,787,727		63,002,692
Loans measured at fair value through profit or loss		493,562		269,296
Financial instruments indexed to the price of gold		90,006		113,622
Derivatives		9,446,134		3,721,370
Loans measured at amortized cost *		436,530,502		417,900,273
Financial investments:				
Securities measured at fair value through other comprehensive income		55,610,319		56,259,511
Securities measured at amortized cost *		58,288,734		44,471,628
Loans measured at fair value through other comprehensive income		363,144		313,604
Other financial assets *		11,209,350		10,755,350
		<u>663,389,715</u>		<u>625,370,475</u>
Off-balance sheet items				
Acceptances and guarantees contracts		12,425,753		10,199,689
Financial guarantee contracts		8,297,042		6,892,464
Commitments		188,168,340		170,218,143
		<u>208,891,135</u>		<u>187,310,296</u>
	₩	<u>872,280,850</u>	₩	<u>812,680,771</u>

* After netting of allowance

4.2.4 Credit risk of loans

The Group maintains allowances for loan losses associated with credit risk of loans to manage its credit risk.

The Group assesses expected credit losses and recognizes loss allowances of financial assets at amortized cost and financial assets at fair value through other comprehensive income. Financial assets at fair value through profit or loss are excluded. Expected credit losses are a probability-weighted estimate of possible credit losses occurring in a certain range by reflecting reasonable and supportable information that is reasonably available at the end of the reporting period without undue cost or effort, including information about past events, current conditions, and forecasts of future economic conditions. The Group measures the expected credit losses of loans classified as financial assets at amortized cost, by deducting allowances for credit losses. The expected credit losses of loans classified as financial assets at fair value through other comprehensive income are presented in other comprehensive income in the consolidated financial statements.

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4.2.4.1 Credit risk exposure

Credit qualities of loans as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

		December 31, 2022				
		12-month expected credit losses	Lifetime expected credit losses		Not applying expected credit losses	Total
			Non-impaired	Impaired		
Loans measured at amortized cost *						
Corporate						
Grade 1	₩ 134,487,020	₩ 5,877,660	₩ 3,372	₩ -	₩ 140,368,052	
Grade 2	65,627,866	8,585,346	4,480	-	74,217,692	
Grade 3	4,054,715	3,221,267	14,693	-	7,290,675	
Grade 4	570,670	922,748	34,298	-	1,527,716	
Grade 5	11,910	419,058	1,959,706	-	2,390,674	
	<u>204,752,181</u>	<u>19,026,079</u>	<u>2,016,549</u>	<u>-</u>	<u>225,794,809</u>	
Retail						
Grade 1	168,460,089	4,240,281	11,286	-	172,711,656	
Grade 2	7,697,699	3,846,756	32,877	-	11,577,332	
Grade 3	4,319,404	1,477,076	25,599	-	5,822,079	
Grade 4	293,828	313,999	32,330	-	640,157	
Grade 5	25,672	670,642	837,187	-	1,533,501	
	<u>180,796,692</u>	<u>10,548,754</u>	<u>939,279</u>	<u>-</u>	<u>192,284,725</u>	
Credit card						
Grade 1	11,547,014	1,316,136	-	-	12,863,150	
Grade 2	4,390,211	1,214,946	-	-	5,605,157	
Grade 3	1,142,362	1,925,145	-	-	3,067,507	
Grade 4	2,227	302,736	-	-	304,963	
Grade 5	666	173,049	595,101	-	768,816	
	<u>17,082,480</u>	<u>4,932,012</u>	<u>595,101</u>	<u>-</u>	<u>22,609,593</u>	
	<u>402,631,353</u>	<u>34,506,845</u>	<u>3,550,929</u>	<u>-</u>	<u>440,689,127</u>	
Loans measured at fair value through other comprehensive income						
Corporate						
Grade1	303,317	-	-	-	303,317	
Grade2	59,827	-	-	-	59,827	
Grade3	-	-	-	-	-	
Grade4	-	-	-	-	-	
Grade5	-	-	-	-	-	
	<u>363,144</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>363,144</u>	
	<u>363,144</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>363,144</u>	
	<u>₩ 402,994,497</u>	<u>₩ 34,506,845</u>	<u>₩ 3,550,929</u>	<u>₩ -</u>	<u>₩ 441,052,271</u>	

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4.2.4.1 Credit risk exposure (cont'd)

(In millions of Korean won)

		December 31, 2021				
		12-month expected credit losses	Lifetime expected credit losses		Not applying expected credit losses	Total
			Non-impaired	Impaired		
Loans measured at amortized cost *						
Corporate						
Grade 1	₩ 111,284,284	₩ 5,345,956	₩ 3,705	₩ -	₩ -	₩ 116,633,945
Grade 2	68,050,042	7,847,126	4,338	-	-	75,901,506
Grade 3	5,323,745	2,850,266	2,949	-	-	8,176,960
Grade 4	586,857	1,037,461	7,570	-	-	1,631,888
Grade 5	12,877	352,046	2,143,708	-	-	2,508,631
	<u>185,257,805</u>	<u>17,432,855</u>	<u>2,162,270</u>	<u>-</u>	<u>-</u>	<u>204,852,930</u>
Retail						
Grade 1	170,810,128	4,593,302	11,609	-	-	175,415,039
Grade 2	9,093,868	4,209,451	35,097	-	-	13,338,416
Grade 3	3,410,624	1,414,439	23,467	-	-	4,848,530
Grade 4	235,150	400,029	17,998	-	-	653,177
Grade 5	495,987	445,588	710,341	-	-	1,651,916
	<u>184,045,757</u>	<u>11,062,809</u>	<u>798,512</u>	<u>-</u>	<u>-</u>	<u>195,907,078</u>
Credit card						
Grade 1	10,640,412	1,113,400	-	-	-	11,753,812
Grade 2	3,919,053	1,027,546	-	-	-	4,946,599
Grade 3	1,360,908	1,412,951	-	-	-	2,773,859
Grade 4	82,565	608,250	-	-	-	690,815
Grade 5	1,267	130,712	527,256	-	-	659,235
	<u>16,004,205</u>	<u>4,292,859</u>	<u>527,256</u>	<u>-</u>	<u>-</u>	<u>20,824,320</u>
	<u>385,307,767</u>	<u>32,788,523</u>	<u>3,488,038</u>	<u>-</u>	<u>-</u>	<u>421,584,328</u>
Loans measured at fair value through other comprehensive income						
Corporate						
Grade1	233,868	-	-	-	-	233,868
Grade2	79,736	-	-	-	-	79,736
Grade3	-	-	-	-	-	-
Grade4	-	-	-	-	-	-
Grade5	-	-	-	-	-	-
	<u>313,604</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>313,604</u>
	<u>313,604</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>313,604</u>
	<u>₩ 385,621,371</u>	<u>₩ 32,788,523</u>	<u>₩ 3,488,038</u>	<u>₩ -</u>	<u>₩ -</u>	<u>₩ 421,897,932</u>

* Before netting of allowance

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4.2.4.1 Credit risk exposure (cont'd)

Credit qualities of loans graded according to internal credit ratings as of December 31, 2022 and 2021, are as follows:

	Range of probability of default (%)	Retail	Corporate
Grade 1	0.0 ~ 1.0	1 ~ 5 grade	AAA ~ BBB+
Grade 2	1.0 ~ 5.0	6 ~ 8 grade	BBB ~ BB
Grade 3	5.0 ~ 15.0	9 ~ 10 grade	BB- ~ B
Grade 4	15.0 ~ 30.0	11 grade	B- ~ CCC
Grade 5	30.0 ~	12 grade or under	CC or under

4.2.4.2 Quantification of the extent to which collateral and other credit enhancements mitigate credit risk of loans as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31, 2022			
	12-month expected credit losses	Lifetime expected credit losses		Total
		Non-impaired	Impaired	
Guarantees	₩ 100,396,614	₩ 7,060,738	₩ 301,688	₩ 107,759,040
Deposits and savings	6,206,646	141,016	51,297	6,398,959
Property and equipment	14,648,523	1,002,291	180,103	15,830,917
Real estate	190,604,649	15,720,019	1,706,308	208,030,976
	₩ 311,856,432	₩ 23,924,064	₩ 2,239,396	₩ 338,019,892

(In millions of Korean won)

	December 31, 2021			
	12-month expected credit losses	Lifetime expected credit losses		Total
		Non-impaired	Impaired	
Guarantees	₩ 90,696,507	₩ 6,604,758	₩ 396,097	₩ 97,697,362
Deposits and savings	5,723,090	98,389	79,229	5,900,708
Property and equipment	13,205,822	597,251	319,697	14,122,770
Real estate	182,139,890	13,736,634	1,990,847	197,867,371
	₩ 291,765,309	₩ 21,037,032	₩ 2,785,870	₩ 315,588,211

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4.2.5 Credit risk of securities

Credit qualities of securities exposed to credit risk other than equity securities among financial investments as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31, 2022				
	12-month expected credit losses	Lifetime expected credit losses		Not applying expected credit losses	Total
		Non-impaired	Impaired		
Securities measured at amortized cost *					
Grade 1	₩ 56,448,267	₩ -	₩ -	₩ -	₩ 56,448,267
Grade 2	1,845,339	-	-	-	1,845,339
Grade 3	1,288	-	-	-	1,288
Grade 4	-	-	-	-	-
Grade 5	-	-	-	-	-
	<u>58,294,894</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>58,294,894</u>
Securities measured at fair value through other comprehensive income					
Grade 1	51,281,790	-	-	-	51,281,790
Grade 2	4,180,121	53,861	-	-	4,233,982
Grade 3	66,797	9,169	-	-	75,966
Grade 4	13,941	4,640	-	-	18,581
Grade 5	-	-	-	-	-
	<u>55,542,649</u>	<u>67,670</u>	<u>-</u>	<u>-</u>	<u>55,610,319</u>
	<u>₩ 113,837,543</u>	<u>₩ 67,670</u>	<u>₩ -</u>	<u>₩ -</u>	<u>₩ 113,905,213</u>

(In millions of Korean won)

	December 31, 2021				
	12-month expected credit losses	Lifetime expected credit losses		Not applying expected credit losses	Total
		Non-impaired	Impaired		
Securities measured at amortized cost *					
Grade 1	₩ 43,427,028	₩ -	₩ -	₩ -	₩ 43,427,028
Grade 2	1,039,757	-	-	-	1,039,757
Grade 3	1,371	7,641	-	-	9,012
Grade 4	-	-	-	-	-
Grade 5	-	-	-	-	-
	<u>44,468,156</u>	<u>7,641</u>	<u>-</u>	<u>-</u>	<u>44,475,797</u>
Securities measured at fair value through other comprehensive income					
Grade 1	51,490,960	-	-	-	51,490,960
Grade 2	4,682,582	-	-	-	4,682,582
Grade 3	42,861	3,973	-	-	46,834
Grade 4	39,135	-	-	-	39,135
Grade 5	-	-	-	-	-
	<u>56,255,538</u>	<u>3,973</u>	<u>-</u>	<u>-</u>	<u>56,259,511</u>
	<u>₩ 100,723,694</u>	<u>₩ 11,614</u>	<u>₩ -</u>	<u>₩ -</u>	<u>₩ 100,735,308</u>

* Before netting of allowance

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4.2.5 Credit risk of securities (cont'd)

Credit qualities of securities other than equity securities, according to the credit ratings by external credit rating agencies as of December 31, 2022 and 2021, are as follows:

Credit quality	Domestic				Foreign		
	KIS	NICE P&I	KAP	FnPricing Inc.	S&P	Fitch-IBCA	Moody's
Grade 1	AA0 to AAA	AA0 to AAA	AA0 to AAA	AA0 to AAA	A- to AAA	A- to AAA	A3 to Aaa
Grade 2	A- to AA-	A- to AA-	A- to AA-	A- to AA-	BBB- to BBB+	BBB- to BBB+	Baa3 to Baa1
Grade 3	BBB0 to BBB+	BBB0 to BBB+	BBB0 to BBB+	BBB0 to BBB+	BB to BB+	BB to BB+	Ba2 to Ba1
Grade 4	BB0 to BBB-	BB0 to BBB-	BB0 to BBB-	BB0 to BBB-	B+ to BB-	B+ to BB-	B1 to Ba3
Grade 5	BB- or under	BB- or under	BB- or under	BB- or under	B or under	B or under	B2 or under

Credit qualities of debt securities denominated in Korean won are based on the lowest credit rating by the domestic credit rating agencies above, and those denominated in foreign currencies are based on the lowest credit rating by the foreign credit rating agencies above.

4.2.6 Credit risk of due from financial institutions

Credit qualities of due from financial institutions as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31, 2022					
	12-month expected credit losses	Lifetime expected credit losses		Not applying expected credit losses	Total	
		Non-impaired	Impaired			
Due from financial institutions measured at amortized cost *						
Grade 1	₩ 27,612,549	₩ -	₩ -	₩ -	₩ 27,612,549	
Grade 2	1,428,663	-	-	-	1,428,663	
Grade 3	-	-	-	-	-	
Grade 4	-	-	-	-	-	
Grade 5	462,299	-	-	-	462,299	
	₩ 29,503,511	₩ -	₩ -	₩ -	₩ 29,503,511	

(In millions of Korean won)

	December 31, 2021					
	12-month expected credit losses	Lifetime expected credit losses		Not applying expected credit losses	Total	
		Non-impaired	Impaired			
Due from financial institutions measured at amortized cost *						
Grade 1	₩ 26,548,145	₩ -	₩ -	₩ -	₩ 26,548,145	
Grade 2	1,305,539	-	-	-	1,305,539	
Grade 3	61,177	-	-	-	61,177	
Grade 4	-	-	-	-	-	
Grade 5	450,495	-	-	-	450,495	
	₩ 28,365,356	₩ -	₩ -	₩ -	₩ 28,365,356	

* Before netting of allowance

The classification criteria of the credit qualities of due from financial institutions as of December 31, 2022 and 2021, are the same as the criteria for securities other than equity securities.

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4.2.7 Credit risk mitigation of derivative financial instruments

Quantification of the extent to which collateral mitigates credit risk of derivative financial instruments as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31, 2022	December 31, 2021
Deposits, savings, securities, and others	₩ 2,966,923	₩ 834,175

4.2.8 Credit risk concentration analysis

4.2.8.1 Classifications of loans by country as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

December 31, 2022 *							
	Retail	Corporate	Credit card	Total	%	Allowances	Carrying amount
Korea	₩ 186,948,909	₩ 198,853,096	₩ 22,562,372	₩ 408,364,377	92.49	₩ (3,030,906)	₩ 405,333,471
Europe	-	4,671,790	-	4,671,790	1.06	(25,689)	4,646,101
China	140,060	6,901,682	363	7,042,105	1.59	(39,025)	7,003,080
Japan	-	1,150,151	46	1,150,197	0.26	(1,755)	1,148,442
United States	-	5,130,629	-	5,130,629	1.16	(18,229)	5,112,400
Cambodia	2,610,472	3,768,170	-	6,378,642	1.44	(73,723)	6,304,919
Indonesia	1,735,571	2,896,037	43,023	4,674,631	1.06	(795,309)	3,879,322
Others	849,713	3,279,960	3,789	4,133,462	0.94	(173,989)	3,959,473
	₩ 192,284,725	₩ 226,651,515	₩ 22,609,593	₩ 441,545,833	100.00	₩ (4,158,625)	₩ 437,387,208

(In millions of Korean won)

December 31, 2021 *							
	Retail	Corporate	Credit card	Total	%	Allowances	Carrying amount
Korea	₩ 191,601,232	₩ 183,222,201	₩ 20,766,535	₩ 395,589,968	93.70	₩ (2,653,256)	₩ 392,936,712
Europe	-	2,673,817	-	2,673,817	0.63	(29,015)	2,644,802
China	34,982	6,743,756	327	6,779,065	1.61	(34,316)	6,744,749
Japan	86	1,039,453	8	1,039,547	0.25	(2,227)	1,037,320
United States	-	3,555,723	-	3,555,723	0.84	(28,113)	3,527,610
Cambodia	1,985,808	3,115,992	-	5,101,800	1.21	(70,660)	5,031,140
Indonesia	1,666,850	3,710,586	55,520	5,432,956	1.29	(841,145)	4,591,811
Others	618,120	1,374,302	1,930	1,994,352	0.47	(25,323)	1,969,029
	₩ 195,907,078	₩ 205,435,830	₩ 20,824,320	₩ 422,167,228	100.00	₩ (3,684,055)	₩ 418,483,173

* Amount includes loans measured at fair value through profit or loss, other comprehensive income, and amortized cost.

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4.2.8.2 Classifications of corporate loans by industry as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

December 31, 2022					
		Loans	%	Allowances	Carrying amount
Financial institutions	₩	23,603,384	10.41	₩ (52,108)	₩ 23,551,276
Manufacturing		53,301,044	23.52	(575,227)	52,725,817
Service		98,306,161	43.37	(479,440)	97,826,721
Wholesale and retail		29,665,900	13.09	(352,211)	29,313,689
Construction		6,909,315	3.06	(228,782)	6,680,533
Public sector		1,903,185	0.84	(84,423)	1,818,762
Others		12,962,526	5.71	(213,204)	12,749,322
	₩	226,651,515	100.00	₩ (1,985,395)	₩ 224,666,120

(In millions of Korean won)

December 31, 2021					
		Loans	%	Allowances	Carrying amount
Financial institutions	₩	22,059,895	10.74	₩ (32,856)	₩ 22,027,039
Manufacturing		49,149,918	23.92	(510,762)	48,639,156
Service		86,926,095	42.31	(450,272)	86,475,823
Wholesale and retail		26,862,247	13.08	(257,541)	26,604,706
Construction		5,683,471	2.77	(228,803)	5,454,668
Public sector		2,070,960	1.01	(95,053)	1,975,907
Others		12,683,244	6.17	(311,629)	12,371,615
	₩	205,435,830	100.00	₩ (1,886,916)	₩ 203,548,914

4.2.8.3 Classifications of retail loans and credit card receivables as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

December 31, 2022					
		Loans	%	Allowances	Carrying amount
Housing loan	₩	94,625,388	44.03	₩ (162,446)	₩ 94,462,942
General loan		97,659,337	45.45	(1,172,942)	96,486,395
Credit card		22,609,593	10.52	(837,842)	21,771,751
	₩	214,894,318	100.00	₩ (2,173,230)	₩ 212,721,088

(In millions of Korean won)

December 31, 2021					
		Loans	%	Allowances	Carrying amount
Housing loan	₩	93,695,479	43.23	₩ (71,424)	₩ 93,624,055
General loan		102,211,599	47.16	(933,571)	101,278,028
Credit card		20,824,320	9.61	(792,144)	20,032,176
	₩	216,731,398	100.00	₩ (1,797,139)	₩ 214,934,259

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4.2.8.4 Classifications of due from financial institutions, securities other than equity securities, and derivative financial assets by industry as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31, 2022			
	Amount	%	Allowances	Carrying amount
Due from financial institutions measured at amortized cost				
Finance and insurance	₩ 29,503,511	100.00	₩ (2,743)	₩ 29,500,768
	<u>29,503,511</u>	<u>100.00</u>	<u>(2,743)</u>	<u>29,500,768</u>
Due from financial institutions measured at fair value through profit or loss				
Finance and insurance	69,469	100.00	-	69,469
	<u>69,469</u>	<u>100.00</u>	<u>-</u>	<u>69,469</u>
Securities measured at fair value through profit or loss				
Government and government funded institutions	15,523,407	25.12	-	15,523,407
Finance and insurance	35,904,941	58.11	-	35,904,941
Others	10,359,379	16.77	-	10,359,379
	<u>61,787,727</u>	<u>100.00</u>	<u>-</u>	<u>61,787,727</u>
Derivative financial assets				
Government and government funded institutions	58,060	0.61	-	58,060
Finance and insurance	8,987,835	95.15	-	8,987,835
Others	400,239	4.24	-	400,239
	<u>9,446,134</u>	<u>100.00</u>	<u>-</u>	<u>9,446,134</u>
Securities measured at fair value through other comprehensive income				
Government and government funded institutions	25,001,019	44.96	-	25,001,019
Finance and insurance	21,034,862	37.83	-	21,034,862
Others	9,574,438	17.21	-	9,574,438
	<u>55,610,319</u>	<u>100.00</u>	<u>-</u>	<u>55,610,319</u>
Securities measured at amortized cost				
Government and government funded institutions	37,167,849	63.76	(31)	37,167,818
Finance and insurance	18,624,970	31.95	(5,306)	18,619,664
Others	2,502,075	4.29	(823)	2,501,252
	<u>58,294,894</u>	<u>100.00</u>	<u>(6,160)</u>	<u>58,288,734</u>
	<u>₩ 214,712,054</u>		<u>₩ (8,903)</u>	<u>₩ 214,703,151</u>

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4.2.8.4 Classifications of due from financial institutions, securities other than equity securities, and derivative financial assets by industry as of December 31, 2022 and 2021, are as follows: (cont'd)

(In millions of Korean won)

	December 31, 2021			
	Amount	%	Allowances	Carrying amount
Due from financial institutions measured at amortized cost				
Finance and insurance	₩ 28,365,356	100.00	₩ (2,969)	₩ 28,362,387
	<u>28,365,356</u>	<u>100.00</u>	<u>(2,969)</u>	<u>28,362,387</u>
Due from financial institutions measured at fair value through profit or loss				
Finance and insurance	200,742	100.00	-	200,742
	<u>200,742</u>	<u>100.00</u>	<u>-</u>	<u>200,742</u>
Securities measured at fair value through profit or loss				
Government and government funded institutions	16,101,187	25.56	-	16,101,187
Finance and insurance	35,025,800	55.59	-	35,025,800
Others	11,875,705	18.85	-	11,875,705
	<u>63,002,692</u>	<u>100.00</u>	<u>-</u>	<u>63,002,692</u>
Derivative financial assets				
Government and government funded institutions	6,985	0.19	-	6,985
Finance and insurance	3,554,783	95.52	-	3,554,783
Others	159,602	4.29	-	159,602
	<u>3,721,370</u>	<u>100.00</u>	<u>-</u>	<u>3,721,370</u>
Securities measured at fair value through other comprehensive income				
Government and government funded institutions	24,609,458	43.74	-	24,609,458
Finance and insurance	22,669,379	40.29	-	22,669,379
Others	8,980,674	15.97	-	8,980,674
	<u>56,259,511</u>	<u>100.00</u>	<u>-</u>	<u>56,259,511</u>
Securities measured at amortized cost				
Government and government funded institutions	31,996,180	71.94	(34)	31,996,146
Finance and insurance	10,450,497	23.50	(3,337)	10,447,160
Others	2,029,120	4.56	(798)	2,028,322
	<u>44,475,797</u>	<u>100.00</u>	<u>(4,169)</u>	<u>44,471,628</u>
	<u>₩ 196,025,468</u>		<u>₩ (7,138)</u>	<u>₩ 196,018,330</u>

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4.2.8.5 Classifications of due from financial institutions, securities other than equity securities, and derivative financial assets by country as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31, 2022			
	Amount	%	Allowances	Carrying amount
Due from financial institutions measured at amortized cost				
Korea	₩ 21,765,088	73.77	₩ (484)	₩ 21,764,604
United States	2,248,004	7.62	(28)	2,247,976
Others	5,490,419	18.61	(2,231)	5,488,188
	<u>29,503,511</u>	<u>100.00</u>	<u>(2,743)</u>	<u>29,500,768</u>
Due from financial institutions measured at fair value through profit or loss				
Korea	69,469	100.00	-	69,469
	<u>69,469</u>	<u>100.00</u>	<u>-</u>	<u>69,469</u>
Securities measured at fair value through profit or loss				
Korea	56,691,217	91.75	-	56,691,217
United States	2,934,339	4.75	-	2,934,339
Others	2,162,171	3.50	-	2,162,171
	<u>61,787,727</u>	<u>100.00</u>	<u>-</u>	<u>61,787,727</u>
Derivative financial assets				
Korea	4,830,565	51.14	-	4,830,565
United States	1,351,969	14.31	-	1,351,969
France	1,281,270	13.56	-	1,281,270
Singapore	212,710	2.25	-	212,710
Japan	435,592	4.61	-	435,592
Others	1,334,028	14.13	-	1,334,028
	<u>9,446,134</u>	<u>100.00</u>	<u>-</u>	<u>9,446,134</u>
Securities measured at fair value through other comprehensive income				
Korea	51,039,864	91.78	-	51,039,864
United States	1,459,063	2.63	-	1,459,063
Others	3,111,392	5.59	-	3,111,392
	<u>55,610,319</u>	<u>100.00</u>	<u>-</u>	<u>55,610,319</u>
Securities measured at amortized cost				
Korea	51,832,992	88.92	(4,046)	51,828,946
United States	3,919,413	6.72	(1,263)	3,918,150
Others	2,542,489	4.36	(851)	2,541,638
	<u>58,294,894</u>	<u>100.00</u>	<u>(6,160)</u>	<u>58,288,734</u>
	<u>₩ 214,712,054</u>		<u>₩ (8,903)</u>	<u>₩ 214,703,151</u>

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4.2.8.5 Classifications of due from financial institutions, securities other than equity securities, and derivative financial assets by country as of December 31, 2022 and 2021, are as follows: (cont'd)

(In millions of Korean won)

	December 31, 2021			
	Amount	%	Allowances	Carrying amount
Due from financial institutions measured at amortized cost				
Korea	₩ 21,051,229	74.21	₩ (574)	₩ 21,050,655
United States	2,875,884	10.14	(136)	2,875,748
Others	4,438,243	15.65	(2,259)	4,435,984
	<u>28,365,356</u>	<u>100.00</u>	<u>(2,969)</u>	<u>28,362,387</u>
Due from financial institutions measured at fair value through profit or loss				
Korea	200,742	100.00	-	200,742
	<u>200,742</u>	<u>100.00</u>	<u>-</u>	<u>200,742</u>
Securities measured at fair value through profit or loss				
Korea	56,920,225	90.35	-	56,920,225
United States	3,334,888	5.29	-	3,334,888
Others	2,747,579	4.36	-	2,747,579
	<u>63,002,692</u>	<u>100.00</u>	<u>-</u>	<u>63,002,692</u>
Derivative financial assets				
Korea	1,639,657	44.06	-	1,639,657
United States	753,896	20.26	-	753,896
France	370,787	9.96	-	370,787
Singapore	117,964	3.17	-	117,964
Japan	96,438	2.59	-	96,438
Others	742,628	19.96	-	742,628
	<u>3,721,370</u>	<u>100.00</u>	<u>-</u>	<u>3,721,370</u>
Securities measured at fair value through other comprehensive income				
Korea	51,484,332	91.51	-	51,484,332
United States	1,417,898	2.52	-	1,417,898
Others	3,357,281	5.97	-	3,357,281
	<u>56,259,511</u>	<u>100.00</u>	<u>-</u>	<u>56,259,511</u>
Securities measured at amortized cost				
Korea	41,912,154	94.24	(3,183)	41,908,971
United States	1,188,427	2.67	(466)	1,187,961
Others	1,375,216	3.09	(520)	1,374,696
	<u>44,475,797</u>	<u>100.00</u>	<u>(4,169)</u>	<u>44,471,628</u>
	<u>₩ 196,025,468</u>		<u>₩ (7,138)</u>	<u>₩ 196,018,330</u>

Due from financial institutions, financial instruments at fair value through profit or loss linked to gold price, and derivative financial instruments are mostly related to the finance and insurance industry with high credit ratings.

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4.3 Liquidity Risk

4.3.1 Overview of liquidity risk

Liquidity risk is a risk that the Group becomes insolvent due to the mismatch between the inflow and outflow of funds, unexpected cash outflows, or a risk of loss due to financing funds at a high interest rate or disposing of securities at an unfavorable price due to lack of available funds. The Group manages its liquidity risk through analysis of the contractual maturity of interest-bearing assets and liabilities, assets and liabilities related to the other inflows and outflows of funds, and off-balance sheet items related to the inflows and outflows of funds such as currency derivative instruments and others.

4.3.2 Liquidity risk management and indicator

The liquidity risk is managed by risk management policies and liquidity risk management guidelines set forth in these policies that apply to all risk management policies and procedures that may arise throughout the overall business of the Group.

The Group calculates and manages liquidity ratio and others for all transactions and off-balance transactions related to liquidity, that affect the cash flows in Korean won and foreign currency funds raised and operated for the management of liquidity risks and periodically reports them to the Risk Management Committee.

4.3.3 Analysis of remaining contractual maturity of financial liabilities

The cash flows disclosed in the maturity analysis are undiscounted contractual amounts including principal and future interest payments; as such, amounts in the table below do not match with those in the consolidated statements of financial position which are based on discounted cash flows. The future interest payments for floating-rate liabilities are calculated on the assumption that the current interest rate is the same until maturity.

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4.3.3.1 Remaining contractual maturity of financial liabilities other than derivatives held for cash flow hedge, and off-balance sheet items as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31, 2022													
	On demand		Up to 1 month		1-3 months		3-12 months		1-5 years		Over 5 years		Total	
Financial liabilities														
Financial liabilities at fair value through profit or loss ¹	₩	2,193,210	₩	-	₩	-	₩	-	₩	-	₩	-	₩	2,193,210
Financial liabilities designated at fair value through profit or loss ¹		10,078,394		-		-		-		-		-		10,078,394
Derivatives held for trading ¹		9,209,537		-		-		-		-		-		9,209,537
Derivatives held for hedging ²		-		11,106		8,886		39,174		221,551		3,502		284,219
Deposits ³		170,489,726		29,911,835		45,245,496		131,765,097		17,979,299		1,129,024		396,520,477
Borrowings		7,831,474		23,821,330		7,676,952		19,120,861		12,839,302		1,159,432		72,449,351
Debentures		11,117		4,011,679		8,353,663		20,995,587		33,216,320		6,485,136		73,073,502
Lease liabilities		164		28,079		45,200		171,449		376,159		2,839		623,890
Other financial liabilities		179,241		17,938,781		368,218		447,898		907,643		428,310		20,270,091
	₩	199,992,863	₩	75,722,810	₩	61,698,415	₩	172,540,066	₩	65,540,274	₩	9,208,243	₩	584,702,671
Off-balance sheet items														
Commitments ⁴	₩	188,168,340	₩	-	₩	-	₩	-	₩	-	₩	-	₩	188,168,340
Acceptances and guarantees contracts		12,425,753		-		-		-		-		-		12,425,753
Financial guarantee contracts ⁵		8,297,042		-		-		-		-		-		8,297,042
	₩	208,891,135	₩	-	₩	-	₩	-	₩	-	₩	-	₩	208,891,135

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4.3.3.1 Remaining contractual maturity of financial liabilities other than derivatives held for cash flow hedge, and off-balance sheet items as of December 31, 2022 and 2021, are as follows: (cont'd)

(In millions of Korean won)

	December 31, 2021													
	On demand		Up to 1 month		1-3 months		3-12 months		1-5 years		Over 5 years		Total	
Financial liabilities														
Financial liabilities at fair value through profit or loss ¹	₩	2,939,584	₩	-	₩	-	₩	-	₩	-	₩	-	₩	2,939,584
Financial liabilities designated at fair value through profit or loss ¹		9,149,396		-		-		-		-		-		9,149,396
Derivatives held for trading ¹		3,509,789		-		-		-		-		-		3,509,789
Derivatives held for hedging ²		-		11,355		9,993		31,135		31,640		1,423		85,546
Deposits ³		204,616,202		16,556,213		31,123,968		111,140,222		10,157,238		1,329,120		374,922,963
Borrowings		8,504,084		17,807,785		5,825,350		13,861,238		10,380,171		1,003,369		57,381,997
Debentures		14,528		3,438,621		5,318,699		20,496,869		34,863,044		6,509,966		70,641,727
Lease liabilities		139		23,387		42,406		157,536		334,359		50,555		608,382
Other financial liabilities		217,874		22,953,515		203,897		354,876		934,389		372,745		25,037,296
	₩	228,951,596	₩	60,790,876	₩	42,524,313	₩	146,041,876	₩	56,700,841	₩	9,267,178	₩	544,276,680
Off-balance sheet items														
Commitments ⁴	₩	170,218,143	₩	-	₩	-	₩	-	₩	-	₩	-	₩	170,218,143
Acceptances and guarantees contracts		10,199,689		-		-		-		-		-		10,199,689
Financial guarantee contracts ⁵		6,892,464		-		-		-		-		-		6,892,464
	₩	187,310,296	₩	-	₩	-	₩	-	₩	-	₩	-	₩	187,310,296

¹ Financial liabilities measured or designated at fair value through profit or loss and derivatives held for trading are not managed by contractual maturity because they are expected to be traded or redeemed before maturity. Therefore, the carrying amounts of those financial instruments are included in the 'On demand' category.

² Cash flows of derivatives held for hedging are shown at net amount of cash inflows and outflows by remaining contractual maturity.

³ Deposits that are contractually repayable on demand or on short notice are included in the 'On demand' category.

⁴ Commitments are included in the 'On demand' category because payments can be requested at any time.

⁵ Cash flows under financial guarantee contracts are classified based on the earliest period that the contract can be executed.

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4.3.3.2 Contractual cash flows of derivatives held for cash flow hedge as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31, 2022					
	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Cash flow to be received (paid) of net-settled derivatives	₩ 1,534	₩ 10,994	₩ 25,749	₩ 119,179	₩ 3,526	₩ 160,982
Cash flow to be received of gross-settled derivatives	10,932	30,311	1,003,755	2,894,502	-	3,939,500
Cash flow to be paid of gross-settled derivatives	(10,357)	(54,794)	(1,007,950)	(2,255,613)	-	(3,328,714)

(In millions of Korean won)

	December 31, 2021					
	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Cash flow to be received (paid) of net-settled derivatives	₩ (102)	₩ (2,647)	₩ (252)	₩ 24,812	₩ (11)	₩ 21,800
Cash flow to be received of gross-settled derivatives	126,429	325,664	619,100	2,084,618	-	3,155,811
Cash flow to be paid of gross-settled derivatives	(130,919)	(329,546)	(630,023)	(1,428,759)	-	(2,519,247)

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4.4 Market Risk

4.4.1 Concept

Market risk refers to risks that can result in losses due to changes in market factors such as interest rate, stock price, and foreign exchange rate, etc., which arise from securities, derivatives, and others. The most significant risks associated with trading positions are interest rate risk, currency risk, and additional risks include stock price risk. The non-trading position is also exposed to interest rate risk. The Group manages the market risks by dividing them into those arising from the trading position and those arising from the non-trading position. The above market risks are measured and managed by each subsidiary.

4.4.2 Risk management

The Group sets and monitors internal capital limits for market risk and interest rate risk to manage the risks of trading and non-trading positions. In order to manage market risk efficiently, the Group maintains risk management systems and procedures such as trading policies and procedures, market risk management guidelines for trading positions, and interest rate risk management guidelines for non-trading positions. The entire process is carried out through consultation with the Risk Management Council and approval by the Risk Management Committee of the Group.

In the case of Kookmin Bank, a major subsidiary, the Risk Management Council establishes and enforces overall market risk management policies for market risk management and decides to establish position limits, loss limits, VaR limits, and approves non-standard new products. In addition, the Market Risk Management Subcommittee, chaired by Chief Risk Officer (“CRO”), is a practical decision-making body for market risk management and determines position limits, loss limits, VaR limits, sensitivity limits, and scenario loss limits for each department of the business group.

Kookmin Bank's Asset-Liability Management Committee (“ALCO”) determines interest rate and commission operating standards and Asset Liability Management (“ALM”) operation policies and enacts and revises relevant guidelines. The Risk Management Committee and the Risk Management Council monitor the establishment and enforcement of ALM risk management policies and enact and revise ALM risk management guidelines. Interest rate risk limits are set based on future asset and liability positions and expected interest rate volatility, which reflect annual business plans. The ALM Department and the Risk Management Department regularly measure and monitor interest rate risk and report the status and limit of interest rate risk including changes in Economic Value of Equity (“ Δ EVE”), changes in Net Interest Income (“ Δ NII”), and duration gap to the ALCO and the Risk Management Council on a monthly basis, and to the Risk Management Committee on a quarterly basis. To ensure the adequacy of interest rate risk and liquidity risk management, the Risk Management Department assigns the limits, monitors and reviews the procedures and tasks of ALM operations conducted by the ALM department, and reports related matters to the management independently.

Kookmin Bank is closely monitoring the outputs of various industry groups and markets that manage the transition to the new interest rate benchmark, including announcements by LIBOR regulation authority and various consultative bodies related to the transition to alternative interest rate. In response to these announcements, Kookmin Bank has completed most of the transition and replacement plans according to LIBOR transition programs and plans consisting of major business areas such as finance, accounting, tax, legal, IT, and risk. The program is under the control of the CFO and related matters are reported to the board of directors and consultative bodies with senior management as members. Kookmin Bank continues its efforts as a market participant to actively express opinions so that the index interest rate benchmark reform can be carried out in the direction of minimizing the financial and non-financial impacts and operational risks and minimizing confusion among stakeholders.

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4.4.2 Risk management (cont'd)

Details of financial instruments that have not been converted to alternative interest rate benchmark as of December 31, 2022, are as follows:

(In millions of Korean won)

	December 31, 2022	
	Exposure amount *	
	₩	USD LIBOR
Measured at fair value:		
Financial assets at fair value through profit or loss	₩	-
Financial liabilities designated at fair value through profit or loss		-
Financial investments		22,800
Measured at amortized cost:		
Loans		1,954,327
Borrowings and debentures		531,334
Others:		
Derivative financial instruments		290,423

* Financial instruments to be expired before transition to alternative interest rate benchmark are excluded, and non-derivative financial instruments are the carrying amount and others are the nominal amount.

4.4.3 Trading position

4.4.3.1 Definition of a trading position

The trading position, which is subject to market risk management, is the trading position defined in “Trading Policy and Guidelines” and the basic requirements for the trading position are as follows:

- The target position has no restrictions on the sale, and the daily fair value assessment should be made, and the embedded significant risk can be hedged in the market.
- The trading position classification criteria should be clearly defined in the Trading Policy and Guidelines, and the trading position should be managed by a separate trading department.
- The target position must be operated according to the documented trading strategy and the management of position limit must be carried out.
- The specialized dealer or operating department shall have the authority to execute the transaction without prior approval from the Risk Management Department, etc. within the predetermined limits of the target position.
- The target positions should be periodically reported to management for risk management of the Group.

4.4.3.2 Observation method of market risk arising from trading positions

Subsidiaries of the Group measure market risk by calculating VaR through the market risk management system for all trading positions. Generally, the Group manages market risk arising from trading positions at the portfolio level. In addition, the Group controls and manages the risk of derivative financial instrument transactions in accordance with the Financial Supervisory Service regulations and guidelines.

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4.4.3.3 VaR

(a) VaR

Kookmin Bank, a major subsidiary, uses the risk-based valuation method (VaR) to measure the market risk of the trading position. Kookmin Bank uses the 10-day VaR, which represents the maximum amount of possible loss of 10 business days based on the historical simulation model of the full valuation method. The distribution of value changes in the portfolio is estimated based on data from the past 250 business days, and 10-day VaR is calculated by the difference between the value of the portfolio at a 99% confidence level of distribution of value changes in the portfolio and the current market value.

VaR is a commonly used market risk measurement technique. However, this approach has some limitations. VaR estimates possible losses under a certain confidence level based on historical market change data. However, since past market changes cannot reflect all future conditions and circumstances, the timing and magnitude of actual losses may vary depending on assumptions in the calculation process. If one day or ten days of the holding period which is generally used for the normal period of liquidating the position, is not sufficient or too long, the VaR result may underestimate or overestimate the potential loss.

When a subsidiary with a trading position measures market risk for trading position, it uses an internal model (VaR) for general risk and a standard method for individual risks. Standard method is used if the internal model is not authorized for certain market risk. Therefore, disclosed market risk VaR does not reflect the market risk for individual risks and for some positions. In addition, non-bank subsidiaries use the same standard method as the regulatory capital calculation method in order to enhance the effectiveness of market risk VaR management (improving the link with regulatory capital).

(b) Back-Testing

To verify the appropriateness of the VaR model, back-testing is performed by comparing actual and hypothetical gains and losses with the VaR calculation results.

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4.4.3.3 VaR (cont'd)

(c) Stress Testing

The Group carries out stress testing of the trading and available-for-sale portfolio to reflect changes in individual risk factors such as interest rate, stock price, foreign exchange rate, and implied volatility of derivatives that have a significant impact on portfolio value in a crisis. The Group carries out stress testing through historical and hypothetical scenarios. This stress testing is carried out at least twice a year.

Ten-day VaR at a 99% confidence level of interest rate risk, stock price risk, and currency risk for trading positions of Kookmin Bank for the years ended December 31, 2022 and 2021, are as follows:

Kookmin Bank

(In millions of Korean won)

	2022			
	Average	Minimum	Maximum	Dec. 31, 2022
Interest rate risk	₩ 34,923	₩ 16,541	₩ 64,356	₩ 47,093
Stock price risk	8,606	5,142	11,061	9,407
Currency risk	24,054	14,428	41,815	41,189
Diversification effect				(5,140)
Total VaR	₩ 49,701	₩ 22,144	₩ 99,436	₩ 92,549

(In millions of Korean won)

	2021			
	Average	Minimum	Maximum	Dec. 31, 2021
Interest rate risk	₩ 20,051	₩ 6,372	₩ 55,670	₩ 16,534
Stock price risk	9,067	4,537	24,824	5,513
Currency risk	27,886	17,820	49,264	21,522
Diversification effect				(13,039)
Total VaR	₩ 40,915	₩ 15,986	₩ 115,347	₩ 30,530

Meanwhile, the positions which are not measured by VaR as of December 31, 2022 and 2021 and required equity capital of non-bank subsidiaries using the standard method for the years ended December 31, 2022 and 2021, are as follows:

Kookmin Bank

(In millions of Korean won)

	December 31, 2022	December 31, 2021
Interest rate risk	₩ 18,545	₩ 25,432
Stock price risk	4,686	6
Currency risk	70,757	46,173
	₩ 93,988	₩ 71,611

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4.4.3.3 VaR (cont'd)

KB Securities Co., Ltd.

(In millions of Korean won)

	2022			
	Average	Minimum	Maximum	Dec. 31, 2022
Interest rate risk	₩ 828,772	₩ 755,379	₩ 873,861	₩ 755,379
Stock price risk	212,679	150,149	297,812	171,592
Currency risk	24,002	14,938	34,109	34,109
Commodity risk	116	41	229	41
	₩ 1,065,569	₩ 920,507	₩ 1,206,011	₩ 961,121

(In millions of Korean won)

	2021			
	Average	Minimum	Maximum	Dec. 31, 2021
Interest rate risk	₩ 724,482	₩ 657,094	₩ 821,864	₩ 821,864
Stock price risk	249,320	207,425	299,221	278,356
Currency risk	14,275	6,808	22,543	22,543
Commodity risk	88	3	210	19
	₩ 988,165	₩ 871,330	₩ 1,143,838	₩ 1,122,782

KB Insurance Co., Ltd.

(In millions of Korean won)

	2022			
	Average	Minimum	Maximum	Dec. 31, 2022
Interest rate risk	₩ 4,728	₩ 3,159	₩ 6,450	₩ 3,159
Currency risk	28,413	14,768	39,701	14,768
	₩ 33,141	₩ 17,927	₩ 46,151	₩ 17,927

(In millions of Korean won)

	2021			
	Average	Minimum	Maximum	Dec. 31, 2021
Interest rate risk	₩ 5,445	₩ 3,854	₩ 6,553	₩ 5,906
Currency risk	34,560	28,035	40,853	40,853
	₩ 40,005	₩ 31,889	₩ 47,406	₩ 46,759

KB Kookmin Card Co., Ltd.

(In millions of Korean won)

	2022			
	Average	Minimum	Maximum	Dec. 31, 2022
Currency risk	₩ 18,430	₩ 16,483	₩ 21,890	₩ 21,341

(In millions of Korean won)

	2021			
	Average	Minimum	Maximum	Dec. 31, 2021
Currency risk	₩ 13,029	₩ 7,744	₩ 16,094	₩ 15,637

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4.4.3.3 VaR (cont'd)

KB Life Insurance Co., Ltd.(former Prudential Life Insurance Company of Korea Ltd.)

(In millions of Korean won)

	2022			
	Average	Minimum	Maximum	Dec. 31, 2022
Currency risk	₩ 4,253	₩ 853	₩ 8,931	₩ 8,931

(In millions of Korean won)

	2021			
	Average	Minimum	Maximum	Dec. 31, 2021
Currency risk	₩ 4,676	₩ 1,337	₩ 7,211	₩ 6,963

KB Asset Management Co., Ltd.

(In millions of Korean won)

	2022			
	Average	Minimum	Maximum	Dec. 31, 2022
Currency risk	₩ 2,426	₩ 1,607	₩ 2,823	₩ 2,455

(In millions of Korean won)

	2021			
	Average	Minimum	Maximum	Dec. 31, 2021
Currency risk	₩ 2,151	₩ 1,053	₩ 3,085	₩ 2,405

KB Capital Co., Ltd.

(In millions of Korean won)

	2022			
	Average	Minimum	Maximum	Dec. 31, 2022
Currency risk	₩ 1,905	₩ 1,298	₩ 2,128	₩ 2,045

(In millions of Korean won)

	2022			
	Average	Minimum	Maximum	Dec. 31, 2021
Currency risk	₩ 1,121	₩ 867	₩ 1,280	₩ 1,280

KB Life Insurance Co., Ltd.

(In millions of Korean won)

	2022			
	Average	Minimum	Maximum	Dec. 31, 2022
Interest rate risk	₩ 545	₩ -	₩ 1,476	₩ -
Currency risk	4,355	993	6,799	993
	₩ 4,900	₩ 993	₩ 8,275	₩ 993

(In millions of Korean won)

	2021			
	Average	Minimum	Maximum	Dec. 31, 2021
Interest rate risk	₩ 2,095	₩ 1,072	₩ 2,932	₩ 1,072
Currency risk	4,216	1,725	6,651	6,378
	₩ 6,311	₩ 2,797	₩ 9,583	₩ 7,450

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4.4.3.3 VaR (cont'd)

KB Investment Co., Ltd.

(In millions of Korean won)

	2022			
	Average	Minimum	Maximum	Dec. 31, 2022
Stock price risk	₩ 9,406	₩ 8,002	₩ 10,685	₩ 8,438
Currency risk	21,993	18,883	24,384	21,727
	₩ 31,399	₩ 26,885	₩ 35,069	₩ 30,165

(In millions of Korean won)

	2021			
	Average	Minimum	Maximum	Dec. 31, 2021
Stock price risk	₩ 5,114	₩ 3,518	₩ 10,518	₩ 10,518
Currency risk	13,706	11,269	18,452	18,301
	₩ 18,820	₩ 14,787	₩ 28,970	₩ 28,819

KB Data System Co., Ltd.

(In millions of Korean won)

	2022			
	Average	Minimum	Maximum	Dec. 31, 2022
Stock price risk	₩ 198	₩ 155	₩ 228	₩ 155

(In millions of Korean won)

	2021			
	Average	Minimum	Maximum	Dec. 31, 2021
Stock price risk	₩ 177	₩ -	₩ 231	₩ 231

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4.4.3.4 Details of risk factors

(a) Interest rate risk

Interest rate risk for trading positions usually arises from debt securities denominated in Korean won. The Group's trading strategy is to gain short-term trading gains from interest rate fluctuations. The Group manages interest rate risk associated with trading accounts using VaR and sensitivity analysis (Price Value of a Basis Point: PVBP).

(b) Stock price risk

Stock price risk occurs mainly in trading stocks denominated in Korean won. The portfolio of trading stocks denominated in Korean won consists of stocks listed on the exchange and derivatives linked to stocks and is managed by strict distributed investment limits.

(c) Currency risk

Currency risk arises from holding assets and liabilities which are denominated in foreign currency, and currency-related derivatives. Most of the net foreign currency exposures occur in the US dollars and the Chinese Yuan. The Group also manages net foreign exchange exposures across trading and non-trading portfolios by setting a net foreign currency exposure limit at the same time setting a loss limit.

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4.4.4 Non-trading position (Interest Rate Risk of Banking Book (“IRRBB”))

4.4.4.1 Qualitative disclosure

(a) Definition of interest rate risk for risk management and measurement purposes

Interest rate risk is a change in equity and earnings due to the changes in value of interest-sensitive assets and liabilities, etc., and is measured by Δ EVE and Δ NII.

(b) Overall interest rate risk management and mitigation strategy

The interest rate risk management department establishes and sets interest rate risk management policies and limit once a year by a resolution of the Risk Management Council considering the mid to long-term management strategy and macroeconomic status. The interest rate risk management department analyzes interest rate risk crisis situations assuming abnormal interest rate fluctuations and reports the results to the Risk Management Council and observes changes in interest rate risk and compliance with risk limits to devise timely countermeasures and reports the management status regularly and frequently to the Risk Management Council. The interest rate risk model adequacy test is carried out regularly at least once a year by the verification department independent of the management department.

(c) Specific methodologies used to calculate interest rate risk measurement cycles and sensitivity

In order to measure the sensitivity of the economic value and earnings to changes in interest rates, the Group calculates monthly interest rate gap and duration gap for assets and liabilities.

(d) Interest rate shock and stress scenarios used to estimate changes in the economic value and in earnings

The Group calculates Δ EVE by applying following six interest rate shock and stress scenarios, and Δ NII by applying parallel shock up and parallel shock down scenarios.

- Scenario 1 : Parallel shock up
- Scenario 2 : Parallel shock down
- Scenario 3 : Steepener shock (short rates down and long rates up)
- Scenario 4 : Flattener shock (short rates up and long rates down)
- Scenario 5 : Short rates shock up
- Scenario 6 : Short rates shock down

(e) Key modeling assumptions used separately

The Group calculates interest rate risk for internal management purpose, assuming a historical-simulation based on interest rate volatility during the past financial crisis (FY2008-FY2009), distribution of assets/liabilities portfolio, and 27 interest rate gaps considering management strategy direction.

(f) Interest rate risk hedging methodology and related accounting

Subsidiaries which are subject to interest rate risk measurement hedges interest rate risk through back-to-back interest rate swap transactions, which are the same as interest payment cash flows and officially document and manage the risk management strategy for hedge accounting, risk management objectives, hedging relationship, and assessment method for hedge effectiveness.

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4.4.4.1 Qualitative disclosure (cont'd)

(g) Key modeling and parametric assumptions used in calculating Δ EVE and Δ NII

Subsidiaries which are subject to interest rate risk measurement calculate interest rate risk, including all cash flow of interest-sensitive assets and liabilities, and off-balance sheet items. The main assumptions of the IRRBB standard method for calculating Δ EVE, Δ NII are as follows:

(Classification of time buckets of cash flows (19 buckets in total))

	Time bucket intervals (D:Day M:Months Y:Years t^{cf}:Repricing date)							
Short-term rates	1D (0.0028Y)	1D < t ^{cf} ≤1M (0.0417Y)	1M < t ^{cf} ≤3M (0.1667Y)	3M < t ^{cf} ≤6M (0.375Y)	6M < t ^{cf} ≤9M (0.625Y)	9M < t ^{cf} ≤1Y (0.875Y)	1Y < t ^{cf} ≤1.5Y (1.25Y)	1.5Y < t ^{cf} ≤2Y (1.75Y)
Medium-term rates	2Y < t ^{cf} ≤3Y (2.5Y)	3Y < t ^{cf} ≤4Y (3.5Y)	4Y < t ^{cf} ≤5Y (4.5Y)	5Y < t ^{cf} ≤6Y (5.5Y)	6Y < t ^{cf} ≤7Y (6.5Y)			
Long-term rates	7Y < t ^{cf} ≤8Y (7.5Y)	8Y < t ^{cf} ≤9Y (8.5Y)	9Y < t ^{cf} ≤10Y (9.5Y)	10Y < t ^{cf} ≤15Y (12.5Y)	15Y < t ^{cf} ≤20Y (17.5Y)	t ^{cf} > 20Y (25Y)		

* The number in brackets is the time bucket's midpoint.

(Caps on core deposit and average maturity by category for non-maturity deposits)

	Cap on proportion of core deposits (%)	Cap on average maturity of core deposits (years)
Retail/transactional	90	5
Retail/non-transactional	70	4.5
Wholesale	50	4

4.4.4.2 Quantitative disclosure

The average repricing maturity of non-maturity deposits is 2.5 years for core deposits, 1 day for non-core deposits, and the longest repricing maturity is five years.

(a) Kookmin Bank

Δ EVE is calculated by applying six interest rate shock and stress scenarios, and Δ NII is calculated by applying parallel shock up and parallel shock down scenarios. Results as of December 31, 2022 and 2021, are as follows:

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4.4.4.2 Quantitative disclosure (cont'd)

(In millions of Korean won)

	December 31, 2022		December 31, 2021	
	changes in the economic value of equity capital		changes in the economic value of equity capital	
	△EVE	Changes in net interest income △NII	△EVE	Changes in net interest income △NII
Scenario 1 (Parallel shock up)	₩ 165,634	162,959	₩ 936,965	₩ 564,771
Scenario 2 (Parallel shock down)	290,330	-	-	-
Scenario 3 (Short rates down, long rates up)	266,737		273,951	
Scenario 4 (Short rates up, long rates down)	268,261		311,497	
Scenario 5 (Short rates shock up)	288,737		568,246	
Scenario 6 (Short rates shock down)	132,998		345,987	
Maximum out of six scenarios	290,330	162,959	936,965	564,771
Basic capital	31,176,032		30,491,173	

(b) Non-bank subsidiaries

△EVE is maximum out of six interest rate shock and stress scenarios, and △NII is maximum of parallel shock up and parallel shock down scenarios. Results as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31, 2022		December 31, 2021	
	△EVE	△NII	△EVE	△NII
KB Securities Co., Ltd.	₩ 37,498	₩ 242,200	₩ 173,199	₩ 272,676
KB Insurance Co., Ltd.	182,310	44,405	939,720	37,119
KB Kookmin Card Co., Ltd.	96,282	244,602	93,232	225,581
KB Life Insurance Co., Ltd.(former Prudential Life Insurance Company of Korea Ltd.)	354,982	24,609	611,930	24,135
KB Capital Co., Ltd.	126,535	50,800	105,728	41,112
KB Life Insurance Co., Ltd.	73,277	35,645	143,393	33,942
KB Savings Bank Co., Ltd.	5,320	14,976	20,077	786

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4.4.5 Financial assets and liabilities denominated in foreign currencies

Details of financial instruments denominated in foreign currencies and translated into Korean won as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31, 2022						
	USD	JPY	EUR	GBP	CNY	Others	Total
Financial assets							
Cash and due from financial institutions	₩ 6,334,501	₩ 461,826	₩ 456,888	₩ 97,502	₩ 645,271	₩ 2,324,691	₩ 10,320,679
Financial assets at fair value through profit or loss	6,098,956	2,443	601,726	59,263	7,110	330,779	7,100,277
Derivatives held for trading	636,456	159	10,412	10	19,053	167,796	833,886
Derivatives held for hedging	251,522	-	-	-	-	22,522	274,044
Loans measured at amortized cost	32,995,825	683,705	2,813,855	755,912	1,944,500	6,596,283	45,790,080
Financial assets at fair value through other comprehensive income	5,326,003	-	9,091	5,677	556,052	972,787	6,869,610
Financial assets at amortized cost	5,841,305	-	322,755	37,816	60,013	1,316,707	7,578,596
Other financial assets	1,878,542	292,727	360,469	25,289	116,049	368,272	3,041,348
	<u>₩ 59,363,110</u>	<u>₩ 1,440,860</u>	<u>₩ 4,575,196</u>	<u>₩ 981,469</u>	<u>₩ 3,348,048</u>	<u>₩ 12,099,837</u>	<u>₩ 81,808,520</u>
Financial liabilities							
Financial liabilities at fair value through profit or loss	₩ 1,143,413	₩ -	₩ -	₩ -	₩ -	₩ -	₩ 1,143,413
Derivatives held for trading	893,781	9,016	81,119	17,072	6,868	264,833	1,272,689
Derivatives held for hedging	130,784	-	-	-	-	-	130,784
Deposits	25,706,364	1,339,119	1,429,567	344,824	2,307,068	5,238,485	36,365,427
Borrowings	19,700,039	458,856	446,968	588,324	266,727	2,442,313	23,903,227
Debentures	7,771,068	-	2,041,517	-	36,288	975,891	10,824,764
Other financial liabilities	3,615,838	266,569	190,103	14,521	126,752	435,606	4,649,389
	<u>₩ 58,961,287</u>	<u>₩ 2,073,560</u>	<u>₩ 4,189,274</u>	<u>₩ 964,741</u>	<u>₩ 2,743,703</u>	<u>₩ 9,357,128</u>	<u>₩ 78,289,693</u>
Off-balance sheet items	₩ 23,777,728	₩ -	₩ 243,431	₩ 102,232	₩ 220,890	₩ 774,154	₩ 25,118,435

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4.4.5 Financial assets and liabilities denominated in foreign currencies (cont'd)

(In millions of Korean won)

	December 31, 2021							
	USD	JPY	EUR	GBP	CNY	Others	Total	
Financial assets								
Cash and due from financial institutions	₩ 6,995,653	₩ 420,964	₩ 482,144	₩ 96,951	₩ 570,186	₩ 1,646,253	₩ 10,212,151	
Financial assets at fair value through profit or loss	7,217,843	12,047	514,047	11,024	16,113	261,029	8,032,103	
Derivatives held for trading	222,759	221	44,384	534	5,549	21,762	295,209	
Derivatives held for hedging	104,091	-	-	-	-	4,541	108,632	
Loans measured at amortized cost	26,605,737	597,413	1,777,967	234,612	1,774,589	6,518,650	37,508,968	
Financial assets at fair value through other comprehensive income	6,604,010	5,152	121,573	6,272	536,747	405,391	7,679,145	
Financial assets at amortized cost	2,267,233	-	300,856	-	48,435	710,950	3,327,474	
Other financial assets	1,893,691	37,036	100,041	7,082	69,307	252,337	2,359,494	
	<u>₩ 51,911,017</u>	<u>₩ 1,072,833</u>	<u>₩ 3,341,012</u>	<u>₩ 356,475</u>	<u>₩ 3,020,926</u>	<u>₩ 9,820,913</u>	<u>₩ 69,523,176</u>	
Financial liabilities								
Financial liabilities at fair value through profit or loss	₩ 1,496,712	₩ -	₩ -	₩ -	₩ -	₩ -	₩ 1,496,712	
Derivatives held for trading	376,230	6,099	61,941	19,833	18,223	117,217	599,543	
Derivatives held for hedging	42,470	-	-	-	-	-	42,470	
Deposits	21,324,104	900,044	1,873,026	106,456	1,943,015	5,402,000	31,548,645	
Borrowings	15,597,440	456,029	386,023	496,084	-	2,176,532	19,112,108	
Debentures	6,366,475	-	1,338,391	-	102,443	708,353	8,515,662	
Other financial liabilities	1,834,429	23,158	140,779	16,543	93,933	211,516	2,320,358	
	<u>₩ 47,037,860</u>	<u>₩ 1,385,330</u>	<u>₩ 3,800,160</u>	<u>₩ 638,916</u>	<u>₩ 2,157,614</u>	<u>₩ 8,615,618</u>	<u>₩ 63,635,498</u>	
Off-balance sheet items	₩ 19,149,581	₩ 353	₩ 262,116	₩ 2,991	₩ 250,239	₩ 844,384	₩ 20,509,664	

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4.5 Operational Risk

4.5.1 Concept

Operational risk of the Group refers to the risk of loss that may occur due to improper or incorrect internal procedures, personnel, systems or external events. Operational risk management plays a role in enhancing the stability and soundness of financial institutions by managing the appropriate level of capital and supplementing the internal control system.

4.5.2 Risk management

The purpose of operational risk management is not only to comply with supervisory and regulatory requirements, but also to spread risk management culture, strengthen internal control, improve processes, and provide timely feedback to management and all employees. The Parent Company manages the Group's overall operational risk, and each subsidiary establishes and implements operational risk management policies according to its own risk level and implements and operates related systems. The Group Risk Management Committee establishes and allocates risk capital of operational risk for each subsidiary, and subsidiaries manage operational risks at an appropriate level within the allocated risk capital.

4.6 Capital Management

The Group complies with the capital adequacy standard established by the financial supervisory authority. This capital adequacy standard is based on Basel III revised by Basel Committee on Banking Supervision in Bank for International Settlements ("BIS") in June 2011 and was implemented in Korea in December 2013. According to this standard, the Group is required to maintain a minimum capital adequacy ratio to risk-weighted assets (Common Equity Tier 1 Capital ratio of 8.0%, Tier 1 Capital ratio of 9.5%, and Total Capital ratio of 11.5%) as of December 31, 2022.

The Group's capital is classified into three categories in accordance with the Detailed Regulations on Supervision of Financial Holding Companies as follows:

- Common Equity Tier 1 Capital: Common equity Tier 1 Capital is the first to take losses of the Group and is the last to be compensated in liquidation of the Group and not repaid except for liquidation. It includes capital, capital surplus, retained earnings, non-controlling interests of the consolidated subsidiaries, accumulated other comprehensive income, and other capital surplus, etc.
- Additional Tier 1 Capital: Additional Tier 1 Capital includes capital, capital surplus, etc. related to the issuance of capital securities of a permanent nature that meets the conditional capital securities requirements.
- Tier 2 Capital: Tier 2 Capital means capital that can compensate for losses of the Group upon liquidation, including (a) the amount of subordinated bonds with maturity of not less than 5 years that meet the conditional capital securities requirements, and (b) the allowances for credit losses accumulated on the loans which are classified as normal or precautionary in accordance with Regulations on Supervision of Financial Holding Companies, and others.

The risk-weighted assets are the magnitude of the amount of risk inherent in the total asset held by the Group. The Group calculates risk-weighted assets by each risk (credit risk, market risk, and operational risk) based on the Detailed Regulations on Supervision of Financial Holding Companies and uses them to calculate capital adequacy ratio.

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4.6 Capital Management (cont'd)

The Group evaluates and manages capital adequacy through separate internal policies. The evaluation of capital adequacy compares the size of available capital (the amount of capital actually available) to the size of internal capital (the amount of capital required to cover all the significant risks faced by the Group under its target credit rating), which monitors financial soundness and provides a risk-adjusted performance measurement basis.

Internal capital refers to the capital required to prevent the insolvency from future unexpected losses. The Group operates a system to measure, allocate, and manage internal capital to major subsidiaries by risk type.

The Risk Management Committee of the Group determines the risk appetite of the Group, allocates internal capital by risk type and major subsidiaries, and major subsidiaries operate capital efficiently within the range of the allocated internal capital. The Risk Management Department of the Group monitors internal capital limit management and reports it to management and the Risk Management Committee. If the limit of internal capital is expected to be exceeded due to new businesses or business expansion, the Group's capital adequacy management is carried out through review and approval by the Risk Management Committee in advance.

Details of the Group's capital adequacy ratio in accordance with Basel III requirements as of December 31, 2022 and 2021, are as follows:

<i>(In millions of Korean won)</i>	December 31,		December 31,	
	2022		2021	
	₩		₩	
Total Capital:	₩	48,969,952	₩	45,882,765
Tier 1 Capital		45,032,020		42,305,442
Common Equity Tier 1 Capital		40,103,660		39,144,259
Additional Tier 1 Capital		4,928,360		3,161,183
Tier 2 Capital		3,937,932		3,577,323
Risk-Weighted Assets:		302,967,993		290,913,570
Total Capital ratio (%):		16.16		15.77
Tier 1 Capital ratio (%)		14.86		14.54
Common Equity Tier 1 Capital ratio (%)		13.24		13.46

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5. Segment Information

5.1 Overall Segment Information and Business Segments

The Group classifies reporting segments based on the nature of the products and services provided, the type of customer, and the Group's management organization.

	Corporate banking	Loans, deposit products, and other related financial services to large, small and medium-sized enterprises and SOHOs
Banking business	Retail banking	Loans, deposit products, and other related financial services to individuals and households
	Other banking services	Trading activities in securities and derivatives, funding, and other supporting activities
Securities business		Investment banking, brokerage services, and other supporting activities
Non-life insurance business		Non-life insurance and other supporting activities
Credit card business		Credit sale, cash advance, card loan, and other supporting activities
Life insurance business		Life insurance and other supporting activities

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5.1 Overall Segment Information and Business Segments (cont'd)

Financial information by business segment as of and for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	2022										
	Banking business				Securities	Non-life insurance	Credit card	Life insurance	Others	Consolidation adjustments	Total
Corporate banking	Retail banking	Other banking services	Sub-total								
Net operating revenues(expenses) from external customers	₩ 4,981,702	₩ 4,472,888	₩ (188,422)	₩ 9,266,168	₩ 1,126,925	₩ 1,423,684	₩ 1,781,135	₩ 501,983	₩ 912,750	₩ -	₩ 15,012,645
Intersegment net operating revenues (expenses)	16,366	-	371,576	387,942	(38,909)	(29,335)	(150,464)	(29,827)	205,463	(344,870)	-
	4,998,068	4,472,888	183,154	9,654,110	1,088,016	1,394,349	1,630,671	472,156	1,118,213	(344,870)	15,012,645
Net interest income	4,720,718	3,936,872	633,431	9,291,021	538,275	693,193	1,474,209	555,188	559,468	1,580	13,112,934
Interest income	7,831,383	5,763,852	1,763,466	15,358,701	1,156,586	717,558	1,983,828	566,271	1,064,529	(58,955)	20,788,518
Interest expense	(3,110,665)	(1,826,980)	(1,130,035)	(6,067,680)	(618,311)	(24,365)	(509,619)	(11,083)	(505,061)	60,535	(7,675,584)
Net fee and commission income (expenses)	385,884	261,350	449,374	1,096,608	784,748	(190,354)	519,501	(39,059)	1,145,309	4,879	3,321,632
Fee and commission income	546,634	415,858	567,666	1,530,158	979,215	17,889	1,617,446	508	1,301,765	(325,461)	5,121,520
Fee and commission expense	(160,750)	(154,508)	(118,292)	(433,550)	(194,467)	(208,243)	(1,097,945)	(39,567)	(156,456)	330,340	(1,799,888)
Net insurance income	-	-	-	-	-	655,452	10,593	39,160	-	(8,692)	696,513
Insurance income	-	-	-	-	-	13,424,848	19,702	3,736,166	-	(43,874)	17,136,842
Insurance expense	-	-	-	-	-	(12,769,396)	(9,109)	(3,697,006)	-	35,182	(16,440,329)
Net gains(losses) on financial instruments at fair value through profit or loss	73,680	-	136,901	210,581	(210,589)	339,698	1,724	66,865	21,844	(182,766)	247,357
Net other operating income (expenses)	(182,214)	274,666	(1,036,552)	(944,100)	(24,418)	(103,640)	(375,356)	(149,998)	(608,408)	(159,871)	(2,365,791)

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5.1 Overall Segment Information and Business Segments (cont'd)

(In millions of Korean won)

	2022										
	Banking business				Securities	Non-life insurance	Credit card	Life insurance	Others	Consolidation adjustments	Total
Corporate banking	Retail banking	Other banking services	Sub-total								
General and administrative expenses	₩ (1,972,147)	₩ (2,092,770)	₩ (633,034)	₩ (4,697,951)	₩ (822,409)	₩ (849,452)	₩ (597,158)	₩ (224,968)	₩ (466,510)	₩ 120,646	₩ (7,537,802)
Operating income(expenses) before provision for credit losses	3,025,921	2,380,118	(449,880)	4,956,159	265,607	544,897	1,033,513	247,188	651,703	(224,224)	7,474,843
Reversal (provision) of credit losses	(778,260)	(281,868)	(61,042)	(1,121,170)	(28,425)	(6,066)	(500,453)	1,264	(178,172)	(2,966)	(1,835,988)
Net operating income(expenses)	2,247,661	2,098,250	(510,922)	3,834,989	237,182	538,831	533,060	248,452	473,531	(227,190)	5,638,855
Share of profit (loss) of associates and joint ventures	-	-	12,666	12,666	3,039	1,104	1,583	-	(7,966)	(39,184)	(28,758)
Net other non-operating income (expenses)	(13,317)	-	(24,548)	(37,865)	12,994	190,263	(7,197)	(379)	(4,717)	32,430	185,529
Segment profit(loss) before income tax expense	2,234,344	2,098,250	(522,804)	3,809,790	253,215	730,198	527,446	248,073	460,848	(233,944)	5,795,626
Income tax benefit(expense)	(732,211)	(522,478)	173,206	(1,081,483)	(64,300)	(172,169)	(144,443)	(61,810)	(113,458)	15,276	(1,622,387)
Profit(loss) for the year	<u>₩ 1,502,133</u>	<u>₩ 1,575,772</u>	<u>₩ (349,598)</u>	<u>₩ 2,728,307</u>	<u>₩ 188,915</u>	<u>₩ 558,029</u>	<u>₩ 383,003</u>	<u>₩ 186,263</u>	<u>₩ 347,390</u>	<u>₩ (218,668)</u>	<u>₩ 4,173,239</u>
Profit(loss) attributable to shareholders of the Parent Company	1,505,240	1,575,772	(84,997)	2,996,015	187,784	557,680	378,592	186,263	343,859	(255,363)	4,394,830
Profit (loss) attributable to non-controlling interests	(3,107)	-	(264,601)	(267,708)	1,131	349	4,411	-	3,531	36,695	(221,591)
Total assets *	211,989,036	165,273,848	140,506,628	517,769,512	53,824,245	42,736,747	29,721,017	34,846,987	60,219,661	(37,947,321)	701,170,848
Total liabilities *	205,382,625	191,786,626	86,877,002	484,046,253	47,946,933	39,397,168	24,998,214	33,097,892	25,973,896	(3,932,422)	651,527,934

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5.1 Overall Segment Information and Business Segments (cont'd)

(In millions of Korean won)

	2021										
	Banking business				Securities	Non-life insurance	Credit card	Life insurance	Others	Consolidation adjustments	Total
Corporate banking	Retail banking	Other banking services	Sub-total								
Net operating revenues from external customers	₩ 3,589,404	₩ 2,958,198	₩ 1,585,192	₩ 8,132,794	₩ 1,675,977	₩ 1,285,593	₩ 1,773,989	₩ 631,065	₩ 984,185	₩ -	₩ 14,483,603
Intersegment net operating revenues (expenses)	34,771	-	271,887	306,658	11,002	(53,017)	(158,545)	(7,273)	98,215	(197,040)	-
	<u>3,624,175</u>	<u>2,958,198</u>	<u>1,857,079</u>	<u>8,439,452</u>	<u>1,686,979</u>	<u>1,232,576</u>	<u>1,615,444</u>	<u>623,792</u>	<u>1,082,400</u>	<u>(197,040)</u>	<u>14,483,603</u>
Net interest income	3,802,477	3,541,539	384,460	7,728,476	556,386	625,228	1,390,753	519,609	411,874	(2,754)	11,229,572
Interest income	5,317,800	4,437,930	918,631	10,674,361	824,775	634,816	1,768,215	523,882	816,515	(31,686)	15,210,878
Interest expense	(1,515,323)	(896,391)	(534,171)	(2,945,885)	(268,389)	(9,588)	(377,462)	(4,273)	(404,641)	28,932	(3,981,306)
Net fee and commission income (expenses)	390,619	392,060	405,202	1,187,881	1,014,801	(173,348)	546,022	(26,895)	1,068,648	8,474	3,625,583
Fee and commission income	534,749	535,530	516,665	1,586,944	1,201,670	10,418	1,644,806	433	1,187,661	(308,326)	5,323,606
Fee and commission expense	(144,130)	(143,470)	(111,463)	(399,063)	(186,869)	(183,766)	(1,098,784)	(27,328)	(119,013)	316,800	(1,698,023)
Net insurance income	-	-	-	-	-	493,271	11,589	56,871	-	(5,020)	556,711
Insurance income	-	-	-	-	-	12,722,178	21,711	3,406,145	-	(42,176)	16,107,858
Insurance expense	-	-	-	-	-	(12,228,907)	(10,122)	(3,349,274)	-	37,156	(15,551,147)
Net gains on financial instruments at fair value through profit or loss	29,407	-	313,427	342,834	123,183	369,864	3,431	137,343	184,467	(165,818)	995,304
Net other operating income (expenses)	(598,328)	(975,401)	753,990	(819,739)	(7,391)	(82,439)	(336,351)	(63,136)	(582,589)	(31,922)	(1,923,567)

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5.1 Overall Segment Information and Business Segments (cont'd)

(In millions of Korean won)

	2021										
	Banking business				Securities	Non-life insurance	Credit card	Life insurance	Others	Consolidation adjustments	Total
Corporate banking	Retail banking	Other banking services	Sub-total								
General and administrative expenses	₩ (1,831,948)	₩ (2,036,855)	₩ (533,928)	₩ (4,402,731)	₩ (855,142)	₩ (833,597)	₩ (577,734)	₩ (203,198)	₩ (438,170)	₩ 109,719	₩ (7,200,853)
Operating income before provision for credit losses	1,792,227	921,343	1,323,151	4,036,721	831,837	398,979	1,037,710	420,594	644,230	(87,321)	7,282,750
Reversal (provision) of credit losses	(392,956)	(125,876)	(3,896)	(522,728)	(18,438)	(5,476)	(465,342)	1,677	(175,568)	742	(1,185,133)
Net operating income	1,399,271	795,467	1,319,255	3,513,993	813,399	393,503	572,368	422,271	468,662	(86,579)	6,097,617
Share of profit (loss) of associates and joint ventures	-	-	57,156	57,156	14,484	(143)	785	-	9,411	11,833	93,526
Net other non-operating income (expenses)	(9,237)	-	(70,368)	(79,605)	(18,307)	17,446	(7,378)	(158)	2,408	(23,943)	(109,537)
Segment profit before income tax expense	1,390,034	795,467	1,306,043	3,491,544	809,576	410,806	565,775	422,113	480,481	(98,689)	6,081,606
Income tax expense	(368,577)	(218,753)	(366,185)	(953,515)	(215,424)	(108,715)	(144,611)	(132,510)	(148,044)	5,594	(1,697,225)
Profit for the year	₩ 1,021,457	₩ 576,714	₩ 939,858	₩ 2,538,029	₩ 594,152	₩ 302,091	₩ 421,164	₩ 289,603	₩ 332,437	₩ (93,095)	₩ 4,384,381
Profit attributable to shareholders of the Parent Company	1,022,699	576,714	991,351	2,590,764	594,301	301,836	418,898	289,603	330,563	(116,422)	4,409,543
Profit (loss) attributable to non-controlling interests	(1,242)	-	(51,493)	(52,735)	(149)	255	2,266	-	1,874	23,327	(25,162)
Total assets *	189,310,448	169,513,344	124,741,106	483,564,898	55,493,984	41,472,227	27,349,561	36,921,678	52,929,567	(33,836,081)	663,895,834
Total liabilities *	197,834,530	180,815,013	72,026,442	450,675,985	50,008,422	37,328,955	22,793,919	34,166,882	23,191,051	(2,563,300)	615,601,914

* Assets and liabilities of the reporting segments are amounts before intersegment transactions.

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5.2 Services and Geographical Segments

5.2.1 Services information

Net operating revenues from external customers by service for the years ended December 31, 2022 and 2021, are as follows:

<i>(In millions of Korean won)</i>	2022		2021	
Banking service	₩	9,266,168	₩	8,132,794
Securities service		1,126,925		1,675,977
Non-life insurance service		1,423,684		1,285,593
Credit card service		1,781,135		1,773,989
Life insurance service		501,983		631,065
Others		912,750		984,185
	₩	<u>15,012,645</u>	₩	<u>14,483,603</u>

5.2.2 Geographical information

Geographical net operating revenues from external customers for the years ended December 31, 2022 and 2021, and major non-current assets as of December 31, 2022 and 2021, are as follows:

<i>(In millions of Korean won)</i>	Net operating revenues from external customers		Major non-current assets	
	2022	2021	December 31, 2022	December 31, 2021
Domestic	₩ 13,778,598	₩ 13,525,769	₩ 9,699,637	₩ 9,853,970
United States	112,743	112,388	53,214	45,530
New Zealand	12,378	12,857	1,382	1,932
China	172,547	127,939	19,715	21,416
Cambodia	546,258	410,482	46,060	35,668
United Kingdom	31,685	29,764	5,808	86,361
Indonesia	234,878	166,683	422,024	437,088
Others	123,558	97,721	536,794	20,446
Consolidation adjustments	-	-	555,572	518,788
	₩ <u>15,012,645</u>	₩ <u>14,483,603</u>	₩ <u>11,340,206</u>	₩ <u>11,021,199</u>

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6. Financial Assets and Financial Liabilities

6.1 Classification and Fair Value of Financial Instruments

6.1.1 Carrying amount and fair value of financial assets and liabilities by category as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31, 2022	
	Carrying amount	Fair value
Financial assets		
Cash and due from financial institutions	₩ 32,063,421	₩ 31,992,401
Financial assets at fair value through profit or loss:		
Due from financial institutions	64,935,344	64,935,344
Debt securities	69,469	69,469
Equity securities	61,787,727	61,787,727
Loans	2,494,580	2,494,580
Others	493,562	493,562
Derivatives held for trading	90,006	90,006
Derivatives held for hedging	8,984,171	8,984,171
Loans measured at amortized cost	461,963	461,963
Securities measured at amortized cost	436,530,502	433,885,302
Financial assets at fair value through other comprehensive income:		
Debt securities	58,288,734	54,291,992
Equity securities	58,299,841	58,299,841
Loans	55,610,319	55,610,319
Other financial assets	2,326,378	2,326,378
	363,144	363,144
	<u>11,209,350</u>	<u>11,209,350</u>
	<u>₩ 670,773,326</u>	<u>₩ 664,060,364</u>
Financial liabilities		
Financial liabilities at fair value through profit or loss	₩ 2,193,210	₩ 2,193,210
Financial liabilities designated at fair value through profit or loss		
Derivatives held for trading	10,078,394	10,078,394
Derivatives held for hedging	9,209,537	9,209,537
Deposits	297,172	297,172
Borrowings	388,888,452	388,417,827
Debentures	71,717,366	71,187,130
Other financial liabilities	68,698,203	66,432,790
	<u>26,705,247</u>	<u>26,705,247</u>
	<u>₩ 577,787,581</u>	<u>₩ 574,521,307</u>

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6.1.1 Carrying amount and fair value of financial assets and liabilities by category as of December 31, 2022 and 2021, are as follows: (cont'd)

(In millions of Korean won)

	December 31, 2021	
	Carrying amount	Fair value
Financial assets		
Cash and due from financial institutions	₩ 31,009,374	₩ 31,081,231
Financial assets at fair value through profit or loss:		
Due from financial institutions	66,005,815	66,005,815
Debt securities	200,742	200,742
Equity securities	63,002,692	63,002,692
Loans	2,419,463	2,419,463
Others	269,296	269,296
Derivatives held for trading	113,622	113,622
Derivatives held for hedging	3,532,542	3,532,542
Loans measured at amortized cost	188,828	188,828
Securities measured at amortized cost	417,900,273	417,775,260
Financial assets at fair value through other comprehensive income:		
Debt securities	44,471,628	44,392,419
Equity securities	60,376,243	60,376,243
Loans	56,259,511	56,259,511
Other financial assets	3,803,128	3,803,128
	313,604	313,604
	10,755,350	10,755,350
	₩ 634,240,053	₩ 634,107,688
Financial liabilities		
Financial liabilities at fair value through profit or loss	₩ 2,939,584	₩ 2,939,584
Financial liabilities designated at fair value through profit or loss	9,149,396	9,149,396
Derivatives held for trading	3,509,789	3,509,789
Derivatives held for hedging	172,469	172,469
Deposits	372,023,918	371,936,631
Borrowings	56,912,374	56,805,938
Debentures	67,430,188	67,288,409
Other financial liabilities	29,494,402	29,494,402
	₩ 541,632,120	₩ 541,296,618

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The Group discloses the fair value of each class of assets and liabilities in a way that permits it to be compared with its carrying amount at the end of each reporting period. The best evidence of fair value of financial instruments is a quoted price in an active market.

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6.1.1 Carrying amount and fair value of financial assets and liabilities by category as of December 31, 2022 and 2021, are as follows: (cont'd)

Methods of determining fair value of financial instruments are as follows:

Cash and due from financial institutions	Fair value of cash is same as carrying amount. Carrying amount of demand deposit and settlement deposit is a reasonable approximation of fair value because these financial instruments do not have a fixed maturity and are receivable on demand. Fair value of general deposit is measured using Discounted Cash Flow (“DCF”) Model.
Securities	Fair value of securities and others that are traded in an active market is determined using the quoted prices. If there is no quoted price, fair value is determined using external professional valuation institutions. The institutions use one or more valuation techniques that are deemed appropriate considering the characteristics of the financial instruments among DCF Model, Free Cash Flow to Equity Model, Comparable Company Analysis, Dividend Discount Model, Risk Adjusted Discount Rate Method, and Net Asset Value Method.
Loans measured at amortized cost	Fair value of loans is determined using DCF Model discounting the expected cash flows, which are contractual cash flows adjusted by the expected prepayment rate, at an appropriate discount rate.
Derivatives and financial instruments at fair value through profit or loss	Fair value of exchange traded derivatives is determined using quoted price in an active market, and fair value of OTC derivatives is determined using valuation techniques. The Group uses internally developed valuation models that are widely used by market participants to determine fair value of plain vanilla OTC derivatives including options, interest rate swaps, and currency swaps, based on observable market parameters. However, some complex financial instruments are valued using appropriate models developed from generally accepted market valuation models including Finite Difference Method (“FDM”), MonteCarlo Simulation, Black-Scholes Model, Hull-white Model, Closed Form, and Tree Model or valuation results from independent external professional valuation institutions.
Deposits	Carrying amount of demand deposits is a reasonable approximation of fair value because they do not have a fixed maturity and are payable on demand. Fair value of time deposits is determined using DCF Model discounting the expected cash flows, which are contractual cash flows adjusted by the expected prepayment rate, at an appropriate discount rate.
Borrowings	Carrying amount of overdrafts in foreign currency is a reasonable approximation of fair value because they do not have a fixed maturity and are payable on demand. Fair value of other borrowings is determined using DCF Model.
Debentures	Fair value is determined using valuation results of external professional valuation institutions, which are calculated using market inputs.
Other financial assets and other financial liabilities	Carrying amount is a reasonable approximation of fair value because other financial assets and other financial liabilities are temporary accounts used for other various transactions and their maturities are relatively short or not defined.

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6.1.2 Fair value hierarchy

The Group believes that valuation techniques used for measuring the fair value of financial instruments are reasonable and that the fair value recognized in the consolidated statement of financial position is appropriate. However, the fair value of the financial instruments recognized in the consolidated statement of financial position may be different if other valuation techniques or assumptions are used. Additionally, as there are a variety of valuation techniques and assumptions used in measuring fair value, it may be difficult to reasonably compare the fair value with that of other financial institutions.

The Group classifies and discloses fair value of the financial instruments into the three fair value levels as follows:

Level 1: The fair values are based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: The fair values are based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: The fair values are based on unobservable inputs for the asset or liability.

The fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. If an observable input requires an adjustment using an unobservable input and that adjustment results in a significantly higher or lower fair value measurement, the resulting measurement would be categorized within Level 3 of the fair value hierarchy.

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6.1.2.1 Fair value hierarchy of financial assets and liabilities at fair value in the consolidated statements of financial position

Fair value hierarchy of financial assets and liabilities at fair value in the consolidated statements of financial position as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31, 2022			
	Fair value hierarchy			Total
	Level 1	Level 2	Level 3 *	
Financial assets				
Financial assets at fair value through profit or loss:				
Due from financial institutions	₩ 15,494,273	₩ 33,958,689	₩ 15,482,382	₩ 64,935,344
Debt securities	-	24,444	45,025	69,469
Equity securities	14,550,359	33,175,465	14,061,903	61,787,727
Loans	853,908	414,291	1,226,381	2,494,580
Others	-	344,489	149,073	493,562
Derivatives held for trading	90,006	-	-	90,006
Derivatives held for hedging	182,019	8,678,896	123,256	8,984,171
Financial assets at fair value through other comprehensive income:				
Debt securities	-	461,963	-	461,963
Equity securities	19,540,964	37,281,814	1,477,063	58,299,841
Loans	18,928,038	36,682,281	-	55,610,319
	612,926	236,389	1,477,063	2,326,378
	-	363,144	-	363,144
	<u>₩ 35,217,256</u>	<u>₩ 80,381,362</u>	<u>₩ 17,082,701</u>	<u>₩ 132,681,319</u>
Financial liabilities				
Financial liabilities at fair value through profit or loss	₩ 2,193,210	₩ -	₩ -	₩ 2,193,210
Financial liabilities designated at fair value through profit or loss	35,687	1,811,404	8,231,303	10,078,394
Derivatives held for trading	442,042	7,984,424	783,071	9,209,537
Derivatives held for hedging	-	297,172	-	297,172
	<u>₩ 2,670,939</u>	<u>₩ 10,093,000</u>	<u>₩ 9,014,374</u>	<u>₩ 21,778,313</u>

* Includes KB Securities Co., Ltd.'s OTC derivatives consisting of ₩ 404,334 million of financial assets at fair value through profit or loss (debt instruments), ₩ 8,241,509 million of financial liabilities designated at fair value through profit or loss, ₩ 120,775 million of derivative financial assets, and ₩ 777,542 million of derivative financial liabilities.

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6.1.2.1 Fair value hierarchy of financial assets and liabilities at fair value in the consolidated statements of financial position (cont'd)

(In millions of Korean won)

	December 31, 2021			
	Fair value hierarchy			Total
	Level 1	Level 2	Level 3 *	
Financial assets				
Financial assets at fair value through profit or loss:	₩ 13,108,985	₩ 40,205,783	₩ 12,691,047	₩ 66,005,815
Due from financial institutions	-	128,726	72,016	200,742
Debt securities	12,146,181	39,300,923	11,555,588	63,002,692
Equity securities	849,182	600,768	969,513	2,419,463
Loans	-	175,366	93,930	269,296
Others	113,622	-	-	113,622
Derivatives held for trading	81,408	3,241,129	210,005	3,532,542
Derivatives held for hedging	-	188,828	-	188,828
Financial assets at fair value through other comprehensive income:	20,027,158	38,900,548	1,448,537	60,376,243
Debt securities	17,706,456	38,553,055	-	56,259,511
Equity securities	2,320,702	47,859	1,434,567	3,803,128
Loans	-	299,634	13,970	313,604
	<u>₩ 33,217,551</u>	<u>₩ 82,536,288</u>	<u>₩ 14,349,589</u>	<u>₩ 130,103,428</u>
Financial liabilities				
Financial liabilities at fair value through profit or loss	₩ 2,939,584	₩ -	₩ -	₩ 2,939,584
Financial liabilities designated at fair value through profit or loss	36,938	1,294,944	7,817,514	9,149,396
Derivatives held for trading	211,132	3,124,057	174,600	3,509,789
Derivatives held for hedging	-	172,469	-	172,469
	<u>₩ 3,187,654</u>	<u>₩ 4,591,470</u>	<u>₩ 7,992,114</u>	<u>₩ 15,771,238</u>

* Includes KB Securities Co., Ltd.'s OTC derivatives consisting of ₩ 128,083 million of financial assets at fair value through profit or loss (debt instruments), ₩ 7,829,041 million of financial liabilities designated at fair value through profit or loss, ₩ 209,809 million of derivative financial assets, and ₩ 168,464 million of derivative financial liabilities.

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6.1.2.1 Fair value hierarchy of financial assets and liabilities at fair value in the consolidated statements of financial position (cont'd)

Valuation techniques and inputs of financial assets and liabilities classified as Level 2 and measured at fair value in the consolidated statements of financial position as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

		December 31, 2022		
		Fair value	Valuation techniques	Inputs
Financial assets				
Financial assets at fair value through profit or loss:	₩	33,958,689		
Due from financial institutions		24,444	DCF Model, Hull-white Model	Projected cash flow, Discount rate, Volatility, Correlation coefficient
Debt securities		33,175,465	DCF Model, Closed Form, MonteCarlo Simulation, Black-Scholes Model, Hull-white Model, Net Asset Value Method, Binomial Model, and others	Projected cash flow, Fair value of underlying asset, Dividend yield, Price of underlying asset, Interest rate, Discount rate, Volatility, Correlation coefficient, and others
Equity securities		414,291	DCF Model	Interest rate, Discount rate, and others
Loans		344,489	DCF Model	Interest rate, Discount rate, and others
Derivatives held for trading		8,678,896	DCF Model, Closed Form, FDM, MonteCarlo Simulation, Black-Scholes Model, Hull-white Model, Binomial Model, Option Model, and others	Price of underlying asset, Underlying asset index, Interest rate, Dividend yield, Volatility, Foreign exchange rate, Discount rate, and others
Derivatives held for hedging		461,963	DCF Model, Closed Form, FDM	Projected cash flow, Discount rate, Forward foreign exchange rate, Volatility, Foreign exchange rate, CRS interest rate, and others
Financial assets at fair value through other comprehensive income:		37,281,814		
Debt securities		36,682,281	DCF Model, Option Model	Underlying asset index, Discount rate, and others
Equity securities		236,389	DCF Model	Discount rate
Loans		363,144	DCF Model	Discount rate
	₩	<u>80,381,362</u>		
Financial liabilities				
Financial liabilities designated at fair value through profit or loss	₩	1,811,404	DCF Model, Closed Form, MonteCarlo Simulation, Black-Scholes Model, Hull-white Model, Binomial Model, Net Asset Value Method	Price of underlying asset, Interest rate, Dividend yield, Volatility, Discount rate, Foreign exchange rate
Derivatives held for trading		7,984,424	DCF Model, Closed Form, MonteCarlo Simulation, Black-Scholes Model, Hull-white Model, Binomial Model, and others	Interest rate, Price of underlying asset, Foreign exchange rate, Credit spread, Discount rate, Volatility, and others
Derivatives held for hedging		297,172	DCF Model, Closed Form, FDM	Projected cash flow, Discount rate, Forward foreign exchange rate, Volatility, Foreign exchange rate, Risk free interest rate, and others
	₩	<u>10,093,000</u>		

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6.1.2.1 Fair value hierarchy of financial assets and liabilities at fair value in the consolidated statements of financial position (cont'd)

(In millions of Korean won)

	December 31, 2021		
	Fair value	Valuation techniques	Inputs
Financial assets			
Financial assets at fair value through profit or loss:	₩ 40,205,783		
Due from financial institutions	128,726	DCF Model, Hull-white Model	Projected cash flow, Discount rate, Volatility, Correlation coefficient
Debt securities	39,300,923	DCF Model, Hull-white Model, Closed Form, MonteCarlo Simulation, Black-Scholes Model, Net Asset Value Method, Binomial Model, and others	Projected cash flow, Fair value of underlying asset, Dividend yield, Price of underlying asset, Interest rate, Discount rate, Volatility, Correlation coefficient, and others
Equity securities	600,768	DCF Model	Interest rate, Discount rate, and others
Loans	175,366	DCF Model	Interest rate, Discount rate, and others
Derivatives held for trading	3,241,129	DCF Model, Closed Form, FDM, MonteCarlo Simulation, Black-Scholes Model, Hull-white Model, Binomial Model, and others	Interest rate, Price of underlying asset, Foreign exchange rate, Credit spread, Discount rate, Volatility, and others
Derivatives held for hedging	188,828	DCF Model, Closed Form, FDM	Projected cash flow, Discount rate, Forward foreign exchange rate, Volatility, Foreign exchange rate, and others
Financial assets at fair value through other comprehensive income:	38,900,548		
Debt securities	38,553,055	DCF Model, Market Value Approach, Option Model	Underlying asset index, Interest rate, Discount rate, and others
Equity securities	47,859	DCF Model	Discount rate
Loans	299,634	DCF Model	Discount rate
	<u>₩ 82,536,288</u>		
Financial liabilities			
Financial liabilities designated at fair value through profit or loss	₩ 1,294,944	DCF Model, Closed Form, FDM, MonteCarlo Simulation, Black-Scholes Model, Hull-white Model, Binomial Model	Price of underlying asset, Interest rate, Dividend yield, Volatility, Discount rate
Derivatives held for trading	3,124,057	DCF Model, Closed Form, FDM, MonteCarlo Simulation, Black-Scholes Model, Hull-white Model, Binomial Model, and others	Interest rate, Price of underlying asset, Foreign exchange rate, Credit spread, Discount rate, Volatility, and others
Derivatives held for hedging	172,469	DCF Model, Closed Form, FDM	Projected cash flow, Discount rate, Forward foreign exchange rate, Volatility, Foreign exchange rate, and others
	<u>₩ 4,591,470</u>		

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6.1.2.2 Fair value hierarchy of financial assets and liabilities whose fair value is disclosed

Fair value hierarchy of financial assets and liabilities whose fair value is disclosed as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31, 2022			
	Fair value hierarchy			Total
	Level 1	Level 2	Level 3	
Financial assets				
Cash and due from financial institutions ¹	₩ 2,517,470	₩ 26,734,157	₩ 2,740,774	₩ 31,992,401
Loans measured at amortized cost	-	190,458	433,694,844	433,885,302
Securities measured at amortized cost ²	20,626,701	33,646,001	19,290	54,291,992
Other financial assets ²	-	-	11,209,350	11,209,350
	₩ 23,144,171	₩ 60,570,616	₩ 447,664,258	₩ 531,379,045
Financial liabilities				
Deposits ¹	₩ -	₩ 168,864,349	₩ 219,553,478	₩ 388,417,827
Borrowings ³	-	6,088,123	65,099,007	71,187,130
Debentures	-	58,668,855	7,763,935	66,432,790
Other financial liabilities ²	-	-	26,705,247	26,705,247
	₩ -	₩ 233,621,327	₩ 319,121,667	₩ 552,742,994

(In millions of Korean won)

	December 31, 2021			
	Fair value hierarchy			Total
	Level 1	Level 2	Level 3	
Financial assets				
Cash and due from financial institutions ¹	₩ 3,330,920	₩ 25,791,556	₩ 1,958,755	₩ 31,081,231
Loans measured at amortized cost	-	260,101	417,515,159	417,775,260
Securities measured at amortized cost ²	18,263,895	26,125,391	3,133	44,392,419
Other financial assets ²	-	-	10,755,350	10,755,350
	₩ 21,594,815	₩ 52,177,048	₩ 430,232,397	₩ 504,004,260
Financial liabilities				
Deposits ¹	₩ -	₩ 204,299,174	₩ 167,637,457	₩ 371,936,631
Borrowings ³	-	3,137,427	53,668,511	56,805,938
Debentures	-	60,824,743	6,463,666	67,288,409
Other financial liabilities ²	-	-	29,494,402	29,494,402
	₩ -	₩ 268,261,344	₩ 257,264,036	₩ 525,525,380

¹ The amounts included in Level 2 are the carrying amounts which are reasonable approximations of fair value.

² The amounts included in Level 3 are the carrying amounts which are reasonable approximations of fair value.

³ Borrowings of ₩ 18,266 million and ₩ 2,143 million included in Level 2 are the carrying amounts which are reasonable approximations of fair value as of December 31, 2022 and 2021, respectively.

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6.1.2.2 Fair value hierarchy of financial assets and liabilities whose fair value is disclosed (cont'd)

For financial assets and liabilities whose carrying amount is a reasonable approximation of fair value, valuation techniques and inputs are not disclosed.

Valuation techniques and inputs of financial assets and liabilities classified as Level 2, and whose fair value is disclosed as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31, 2022		
	Fair value	Valuation techniques	Inputs
Financial assets			
Loans measured at amortized cost	₩ 190,458	DCF Model	Discount rate
Securities measured at amortized cost	33,646,001	DCF Model, MonteCarlo Simulation	Discount rate, Interest rate
	<u>₩ 33,836,459</u>		
Financial liabilities			
Borrowings	₩ 6,069,857	DCF Model	Discount rate
Debentures	58,668,855	DCF Model	Discount rate
	<u>₩ 64,738,712</u>		

(In millions of Korean won)

	December 31, 2021		
	Fair value	Valuation techniques	Inputs
Financial assets			
Loans measured at amortized cost	₩ 260,101	DCF Model	Discount rate
Securities measured at amortized cost	26,125,391	DCF Model, MonteCarlo Simulation	Discount rate, Interest rate
	<u>₩ 26,385,492</u>		
Financial liabilities			
Borrowings	₩ 3,135,284	DCF Model	Discount rate
Debentures	60,824,743	DCF Model	Discount rate
	<u>₩ 63,960,027</u>		

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6.1.2.2 Fair value hierarchy of financial assets and liabilities whose fair value is disclosed (cont'd)

Valuation techniques and inputs of financial assets and liabilities classified as Level 3, and whose fair value is disclosed as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

		December 31, 2022		
		Fair value	Valuation techniques	Inputs
Financial assets				
Cash and due from financial institutions	₩	2,740,774	DCF Model	Credit spread, Other spread, Interest rate
Loans measured at amortized cost		433,694,844	DCF Model	Credit spread, Other spread, Prepayment rate, Interest rate
	₩	<u>436,435,618</u>		
Financial liabilities				
Deposits	₩	219,553,478	DCF Model	Other spread, Prepayment rate, Interest rate
Borrowings		65,099,007	DCF Model	Other spread, Interest rate
Debentures		7,763,935	DCF Model	Other spread, Interest rate
	₩	<u>292,416,420</u>		

(In millions of Korean won)

		December 31, 2021		
		Fair value	Valuation techniques	Inputs
Financial assets				
Cash and due from financial institutions	₩	1,958,755	DCF Model	Credit spread, Other spread, Interest rate
Loans measured at amortized cost		417,515,159	DCF Model	Credit spread, Other spread, Prepayment rate, Interest rate
	₩	<u>419,473,914</u>		
Financial liabilities				
Deposits	₩	167,637,457	DCF Model	Other spread, Prepayment rate, Interest rate
Borrowings		53,668,511	DCF Model	Other spread, Interest rate
Debentures		6,463,666	DCF Model	Other spread, Interest rate
	₩	<u>227,769,634</u>		

6.2 Disclosure of Fair Value Hierarchy Level 3

6.2.1 Valuation policy and process of Level 3 fair value

The Group uses external, independent and qualified valuation service in addition to internal valuation models to determine the fair value of financial instruments at the end of every reporting period.

If the changes in situation and events which cause transfers between the fair value hierarchy level for a financial asset or liability occur, the Group's policy is to recognize such transfers as having occurred at the beginning of the reporting period.

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6.2.2 Changes in fair value (Level 3) measured using valuation technique based on unobservable inputs in the market

6.2.2.1 Changes in financial instruments classified as Level 3 of the fair value hierarchy for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	2022							
	Financial assets at fair value through profit or loss			Financial investments		Financial liabilities at fair value through profit or loss	Net derivative financial instruments	
	Due from financial institutions measured at fair value through profit or loss	Securities measured at fair value through profit or loss	Loans measured at fair value through profit or loss	Equity securities measured at fair value through other comprehensive income	Loans measured at fair value through other comprehensive income	Financial liabilities designated at fair value through profit or loss	Derivatives held for trading	
Beginning	₩ 72,016	₩ 12,525,101	₩ 93,930	₩ 1,434,567	₩ 13,970	₩ (7,817,514)	₩ 35,405	
Total gains or losses:								
Profit or loss	(74)	129,390	20,306	-	-	561,996	(663,229)	
Other comprehensive income (loss)	(6,917)	(304,847)	-	(3,004)	130	60,520	-	
Purchases	-	4,409,579	45,485	46,041	-	-	23,526	
Sales	(20,000)	(1,368,002)	(10,648)	(541)	(14,100)	-	(59,177)	
Issues	-	-	-	-	-	(5,222,820)	(14,796)	
Settlements	-	(61,055)	-	-	-	4,186,515	18,456	
Transfers into Level 3 *	-	27,120	-	-	-	-	-	
Transfers out of Level 3 *	-	(69,002)	-	-	-	-	-	
Ending	₩ 45,025	₩ 15,288,284	₩ 149,073	₩ 1,477,063	₩ -	₩ (8,231,303)	₩ (659,815)	

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6.2.2.1 Changes in financial instruments classified as Level 3 of the fair value hierarchy for the years ended December 31, 2022 and 2021, are as follows: (cont'd)

(In millions of Korean won)

	2021							
	Financial assets at fair value through profit or loss			Financial investments		Financial liabilities at fair value through profit or loss	Net derivative financial instruments	
	Due from financial institutions measured at fair value through profit or loss	Securities measured at fair value through profit or loss	Loans measured at fair value through profit or loss	Equity securities measured at fair value through other comprehensive income	Loans measured at fair value through other comprehensive income	Financial liabilities designated at fair value through profit or loss	Derivatives held for trading	
Beginning	₩ 90,083	₩ 11,099,923	₩ 38,756	₩ 2,419,908	₩ 27,983	₩ (9,201,431)	₩ 300,420	
Total gains or losses:								
Profit or loss	212	346,982	(431)	-	-	61,756	(66,116)	
Other comprehensive income (loss)	1,720	223,545	-	(101,876)	87	(5,446)	-	
Purchases	-	3,567,937	55,605	74,602	-	-	3,954	
Sales	(19,999)	(2,360,801)	-	(5,618)	(14,100)	-	(170,055)	
Issues	-	-	-	-	-	(8,233,128)	(32,516)	
Settlements	-	-	-	-	-	9,560,735	-	
Transfers into Level 3 *	-	4,307	-	-	-	-	(282)	
Transfers out of Level 3 *	-	(356,792)	-	(952,449)	-	-	-	
Ending	₩ 72,016	₩ 12,525,101	₩ 93,930	₩ 1,434,567	₩ 13,970	₩ (7,817,514)	₩ 35,405	

* Transfers into or out of Level 3 of the fair value hierarchy occurred due to the change in the availability of observable market data.

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6.2.2.2 In relation to changes in financial instruments classified as Level 3 of the fair value hierarchy, total gains or losses recognized in profit or loss for the period, and total gains or losses recognized in profit or loss from financial instruments held at the end of the reporting period for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	2022			2021		
	Net gains on financial instruments at fair value through profit or loss	Other operating income	Net interest income	Net gains on financial instruments at fair value through profit or loss	Other operating income	Net interest income
Total gains (losses) recognized in profit or loss for the period	₩ (75,653)	₩ 124,042	₩ -	₩ 256,167	₩ 86,236	₩ -
Total gains (losses) recognized in profit or loss from financial instruments held at the end of the reporting period	88,483	73,711	-	126,516	85,256	-

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6.2.3 Sensitivity analysis of changes in unobservable inputs

6.2.3.1 Information about fair value measurements using unobservable inputs as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

			December 31, 2022			
	Fair value	Valuation techniques	Unobservable inputs	Range of unobservable inputs (%)	Relationship of unobservable inputs to fair value	
Financial assets						
Financial assets at fair value through profit or loss:						
Due from financial institutions	₩ 45,025	Hull-white Model	Interest rate	0.86	The lower the interest rate, the higher the fair value	
Debt securities	14,061,903	DCF Model, Closed Form, MonteCarlo Simulation, Hull-white Model, Black-Scholes Model, Option Model, Binomial Model, Net Asset Value Method, Milestone Method, Income Approach, Market Value Approach, and others	Growth rate	0.00 ~ 3.00	The higher the growth rate, the higher the fair value	
			Volatility	0.24 ~ 37.39	The higher the volatility, the higher the fair value fluctuation	
			Discount rate	1.54 ~ 15.75	The lower the discount rate, the higher the fair value	
			Correlation coefficient between underlying assets	-60.10 ~ 93.32	The higher the correlation coefficient, the higher the fair value fluctuation	
			Liquidation value	-1.00 ~ 1.00	The higher the liquidation value, the higher the fair value	
			Recovery rate	40.00	The higher the recovery rate, the higher the fair value	
			Rate of real estate price fluctuation	-1.00 ~ 1.00	The higher the sale price of real estate, the higher the fair value	
		Volatility of Stock price	18.87 ~ 19.48	The higher the volatility, the higher the fair value fluctuation		
Equity securities	1,226,381	Income Approach, Market Value Approach, Asset Value Approach, DCF Model, Comparable Company Analysis, Risk Adjusted Discount Rate Method, Dividend Discount Model, Usage of Past Transactions, Binomial Model, and others	Growth rate	0.00 ~ 4.00	The higher the growth rate, the higher the fair value	
			Discount rate	8.00 ~ 23.00	The lower the discount rate, the higher the fair value	
			Volatility	16.80 ~ 25.50	The higher the volatility, the higher the fair value fluctuation	
Loans	149,073	DCF Model	Discount rate	9.91	The lower the discount rate, the higher the fair value	

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6.2.3.1 Information about fair value measurements using unobservable inputs as of December 31, 2022 and 2021, are as follows: (cont'd)

(In millions of Korean won)

		December 31, 2022			
	Fair value	Valuation techniques	Unobservable inputs	Range of unobservable inputs (%)	Relationship of unobservable inputs to fair value
Derivatives held for trading:					
Stock and index	₩ 79,297	DCF Model, Closed Form, MonteCarlo Simulation, Hull-white Model, Black-Scholes Model, Binomial Model, Net Asset Value Method	Volatility of underlying asset Correlation coefficient	10.00 ~ 58.84 -60.10 ~ 79.72	The higher the volatility, the higher the fair value fluctuation The higher the correlation coefficient, the higher the fair value fluctuation
Currency, interest rate, and others	43,959	DCF Model, Hull-white Model, MonteCarlo Simulation, Closed Form	Volatility Correlation coefficient	9.77 ~ 32.92 8.42 ~ 93.32	The higher the volatility, the higher the fair value fluctuation The higher the correlation coefficient, the higher the fair value fluctuation
Financial assets at fair value through other comprehensive income:					
Equity securities	1,477,063	DCF Model, Comparable Company Analysis, Risk Adjusted Discount Rate Method, IMV Model, Income Approach, Net Asset Value Method, Market Value Approach, and others	Growth rate Discount rate Volatility of Stock price Volatility of interest rate	0.00 ~ 2.00 7.96 ~ 19.14 23.36 ~ 25.49 56.32~121.17	The higher the growth rate, the higher the fair value The lower the discount rate, the higher the fair value The higher the volatility, the higher the fair value fluctuation The higher the volatility, the higher the fair value fluctuation
<u>₩ 17,082,701</u>					

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6.2.3.1 Information about fair value measurements using unobservable inputs as of December 31, 2022 and 2021, are as follows: (cont'd)

(In millions of Korean won)

		December 31, 2022			
	Fair value	Valuation techniques	Unobservable inputs	Range of unobservable inputs (%)	Relationship of unobservable inputs to fair value
Financial liabilities					
Financial liabilities designated at fair value through profit or loss:					
Derivative-linked securities	₩ 8,231,303	DCF Model, Closed Form, MonteCarlo Simulation, Black-Scholes Model, Hull-white Model, Net Asset Value Method, and others	Volatility of underlying asset Correlation coefficient	1.00 ~ 119.27 -60.10 ~ 93.32	The higher the volatility, the higher the fair value fluctuation The higher the correlation coefficient, the higher the fair value fluctuation
Derivatives held for trading:					
Stock and index	370,093	DCF Model, Closed Form, MonteCarlo Simulation, Black-Scholes Model, Hull-white Model, Net Asset Value Method, and others	Volatility of underlying asset Correlation coefficient	0.09 ~ 119.27 -60.10 ~ 79.72	The higher the volatility, the higher the fair value fluctuation The higher the correlation coefficient, the higher the fair value fluctuation
Others	412,978	DCF Model, Hull-white Model, MonteCarlo Simulation, Closed Form	Discount rate Volatility of underlying asset Correlation coefficient between underlying assets	4.83 ~ 6.85 8.68 ~ 119.27 -50.43 ~ 93.32	The lower the discount rate, the higher the fair value The higher the volatility, the higher the fair value fluctuation The higher the correlation coefficient, the higher the fair value fluctuation
		<u>₩ 9,014,374</u>			

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6.2.3.1 Information about fair value measurements using unobservable inputs as of December 31, 2022 and 2021, are as follows: (cont'd)

(In millions of Korean won)

		December 31, 2021			
	Fair value	Valuation techniques	Unobservable inputs	Range of unobservable inputs (%)	Relationship of unobservable inputs to fair value
Financial assets					
Financial assets at fair value through profit or loss:					
Due from financial institutions	₩ 72,016	MonteCarlo Simulation, Hull-white Model	Volatility of underlying asset	14.30 ~ 39.66	The higher the volatility of underlying asset, the higher the fair value fluctuation
			Correlation coefficient	-3.36	The higher the correlation coefficient, the higher the fair value fluctuation
Debt securities	11,555,588	DCF Model, Closed Form, FDM, MonteCarlo Simulation, Hull-white Model, Black-Scholes Model, Option Model, Binomial Model, Net Asset Value Method, Milestone Method, Income Approach, Market Value Approach, and others	Growth rate	0.00 ~ 2.00	The higher the growth rate, the higher the fair value
			Volatility	13.87 ~ 58.39	The higher the volatility, the higher the fair value fluctuation
			Discount rate	0.60 ~ 21.37	The lower the discount rate, the higher the fair value
			Stock price	18.87 ~ 19.48	The higher the stock price, the higher the fair value
			Correlation coefficient between underlying assets	-60.35 ~ 100.00	The higher the correlation coefficient, the higher the fair value fluctuation
			Liquidation value	-1.00 ~ 1.00	The higher the liquidation value, the higher the fair value
			Recovery rate	40.00	The higher the recovery rate, the higher the fair value
			Rate of real estate price fluctuation	-1.00 ~ 1.00	The higher the sale price of real estate, the higher the fair value
Equity securities	969,513	Income Approach, Market Value Approach, Asset Value Approach, DCF Model, Comparable Company Analysis, Risk Adjusted Discount Rate Method, Dividend Discount Model, Usage of Past Transactions, Binomial Model, and others	Growth rate	0.50 ~ 2.00	The higher the growth rate, the higher the fair value
			Discount rate	8.80 ~ 24.60	The lower the discount rate, the higher the fair value
			Stock price	23.36 ~ 25.49	The higher the stock price, the higher the fair value
Loans	93,930	DCF Model	Discount rate	8.21	The lower the discount rate, the higher the fair value

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6.2.3.1 Information about fair value measurements using unobservable inputs as of December 31, 2022 and 2021, are as follows: (cont'd)

(In millions of Korean won)

		December 31, 2021			
	Fair value	Valuation techniques	Unobservable inputs	Range of unobservable inputs (%)	Relationship of unobservable inputs to fair value
Derivatives held for trading:					
Stock and index	₩ 184,165	DCF Model, Closed Form, FDM, MonteCarlo Simulation, Hull-white Model, Black-Scholes Model, Binomial Model	Volatility of underlying asset Correlation coefficient Stock price	15.07 ~ 80.58 -60.35 ~ 88.17 -10.00 ~ 10.00	The higher the volatility, the higher the fair value fluctuation The higher the correlation coefficient, the higher the fair value fluctuation The higher the stock price, the higher the fair value
Currency, interest rate, and others	25,840	DCF Model, Hull-white Model, MonteCarlo Simulation, Closed Form	Volatility Correlation coefficient	2.67 ~ 81.32 -48.31 ~ 90.16	The higher the volatility, the higher the fair value fluctuation The higher the correlation coefficient, the higher the fair value fluctuation
Financial assets at fair value through other comprehensive income:					
Equity securities	1,434,567	Risk Adjusted Discount Rate Method, IMV Model, DCF Model, Comparable Company Analysis, Dividend Discount Model, Net Asset Value Method, Market Value Approach, Hull-white Model, and others	Growth rate Discount rate Volatility	0.00 ~ 2.00 8.80 ~ 18.02 23.36 ~ 31.65	The higher the growth rate, the higher the fair value The lower the discount rate, the higher the fair value The higher the volatility, the higher the fair value fluctuation
Loans	13,970	DCF Model	Discount rate	2.87 ~ 4.87	The lower the discount rate, the higher the fair value
	<u>₩ 14,349,589</u>				

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6.2.3.1 Information about fair value measurements using unobservable inputs as of December 31, 2022 and 2021, are as follows: (cont'd)

(In millions of Korean won)

		December 31, 2021			
Fair value	Valuation techniques	Unobservable inputs	Range of unobservable inputs (%)	Relationship of unobservable inputs to fair value	
Financial liabilities					
Financial liabilities designated at fair value through profit or loss:					
Derivative-linked securities	₩ 7,817,514	DCF Model, Closed Form, FDM, MonteCarlo Simulation, Hull-white Model, Black-Scholes Model	Volatility of underlying asset Correlation coefficient between underlying assets	1.00 ~ 81.32 -60.35 ~ 90.16	The higher the volatility, the higher the fair value fluctuation The higher the correlation coefficient, the higher the fair value fluctuation
Derivatives held for trading:					
Stock and index	92,757	DCF Model, Closed Form, FDM, MonteCarlo Simulation, Hull-white Model, Black-Scholes Model, Binomial Model	Volatility of underlying asset Correlation coefficient between underlying assets	15.07 ~ 80.58 -60.35 ~ 88.17	The higher the volatility, the higher the fair value fluctuation The higher the correlation coefficient, the higher the fair value fluctuation
Others	81,843	DCF Model, Hull-white Model, MonteCarlo Simulation, Closed Form	Discount rate Volatility of underlying asset Correlation coefficient between underlying assets	1.46 ~ 2.83 5.29 ~ 53.57 -48.31 ~ 90.16	The lower the discount rate, the higher the fair value The higher the volatility, the higher the fair value fluctuation The higher the correlation coefficient, the higher the fair value fluctuation
	<u>₩ 7,992,114</u>				

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6.2.3.2 Sensitivity analysis of changes in unobservable inputs

Sensitivity analysis of financial instruments is performed to measure favorable and unfavorable changes in fair value of financial instruments which are affected by unobservable parameters, using a statistical technique. When the fair value is affected by more than one input parameter, the amounts represent the most favorable or most unfavorable outcome. Level 3 financial instruments subject to sensitivity analysis are (a) equity-related derivatives, currency-related derivatives, and interest rate related derivatives whose fair value changes are recognized in profit or loss, (b) financial liabilities designated at fair value through profit or loss, and (c) due from financial institutions, debt securities (including beneficiary certificates), equity securities, and loans whose fair value changes are recognized in profit or loss or other comprehensive income or loss. If the overlay approach is applied in accordance with Korean IFRS No.1104, changes in fair value of financial assets at fair value through profit or loss are recognized in other comprehensive income.

Results of the sensitivity analysis of changes in unobservable inputs as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31, 2022			
	Profit or loss		Other comprehensive income or loss	
	Favorable changes	Unfavorable changes	Favorable changes	Unfavorable changes
Financial assets				
Financial assets at fair value through profit or loss: ¹				
Due from financial institutions	₩ -	₩ -	₩ 221	₩ (247)
Debt securities ⁴	17,392	(17,896)	1,642	(1,869)
Equity securities ³	34,564	(25,586)	-	-
Loans ⁵	2,276	(2,055)	-	-
Derivatives held for trading ²	18,076	(19,034)	-	-
Financial assets at fair value through other comprehensive income:				
Equity securities ³	-	-	179,307	(82,595)
Loans ⁶	-	-	-	-
	₩ 72,308	₩ (64,571)	₩ 181,170	₩ (84,711)
Financial liabilities				
Financial liabilities designated at fair value through profit or loss ¹	₩ 94,001	₩ (97,663)	₩ -	₩ -
Derivatives held for trading ²	48,768	(46,427)	-	-
	₩ 142,769	₩ (144,090)	₩ -	₩ -

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6.2.3.2 Sensitivity analysis of changes in unobservable inputs (cont'd)

(In millions of Korean won)

	December 31, 2021			
	Profit or loss		Other comprehensive income or loss	
	Favorable changes	Unfavorable changes	Favorable changes	Unfavorable changes
Financial assets				
Financial assets at fair value through profit or loss: ¹				
Due from financial institutions	₩ -	₩ -	₩ 19	₩ (18)
Debt securities ⁴	13,149	(12,562)	1,458	(1,402)
Equity securities ³	11,259	(8,192)	1,049	(813)
Loans ⁵	3,062	(2,742)	-	-
Derivatives held for trading ²	19,328	(20,005)	-	-
Financial assets at fair value through other comprehensive income:				
Equity securities ³	6,495	(5,145)	95,599	(71,171)
Loans ⁶	-	-	133	(131)
	<u>₩ 53,293</u>	<u>₩ (48,646)</u>	<u>₩ 98,258</u>	<u>₩ (73,535)</u>
Financial liabilities				
Financial liabilities designated at fair value through profit or loss ¹	₩ 78,355	₩ (82,797)	₩ 78,356	₩ (82,797)
Derivatives held for trading ²	31,310	(29,309)	31,114	(29,105)
	<u>₩ 109,665</u>	<u>₩ (112,106)</u>	<u>₩ 109,470</u>	<u>₩ (111,902)</u>

¹ For financial instruments at fair value through profit or loss, changes in fair value are calculated by shifting principal unobservable input parameters such as discount rate, recovery rate, liquidation value by $\pm 1\%$ p and volatility of underlying asset, growth rate by $\pm 1\%$ p or $\pm 10\%$ and correlation coefficient by $\pm 10\%$.

² For derivative financial instruments, changes in fair value are calculated by shifting principal unobservable input parameters such as price of underlying asset and volatility by $\pm 10\%$.

³ For equity securities, changes in fair value are calculated by shifting principal unobservable input parameters such as correlation between discount rate (-1% p~ 1% p) and growth rate (0% p~ 1% p).

⁴ For beneficiary certificates, it is practically impossible to analyze sensitivity of changes in unobservable inputs. However, for beneficiary certificates whose underlying assets are real estates, changes in fair value are calculated by shifting rate of real estate price fluctuation by -1% p~ 1% p, and for beneficiary certificates whose underlying assets are equity investments, changes in fair value are calculated by shifting principal unobservable input parameters such as liquidation value by -1% p~ 1% p and discount rate by -1% p~ 1% p. There is no significant correlation among major unobservable inputs.

⁵ For loans, changes in fair value are calculated by shifting principal unobservable input parameters such as discount rate by -1% p~ 1% p.

⁶ For loans measured at fair value through other comprehensive income, changes in fair value are calculated by shifting principal unobservable input parameters such as discount rate and growth rate by $\pm 1\%$ p.

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6.2.4 Day one gains or losses

When the Group measures the fair value of OTC derivatives using inputs that are not based on observable market data, there could be a difference between the transaction price and the amount determined using that valuation technique. In these circumstances, the fair value of financial instruments is recognized as the transaction price, and the difference is not recognized in profit or loss but deferred and amortized using the straight-line method over the life of the financial instrument. When the fair value of the financial instruments is subsequently determined using observable market inputs, the remaining deferred amount is recognized in profit or loss.

Changes in deferred day one gains or losses for the years ended December 31, 2022 and 2021, are as follows:

<i>(In millions of Korean won)</i>	<u>2022</u>	<u>2021</u>
Balance at the beginning of the year	₩ 77,208	₩ 61,393
New transactions	113,504	166,443
Changes during the year	(119,208)	(150,628)
Balance at the end of the year	<u>₩ 71,504</u>	<u>₩ 77,208</u>

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6.3 Carrying Amount of Financial Instruments by Category

Financial assets and liabilities are measured at fair value or amortized cost. Carrying amount of financial assets and liabilities by category as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

		December 31, 2022					
		Financial instruments at fair value through profit or loss	Financial instruments at fair value through other comprehensive income	Financial instruments designated at fair value through other comprehensive income	Financial instruments at amortized cost	Derivatives held for hedging	Total
Financial assets							
Cash and due from financial institutions	₩	-	₩	-	₩	-	₩ 32,063,421
Financial assets at fair value through profit or loss		64,935,344	-	-	-	-	64,935,344
Derivative financial assets		8,984,171	-	-	-	461,963	9,446,134
Loans measured at amortized cost		-	-	-	436,530,502	-	436,530,502
Financial investments		-	55,973,463	2,326,378	58,288,734	-	116,588,575
Other financial assets		-	-	-	11,209,350	-	11,209,350
	₩	73,919,515	₩ 55,973,463	₩ 2,326,378	₩ 538,092,007	₩ 461,963	₩ 670,773,326

(In millions of Korean won)

		December 31, 2022					
		Financial instruments at fair value through profit or loss	Financial instruments designated at fair value through profit or loss	Financial instruments at amortized cost	Derivatives held for hedging	Total	
Financial liabilities							
Financial liabilities at fair value through profit or loss	₩	2,193,210	₩	10,078,394	₩	-	
Derivative financial liabilities		9,209,537	-	-	297,172	9,506,709	
Deposits		-	-	388,888,452	-	388,888,452	
Borrowings		-	-	71,717,366	-	71,717,366	
Debentures		-	-	68,698,203	-	68,698,203	
Other financial liabilities		-	-	26,705,247	-	26,705,247	
	₩	11,402,747	₩ 10,078,394	₩ 556,009,268	₩ 297,172	₩ 577,787,581	

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6.3 Carrying Amount of Financial Instruments by Category (cont'd)

(In millions of Korean won)

	December 31, 2021					
	Financial instruments at fair value through profit or loss	Financial instruments at fair value through other comprehensive income	Financial instruments designated at fair value through other comprehensive income	Financial instruments at amortized cost	Derivatives held for hedging	Total
Financial assets						
Cash and due from financial institutions	₩ -	₩ -	₩ -	₩ 31,009,374	₩ -	₩ 31,009,374
Financial assets at fair value through profit or loss	66,005,815	-	-	-	-	66,005,815
Derivative financial assets	3,532,542	-	-	-	188,828	3,721,370
Loans measured at amortized cost	-	-	-	417,900,273	-	417,900,273
Financial investments	-	56,573,115	3,803,128	44,471,628	-	104,847,871
Other financial assets	-	-	-	10,755,350	-	10,755,350
	<u>₩ 69,538,357</u>	<u>₩ 56,573,115</u>	<u>₩ 3,803,128</u>	<u>₩ 504,136,625</u>	<u>₩ 188,828</u>	<u>₩ 634,240,053</u>

(In millions of Korean won)

	December 31, 2021					
	Financial instruments at fair value through profit or loss	Financial instruments designated at fair value through profit or loss	Financial instruments at amortized cost	Derivatives held for hedging	Total	
Financial liabilities						
Financial liabilities at fair value through profit or loss	₩ 2,939,584	₩ 9,149,396	₩ -	₩ -	₩ 12,088,980	
Derivative financial liabilities	3,509,789	-	-	172,469	3,682,258	
Deposits	-	-	372,023,918	-	372,023,918	
Borrowings	-	-	56,912,374	-	56,912,374	
Debentures	-	-	67,430,188	-	67,430,188	
Other financial liabilities	-	-	29,494,402	-	29,494,402	
	<u>₩ 6,449,373</u>	<u>₩ 9,149,396</u>	<u>₩ 525,860,882</u>	<u>₩ 172,469</u>	<u>₩ 541,632,120</u>	

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6.4 Transfer of Financial Assets

6.4.1 Transferred financial assets that are derecognized in their entirety

The Group transferred loans and other financial assets to companies specialized in asset-backed securitization and derecognized them from the consolidated financial statement, while the maximum exposure to loss (carrying amount) from its continuing involvement and fair value of its continuing involvement of the derecognized financial assets as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

		December 31, 2022			
		Type of continuing involvement	Classification of financial instruments	Carrying amount of continuing involvement	Fair value of continuing involvement
Discovery 2 nd Securitization Specialty Co., Ltd.	Subordinated bond		Financial assets at fair value through profit or loss	₩ 564	₩ 564
AP 4D ABS Ltd.	Subordinated bond		Financial assets at fair value through profit or loss	541	541
				₩ 1,105	₩ 1,105

(In millions of Korean won)

		December 31, 2021			
		Type of continuing involvement	Classification of financial instruments	Carrying amount of continuing involvement	Fair value of continuing involvement
Discovery 2 nd Securitization Specialty Co., Ltd.	Subordinated bond		Financial assets at fair value through profit or loss	₩ 5,189	₩ 5,189
AP 4D ABS Ltd.	Subordinated bond		Financial assets at fair value through profit or loss	5,463	5,463
				₩ 10,652	₩ 10,652

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6.4.2 Transferred financial assets that are not derecognized in their entirety

The Group issued securitized debentures using loans as underlying assets. Details of underlying assets and senior debentures in relation to securitization as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31, 2022			
	Carrying amount of underlying assets	Fair value of underlying assets	Carrying amount of senior debentures	Fair value of senior debentures
KB Kookmin Card 7 th Securitization Co., Ltd. ¹	₩ 963,756	₩ 958,207	₩ 641,780	₩ 628,274
KB Kookmin Card 8 th Securitization Co., Ltd. ¹	556,487	553,729	299,878	285,111
KB Kookmin Card 9 th Securitization Co., Ltd. ¹	615,565	612,543	349,829	372,724
KB Kookmin Card 10 th Securitization Co., Ltd. ¹	1,138,578	1,132,170	503,392	503,644
KB Auto Fifth Asset Securitization Specialty Co., Ltd. ²	441,080	429,626	299,705	299,705
	<u>₩ 3,715,466</u>	<u>₩ 3,686,275</u>	<u>₩ 2,094,584</u>	<u>₩ 2,089,458</u>

(In millions of Korean won)

	December 31, 2021			
	Carrying amount of underlying assets	Fair value of underlying assets	Carrying amount of senior debentures	Fair value of senior debentures
KB Kookmin Card 5 th Securitization Co., Ltd. ¹	₩ 492,108	₩ 490,113	₩ 299,881	₩ 302,564
KB Kookmin Card 6 th Securitization Co., Ltd. ¹	726,803	723,835	474,000	474,766
KB Kookmin Card 7 th Securitization Co., Ltd. ¹	948,129	943,689	598,180	596,272
KB Kookmin Card 8 th Securitization Co., Ltd. ¹	545,750	543,982	299,844	306,264
KB Auto Second Asset Securitization Specialty Co., Ltd. ²	129,867	129,385	59,968	59,935
	<u>₩ 2,842,657</u>	<u>₩ 2,831,004</u>	<u>₩ 1,731,873</u>	<u>₩ 1,739,801</u>

¹ The Group has an obligation to early redeem the securitized debentures in the event of situations prescribed by the asset securitization contract, such as the remaining balance of the eligible underlying assets in trust-type asset securitization is below the solvency ratio (minimum ratio: 104.5%) of the beneficiary interest in the trust. To avoid such early redemption, the Group entrusts credit card accounts and deposits in addition to the previously entrusted credit card accounts.

² The Group has an obligation to early redeem the securitized debentures in the event of situations prescribed by the asset securitization contract, such as when the trusted assets do not meet the eligibility requirements.

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6.4.3 Bonds sold under repurchase agreements and loaned securities

The Group continues to recognize the financial assets related to bonds sold under repurchase agreements and securities lending transactions in the consolidated statement of financial position since those transactions are not qualified for derecognition even though the Group transfers the financial assets. Bonds sold under repurchase agreements are sold on the condition that they will be repurchased at a fixed price and loaned securities will be returned at the expiration of the loan period. Thus, the Group retains substantially all the risks and rewards of ownership of the financial assets.

The carrying amount of transferred assets and related liabilities as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31, 2022	
	Carrying amount of transferred assets	Carrying amount of related liabilities
Bonds sold under repurchase agreements *	₩ 11,418,820	₩ 10,610,882
Loaned securities:		
Government and public bonds	1,661,550	-
Stock	52,098	-
Others	94,766	-
	<u>₩ 13,227,234</u>	<u>₩ 10,610,882</u>

(In millions of Korean won)

	December 31, 2021	
	Carrying amount of transferred assets	Carrying amount of related liabilities
Bonds sold under repurchase agreements *	₩ 11,273,036	₩ 10,978,971
Loaned securities:		
Government and public bonds	1,035,736	-
Stock	253	-
	<u>₩ 12,309,025</u>	<u>₩ 10,978,971</u>

* Bonds sold under repurchase agreements using borrowed securities as collateral amount to ₩ 100,768 million and ₩ 2,050,635 million as of December 31, 2022 and 2021, respectively.

6.4.4 Purchase commitments of securitized debentures

The Group provided additional credit enhancement, such as purchase commitments, for the underlying assets of subsidiaries established for asset-backed securitization. Details of carrying amounts of the underlying assets and the associated liabilities as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

		December 31, 2022	December 31, 2021
Underlying assets	Financial assets at fair value through profit or loss	₩ 324,456	₩ 289,188
	Loans measured at amortized cost *	3,050,471	3,724,204
		<u>₩ 3,374,927</u>	<u>₩ 4,013,392</u>
Associated liabilities	Debentures	₩ 3,222,237	₩ 4,010,436

* Before netting of allowance

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6.5 Offsetting Financial Assets and Financial Liabilities

The Group enters into International Swaps and Derivatives Association (“ISDA”) master netting agreements and other similar arrangements with the Group's OTC derivative and spot exchange counterparties. Similar netting agreements are also entered into with the Group's (a) sales or purchases of bonds under repurchase agreements and (b) securities lending and borrowing transactions, etc. Pursuant to these agreements, in the event of default by one party, contracts are to be terminated and receivables and payables are to be offset. Domestic exchange settlement debits and domestic exchange settlement credits are recognized in its net settlement balance in the consolidated statement of financial position because the Group has the legal right of offset and settles in net amount.

6.5.1 Details of financial assets subject to enforceable master netting agreements or similar arrangements as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31, 2022					
	Gross assets	Gross liabilities offset	Net amount in the statement of financial position	Non-offsetting amount		Net amount
				Financial instruments	Cash collateral	
Derivatives held for trading and derivative-linked securities	₩ 9,380,420	₩ -	₩ 9,380,420			
Derivatives held for hedging	461,964	-	461,964	₩ (7,710,408)	₩ (195,224)	₩ 1,936,752
Unsettled spot exchange receivable	3,374,369	-	3,374,369	(3,360,673)	-	13,696
Bonds purchased under repurchase agreements	3,328,657	-	3,328,657	(3,328,657)	-	-
Domestic exchange settlement debits	55,491,085	(54,611,238)	879,847	-	-	879,847
Other financial instruments	2,010,671	(1,912,964)	97,707	(3,169)	-	94,538
	<u>₩ 74,047,166</u>	<u>₩ (56,524,202)</u>	<u>₩ 17,522,964</u>	<u>₩ (14,402,907)</u>	<u>₩ (195,224)</u>	<u>₩ 2,924,833</u>

(In millions of Korean won)

	December 31, 2021					
	Gross assets	Gross liabilities offset	Net amount in the statement of financial position	Non-offsetting amount		Net amount
				Financial instruments	Cash collateral	
Derivatives held for trading and derivative-linked securities	₩ 3,673,348	₩ -	₩ 3,673,348			
Derivatives held for hedging	188,828	-	188,828	₩ (2,352,365)	₩ (235,749)	₩ 1,274,062
Unsettled spot exchange receivable	2,384,503	-	2,384,503	(2,380,556)	-	3,947
Bonds purchased under repurchase agreements	5,955,194	-	5,955,194	(5,955,194)	-	-
Domestic exchange settlement debits	43,497,849	(42,482,911)	1,014,938	-	-	1,014,938
Other financial instruments	2,341,992	(2,327,904)	14,088	(3,209)	-	10,879
	<u>₩ 58,041,714</u>	<u>₩ (44,810,815)</u>	<u>₩ 13,230,899</u>	<u>₩ (10,691,324)</u>	<u>₩ (235,749)</u>	<u>₩ 2,303,826</u>

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6.5.2 Details of financial liabilities subject to enforceable master netting agreements or similar arrangements as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31, 2022					
	Gross liabilities	Gross assets offset	Net amount in the statement of financial position	Non-offsetting amount		Net amount
				Financial instruments	Cash collateral	
Derivatives held for trading and derivative-linked securities	₩ 10,500,353	₩ -	₩ 10,500,353			
Derivatives held for hedging	297,173	-	297,173	₩ (2,302,059)	₩ (83,837)	₩ 8,411,630
Unsettled spot exchange payable	3,374,230	-	3,374,230	(3,360,673)	-	13,557
Bonds sold under repurchase agreements *	11,769,694	-	11,769,694	(11,769,694)	-	-
Securities borrowing agreements	2,102,537	-	2,102,537	(2,102,537)	-	-
Domestic exchange settlement credits	56,349,727	(54,611,238)	1,738,489	(1,738,489)	-	-
Other financial instruments	1,973,123	(1,912,964)	60,159	(3,169)	-	56,990
	<u>₩ 86,366,837</u>	<u>₩ (56,524,202)</u>	<u>₩ 29,842,635</u>	<u>₩ (21,276,621)</u>	<u>₩ (83,837)</u>	<u>₩ 8,482,177</u>

(In millions of Korean won)

	December 31, 2021					
	Gross liabilities	Gross assets offset	Net amount in the statement of financial position	Non-offsetting amount		Net amount
				Financial instruments	Cash collateral	
Derivatives held for trading and derivative-linked securities	₩ 4,132,915	₩ -	₩ 4,132,915			
Derivatives held for hedging	172,470	-	172,470	₩ (3,069,591)	₩ (75,253)	₩ 1,160,541
Unsettled spot exchange payable	2,383,399	-	2,383,399	(2,380,556)	-	2,843
Bonds sold under repurchase agreements *	14,372,761	-	14,372,761	(14,372,761)	-	-
Securities borrowing agreements	2,826,885	-	2,826,885	(2,826,885)	-	-
Domestic exchange settlement credits	47,608,341	(42,482,911)	5,125,430	(5,125,430)	-	-
Other financial instruments	2,738,984	(2,327,904)	411,080	(3,209)	-	407,871
	<u>₩ 74,235,755</u>	<u>₩ (44,810,815)</u>	<u>₩ 29,424,940</u>	<u>₩ (27,778,432)</u>	<u>₩ (75,253)</u>	<u>₩ 1,571,255</u>

* Includes bonds sold under repurchase agreements to customers.

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7. Due from Financial Institutions Measured at Amortized Cost

7.1 Details of due from financial institutions as of December 31, 2022 and 2021, are as follows:

<i>(In millions of Korean won)</i>		Financial institutions	Interest rate (%)	December 31, 2022	December 31, 2022	December 31, 2021
			as of	December 31, 2022	December 31, 2022	December 31, 2021
Due from financial institutions in Korean won	Due from the Bank of Korea	The Bank of Korea	-	₩ 15,169,704	₩ 15,317,033	
	Due from banks	Hana Bank and others	0.00 ~ 6.00	3,606,033	3,390,521	
	Due from others	NH Investment & Securities Co., Ltd. and others	0.00 ~ 3.48	1,298,879	686,236	
				20,074,616	19,393,790	
Due from financial institutions in foreign currencies	Due from banks in foreign currencies	The Bank of Korea and others	0.00 ~ 4.00	5,669,702	6,329,310	
	Time deposits in foreign currencies	Industrial and Commercial Bank of China and others	0.00 ~ 6.80	587,218	587,782	
	Due from others	Societe Generale (Paris) and others	0.00 ~ 8.00	3,171,975	2,054,474	
				9,428,895	8,971,566	
				₩ 29,503,511	₩ 28,365,356	

* Before netting of allowance

7.2 Details of restricted due from financial institutions as of December 31, 2022 and 2021, are as follows:

<i>(In millions of Korean won)</i>		Financial institutions	December 31, 2022	December 31, 2021	Reasons of restriction
			December 31, 2022	December 31, 2021	Reasons of restriction
Due from financial institutions in Korean won	Due from the Bank of Korea	The Bank of Korea	₩ 15,169,704	₩ 15,317,033	Bank of Korea Act
	Due from banks	Shinhan Bank and others	522,306	803,445	Net settlement and others
	Due from others	NH Investment & Securities Co., Ltd. and others	1,029,631	528,642	Derivatives margin account and others
			16,721,641	16,649,120	
Due from financial institutions in foreign currencies	Due from banks in foreign currencies	Bank of Indonesia and others	2,350,933	2,262,610	Indonesian law and others
	Time deposits in foreign currencies	Agricultural Bank of China and others	72,437	68,588	Bank Act of the State of New York and others
	Due from others	Societe Generale (Paris) and others	2,092,656	1,774,388	Derivatives margin account and others
			4,516,026	4,105,586	
			₩ 21,237,667	₩ 20,754,706	

* Before netting of allowance

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7.3 Changes in allowances for credit losses of due from financial institutions for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	2022					
	12-month expected credit losses	Lifetime expected credit losses				
		Non-impaired		Impaired		
	₩	2,969	₩	-	₩	-
Beginning	₩	2,969	₩	-	₩	-
Transfer between stages:						
Transfer to 12-month expected credit losses		-		-		-
Transfer to lifetime expected credit losses		-		-		-
Impairment		-		-		-
Reversal of credit losses		(392)		-		-
Others		166		-		-
Ending	₩	2,743	₩	-	₩	-

(In millions of Korean won)

	2021					
	12-month expected credit losses	Lifetime expected credit losses				
		Non-impaired		Impaired		
	₩	2,947	₩	34	₩	282
Beginning	₩	2,947	₩	34	₩	282
Transfer between stages:						
Transfer to 12-month expected credit losses		-		-		-
Transfer to lifetime expected credit losses		-		-		-
Impairment		-		-		-
Reversal of credit losses		(51)		(35)		(282)
Others		73		1		-
Ending	₩	2,969	₩	-	₩	-

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8. Assets Pledged as Collateral

8.1 Details of assets pledged as collateral as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

		December 31, 2022	
Assets pledged	Pledgee	Carrying amount	Reasons of pledge
Due from financial institutions	KEB Hana Bank and others	₩ 1,263,167	Borrowings from bank and others
Financial assets at fair value through profit or loss	The Korea Securities Depository and others	3,841,536	Repurchase agreements
	The Korea Securities Depository and others	7,063,541	Securities borrowing transactions
	The Bank of Korea	34,071	Borrowings from the Bank of Korea
	The Bank of Korea	236,832	Settlement risk of the Bank of Korea
	Samsung Futures Inc. and others	1,131,217	Derivatives transactions
		<u>12,307,197</u>	
Financial assets at fair value through other comprehensive income	MERITZ Securities Co., LTD and others	5,625,270	Repurchase agreements
	The Korea Securities Depository and others	1,592,460	Securities borrowing transactions
	The Bank of Korea	5,495,686	Borrowings from the Bank of Korea
	The Bank of Korea	1,782,507	Settlement risk of the Bank of Korea
	Samsung Futures Inc. and others	1,121,999	Derivatives transactions
		<u>15,617,922</u>	
Securities measured at amortized cost	The Korea Securities Depository and others	2,307,499	Repurchase agreements
	The Bank of Korea	4,020,539	Borrowings from the Bank of Korea
	The Bank of Korea	5,047,277	Settlement risk of the Bank of Korea
	Samsung Futures Inc. and others	327,684	Derivatives transactions
	Korea Exchange and others	896,896	Others
		<u>12,599,895</u>	
Loans	Others	12,863,079	Covered bond and others
Real estate	LGIM COMMERCIAL LENDING Ltd. and others	834,003	Borrowings from bank and others
		<u>₩ 55,485,263</u>	

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8.1 Details of assets pledged as collateral as of December 31, 2021 and 2020, are as follows: (cont'd)

(In millions of Korean won)

		December 31, 2021	
Assets pledged	Pledgee	Carrying amount	Reasons of pledge
Due from financial institutions	Shinhan Banks and others	₩ 1,163,138	Borrowings from bank and others
Financial assets at fair value through profit or loss	The Korea Securities Depository and others	8,689,639	Repurchase agreements
	The Korea Securities Depository and others	9,294,924	Securities borrowing transactions
	Samsung Futures Inc. and others	1,039,656	Derivatives transactions
		<u>19,024,219</u>	
Financial assets at fair value through other comprehensive income	The Korea Securities Depository and others	2,048,029	Repurchase agreements
	The Korea Securities Depository and others	1,523,593	Securities borrowing transactions
	The Bank of Korea	2,843,426	Borrowings from the Bank of Korea
	The Bank of Korea	1,249,049	Settlement risk of the Bank of Korea
	Samsung Futures Inc. and others	709,390	Derivatives transactions
		<u>8,373,487</u>	
Securities measured at amortized cost	The Korea Securities Depository and others	494,973	Repurchase agreements
	The Bank of Korea	4,847,855	Borrowings from the Bank of Korea
	The Bank of Korea	3,948,622	Settlement risk of the Bank of Korea
	Samsung Futures Inc. and others	144,014	Derivatives transactions
	Others	268,767	Others
		<u>9,704,231</u>	
Loans	Others	9,659,575	Covered bond and others
Real estate	LGIM COMMERCIAL LENDING Ltd. and others	1,598,553	Borrowings from bank and others
		<u>₩ 49,523,203</u>	

In addition, the Group provided ₩ 4,986,339 million and ₩ 6,165,555 million of debt securities among its borrowed securities and other assets held as collateral to Korea Securities Finance Corporation and others as collateral as of December 31, 2022 and 2021, respectively.

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8.2 Fair value of collateral available to sell or repledge, and collateral sold or repledged, regardless of debtor's default as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31, 2022		
	Fair value of collateral held	Fair value of collateral sold or repledged	Total
Securities	₩ 3,344,424	₩ -	₩ 3,344,424

(In millions of Korean won)

	December 31, 2021		
	Fair value of collateral held	Fair value of collateral sold or repledged	Total
Securities	₩ 6,451,850	₩ -	₩ 6,451,850

9. Derivative Financial Instruments and Hedge Accounting

The Group's derivative operations focus on addressing the needs of the Group's corporate clients to hedge their risk exposure and hedging the Group's risk exposure that results from such client contracts. The Group also engages in derivative trading activities to hedge the interest rate risk and currency risk arising from the Group's own assets and liabilities. In addition, the Group engages in proprietary trading of derivatives within the predetermined transaction limit.

The Group provides and trades a range of derivative financial instruments, including:

- Interest rate swaps relating to interest rate risk in Korean won
- Cross-currency swaps, forwards, and options relating to currency risk
- Stock index options linked with the Korea Composite Stock Price Index ("KOSPI")

In particular, the Group applies fair value hedge accounting using interest rate swaps, currency forwards, and others to hedge the risk of changes in fair value due to the changes in interest rate and foreign exchange rate of structured debentures in Korean won, debentures in foreign currencies, structured deposits in foreign currencies, and others. The Group applies cash flow hedge accounting using interest rate swaps, currency swaps, and others to hedge the risk of changes in cash flows of floating rate debt securities in Korean won, borrowings in foreign currencies, group of loans measured at amortized cost, and others. In addition, the Group applies net investments in foreign operations hedge accounting by designating debentures in foreign currencies and cross currency forwards as hedging instruments to hedge the currency risk of net investments in foreign operations.

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9.1 Details of derivative financial instruments held for trading as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31, 2022			December 31, 2021		
	Notional amount	Assets	Liabilities	Notional amount	Assets	Liabilities
Interest rate						
Forwards	₩ 8,261,663	₩ 821,603	₩ 431,002	₩ 4,037,717	₩ 140,126	₩ 126,610
Futures *	4,450,505	765	256	6,479,692	1,903	2,464
Swaps	359,581,194	859,670	694,713	334,721,395	354,686	397,046
Options	10,508,000	274,596	272,284	12,547,000	176,274	199,567
	<u>382,801,362</u>	<u>1,956,634</u>	<u>1,398,255</u>	<u>357,785,804</u>	<u>672,989</u>	<u>725,687</u>
Currency						
Forwards	115,682,577	2,813,603	2,472,119	105,509,405	1,296,083	934,944
Futures *	413,960	36	2,364	361,791	464	877
Swaps	91,646,725	3,525,458	4,049,390	65,028,025	1,082,873	1,331,597
Options	1,852,065	27,258	13,025	1,885,064	7,643	11,044
	<u>209,595,327</u>	<u>6,366,355</u>	<u>6,536,898</u>	<u>172,784,285</u>	<u>2,387,063</u>	<u>2,278,462</u>
Stock and index						
Futures *	1,828,302	37,455	89,624	1,612,965	14,338	6,530
Swaps	6,649,735	377,840	492,275	5,207,198	322,888	132,619
Options	7,257,715	168,311	359,274	7,617,703	95,338	241,371
	<u>15,735,752</u>	<u>583,606</u>	<u>941,173</u>	<u>14,437,866</u>	<u>432,564</u>	<u>380,520</u>
Credit						
Swaps	3,006,114	32,860	17,468	2,602,382	18,979	7,409
	<u>3,006,114</u>	<u>32,860</u>	<u>17,468</u>	<u>2,602,382</u>	<u>18,979</u>	<u>7,409</u>
Commodity						
Futures *	28,577	1,970	941	6,370	43	82
Options	131,500	887	885	-	-	-
	<u>160,077</u>	<u>2,857</u>	<u>1,826</u>	<u>6,370</u>	<u>43</u>	<u>82</u>
Others	<u>1,003,301</u>	<u>41,859</u>	<u>313,917</u>	<u>1,695,540</u>	<u>20,904</u>	<u>117,629</u>
	<u>₩ 612,301,933</u>	<u>₩ 8,984,171</u>	<u>₩ 9,209,537</u>	<u>₩ 549,312,247</u>	<u>₩ 3,532,542</u>	<u>₩ 3,509,789</u>

* Gains or losses arising from some daily mark-to-market futures are reflected in the margin accounts.

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9.2 Average price conditions of future nominal cash flows by type of hedge accounting as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31, 2022							Total
	1 year	2 years	3 years	4 years	5 years	Over 5 years		
Fair value hedge								
Nominal amount of the hedging instrument	₩ 5,612,378	₩ 1,921,072	₩ 2,701,675	₩ 1,883,332	₩ 426,551	₩ 2,147,846	₩ 14,692,854	
Average price condition (%)	4.17	4.52	4.64	4.56	4.36	4.64	4.43	
Average price condition (USD/KRW)	1,197.01	1,262.56	1,276.70	-	-	-	1,240.59	
Average price condition (EUR/KRW)	1,363.42	1,373.32	-	1,436.86	-	-	1,387.71	
Average price condition (AUD/KRW)	886.23	895.76	-	-	-	-	890.17	
Average price condition (GBP/KRW)	1,617.02	-	1,535.25	-	-	-	1,537.85	
Cash flow hedge								
Nominal amount of the hedging instrument	₩ 3,033,420	₩ 892,720	₩ 1,846,139	₩ 771,585	₩ 1,078,676	₩ 210,000	₩ 7,832,540	
Average price condition (%)	2.90	2.60	4.42	4.62	4.95	3.99	3.54	
Average price condition (USD/KRW)	1,178.13	1,196.80	1,166.24	1,225.35	1,252.61	-	1,202.02	
Average price condition (EUR/KRW)	1,321.00	1,364.00	1,374.73	-	-	-	1,362.51	
Average price condition (AUD/KRW)	-	856.40	851.50	-	-	-	853.40	
Average price condition (SGD/KRW)	866.14	-	-	-	-	-	866.14	
Hedge of net investments in foreign operations								
Nominal amount of the hedging instrument	₩ 65,012	₩ 27,499	₩ -	₩ -	₩ -	₩ -	₩ 92,511	
Average price condition (USD/KRW)	1,071.00	-	-	-	-	-	1,071.00	
Average price condition (GBP/KRW)	-	1,465.26	-	-	-	-	1,465.26	

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9.2 Average price conditions of future nominal cash flows by type of hedge accounting as of December 31, 2022 and 2021, are as follows: (cont'd)

(In millions of Korean won)

	December 31, 2021						
	1 year	2 years	3 years	4 years	5 years	Over 5 years	Total
Fair value hedge							
Nominal amount of the hedging instrument	₩ 2,223,113	₩ 1,423,760	₩ 967,376	₩ 2,153,200	₩ 1,428,673	₩ 2,419,230	₩ 10,615,352
Average price condition (%)	0.94	1.23	1.04	1.16	1.06	1.39	1.18
Average price condition (USD/KRW)	1,144.74	1,154.78	1,169.72	-	-	-	1,150.30
Average price condition (EUR/KRW)	1,359.59	1,363.95	1,394.84	-	1,458.92	-	1,409.23
Average price condition (AUD/KRW)	859.41	-	-	-	-	-	859.41
Average price condition (GBP/KRW)	1,554.65	-	-	1,620.05	-	-	1,557.47
Cash flow hedge							
Nominal amount of the hedging instrument	₩ 4,150,546	₩ 1,763,372	₩ 322,735	₩ 641,733	₩ 580,128	₩ 150,000	₩ 7,608,514
Average price condition (%)	1.01	1.51	2.06	1.87	1.84	2.12	1.21
Average price condition (USD/KRW)	1,159.92	1,178.13	1,145.05	1,139.40	1,123.13	-	1,152.89
Average price condition (EUR/KRW)	1,312.75	1,321.00	1,364.00	1,374.73	-	-	1,351.76
Average price condition (AUD/KRW)	-	-	856.40	851.50	-	-	853.40
Average price condition (SGD/KRW)	-	866.14	-	-	-	-	866.14
Hedge of net investments in foreign operations							
Nominal amount of the hedging instrument	₩ 91,636	₩ -	₩ -	₩ -	₩ -	₩ -	₩ 91,636
Average price condition (USD/KRW)	1,071.00	-	-	-	-	-	1,071.00
Average price condition (GBP/KRW)	1,465.26	-	-	-	-	-	1,465.26

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9.3 Fair Value Hedge

9.3.1 Details of fair value hedged items as of December 31, 2022 and 2021 and changes in fair value for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

		December 31, 2022				2022
		Carrying amount		Accumulated amount of hedge adjustments		Changes in fair value
		Assets	Liabilities	Assets	Liabilities	
Hedge accounting						
Interest rate	Debt securities in Korean won	₩ 2,467,171	₩ -	₩ (107,444)	₩ -	₩ (86,757)
	Debt securities in foreign currencies	3,142,973	-	(232,085)	-	(215,183)
	Deposits in foreign currencies	-	29,429	-	(8,591)	6,976
	Debentures in Korean won	-	5,690,371	-	(249,629)	171,841
	Debentures in foreign currencies	-	1,196,781	-	(95,865)	123,817
		<u>5,610,144</u>	<u>6,916,581</u>	<u>(339,529)</u>	<u>(354,085)</u>	<u>694</u>
Currency	Debt securities in foreign currencies	1,596,049	-	82,284	-	151,303
		<u>1,596,049</u>	<u>-</u>	<u>82,284</u>	<u>-</u>	<u>151,303</u>
		<u>₩ 7,206,193</u>	<u>₩ 6,916,581</u>	<u>₩ (257,245)</u>	<u>₩ (354,085)</u>	<u>₩ 151,997</u>

(In millions of Korean won)

		December 31, 2021				2021
		Carrying amount		Accumulated amount of hedge adjustments		Changes in fair value
		Assets	Liabilities	Assets	Liabilities	
Hedge accounting						
Interest rate	Debt securities in Korean won	₩ 1,627,228	₩ -	₩ (20,272)	₩ -	₩ (26,247)
	Debt securities in foreign currencies	3,567,662	-	(22,384)	-	(71,246)
	Deposits in foreign currencies	-	93,521	-	(1,319)	3,222
	Debentures in Korean won	-	2,470,123	-	(79,877)	70,308
	Debentures in foreign currencies	-	1,154,178	-	27,953	45,132
	<u>5,194,890</u>	<u>3,717,822</u>	<u>(42,656)</u>	<u>(53,243)</u>	<u>21,169</u>	
Currency	Debt securities in foreign currencies	2,443,893	-	133,268	-	180,676
		<u>2,443,893</u>	<u>-</u>	<u>133,268</u>	<u>-</u>	<u>180,676</u>
		<u>₩ 7,638,783</u>	<u>₩ 3,717,822</u>	<u>₩ 90,612</u>	<u>₩ (53,243)</u>	<u>₩ 201,845</u>

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9.3.2 Details of derivative instruments designated as fair value hedge as of December 31, 2022 and 2021 and changes in fair value for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

		December 31, 2022			2022	
		Notional amount	Assets	Liabilities	Changes in fair value	
Interest rate						
Swaps	₩	13,290,183	₩ 186,258	₩ 104,856	₩	(1,244)
Currency						
Forwards		1,402,671	36,567	26,008		(129,451)
	₩	14,692,854	₩ 222,825	₩ 130,864	₩	(130,695)

(In millions of Korean won)

		December 31, 2021			2021	
		Notional amount	Assets	Liabilities	Changes in fair value	
Interest rate						
Swaps	₩	8,910,139	₩ 127,290	₩ 38,253	₩	(33,227)
Currency						
Forwards		1,705,213	2,436	54,855		(174,707)
	₩	10,615,352	₩ 129,726	₩ 93,108	₩	(207,934)

9.3.3 Details of hedge ineffectiveness recognized in profit or loss on derivative instruments designated as fair value hedge for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	2022		2021	
Hedge accounting				
Interest rate	₩	(550)	₩	(12,058)
Currency		21,852		5,969
	₩	21,302	₩	(6,089)

9.3.4 Gains or losses on fair value hedging instruments and hedged items attributable to the hedged risk for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	2022		2021	
Gains (losses) on hedging instruments	₩	(101,281)	₩	(187,364)
Gains (losses) on hedged items attributable to the hedged risk		122,552		188,556
	₩	21,271	₩	1,192

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9.4 Cash Flow Hedge

9.4.1 Details of cash flow hedged items as of December 31, 2022 and 2021 and changes in fair value for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	Cash flow hedge reserve		Changes in fair value	
	December 31, 2022	December 31, 2021	2022	2021
Hedge accounting				
Interest rate risk	₩ 46,229	₩ 4,864	₩ (107,134)	₩ (36,428)
Currency risk	(22,488)	(12,597)	14,289	12,605
	₩ 23,741	₩ (7,733)	₩ (92,845)	₩ (23,823)

9.4.2 Details of derivative instruments designated as cash flow hedge as of December 31, 2022 and 2021 and changes in fair value for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31, 2022			2022
	Notional amount	Assets	Liabilities	Changes in fair value
Interest rate				
Forwards	₩ 1,079,652	₩ 20,202	₩ 56,753	₩ (36,372)
Swaps	3,231,288	101,975	124	111,902
Currency				
Swaps	3,521,600	116,961	98,237	(6,379)
	₩ 7,832,540	₩ 239,138	₩ 155,114	₩ 69,151

(In millions of Korean won)

	December 31, 2021			2021
	Notional amount	Assets	Liabilities	Changes in fair value
Interest rate				
Swaps	₩ 4,553,250	₩ 12,575	₩ 9,532	₩ 36,164
Currency				
Swaps	3,055,264	46,527	61,331	60,327
	₩ 7,608,514	₩ 59,102	₩ 70,863	₩ 96,491

9.4.3 Gains or losses on cash flow hedging instruments and hedged items attributable to the hedged risk for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	2022	2021
Gains (losses) on hedging instruments:	₩ 69,151	₩ 96,491
Effective portion of gains (losses) on cash flow hedging instruments (recognized in other comprehensive income or loss)	71,692	95,478
Ineffective portion of gains (losses) on cash flow hedging instruments (recognized in profit or loss)	(2,541)	1,013

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9.4.4 Amounts recognized in other comprehensive income (loss) and reclassified from equity to profit or loss related to derivative instruments designated as cash allow hedge for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	2022		2021	
Other comprehensive income (loss)	₩	71,692	₩	95,478
Reclassification to profit or loss		(13,288)		(53,080)
Income tax effect		(26,930)		(21,534)
	₩	31,474	₩	20,864

9.5 Hedge of Net Investments in Foreign Operations

9.5.1 Details of net investments in foreign operations hedged items as of December 31, 2022 and 2021 and changes in fair value for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	Foreign currency translation reserve		Changes in fair value	
	December 31, 2022	December 31, 2021	2022	2021
Hedge accounting				
Currency risk	₩ (114,743)	₩ (35,658)	₩ 104,021	₩ 88,729

9.5.2 Details of financial instruments designated as hedge of net investments in foreign operations as of December 31, 2022 and 2021 and changes in fair value for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31, 2022			2022
	Notional amount	Assets	Liabilities	Changes in fair value
Currency				
Forwards	₩ 92,511	₩ -	₩ 11,194	₩ (16,168)
Debentures in foreign currencies	1,361,080	-	1,361,080	(87,853)
	₩ 1,453,591	₩ -	₩ 1,372,274	₩ (104,021)

(In millions of Korean won)

	December 31, 2021			2021
	Notional amount	Assets	Liabilities	Changes in fair value
Currency				
Forwards	₩ 91,636	₩ -	₩ 8,498	₩ (8,494)
Debentures in foreign currencies	1,273,227	-	1,273,227	(80,235)
	₩ 1,364,863	₩ -	₩ 1,281,725	₩ (88,729)

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9.5.3 Fair value of non-derivative financial instruments designated as hedge of net investments in foreign operations as of December 31, 2022 and 2021, are as follows:

<i>(In millions of Korean won)</i>	December 31,		December 31,	
	2022		2021	
Debentures in foreign currencies	₩	1,211,215	₩	1,275,291

9.5.4 Gains or losses on net investments in foreign operations hedging instruments and hedged items attributable to the hedged risk for the years ended December 31, 2022 and 2021, are as follows:

<i>(In millions of Korean won)</i>	2022		2021	
Gains (losses) on hedging instruments:	₩	(104,021)	₩	(88,729)
Effective portion of gains (losses) on hedge of net investments in foreign operations (recognized in other comprehensive income or loss)		(104,021)		(88,729)
Ineffective portion of gains (losses) on hedge of net investments in foreign operations (recognized in profit or loss)		-		-

9.5.5 Effective portion of gains or losses on net investments in foreign operations hedging instruments recognized in other comprehensive income (loss) for the years ended December 31, 2022 and 2021, are as follows:

<i>(In millions of Korean won)</i>	2022		2021	
Other comprehensive income (loss)	₩	(104,021)	₩	(88,729)
Reclassification to profit or loss		-		5,195
Income tax effect		24,936		25,599
	₩	(79,085)	₩	(57,935)

9.6 Interest Rate Benchmark Reform

The USD LIBOR interest rate will be replaced by the Secured Overnight Financing Rate (“SOFR”) based on actual transactions. In the case of KRW, the Korean government bond/monetary stabilization bond RP rate has been finally decided as the Risk-Free Reference Rate (“RFR”) and will replace the Certificate of Deposit (“CD”) rate in the mid to long-term. Within the corresponding hedging relationship of related significant interest rate benchmark, the Group assumed that the spread to be changed on the RFR basis including SOFR would be similar to that included in the interest rate swap used as a hedging instrument, and no other changes were assumed.

Details of the Group’s exposure to hedging relationships related to the interest rate benchmark reform as of December 31, 2022, are as follows:

(In millions of Korean won and millions of US dollars)

Interest rate benchmark	Currency	December 31, 2022		
		Carrying amount of non-derivative assets	Carrying amount of non-derivative liabilities	Notional amount of hedging instruments
CD#3M	KRW	2,760,791	5,690,371	6,440,000
USD#LIBOR#3M	USD	1,895	1,385	3,753
USD#LIBOR#6M	USD	167	-	182

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10. Loans Measured at Amortized Cost

10.1 Details of loans as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31, 2022	December 31, 2021
Loans measured at amortized cost	₩ 440,137,603	₩ 420,910,259
Deferred loan origination fees and costs	551,524	674,069
Less: Allowances for credit losses	(4,158,625)	(3,684,055)
	₩ 436,530,502	₩ 417,900,273

10.2 Details of loans to banks as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31, 2022	December 31, 2021
Loans measured at amortized cost	₩ 9,751,737	₩ 8,325,177
Less: Allowances for credit losses	(1,951)	(443)
	₩ 9,749,786	₩ 8,324,734

10.3 Details of loan types and customer types of loans to customers other than banks as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31, 2022			
	Retail	Corporate	Credit card	Total
Loans in Korean won	₩ 181,125,018	₩ 177,396,151	₩ -	₩ 358,521,169
Loans in foreign currencies	4,668,207	26,052,080	-	30,720,287
Domestic import usance bills	-	4,499,072	-	4,499,072
Off-shore funding loans	-	908,266	-	908,266
Call loans	-	119,066	-	119,066
Bills bought in Korean won	-	285,727	-	285,727
Bills bought in foreign currencies	-	1,780,873	-	1,780,873
Guarantee payments under acceptances and guarantees	1	18,459	-	18,460
Credit card receivables in Korean won	-	-	22,562,217	22,562,217
Credit card receivables in foreign currencies	-	-	47,376	47,376
Bonds purchased under repurchase agreements	-	3,028,657	-	3,028,657
Privately placed bonds	-	853,986	-	853,986
Factored receivables	111	4	-	115
Lease receivables	576,165	558,318	-	1,134,483
Loans for installment credit	5,915,223	542,413	-	6,457,636
	192,284,725	216,043,072	22,609,593	430,937,390
Proportion (%)	44.62	50.13	5.25	100.00
Less: Allowances for credit losses	(1,335,388)	(1,983,444)	(837,842)	(4,156,674)
	₩ 190,949,337	₩ 214,059,628	₩ 21,771,751	₩ 426,780,716

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10.3 Details of loan types and customer types of loans to customers other than banks as of December 31, 2022 and 2021, are as follows: (cont'd)

(In millions of Korean won)

	December 31, 2021			
	Retail	Corporate	Credit card	Total
Loans in Korean won	₩ 184,872,384	₩ 162,081,901	₩ -	₩ 346,954,285
Loans in foreign currencies	3,990,253	20,865,495	-	24,855,748
Domestic import usance bills	-	3,311,142	-	3,311,142
Off-shore funding loans	-	1,064,623	-	1,064,623
Call loans	-	902,301	-	902,301
Bills bought in Korean won	-	2,209	-	2,209
Bills bought in foreign currencies	-	2,001,046	-	2,001,046
Guarantee payments under acceptances and guarantees	7	20,773	-	20,780
Credit card receivables in Korean won	-	-	20,766,340	20,766,340
Credit card receivables in foreign currencies	-	-	57,980	57,980
Bonds purchased under repurchase agreements	-	4,855,194	-	4,855,194
Privately placed bonds	-	758,557	-	758,557
Factored receivables	113	458	-	571
Lease receivables	778,425	513,714	-	1,292,139
Loans for installment credit	6,265,896	150,340	-	6,416,236
	<u>195,907,078</u>	<u>196,527,753</u>	<u>20,824,320</u>	<u>413,259,151</u>
Proportion (%)	47.40	47.56	5.04	100.00
Less: Allowances for credit losses	(1,004,995)	(1,886,473)	(792,144)	(3,683,612)
	<u>₩ 194,902,083</u>	<u>₩ 194,641,280</u>	<u>₩ 20,032,176</u>	<u>₩ 409,575,539</u>

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10.4 Changes in deferred loan origination fees and costs for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	2022				
	Beginning	Increase	Decrease	Others	Ending
Deferred loan origination costs					
Loans in Korean won	₩ 667,904	₩ 291,342	₩ (380,718)	₩ -	₩ 578,528
Others ¹	76,695	38,913	(47,445)	4	68,167
	<u>744,599</u>	<u>330,255</u>	<u>(428,163)</u>	<u>4</u>	<u>646,695</u>
Deferred loan origination fees					
Loans in Korean won	17,501	23,780	(13,117)	-	28,164
Others ²	53,029	49,245	(37,730)	2,463	67,007
	<u>70,530</u>	<u>73,025</u>	<u>(50,847)</u>	<u>2,463</u>	<u>95,171</u>
	<u>₩ 674,069</u>	<u>₩ 257,230</u>	<u>₩ (377,316)</u>	<u>₩ (2,459)</u>	<u>₩ 551,524</u>

(In millions of Korean won)

	2021				
	Beginning	Increase	Decrease	Others	Ending
Deferred loan origination costs					
Loans in Korean won	₩ 673,957	₩ 418,732	₩ (424,785)	₩ -	₩ 667,904
Others ¹	95,590	44,728	(63,619)	(4)	76,695
	<u>769,547</u>	<u>463,460</u>	<u>(488,404)</u>	<u>(4)</u>	<u>744,599</u>
Deferred loan origination fees					
Loans in Korean won	9,148	11,909	(3,556)	-	17,501
Others ²	44,072	32,667	(27,332)	3,622	53,029
	<u>53,220</u>	<u>44,576</u>	<u>(30,888)</u>	<u>3,622</u>	<u>70,530</u>
	<u>₩ 716,327</u>	<u>₩ 418,884</u>	<u>₩ (457,516)</u>	<u>₩ (3,626)</u>	<u>₩ 674,069</u>

¹ Includes deferred loan origination costs related to credit card receivables, loans for installment credit, and finance lease receivables.

² Includes deferred loan origination fees related to loans in foreign currencies executed by PT Bank KB Bukopin Tbk and PRASAC Microfinance Institution Plc.

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11. Allowances for Credit Losses

11.1 Changes in allowances for credit losses of loans measured at amortized cost for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	2022								
	Retail			Corporate			Credit card		
	12-month expected credit losses	Lifetime expected credit losses		12-month expected credit losses	Lifetime expected credit losses		12-month expected credit losses	Lifetime expected credit losses	
		Non- impaired	Impaired		Non- impaired	Impaired		Non- impaired	Impaired
Beginning	₩ 473,983	₩ 241,871	₩ 289,141	₩ 447,798	₩ 478,154	₩ 960,964	₩ 175,168	₩ 322,649	₩ 294,327
Transfer between stages:									
Transfer to 12-month expected credit losses	129,975	(122,881)	(7,094)	127,679	(120,619)	(7,060)	57,128	(50,836)	(6,292)
Transfer to lifetime expected credit losses	(102,988)	122,804	(19,816)	(93,169)	125,031	(31,862)	(23,042)	24,324	(1,282)
Impairment	(6,042)	(52,137)	58,179	(13,524)	(48,220)	61,744	(2,129)	(19,219)	21,348
Write-offs	-	(1)	(448,376)	-	(3)	(617,332)	-	-	(450,389)
Sales	(810)	(163)	(5,689)	(103)	(145)	(70,603)	-	-	-
Provision (reversal) for credit losses ^{1,2}	108,300	94,535	595,991	49,789	126,627	690,534	(43,497)	77,418	480,849
Others (exchange differences, etc.)	(1,332)	(647)	(11,415)	3,701	1,111	(85,097)	(443)	(21)	(18,219)
Ending	₩ 601,086	₩ 283,381	₩ 450,921	₩ 522,171	₩ 561,936	₩ 901,288	₩ 163,185	₩ 354,315	₩ 320,342

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11.1 Changes in allowances for credit losses of loans measured at amortized cost for the years ended December 31, 2022 and 2021, are as follows: (cont'd)

(In millions of Korean won)

	2021								
	Retail			Corporate			Credit card		
	12-month expected credit losses	Lifetime expected credit losses		12-month expected credit losses	Lifetime expected credit losses		12-month expected credit losses	Lifetime expected credit losses	
		Non- impaired	Impaired		Non- impaired	Impaired		Non- impaired	Impaired
Beginning	₩ 403,805	₩ 240,578	₩ 265,705	₩ 368,782	₩ 410,937	₩ 892,061	₩ 205,157	₩ 234,219	₩ 262,119
Transfer between stages:									
Transfer to 12-month expected credit losses	125,634	(120,132)	(5,502)	133,798	(71,772)	(62,026)	45,938	(44,858)	(1,080)
Transfer to lifetime expected credit losses	(97,040)	115,427	(18,387)	(71,902)	92,245	(20,343)	(34,208)	35,846	(1,638)
Impairment	(6,312)	(49,244)	55,556	(2,942)	(42,158)	45,100	(2,228)	(12,580)	14,808
Write-offs	-	12	(411,083)	-	(3)	(239,815)	-	-	(440,721)
Sales	(1,112)	(53)	(3,592)	(179)	-	(16,257)	-	-	-
Provision (reversal) for credit losses ^{1,2}	40,616	52,528	397,492	14,299	88,230	338,746	(39,533)	110,022	474,041
Business combination	8,315	2,223	7,194	-	-	1,654	-	-	-
Others (exchange differences, etc.)	77	532	1,758	5,942	675	21,844	42	-	(13,202)
Ending	₩ 473,983	₩ 241,871	₩ 289,141	₩ 447,798	₩ 478,154	₩ 960,964	₩ 175,168	₩ 322,649	₩ 294,327

¹ Provision for credit losses in the consolidated statements of comprehensive income also includes provision (reversal) for credit losses of due from financial institutions (Note 7.3), provision (reversal) for credit losses of financial investments (Note 12.5), provision (reversal) for credit losses of unused commitments, acceptances and guarantees (Note 24.2), provision (reversal) for credit losses of financial guarantee contracts (Note 24.3), and provision (reversal) for credit losses of other financial assets (Note 19.2).

² Includes ₩ 415,998 million and ₩ 387,860 million of collections from written-off loans for the years ended December 31, 2022 and 2021, respectively.

The Group manages the written-off loans that their legal extinctive prescriptions have not been completed, and that have not been collected. The balances of those loans are ₩ 9,830,171 million and ₩ 9,945,130 million as of December 31, 2022 and 2021, respectively.

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11.2 Changes in gross carrying amount of loans for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	2022		
	12-month expected credit losses	Lifetime expected credit losses	
		Non-impaired	Impaired
Beginning	₩ 385,317,491	₩ 32,778,737	₩ 3,488,100
Transfer between stages:			
Transfer to 12-month expected credit losses	34,445,894	(34,282,273)	(163,621)
Transfer to lifetime expected credit losses (non-impaired)	(38,397,090)	38,818,713	(421,623)
Transfer to lifetime expected credit losses (impaired)	(1,127,437)	(1,478,968)	2,606,405
Write-offs	-	(4)	(1,516,097)
Sales	(3,182,398)	(15,961)	(270,541)
Net increase (decrease) (execution, repayment, and others)	25,587,528	(1,325,731)	(171,997)
Ending	₩ 402,643,988	₩ 34,494,513	₩ 3,550,626

(In millions of Korean won)

	2021		
	12-month expected credit losses	Lifetime expected credit losses	
		Non-impaired	Impaired
Beginning	₩ 348,518,780	₩ 28,504,202	₩ 3,427,365
Transfer between stages:			
Transfer to 12-month expected credit losses	31,046,440	(30,615,747)	(430,693)
Transfer to lifetime expected credit losses (non-impaired)	(36,815,970)	37,276,737	(460,767)
Transfer to lifetime expected credit losses (impaired)	(668,120)	(1,486,835)	2,154,955
Write-offs	-	9	(1,091,619)
Sales	(2,892,774)	(8,541)	(151,714)
Business combination	116,067	3,924	12,808
Net increase (decrease) (execution, repayment, and others)	46,013,068	(895,012)	27,765
Ending	₩ 385,317,491	₩ 32,778,737	₩ 3,488,100

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12. Financial Assets at Fair Value through Profit or Loss and Financial Investments

12.1 Details of financial assets at fair value through profit or loss and financial investments as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31, 2022	December 31, 2021
Financial assets at fair value through profit or loss		
Debt securities:		
Government and public bonds	₩ 8,405,662	₩ 8,294,084
Financial bonds	12,121,116	16,887,594
Corporate bonds	4,289,284	5,433,010
Asset-backed securities	164,543	197,865
Beneficiary certificates	18,320,226	15,849,129
Derivative-linked securities	1,713,779	1,543,188
Other debt securities	16,773,117	14,797,822
Equity securities:		
Stocks	1,880,611	1,804,507
Other equity securities	613,969	614,956
Loans:		
Privately placed bonds	158,731	230,006
Other loans	334,831	39,290
Due from financial institutions:		
Other due from financial institutions	69,469	200,742
Others	90,006	113,622
	<u>₩ 64,935,344</u>	<u>₩ 66,005,815</u>
Financial investments		
Financial assets at fair value through other comprehensive income		
Debt securities:		
Government and public bonds	₩ 15,974,281	₩ 14,317,477
Financial bonds	20,632,077	21,928,735
Corporate bonds	18,282,144	18,986,005
Asset-backed securities	436,840	996,428
Other debt securities	284,977	30,866
Equity securities:		
Stocks	1,907,737	3,588,415
Equity investments	17,096	27,211
Other equity securities	401,545	187,502
Loans:		
Privately placed bonds	363,144	299,634
Other loans	-	13,970
	<u>58,299,841</u>	<u>60,376,243</u>
Financial assets at amortized cost		
Debt securities:		
Government and public bonds	23,180,348	21,447,622
Financial bonds	11,325,479	3,850,954
Corporate bonds	15,770,225	12,246,441
Asset-backed securities	7,654,857	6,899,675
Other debt securities	363,985	31,105
Less: Allowances for credit losses	(6,160)	(4,169)
	<u>58,288,734</u>	<u>44,471,628</u>
	<u>₩ 116,588,575</u>	<u>₩ 104,847,871</u>

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12.2 Dividend income from equity securities designated at fair value through other comprehensive income for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	2022		2021	
	From the equity securities derecognized	From the equity securities held	From the equity securities derecognized	From the equity securities held
Equity securities measured at fair value through other comprehensive income:				
Stocks Listed	₩ -	₩ 976	₩ 7,106	₩ 300
Unlisted	-	20,658	372	19,035
Equity investments	-	-	-	114
Other equity securities	-	15,041	-	6,877
	<u>₩ -</u>	<u>₩ 36,675</u>	<u>₩ 7,478</u>	<u>₩ 26,326</u>

12.3 Derecognized equity securities measured at fair value through other comprehensive income for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	2022		2021	
	Disposal price	Accumulated other comprehensive income (loss) as of disposal date	Disposal price	Accumulated other comprehensive income as of disposal date
Equity securities measured at fair value through other comprehensive income:				
Stocks Listed	₩ 425,736	₩ 335,203	₩ 575,288	₩ (313,427)
Unlisted	-	-	5,577	4,559
	<u>₩ 425,736</u>	<u>₩ 335,203</u>	<u>₩ 580,865</u>	<u>₩ (308,868)</u>

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12.4 Provision (reversal) for credit losses of financial investments for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	2022		
	Provision	Reversal	Total
Securities measured at fair value through other comprehensive income	₩ 2,009	₩ (4,896)	₩ (2,887)
Loans measured at fair value through other comprehensive income	72	(260)	(188)
Securities measured at amortized cost	2,808	(828)	1,980
	<u>₩ 4,889</u>	<u>₩ (5,984)</u>	<u>₩ (1,095)</u>

(In millions of Korean won)

	2021		
	Provision	Reversal	Total
Securities measured at fair value through other comprehensive income	₩ 7,466	₩ (385)	₩ 7,081
Loans measured at fair value through other comprehensive income	237	(15)	222
Securities measured at amortized cost	1,892	(691)	1,201
	<u>₩ 9,595</u>	<u>₩ (1,091)</u>	<u>₩ 8,504</u>

12.5 Changes in allowances for credit losses of financial investments for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	2022		
	12-month expected credit losses	Lifetime expected credit losses	
		Non-impaired	Impaired
Beginning	₩ 16,820	₩ 28	₩ 76
Transfer between stages:			
Transfer to 12-month expected credit losses	-	-	-
Transfer to lifetime expected credit losses	-	-	-
Sales	(533)	(20)	-
Provision (reversal) for credit losses	(1,358)	263	-
Others	255	-	-
Ending	<u>₩ 15,184</u>	<u>₩ 271</u>	<u>₩ 76</u>

(In millions of Korean won)

	2021		
	12-month expected credit losses	Lifetime expected credit losses	
		Non-impaired	Impaired
Beginning	₩ 9,908	₩ 39	₩ 73
Transfer between stages:			
Transfer to 12-month expected credit losses	-	-	-
Transfer to lifetime expected credit losses	-	-	-
Sales	(1,568)	(4)	-
Provision (reversal) for credit losses	8,512	(11)	3
Others	(32)	4	-
Ending	<u>₩ 16,820</u>	<u>₩ 28</u>	<u>₩ 76</u>

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13. Investments in Associates and Joint Ventures

13.1 Details of investments in associates and joint ventures as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31, 2022					
	Ownership (%)	Acquisition cost	Share of net asset amount	Carrying amount	Industry	Location
KB-KDBC Pre-IPO New Technology Business Investment Fund ²	66.66	₩ 3,601	₩ 5,978	₩ 5,978	Investment finance	Korea
Balhae Infrastructure Company ¹	12.61	96,516	90,653	90,617	Investment finance	Korea
Aju Good Technology Venture Fund	38.47	8,143	19,840	19,836	Investment finance	Korea
SY Auto Capital Co., Ltd.	49.00	9,800	20,250	19,162	Auto loans	Korea
Incheon Bridge Co., Ltd. ¹	14.99	9,158	(15,963)	-	Operation of highways and related facilities	Korea
Big Dipper Co., Ltd. ¹	17.86	440	60	60	Research, consulting, and big data	Korea
Paycoms Co., Ltd. ³	12.24	800	201	213	System software publishing	Korea
Food Factory Co., Ltd. ⁴	22.22	1,000	696	1,399	Farm product distribution	Korea
KBSP Private Equity Fund No.4 ¹	14.95	6,100	1,892	1,892	Investment finance	Korea
Korea Credit Bureau Co., Ltd. ¹	9.00	4,500	4,959	4,959	Credit information	Korea
KB Social Impact Investment Fund	30.00	4,500	4,266	4,266	Investment finance	Korea
KB-Solidus Global Healthcare Fund ²	43.33	25,927	21,735	22,432	Investment finance	Korea
POSCO-KB Shipbuilding Fund	31.25	1,826	4,798	4,798	Investment finance	Korea
KB-TS Technology Venture Private Equity Fund ²	56.00	9,744	13,794	13,794	Investment finance	Korea
KB-Brain KOSDAQ Scale-up New Technology Business Investment Fund ²	42.55	12,450	17,801	17,051	Investment finance	Korea
KB-SJ Tourism Venture Fund ¹	18.52	4,599	3,773	3,773	Investment finance	Korea
UNION Media Commerce Fund	28.99	1,000	957	957	Investment finance	Korea
KB-Stonebridge Secondary Private Equity Fund ¹	14.56	23,801	25,144	25,144	Investment finance	Korea
KB SPROTT Renewable Private Equity Fund No.1 ²	37.69	18,041	16,539	16,539	Investment finance	Korea
KB-UTC Inno-Tech Venture Fund ²	44.29	21,375	19,180	19,180	Investment finance	Korea
WJ Private Equity Fund No.1	26.95	10,000	9,542	9,542	Investment finance	Korea
All Together Korea Fund No.2 ⁵	99.99	10,000	10,244	10,244	Asset management	Korea

KB Financial Group Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2022 and 2021

13.1 Details of investments in associates and joint ventures as of December 31, 2022 and 2021, are as follows:
(cont'd)

(In millions of Korean won)

	December 31, 2022							
	Ownership (%)	Acquisition cost	Share of net asset amount		Carrying amount	Industry	Location	
KB-NAU Special Situation Corporate Restructuring Private Equity Fund ¹	12.00	₩ 10,006	₩	12,554	₩ 12,554	Asset management	Korea	
December & Company Inc. ¹	16.78	29,951		3,735	16,029	Investment finance	Korea	
2020 KB Fintech Renaissance Fund ¹	5.05	550		630	630	Investment finance	Korea	
KB Material and Parts No.1 PEF ¹	14.47	3,400		3,321	3,321	Investment finance	Korea	
FineKB Private Equity Fund No.1	25.00	12,775		10,483	10,483	Investment finance	Korea	
G payment Joint Stock Company	43.84	9,029		2,917	9,281	Investment advisory and securities trading	Vietnam	
KB-GeneN Medical Venture Fund No.1	22.52	2,000		1,965	1,965	Investment finance	Korea	
KB-BridgePole Venture Investment Fund ¹	6.30	850		835	835	Investment finance	Korea	
KB-Kyobo New Mobility Power Fund	28.57	3,000		2,826	2,826	Investment finance	Korea	
DA-Friend New Technology Investment Fund No.2	27.06	988		949	949	Investment finance	Korea	
Cornerstone Pentastone Fund No.4	21.52	818		792	792	Investment finance	Korea	
SKS-VLP New Technology Investment Fund No.2	23.11	1,156		1,121	1,121	Investment finance	Korea	
Star-Lord General Investors Private Real Estate Investment Company No.10	26.24	46,700		45,157	-	Real estate investment	Korea	
KB-Badgers Future Mobility ESG Fund No.1	40.91	2,137		1,475	1,475	Investment finance	Korea	
JS Private Equity Fund No.3	20.48	1,700		1,664	1,664	Investment finance	Korea	
Mirae Asset Mobility Investment Fund No.1	22.99	2,000		1,979	1,979	Investment finance	Korea	
KB-FT 1st Green Growth Investment Fund ¹	10.34	2,000		1,970	1,970	Investment finance	Korea	
Glenwood Credit Private Equity Fund No.2	29.89	42,000		43,468	43,468	Investment finance	Korea	
THE CHAEUL FUND NO.1	31.25	1,000		989	989	Investment finance	Korea	
Smart Korea KB Future9-Sejong Venture Fund	38.46	2,000		1,870	1,870	Investment finance	Korea	
KB-KTB Technology Venture Fund ²	50.90	16,800		16,256	16,256	Investment finance	Korea	

KB Financial Group Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2022 and 2021

13.1 Details of investments in associates and joint ventures as of December 31, 2022 and 2021, are as follows:
(cont'd)

(In millions of Korean won)

	December 31, 2022					
	Owners hip (%)	Acquisition cost	Share of net asset amount	Carrying amount	Industry	Location
KB-SOLIDUS Healthcare Investment Fund ²	88.23	₩ 19,800	₩ 18,651	₩ 18,651	Investment finance	Korea
Paramark KB Fund No.1	17.34	12,199	10,966	10,966	Investment finance	Korea
KB Co-Investment Private Equity Fund No.1 ¹	7.12	7,268	7,269	7,233	Investment finance	Korea
POSITIVE Sobujang Venture Fund No.1	43.96	2,000	1,977	1,977	Investment finance	Korea
History 2022 Fintech Fund	34.78	2,000	1,981	1,981	Investment finance	Korea
PEBBLES-MW M.C.E New Technology Investment Fund ^{1st}	23.26	2,000	1,982	1,982	Investment finance	Korea
KB-NP Green ESG New Technology Venture Capital Fund	29.85	9,350	9,043	9,043	Investment finance	Korea
TMAP Mobility Co., Ltd. ¹	8.25	200,000	61,518	194,455	Application software development and supply	Korea
Nextrade Co., Ltd. ¹	6.64	9,700	9,700	9,700	Investment finance	Korea
Shinhan Global Mobility Fund1	24.56	1,345	1,345	1,345	Investment finance	Korea
SKB Next Unicorn K-Battery Fund No.1	24.84	1,995	1,995	1,995	Investment finance	Korea
Others		2,029	(741)	1,049		
		₩ 743,867	₩ 558,981	₩ 682,670		

KB Financial Group Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
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13.1 Details of investments in associates and joint ventures as of December 31, 2022 and 2021, are as follows:
(cont'd)

(In millions of Korean won)

	December 31, 2021					
	Ownership (%)	Acquisition cost	Share of net asset amount	Carrying amount	Industry	Location
KB Pre IPO Secondary Venture Fund No.1 ¹	15.19	₩ 259	₩ 1,622	₩ 1,622	Investment finance	Korea
KB-KDBC Pre-IPO New Technology Business Investment Fund ²	66.66	8,801	11,789	11,789	Investment finance	Korea
KB Star Office Private Real Estate Master Fund No.1	21.05	20,000	26,240	26,240	Investment finance	Korea
Balhae Infrastructure Company ¹	12.61	105,924	99,785	99,785	Investment finance	Korea
Aju Good Technology Venture Fund	38.46	12,343	22,921	22,921	Investment finance	Korea
SY Auto Capital Co., Ltd.	49.00	9,800	19,835	18,222	Auto loans	Korea
Incheon Bridge Co., Ltd. ¹	14.99	9,158	(19,481)	-	Operation of highways and related facilities	Korea
Big Dipper Co., Ltd. ¹	25.14	440	(147)	-	Research, consulting, and big data	Korea
Paycoms Co., Ltd. ³	11.05	800	181	525	System software publishing	Korea
Food Factory Co., Ltd. ⁴	22.22	1,000	633	1,320	Farm product distribution	Korea
KBSP Private Equity Fund No.4 ¹	14.95	6,100	5,628	5,628	Investment finance	Korea
Korea Credit Bureau Co., Ltd. ¹	9.00	4,500	4,497	4,497	Credit information	Korea
KB Social Impact Investment Fund	30.00	4,500	4,282	4,282	Investment finance	Korea
KB-Solidus Global Healthcare Fund ²	43.33	45,557	48,201	48,898	Investment finance	Korea
POSCO-KB Shipbuilding Fund	31.25	2,776	5,413	5,413	Investment finance	Korea
KB-TS Technology Venture Private Equity Fund ²	56.00	14,280	16,828	16,828	Investment finance	Korea
KB-Brain KOSDAQ Scale-up New Technology Business Investment Fund ²	42.55	25,250	29,669	28,919	Investment finance	Korea
KB-SJ Tourism Venture Fund ¹	18.52	4,999	4,146	4,146	Investment finance	Korea
UNION Media Commerce Fund	28.99	1,000	959	959	Investment finance	Korea
KB-Stonebridge Secondary Private Equity Fund ¹	14.56	21,641	21,948	21,948	Investment finance	Korea
KB SPROTT Renewable Private Equity Fund No.1 ²	37.69	5,795	4,680	4,680	Investment finance	Korea
KB-UTC Inno-Tech Venture Fund ²	44.29	21,375	20,972	20,972	Investment finance	Korea

KB Financial Group Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2022 and 2021

13.1 Details of investments in associates and joint ventures as of December 31, 2022 and 2021, are as follows:
(cont'd)

(In millions of Korean won)

	December 31, 2021					
	Ownership (%)	Acquisition cost	Share of net asset amount	Carrying amount	Industry	Location
WJ Private Equity Fund No.1	26.95	₩ 10,000	₩ 9,604	₩ 9,604	Investment finance	Korea
All Together Korea Fund No.2 ⁵	99.99	10,000	10,070	10,070	Asset management	Korea
KB-NAU Special Situation Corporate Restructuring Private Equity Fund ¹	12.00	13,392	15,254	15,254	Asset management	Korea
Project Vanilla Co., Ltd.	49.00	2,450	525	525	Investment finance	Korea
December & Company Inc. ¹	16.78	25,330	9,054	21,388	Investment finance	Korea
2020 KB Fintech Renaissance Fund ¹	5.05	550	618	618	Investment finance	Korea
KB Material and Parts No.1 PEF ¹	14.47	3,400	3,343	3,343	Investment finance	Korea
FineKB Private Equity Fund No.1	25.00	8,375	8,067	8,067	Investment finance	Korea
KB Bio Private Equity No.3 Ltd. ¹	12.20	10,000	9,950	9,950	Investment finance	Korea
G payment Joint Stock Company	43.84	9,029	3,175	9,350	Investment advisory and securities trading	Vietnam
498 Seventh Owners LLC ⁶	49.90	166,851	-	-	Real estate investment	United States
Smart Korea KB Future9-Sejong Venture Fund	38.46	1,000	962	962	Investment finance	Korea
KB-KTB Technology Venture Fund ²	50.50	5,600	5,503	5,554	Investment finance	Korea
KB-SOLIDUS Healthcare Investment Fund ²	88.23	1,800	1,800	1,800	Investment finance	Korea
Paramark KB Fund No.1	20.69	2,040	1,850	1,850	Investment finance	Korea
Others		2,475	81	789		
		₩ 598,590	₩ 410,457	₩ 448,718		

¹ As of December 31, 2022 and 2021, the Group can exercise significant influence on the decision-making processes of the associate's financial and business policies through participation in governing bodies.

² In order to direct relevant activities, it is necessary to obtain the consent of the two co-operative members; the Group has applied the equity method as the Group cannot control the investee by itself.

³ The ownership of Paycoms Co., Ltd. would be 21.68% and 21.84% as of December 31, 2022 and 2021, respectively, considering the potential voting rights of convertible bonds.

⁴ The ownership of Food Factory Co., Ltd. would be 30.00% and 30.00% as of December 31, 2022 and 2021, respectively, considering the potential voting rights of convertible bonds.

⁵ As of December 31, 2022 and 2021, the Group participates in the investment management committee but cannot exercise control.

⁶ The investment was classified as assets of a disposal group held for sale as of December 31, 2021.

KB Financial Group Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2022 and 2021

13.1 Details of investments in associates and joint ventures as of December 31, 2022 and 2021, are as follows:
(cont'd)

In accordance with Korean IFRS No.1028 *Investments in Associates and Joint Ventures*, the Group elected an exemption from applying the equity method for 46 companies including Banksalad Co., Ltd. and classified them as financial assets at fair value through profit or loss.

Although the Group holds 20% or more of the ownership, investment trusts with limited influence on related activities according to trust contracts, and companies with limited influence on related activities due to bankruptcy and corporate rehabilitation proceedings are excluded from associates.

KB Financial Group Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2022 and 2021

13.2 Condensed financial information, adjustments to the carrying amount, and dividend from major investments in associates and joint ventures as of and for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31, 2022 *						
	Total assets	Total liabilities	Paid-in capital	Equity	Share of net asset amount	Unrealized gains (losses) and others	Consolidated carrying amount
KB-KDBC Pre-IPO New Technology Business Investment Fund	₩ 9,226	₩ 260	₩ 5,400	₩ 8,966	₩ 5,978	₩ -	₩ 5,978
Balhae Infrastructure Company	781,317	62,422	765,686	718,895	90,653	(36)	90,617
Aju Good Technology Venture Fund	58,749	7,171	21,180	51,578	19,840	(4)	19,836
SY Auto Capital Co., Ltd.	85,077	43,749	20,000	41,328	20,250	(1,088)	19,162
Incheon Bridge Co., Ltd.	554,738	661,227	61,096	(106,489)	(15,963)	15,963	-
Big Dipper Co., Ltd.	642	308	493	334	60	-	60
Paycoms Co., Ltd.	3,781	2,032	926	1,749	201	12	213
Food Factory Co., Ltd.	8,599	5,468	450	3,131	696	703	1,399
KBSP Private Equity Fund No.4	13,432	776	40,800	12,656	1,892	-	1,892
Korea Credit Bureau Co., Ltd.	155,165	100,065	10,000	55,100	4,959	-	4,959
KB Social Impact Investment Fund	14,658	439	15,000	14,219	4,266	-	4,266
KB-Solidus Global Healthcare Fund	50,796	639	23,100	50,157	21,735	697	22,432
POSCO-KB Shipbuilding Fund	15,675	321	5,840	15,354	4,798	-	4,798
KB-TS Technology Venture Private Equity Fund	30,346	5,714	17,400	24,632	13,794	-	13,794
KB-Brain KOSDAQ Scale-up New Technology Business Investment Fund	42,538	705	31,020	41,833	17,801	(750)	17,051
KB-SJ Tourism Venture Fund	20,926	551	24,840	20,375	3,773	-	3,773
UNION Media Commerce Fund	3,319	18	3,450	3,301	957	-	957
KB-Stonebridge Secondary Private Equity Fund	172,979	349	163,413	172,630	25,144	-	25,144
KB SPROTT Renewable Private Equity Fund No.1	44,880	996	47,868	43,884	16,539	-	16,539

KB Financial Group Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2022 and 2021

13.2 Condensed financial information, adjustments to the carrying amount, and dividend from major investments in associates and joint ventures as of and for the years ended December 31, 2022 and 2021, are as follows:
(cont'd)

(In millions of Korean won)

	December 31, 2022 *						
	Total assets	Total liabilities	Paid-in capital	Equity	Share of net asset amount	Unrealized gains (losses) and others	Consolidated carrying amount
KB-UTC Inno-Tech Venture Fund	₩ 44,111	₩ 809	₩ 48,260	₩ 43,302	₩ 19,180	₩ -	₩ 19,180
WJ Private Equity Fund No.1	35,561	161	37,100	35,400	9,542	-	9,542
All Together Korea Fund No.2	10,246	1	10,001	10,245	10,244	-	10,244
KB-NAU Special Situation Corporate Restructuring Private Equity Fund	102,827	498	81,100	102,329	12,554	-	12,554
December & Company Inc.	35,602	13,271	37,367	22,331	3,735	12,294	16,029
2020 KB Fintech Renaissance Fund	12,529	38	10,900	12,491	630	-	630
KB Material and Parts No.1 PEF	22,953	2	23,500	22,951	3,321	-	3,321
FineKB Private Equity Fund No.1	43,759	1,828	51,100	41,931	10,483	-	10,483
G payment Joint Stock Company	10,177	3,523	2,950	6,654	2,917	6,364	9,281
KB-GeneN Medical Venture Fund No.1	8,770	48	8,880	8,722	1,965	-	1,965
KB-BridgePole Venture Investment Fund	13,331	73	13,500	13,258	835	-	835
KB-Kyobo New Mobility Power Fund	9,932	40	10,500	9,892	2,826	-	2,826
DA-Friend New Technology Investment Fund No.2	3,527	21	3,650	3,506	949	-	949
Cornerstone Pentastone Fund No.4	3,704	23	3,800	3,681	792	-	792
SKS-VLP New Technology Investment Fund No.2	4,855	2	5,001	4,853	1,121	-	1,121
Star-Lord General Investors Private Real Estate Investment Company No.10	585,401	413,283	178,000	172,118	45,157	(45,157)	-
KB-Badgers Future Mobility ESG Fund No.1	3,607	-	5,225	3,607	1,475	-	1,475

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Notes to the Consolidated Financial Statements
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13.2 Condensed financial information, adjustments to the carrying amount, and dividend from major investments in associates and joint ventures as of and for the years ended December 31, 2022 and 2021, are as follows:
(cont'd)

(In millions of Korean won)

	December 31, 2022 *													
	Total assets		Total liabilities		Paid-in capital		Equity		Share of net asset amount		Unrealized gains (losses) and others		Consolidated carrying amount	
JS Private Equity Fund No.3	₩	8,126	₩	1	₩	8,300	₩	8,125	₩	1,664	₩	-	₩	1,664
Mirae Asset Mobility Investment Fund No.1		8,683		73		8,700		8,610		1,979		-		1,979
KB-FT 1st Green Growth Investment Fund 1		19,051		-		19,345		19,051		1,970		-		1,970
Glenwood Credit Private Equity Fund No.2		145,787		376		140,500		145,411		43,468		-		43,468
THE CHAEUL FUND NO.1		3,166		-		3,200		3,166		989		-		989
Smart Korea KB Future9-Sejong Venture Fund		4,862		-		5,200		4,862		1,870		-		1,870
KB-KTB Technology Venture Fund		32,214		280		33,000		31,934		16,256		-		16,256
KB-SOLIDUS Healthcare Investment Fund		21,483		345		22,440		21,138		18,651		-		18,651
Paramark KB Fund No.1		63,260		22		70,169		63,238		10,966		-		10,966
KB Co-Investment Private Equity Fund No.1		101,771		198		102,067		101,573		7,269		(36)		7,233
POSITIVE Sobujang Venture Fund No.1		4,521		23		4,550		4,498		1,977		-		1,977
History 2022 Fintech Fund		5,695		-		5,750		5,695		1,981		-		1,981
PEBBLES-MW M.C.E New Technology Investment Fund 1 st		8,562		40		8,600		8,522		1,982		-		1,982
KB-NP Green ESG New Technology Venture Capital Fund		31,838		638		32,260		31,200		9,043		-		9,043
TMAP Mobility Co., Ltd.		920,597		174,696		8,677		745,901		61,518		132,937		194,455
Nextrade Co., Ltd.		146,100		-		146,100		146,100		9,700		-		9,700
Shinhan Global Mobility Fund1		5,474		-		5,700		5,474		1,345		-		1,345
SKB Next Unicorn K-Battery Fund No.1		5,705		14		5,691		5,691		1,995		-		1,995

KB Financial Group Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
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13.2 Condensed financial information, adjustments to the carrying amount, and dividend from major investments in associates and joint ventures as of and for the years ended December 31, 2022 and 2021, are as follows: (cont'd)

(In millions of Korean won)

	2022 *				
	Operating revenue	Net profit (loss)	Other comprehensive income (loss)	Total comprehensive income (loss)	Dividends
KB-KDBC Pre-IPO New Technology Business Investment Fund	₩ 1,699	₩ (917)	₩ -	₩ (917)	₩ -
Balhae Infrastructure Company	100,720	133,964	-	133,964	16,646
Aju Good Technology Venture Fund	22,381	6,018	-	6,018	1,200
SY Auto Capital Co., Ltd.	11,569	474	374	848	-
Incheon Bridge Co., Ltd.	130,456	23,754	-	23,754	-
Big Dipper Co., Ltd.	834	(672)	-	(672)	-
Paycoms Co., Ltd.	1,266	399	-	399	-
Food Factory Co., Ltd.	9,059	605	-	605	-
KBSP Private Equity Fund No.4	6	(24,985)	-	(24,985)	-
Korea Credit Bureau Co., Ltd.	144,906	13,809	-	13,809	-
KB Social Impact Investment Fund	240	(55)	-	(55)	-
KB-Solidus Global Healthcare Fund	2,952	(15,775)	-	(15,775)	-
POSCO-KB Shipbuilding Fund	1,721	1,072	-	1,072	-
KB-TS Technology Venture Private Equity Fund	1,043	2,682	-	2,682	-
KB-Brain KOSDAQ Scale-up New Technology Business Investment Fund	11,851	1,541	-	1,541	-
KB-SJ Tourism Venture Fund	719	145	-	145	-
UNION Media Commerce Fund	-	(8)	-	(8)	-
KB-Stonebridge Secondary Private Equity Fund	22,445	20,887	-	20,887	2,006
KB SPROTT Renewable Private Equity Fund No.1	-	(1,020)	-	(1,020)	-
KB-UTC Inno-Tech Venture Fund	-	(905)	(1,647)	(2,552)	-
WJ Private Equity Fund No.1	430	(229)	-	(229)	-
All Together Korea Fund No.2	179	173	-	173	-
KB-NAU Special Situation Corporate Restructuring Private Equity Fund	21,470	5,713	-	5,713	-
December & Company Inc.	868	(32,002)	-	(32,002)	-
2020 KB Fintech Renaissance Fund	395	243	-	243	-
KB Material and Parts No.1 PEF	451	83	-	83	34
FineKB Private Equity Fund No.1	14,244	(7,938)	-	(7,938)	-
G payment Joint Stock Company	3,401	(831)	-	(831)	-
KB-GeneN Medical Venture Fund No.1	1	(158)	-	(158)	-
KB-BridgePole Venture Investment Fund	4	(242)	-	(242)	-
KB-Kyobo New Mobility Power Fund	2	(608)	-	(608)	-
DA-Friend New Technology Investment Fund No.2	-	(144)	-	(144)	-
Cornerstone Pentastone Fund No.4	-	(119)	-	(119)	-
SKS-VLP New Technology Investment Fund No.2	1	(148)	-	(148)	-
Star-Lord General Investors Private Real Estate Investment Company No.10	16,792	(4,254)	-	(4,254)	-
KB-Badgers Future Mobility ESG Fund No.1	-	(1,618)	-	(1,618)	-
JS Private Equity Fund No.3	-	(175)	-	(175)	-

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Notes to the Consolidated Financial Statements
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13.2 Condensed financial information, adjustments to the carrying amount, and dividend from major investments in associates and joint ventures as of and for the years ended December 31, 2022 and 2021, are as follows:
(cont'd)

(In millions of Korean won)

	2022 *				
	Operating revenue	Net profit (loss)	Other comprehensive income (loss)	Total comprehensive income (loss)	Dividends
Mirae Asset Mobility Investment Fund No.1	₩ 9	₩ (90)	₩ -	₩ (90)	₩ -
KB-FT 1st Green Growth Investment Fund 1	5	(294)	-	(294)	-
Glenwood Credit Private Equity Fund No.2	5,286	4,911	-	4,911	-
THE CHAEUL FUND NO.1	-	(34)	-	(34)	-
Smart Korea KB Future9-Sejong Venture Fund	13	(236)	-	(236)	-
KB-KTB Technology Venture Fund	134	(973)	-	(973)	-
KB-SOLIDUS Healthcare Investment Fund	14	(1,302)	-	(1,302)	-
Paramark KB Fund No.1	581	(6,010)	-	(6,010)	-
KB Co-Investment Private Equity Fund No.1	14	(494)	-	(494)	-
POSITIVE Sobujang Venture Fund No.1	1	(52)	-	(52)	-
History 2022 Fintech Fund	-	(55)	-	(55)	-
PEBBLES-MW M.C.E New Technology Investment Fund 1 st	-	(78)	-	(78)	-
KB-NP Green ESG New Technology Venture Capital Fund	19	(1,059)	-	(1,059)	-
TMAP Mobility Co., Ltd.	139,792	(132,476)	-	(132,476)	-
Nextrade Co., Ltd.	-	-	-	-	-
Shinhan Global Mobility Fund1	-	(226)	-	(226)	-
SKB Next Unicorn K-Battery Fund No.1	1	-	-	-	-

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Notes to the Consolidated Financial Statements
December 31, 2022 and 2021

13.2 Condensed financial information, adjustments to the carrying amount, and dividend from major investments in associates and joint ventures as of and for the years ended December 31, 2022 and 2021, are as follows:
(cont'd)

(In millions of Korean won)

	December 31, 2021 *						
	Total assets	Total liabilities	Paid-in capital	Equity	Share of net asset amount	Unrealized gains (losses) and others	Consolidated carrying amount
KB Pre IPO							
Secondary Venture Fund No.1	₩ 10,678	₩ 3	₩ 4,015	₩ 10,675	₩ 1,622	₩ -	₩ 1,622
KB-KDBC Pre-IPO							
New Technology Business Investment Fund	18,069	385	13,200	17,684	11,789	-	11,789
KB Star Office Private Real Estate Master Fund No.1	247,259	122,620	95,000	124,639	26,240	-	26,240
Balhae Infrastructure Company	853,961	62,336	840,323	791,625	99,785	-	99,785
Aju Good Technology Venture Fund	64,303	4,703	32,100	59,600	22,921	-	22,921
SY Auto Capital Co., Ltd.	88,144	47,665	20,000	40,479	19,835	(1,613)	18,222
Incheon Bridge Co., Ltd.	560,570	690,530	61,096	(129,960)	(19,481)	19,481	-
Big Dipper Co., Ltd.	143	748	1,750	(605)	(147)	147	-
Paycoms Co., Ltd.	3,597	1,960	855	1,637	181	344	525
Food Factory Co., Ltd.	8,332	5,482	450	2,850	633	687	1,320
KBSP Private Equity Fund No.4	37,646	5	40,800	37,641	5,628	-	5,628
Korea Credit Bureau Co., Ltd.	128,297	78,328	10,000	49,969	4,497	-	4,497
KB Social Impact Investment Fund	14,431	157	15,000	14,274	4,282	-	4,282
KB-Solidus Global Healthcare Fund	112,358	1,126	68,400	111,232	48,201	697	48,898
POSCO-KB Shipbuilding Fund	17,754	432	8,880	17,322	5,413	-	5,413
KB-TS Technology Venture Private Equity Fund	35,279	5,228	25,500	30,051	16,828	-	16,828
KB-Brain KOSDAQ Scale-up New Technology Business Investment Fund	69,943	221	61,100	69,722	29,669	(750)	28,919
KB-SJ Tourism Venture Fund	22,947	557	27,000	22,390	4,146	-	4,146
UNION Media Commerce Fund	3,318	10	3,450	3,308	959	-	959
KB-Stonebridge Secondary Private Equity Fund	151,004	316	148,587	150,688	21,948	-	21,948

KB Financial Group Inc. and Subsidiaries
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13.2 Condensed financial information, adjustments to the carrying amount, and dividend from major investments in associates and joint ventures as of and for the years ended December 31, 2022 and 2021, are as follows:
(cont'd)

(In millions of Korean won)

	December 31, 2021 *						
	Total assets	Total liabilities	Paid-in capital	Equity	Share of net asset amount	Unrealized gains (losses) and others	Consolidated carrying amount
KB SPROTT							
Renewable Private Equity Fund No.1	₩ 13,886	₩ 1,467	₩ 15,376	₩ 12,419	₩ 4,680	₩ -	₩ 4,680
KB-UTC Inno-Tech Venture Fund	47,848	497	48,260	47,351	20,972	-	20,972
WJ Private Equity Fund No.1	35,799	170	37,100	35,629	9,604	-	9,604
All Together Korea Fund No.2	10,073	1	10,002	10,072	10,070	-	10,070
KB-NAU Special Situation Corporate Restructuring Private Equity Fund	127,960	844	111,600	127,116	15,254	-	15,254
Project Vanilla Co., Ltd.	1,283	211	5,000	1,072	525	-	525
December & Company Inc.	71,219	17,276	37,241	53,943	9,054	12,334	21,388
2020 KB Fintech Renaissance Fund	12,252	5	10,900	12,247	618	-	618
KB Material and Parts No.1 PEF	23,104	-	23,500	23,104	3,343	-	3,343
FineKB Private Equity Fund No.1	32,583	315	33,500	32,268	8,067	-	8,067
KB Bio Private Equity No.3 Ltd.	81,691	101	82,000	81,590	9,950	-	9,950
G payment Joint Stock Company	7,797	557	2,950	7,240	3,175	6,175	9,350
Smart Korea KB Future9-Sejong Venture Fund	2,581	81	2,600	2,500	962	-	962
KB-KTB Technology Venture Fund	11,008	101	11,000	10,907	5,503	51	5,554
KB-SOLIDUS Healthcare Investment Fund	2,040	-	2,040	2,040	1,800	-	1,800
Paramark KB Fund No.1	8,943	3	9,860	8,940	1,850	-	1,850

KB Financial Group Inc. and Subsidiaries
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13.2 Condensed financial information, adjustments to the carrying amount, and dividend from major investments in associates and joint ventures as of and for the years ended December 31, 2022 and 2021, are as follows:
(cont'd)

(In millions of Korean won)

	2021 *				
	Operating revenue	Net profit (loss)	Other comprehensive income (loss)	Total comprehensive income (loss)	Dividends
	₩	₩	₩	₩	₩
KB Pre IPO Secondary Venture Fund No.1	4,594	4,180	-	4,180	-
KB-KDBC Pre-IPO New Technology Business Investment Fund	530	120	-	120	-
KB Star Office Private Real Estate Master Fund No.1	18	(127)	-	(127)	963
Balhae Infrastructure Company	97,833	19,559	-	19,559	9,121
Aju Good Technology Venture Fund	22,486	15,407	-	15,407	-
SY Auto Capital Co., Ltd.	14,316	2,193	104	2,297	-
Incheon Bridge Co., Ltd.	84,068	(16,219)	-	(16,219)	-
Big Dipper Co., Ltd.	939	(583)	-	(583)	-
Paycoms Co., Ltd.	1,515	857	-	857	-
Food Factory Co., Ltd.	8,853	354	-	354	-
KBSP Private Equity Fund No.4	(1,358)	(2,154)	-	(2,154)	-
Korea Credit Bureau Co., Ltd.	128,150	(27,327)	-	(27,327)	90
KB Social Impact Investment Fund	7	(306)	-	(306)	-
KB-Solidus Global Healthcare Fund	18,782	13,396	-	13,396	-
POSCO-KB Shipbuilding Fund	1,880	376	-	376	-
KB-TS Technology Venture Private Equity Fund	2,094	(1,151)	-	(1,151)	-
KB-Brain KOSDAQ Scale-up New Technology Business Investment Fund	14,244	8,495	-	8,495	-
KB-SJ Tourism Venture Fund	170	(2,631)	-	(2,631)	-
UNION Media Commerce Fund	-	(3)	-	(3)	-
KB-Stonebridge Secondary Private Equity Fund	55,572	54,053	-	54,053	9,895
KB SPROTT Renewable Private Equity Fund No.1	-	(983)	-	(983)	-
KB-UTC Inno-Tech Venture Fund	1,080	32	-	32	-
WJ Private Equity Fund No.1	291	(398)	-	(398)	-
All Together Korea Fund No.2	53	47	-	47	-
KB-NAU Special Situation Corporate Restructuring Private Equity Fund	20,594	16,252	-	16,252	-
Project Vanilla Co., Ltd.	-	(3,231)	-	(3,231)	-
December & Company Inc.	3,982	(20,767)	-	(20,767)	-
2020 KB Fintech Renaissance Fund	1,566	1,411	-	1,411	-
KB Material and Parts No.1 PEF	451	42	-	42	34
FineKB Private Equity Fund No.1	2	(1,155)	-	(1,155)	-
KB Bio Private Equity No.3 Ltd.	4	(410)	-	(410)	-
G payment Joint Stock Company	819	(762)	-	(762)	-
Smart Korea KB Future9-Sejong Venture Fund	2	(100)	-	(100)	-
KB-KTB Technology Venture Fund	8	(93)	-	(93)	-
KB-SOLIDUS Healthcare Investment Fund	-	-	-	-	-
Paramark KB Fund No.1	-	(920)	-	(920)	-

* The condensed financial information of the associates and joint ventures is adjusted to reflect adjustments, such as fair value adjustments recognized at the time of acquisition and adjustments for differences in accounting policies.

KB Financial Group Inc. and Subsidiaries
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13.3 Changes in carrying amount of investments in associates and joint ventures for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	2022 ¹						
	Beginning	Acquisition and others	Disposal and others	Dividends	Gains (losses) on equity-method accounting	Other comprehensive income (loss)	Ending
KB Pre IPO Secondary Venture Fund No.1	₩ 1,622	₩ -	₩ (1,429)	₩ -	₩ (193)	₩ -	₩ -
KB-KDBC Pre-IPO New Technology Business Investment Fund	11,789	-	(5,200)	-	(611)	-	5,978
KB Star Office Private Real Estate Master Fund No.1	26,240	-	(5,960)	(20,280)	-	-	-
Balhae Infrastructure Company	99,785	-	(9,408)	(16,646)	16,886	-	90,617
Incheon Bridge Co., Ltd.	-	-	-	-	-	-	-
Aju Good Technology Venture Fund	22,921	-	(4,200)	(1,200)	2,315	-	19,836
SY Auto Capital Co., Ltd.	18,222	-	-	-	757	183	19,162
Big Dipper Co., Ltd.	-	291	-	-	(231)	-	60
Paycoms Co., Ltd.	525	-	-	-	(312)	-	213
Food Factory Co., Ltd.	1,320	-	-	-	132	(53)	1,399
KBSP Private Equity Fund No.4	5,628	-	-	-	(3,736)	-	1,892
Korea Credit Bureau Co., Ltd.	4,497	-	-	-	462	-	4,959
KB Social Impact Investment Fund	4,282	-	-	-	(16)	-	4,266
KB-Solidus Global Healthcare Fund	48,898	-	(19,630)	-	(6,836)	-	22,432
POSCO-KB Shipbuilding Fund	5,413	-	(950)	-	335	-	4,798
KB-TS Technology Venture Private Equity Fund	16,828	-	(4,536)	-	1,502	-	13,794
KB-Brain KOSDAQ Scale-up New Technology Business Investment Fund	28,919	-	(12,800)	-	932	-	17,051
KB-SJ Tourism Venture Fund	4,146	-	(400)	-	27	-	3,773

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13.3 Changes in carrying amount of investments in associates and joint ventures for the years ended December 31, 2022 and 2021, are as follows: (cont'd)

(In millions of Korean won)

	2022 ¹						
	Beginning	Acquisition and others	Disposal and others	Dividends	Gains (losses) on equity-method accounting	Other comprehensive income (loss)	Ending
UNION Media Commerce Fund	₩ 959	₩ -	₩ -	₩ -	₩ (2)	₩ -	₩ 957
KB-Stonebridge Secondary Private Equity Fund	21,948	4,370	(2,210)	(2,006)	3,042	-	25,144
KB SPROTT Renewable Private Equity Fund No.1	4,680	12,246	-	-	(387)	-	16,539
KB-UTC Inno-Tech Venture Fund	20,972	-	-	-	(1,306)	(486)	19,180
WJ Private Equity Fund No.1	9,604	-	-	-	(62)	-	9,542
All Together Korea Fund No.2	10,070	-	-	-	174	-	10,244
KB-NAU Special Situation Corporate Restructuring Private Equity Fund	15,254	1,320	(4,706)	-	686	-	12,554
Project Vanilla Co., Ltd.	525	-	(525)	-	-	-	-
December & Company Inc.	21,388	-	(49)	-	(5,353)	43	16,029
2020 KB Fintech Renaissance Fund	618	-	-	-	12	-	630
KB Material and Parts No.1 PEF	3,343	-	-	(34)	12	-	3,321
FineKB Private Equity Fund No.1	8,067	7,500	(3,100)	-	(1,984)	-	10,483
KB Bio Private Equity No.3 Ltd.	9,950	-	(3,922)	(6,028)	-	-	-
G payment Joint Stock Company	9,350	295	-	-	(364)	-	9,281
Apollo REIT PropCo LLC	-	19,968	(19,968)	-	-	-	-
KB-GeneN Medical Venture Fund No.1	-	2,000	-	-	(35)	-	1,965
KB-BridgePole Venture Investment Fund	-	850	-	-	(15)	-	835
KB-Kyobo New Mobility Power Fund	-	3,000	-	-	(174)	-	2,826
DA-Friend New Technology Investment Fund No.2	-	988	-	-	(39)	-	949
Cornerstone Pentastone Fund No.4	-	818	-	-	(26)	-	792
SKS-VLP New Technology Investment Fund No.2	-	1,156	-	-	(35)	-	1,121

KB Financial Group Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
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13.3 Changes in carrying amount of investments in associates and joint ventures for the years ended December 31, 2022 and 2021, are as follows: (cont'd)

(In millions of Korean won)

	2022 ¹								
	Beginning	Acquisition and others	Disposal and others	Dividends	Gains (losses) on equity-method accounting	Other comprehensive income (loss)	Ending		
Star-Lord General Investors Private Real Estate Investment Company No.10	₩	-	₩ 46,700	₩	-	₩ (46,700)	₩ -		
KB-Badgers Future Mobility ESG Fund No.1		-	2,137		-	(662)	-		
JS Private Equity Fund No.3		-	1,700		-	(36)	-		
Mirae Asset Mobility Investment Fund No.1		-	2,000		-	(21)	-		
KB-FT 1st Green Growth Investment Fund 1		-	2,000		-	(30)	-		
Glenwood Credit Private Equity Fund No.2		-	42,000		-	1,468	-		
THE CHAEUL FUND NO.1		-	1,000		-	(11)	-		
Smart Korea KB Future9-Sejong Venture Fund		962	1,000		-	(92)	-		
KB-KTB Technology Venture Fund		5,554	11,200		-	(498)	-		
KB-SOLIDUS Healthcare Investment Fund		1,800	18,000		-	(1,149)	-		
Paramark KB Fund No.1		1,850	12,444		(2,285)	(1,043)	-		
KB Co-Investment Private Equity Fund No.1		-	7,268		-	(35)	-		
POSITIVE Sobujang Venture Fund No.1		-	2,000		-	(23)	-		
History 2022 Fintech Fund		-	2,000		-	(19)	-		
PEBBLES-MW M.C.E New Technology Investment Fund 1 st		-	2,000		-	(18)	-		
KB-NP Green ESG New Technology Venture Capital Fund		-	9,350		-	(307)	-		
TMAP Mobility Co., Ltd.		-	200,000		-	(5,797)	252		
Nextrade Co., Ltd.		-	9,700		-	-	-		
Shinhan Global Mobility Fund1		-	1,345		-	-	-		
SKB Next Unicorn K-Battery Fund No.1		-	1,995		-	-	-		
Others		789	50		(43)	-	178		
	₩	448,718	₩ 430,691	₩	(101,321)	₩ (46,194)	₩ (49,341)	₩ 117	₩ 682,670

KB Financial Group Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
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13.3 Changes in carrying amount of investments in associates and joint ventures for the years ended December 31, 2022 and 2021, are as follows: (cont'd)

(In millions of Korean won)

2021 ¹

	Beginning		Acquisition and others		Disposal and others		Dividends		Gains (losses) on equity-method accounting		Other comprehensive income (loss)		Ending	
KB Pre IPO Secondary Venture Fund No.1	₩	1,279	₩	-	₩	(292)	₩	-	₩	635	₩	-	₩	1,622
KB GwS Private Securities Investment Trust		141,359		-		(141,359)		-		-		-		-
KB-KDBC Pre-IPO New Technology Business Investment Fund		16,042		-		(4,800)		-		547		-		11,789
KB Star Office Private Real Estate Master Fund No.1		20,066		-		-		(963)		7,137		-		26,240
Balhae Infrastructure Company		106,624		280		(463)		(9,121)		2,465		-		99,785
Aju Good Technology Venture Fund		21,348		-		(4,770)		-		6,343		-		22,921
SY Auto Capital Co., Ltd.		16,144		-		-		-		2,027		51		18,222
Incheon Bridge Co., Ltd.		-		-		-		-		-		-		-
Big Dipper Co., Ltd.		-		-		-		-		-		-		-
Paycoms Co., Ltd.		198		-		-		-		327		-		525
Food Factory Co., Ltd.		1,281		-		-		-		7		32		1,320
KBSP Private Equity Fund No.4		5,950		-		-		-		(322)		-		5,628
KB Private Equity Fund No.3		94		-		(13)		(81)		-		-		-
Korea Credit Bureau Co., Ltd.		7,153		-		-		(90)		(2,566)		-		4,497
KoFC POSCO Hanwha KB Shared Growth Private Equity Fund No.2		9,845		-		(9,725)		(2,120)		2,000		-		-
Keystone-Hyundai Securities No.1 Private Equity Fund		1,556		-		(1,044)		(512)		-		-		-
KB Social Impact Investment Fund		2,874		1,500		-		-		(92)		-		4,282
KB-Solidus Global Healthcare Fund		46,213		-		(3,120)		-		5,805		-		48,898
POSCO-KB Shipbuilding Fund		12,895		-		(7,599)		-		117		-		5,413
KB-TS Technology Venture Private Equity Fund		17,630		3,080		(5,376)		-		1,494		-		16,828
KB-Brain KOSDAQ Scale-up New Technology Business Investment Fund		26,763		10,000		(10,800)		-		2,956		-		28,919
KB-SJ Tourism Venture Fund		4,133		499		-		-		(486)		-		4,146

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13.3 Changes in carrying amount of investments in associates and joint ventures for the years ended December 31, 2022 and 2021, are as follows: (cont'd)

(In millions of Korean won)

	2021 ¹						
	Beginning	Acquisition and others	Disposal and others	Dividends	Gains (losses) on equity-method accounting	Other comprehensive income (loss)	Ending
UNION Media Commerce Fund	₩ 960	₩ -	₩ -	₩ -	₩ (1)	₩ -	₩ 959
KB-Stonebridge Secondary Private Equity Fund	16,636	13,257	(5,924)	(9,895)	7,874	-	21,948
KB SPROTT Renewable Private Equity Fund No.1	5,049	-	-	-	(369)	-	4,680
KB-UTC Inno-Tech Venture Fund	16,999	5,085	(1,126)	-	14	-	20,972
WJ Private Equity Fund No.1	9,711	-	-	-	(107)	-	9,604
All Together Korea Fund No.2	10,023	-	-	-	47	-	10,070
KB-NAU Special Situation Corporate Restructuring Private Equity Fund	5,611	7,692	-	-	1,951	-	15,254
JR Global REIT	215,854	-	(209,250)	(6,604)	-	-	-
Project Vanilla Co., Ltd.	2,151	-	-	-	(1,626)	-	525
December & Company Inc.	24,402	481	-	-	(3,507)	12	21,388
2020 KB Fintech Renaissance Fund	547	-	-	-	71	-	618
KB Material and Parts No.1 PEF	3,371	-	-	(34)	6	-	3,343
FineKB Private Equity Fund No.1	-	8,375	-	-	(308)	-	8,067
KB Bio Private Equity No.3 Ltd.	-	10,000	-	-	(50)	-	9,950
K The 15th REIT Co., Ltd.	-	8,600	(8,600)	-	-	-	-
G payment Joint Stock Company	-	9,684	-	-	(334)	-	9,350
498 Seventh Owners LLC ²	-	172,907	(169,424)	(3,483)	-	-	-
Smart Korea KB Future9-Sejong Venture Fund	-	1,000	-	-	(38)	-	962
KB-KTB Technology Venture Fund	-	5,601	-	-	(47)	-	5,554
KB-SOLIDUS Healthcare Investment Fund	-	1,800	-	-	-	-	1,800
Paramark KB Fund No.1	-	2,040	-	-	(190)	-	1,850
Others	674	-	-	-	(303)	418	789
	<u>₩ 771,435</u>	<u>₩ 261,881</u>	<u>₩ (583,685)</u>	<u>₩ (32,903)</u>	<u>₩ 31,477</u>	<u>₩ 513</u>	<u>₩ 448,718</u>

¹ Gains on disposal of investments in associates and joint ventures amount to ₩ 20,585 million ₩ 62,048 million for the years ended December 31, 2022 and 2021, respectively.

² The investment was classified as assets of a disposal group held for sale as of December 31, 2021.

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13.4 Unrecognized share of losses of investments in associates and joint ventures due to the discontinuation of recognizing share of losses, for the years ended December 31, 2022 and 2021, and accumulated amount of unrecognized losses as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	Unrecognized losses for the period		Accumulated unrecognized losses	
	2022	2021	December 31, 2022	December 31, 2021
DSMETAL Co., Ltd.	₩ -	₩ 38	₩ 103	₩ 103
Incheon Bridge Co., Ltd.	(3,518)	1,381	15,963	19,481
Jungdong Steel Co., Ltd.	-	-	489	489
Shinla Construction Co., Ltd.	-	-	183	183
Jaeyang Industry Co., Ltd.	-	-	30	30
Terra Corporation	-	-	14	14
Jungdo Co., Ltd.	(8)	239	543	551
Jinseung Tech Co., Ltd.	(15)	12	18	33
Korea NM Tech Co., Ltd.	3	-	31	28
Chongil Machine & Tools Co., Ltd.	7	49	75	68
Skydigital Inc.	3	68	177	174
Imt Technology Co., Ltd.	-	(3)	-	-
Jo Yang Industrial Co., Ltd.	8	9	113	105
IDTECK Co., Ltd.	(144)	(72)	-	144
MJT&I Corp.	1	152	153	152
Dae-A Leisure Co., Ltd.	310	202	512	202
Il-Kwang Electronic Materials Co., Ltd.	(2)	160	158	160
Inter Shipping Co., Ltd.	1,022	117	1,139	117
Dongjo Co., Ltd	696	-	696	-
Iwon Alloy Co., Ltd.	19	-	19	-
Chunsung-meat co., ltd.	24	-	24	-
ALTSCS CO., LTD.	1	-	1	-
RAND Bio Science Co., Ltd.	231	309	540	309
Star-Lord General Investors Private Real Estate Investment Company No.10	9,741	-	9,741	-
	₩ 8,379	₩ 2,661	₩ 30,722	₩ 22,343

KB Financial Group Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
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14. Property and Equipment, and Investment Properties

14.1 Property and Equipment

14.1.1 Details of property and equipment as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31, 2022			
	Acquisition cost	Accumulated depreciation	Accumulated impairment losses	Carrying amount
Land	₩ 2,416,730	₩ -	₩ (4)	₩ 2,416,726
Buildings	2,426,317	(839,137)	(5,747)	1,581,433
Leasehold improvements	1,020,095	(943,711)	-	76,384
Equipment and vehicles	2,070,374	(1,766,036)	-	304,338
Construction in-progress	28,045	-	-	28,045
Right-of-use assets	1,440,686	(856,145)	-	584,541
	<u>₩ 9,402,247</u>	<u>₩ (4,405,029)</u>	<u>₩ (5,751)</u>	<u>₩ 4,991,467</u>

(In millions of Korean won)

	December 31, 2021			
	Acquisition cost	Accumulated depreciation	Accumulated impairment losses	Carrying amount
Land	₩ 2,548,185	₩ -	₩ (4)	₩ 2,548,181
Buildings	2,534,134	(851,730)	(5,747)	1,676,657
Leasehold improvements	977,853	(889,602)	-	88,251
Equipment and vehicles	2,093,461	(1,782,278)	-	311,183
Construction in-progress	39,579	-	-	39,579
Right-of-use assets	1,301,864	(725,817)	-	576,047
	<u>₩ 9,495,076</u>	<u>₩ (4,249,427)</u>	<u>₩ (5,751)</u>	<u>₩ 5,239,898</u>

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14.1.2 Changes in property and equipment for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	2022							
	Beginning	Acquisition	Transfer ¹	Disposal	Depreciation ²	Business combination	Others	Ending
Land	₩ 2,548,181	₩ 678	₩ (117,290)	₩ (7,223)	₩ -	₩ -	₩ (7,620)	₩ 2,416,726
Buildings	1,676,657	12,867	(39,460)	(7,860)	(66,044)	-	5,273	1,581,433
Leasehold improvements	88,251	12,533	36,379	(455)	(60,129)	8	(203)	76,384
Equipment and vehicles	311,183	159,109	1,899	(1,795)	(170,529)	30	4,441	304,338
Construction in-progress	39,579	110,378	(121,306)	(397)	-	-	(209)	28,045
Right-of-use assets	576,047	682,393	(2,640)	(416,712)	(296,509)	-	41,962	584,541
	₩ 5,239,898	₩ 977,958	₩ (242,418)	₩ (434,442)	₩ (593,211)	₩ 38	₩ 43,644	₩ 4,991,467

(In millions of Korean won)

	2021							
	Beginning	Acquisition	Transfer ¹	Disposal	Depreciation ²	Business combination	Others	Ending
Land	₩ 2,610,586	₩ 1,106	₩ (81,690)	₩ (11,399)	₩ -	₩ -	₩ 29,578	₩ 2,548,181
Buildings	1,771,582	2,412	(79,802)	6,213	(69,118)	-	45,370	1,676,657
Leasehold improvements	95,827	13,079	40,148	(891)	(61,294)	-	1,382	88,251
Equipment and vehicles	340,658	153,459	2,488	(1,819)	(187,918)	537	3,778	311,183
Construction in-progress	44,190	129,682	(99,763)	(8,435)	-	-	(26,095)	39,579
Right-of-use assets	570,711	614,069	(9)	(324,104)	(288,980)	20	4,340	576,047
	₩ 5,433,554	₩ 913,807	₩ (218,628)	₩ (340,435)	₩ (607,310)	₩ 557	₩ 58,353	₩ 5,239,898

¹ Includes transfers with investment properties and assets held for sale.

² Includes depreciation expenses amounting to ₩ 255 million and ₩ 196 million recorded as other operating expenses and others for the years ended December 31, 2022 and 2021, respectively.

14.1.3 Changes in accumulated impairment losses of property and equipment for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	2022				
	Beginning	Impairment	Reversal	Disposal and others	Ending
Accumulated impairment losses of property and equipment	₩ (5,751)	₩ -	₩ -	₩ -	₩ (5,751)

(In millions of Korean won)

	2021				
	Beginning	Impairment	Reversal	Disposal and others	Ending
Accumulated impairment losses of property and equipment	₩ (6,877)	₩ -	₩ -	₩ 1,126	₩ (5,751)

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14.2 Investment Properties

14.2.1 Details of investment properties as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31, 2022			
	Acquisition cost	Accumulated depreciation	Accumulated impairment losses	Carrying amount
Land	₩ 1,496,007	₩ -	₩ (478)	₩ 1,495,529
Buildings	1,783,438	(125,428)	(5,199)	1,652,811
	₩ 3,279,445	₩ (125,428)	₩ (5,677)	₩ 3,148,340

(In millions of Korean won)

	December 31, 2021			
	Acquisition cost	Accumulated depreciation	Accumulated impairment losses	Carrying amount
Land	₩ 1,577,800	₩ -	₩ (447)	₩ 1,577,353
Buildings	1,089,761	(147,307)	(4,863)	937,591
	₩ 2,667,561	₩ (147,307)	₩ (5,310)	₩ 2,514,944

14.2.2 Valuation techniques and inputs used to measure the fair value of investment properties as of December 31, 2022, are as follows:

(In millions of Korean won)

	December 31, 2022		
	Fair value	Valuation techniques	Inputs
Land and buildings	₩ 194,157	Cost approach method	- Price per square meter - Replacement cost
	1,514,800	Market comparison method	- Price per square meter
	1,527,096	Discounted cash flow method	- Prospective rental market growth rate - Period of vacancy - Rental ratio - Discount rate and others
	233,850	Income approach method	- Discount rate - Capitalization rate - Vacancy rate

Fair value of investment properties amounts to ₩ 3,469,903 million and ₩ 2,712,402 million as of December 31, 2022 and 2021, respectively. Investment properties are measured by qualified independent appraisers with recent experience in valuing similar properties in the same area. In addition, all investment properties are classified as Level 3 in accordance with fair value hierarchy in Note 6.1.2.

Rental income from above investment properties amounts to ₩ 136,493 million and ₩ 123,313 million for the years ended December 31, 2022 and 2021, respectively.

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14.2.3 Changes in investment properties for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	2022						
	Beginning	Acquisition	Transfer *	Disposal	Depreciation	Others	Ending
Land	₩ 1,577,353	₩ 387,282	₩ (64,630)	₩ (414,335)	₩ -	₩ 9,859	₩ 1,495,529
Buildings	937,591	880,545	(62,186)	(153,562)	(38,156)	88,579	1,652,811
	<u>₩ 2,514,944</u>	<u>₩ 1,267,827</u>	<u>₩ (126,816)</u>	<u>₩ (567,897)</u>	<u>₩ (38,156)</u>	<u>₩ 98,438</u>	<u>₩ 3,148,340</u>

(In millions of Korean won)

	2021						
	Beginning	Acquisition	Transfer *	Disposal	Depreciation	Others	Ending
Land	₩ 1,568,098	₩ 28,568	₩ 22,410	₩ (63,546)	₩ -	₩ 21,823	₩ 1,577,353
Buildings	965,441	90,393	1,802	(112,159)	(28,933)	21,047	937,591
	<u>₩ 2,533,539</u>	<u>₩ 118,961</u>	<u>₩ 24,212</u>	<u>₩ (175,705)</u>	<u>₩ (28,933)</u>	<u>₩ 42,870</u>	<u>₩ 2,514,944</u>

* Includes transfers with property and equipment and assets held for sale.

15. Intangible Assets

15.1 Details of intangible assets as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31, 2022				
	Acquisition cost	Accumulated amortization	Accumulated impairment losses	Others	Carrying amount
Goodwill	₩ 903,003	₩ -	₩ (70,517)	₩ 12,669	₩ 845,155
Other intangible assets	5,537,835	(3,149,825)	(32,766)	-	2,355,244
	<u>₩ 6,440,838</u>	<u>₩ (3,149,825)</u>	<u>₩ (103,283)</u>	<u>₩ 12,669</u>	<u>₩ 3,200,399</u>

(In millions of Korean won)

	December 31, 2021				
	Acquisition cost	Accumulated amortization	Accumulated impairment losses	Others	Carrying amount
Goodwill	₩ 887,259	₩ -	₩ (70,517)	₩ (10,335)	₩ 806,407
Other intangible assets	5,227,231	(2,732,394)	(34,887)	-	2,459,950
	<u>₩ 6,114,490</u>	<u>₩ (2,732,394)</u>	<u>₩ (105,404)</u>	<u>₩ (10,335)</u>	<u>₩ 3,266,357</u>

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15.2 Details of goodwill as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31, 2022		December 31, 2021	
	Acquisition cost	Carrying amount *	Acquisition cost	Carrying amount *
Housing & Commercial Bank	₩ 65,288	₩ 65,288	₩ 65,288	₩ 65,288
Kookmin Bank Cambodia Plc.	1,202	-	1,202	-
KB Securities Co., Ltd.	70,265	58,889	70,265	58,889
KB Capital Co., Ltd.	79,609	79,609	79,609	79,609
KB Savings Bank Co., Ltd.	115,343	57,404	115,343	57,404
KB Securities Vietnam Joint Stock Company	13,092	13,947	13,092	13,533
KB Daehan Specialized Bank Plc.	1,515	1,712	1,515	1,601
PRASAC Microfinance Institution Plc.	396,942	415,332	396,942	388,524
PT Sunindo Kookmin Best Finance	2,963	2,817	2,963	2,894
PT Bank KB Bukopin Tbk	89,220	83,619	89,220	85,893
PT. KB Finansia Multi Finance	51,820	51,376	51,820	52,772
PT. KB Valbury Sekurita	11,070	10,713	-	-
I-Finance Leasing	4,674	4,449	-	-
	<u>₩ 903,003</u>	<u>₩ 845,155</u>	<u>₩ 887,259</u>	<u>₩ 806,407</u>

* Includes the effect of exchange differences and others.

15.3 Changes in accumulated impairment losses of goodwill for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	2022			
	Beginning	Impairment	Others	Ending
Accumulated impairment losses of goodwill	₩ (70,517)	₩ -	₩ -	₩ (70,517)

(In millions of Korean won)

	2021			
	Beginning	Impairment	Others	Ending
Accumulated impairment losses of goodwill	₩ (70,517)	₩ -	₩ -	₩ (70,517)

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15.4 Details of goodwill allocation to cash-generating units and related information for impairment testing as of December 31, 2022 are as follows:

(In millions of Korean won)

		December 31, 2022			
		Carrying amount of goodwill	Recoverable amount exceeding carrying amount *	Discount rate (%)	Permanent growth rate (%)
Housing & Commercial Bank	Retail banking	₩ 49,315	₩ 5,778,171	16.60	1.00
	Corporate banking	15,973	2,905,282	17.01	1.00
KB Securities Co., Ltd.		58,889	29,096	17.86	1.00
KB Capital Co., Ltd.		79,609	1,019,677	16.74	1.00
KB Savings Bank Co., Ltd. and Yehansoul Savings Bank Co., Ltd.		57,404	730,113	12.16	1.00
KB Securities Vietnam Joint Stock Company		13,947	69,658	19.66	1.00
KB Daehan Specialized Bank Plc.		1,712	23,981	21.84	1.00
PT Bank KB Bukopin Tbk		83,619	582,823	20.16	3.00
PRASAC Microfinance Institution Plc.		415,332	122,207	30.40	3.00
PT Sunindo Kookmin Best Finance		2,817	10,699	18.55	-
PT. KB Finansia Multi Finance		51,376	128,087	16.35	1.00
PT. KB Valbury Sekurita		10,713	67,989	13.95	1.00
		<u>₩ 840,706</u>	<u>₩ 11,467,783</u>		

* The recoverable amount exceeding carrying amount is the amount at the time of impairment testing.

For impairment testing, goodwill is allocated to cash-generating units that are expected to benefit from the synergies of the business combination, and cash-generating units consist of an operating segment or units which are not larger than an operating segment.

Cash-generating units to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the unit may be impaired, by comparing the carrying amount of the unit including the goodwill with the recoverable amount of the unit.

The recoverable amount of a cash-generating unit is measured at the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal is the amount obtainable from the disposal in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal. If it is difficult to measure the amount obtainable from the disposal of the cash-generating unit, the disposal amount of a similar cash-generating unit in the past transaction is used by reflecting the characteristics of the cash-generating unit to be measured. If it is not possible to obtain reliable information to measure the fair value less costs of disposal, the Group uses the asset's value in use as its recoverable amount. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit. The estimated future cash flows are based on the most recent financial budget approved by management with maximum period of 5 years. In relation to subsequent cash flows, it is assumed that cash flows will grow at a certain permanent growth rate. The key assumptions used for the estimation of the future cash flows are based on the market size and the Group's market share. The discount rate is a pre-tax rate that reflects assumptions regarding risk-free interest rate, market risk premium, and the risks specific to the cash-generating unit.

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15.4 Details of goodwill allocation to cash-generating units and related information for impairment testing as of December 31, 2022 are as follows: (cont'd)

The Group acquired a 100% stake in I-Finance Leasing on December 26, 2022 as the business combination date, and goodwill acquired from this business combination was ₩ 4,449 million as of December 31, 2022. The Group conducts an impairment test annually and whenever there is an indication of impairment, and No indication of impairment of goodwill has been observed as of December 31, 2022.

15.5 Details of intangible assets other than goodwill as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31, 2022			
	Acquisition cost	Accumulated amortization	Accumulated impairment losses	Carrying amount
Industrial property rights	₩ 4,740	₩ (2,913)	₩ (716)	₩ 1,111
Software	2,260,879	(1,640,631)	-	620,248
Other intangible assets	841,785	(420,381)	(32,050)	389,354
VOBA	2,395,291	(1,053,362)	-	1,341,929
Right-of-use assets	35,140	(32,538)	-	2,602
	₩ 5,537,835	₩ (3,149,825)	₩ (32,766)	₩ 2,355,244

(In millions of Korean won)

	December 31, 2021			
	Acquisition cost	Accumulated amortization	Accumulated impairment losses	Carrying amount
Industrial property rights	₩ 3,056	₩ (1,953)	₩ -	₩ 1,103
Software	1,996,646	(1,417,705)	-	578,941
Other intangible assets	797,107	(365,473)	(34,887)	396,747
VOBA	2,395,291	(915,746)	-	1,479,545
Right-of-use assets	35,131	(31,517)	-	3,614
	₩ 5,227,231	₩ (2,732,394)	₩ (34,887)	₩ 2,459,950

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15.6 Changes in intangible assets other than goodwill for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	2022					
	Beginning	Acquisition & transfer	Disposal	Amortization ¹	Others	Ending
Industrial property rights	₩ 1,103	₩ 254	₩ -	₩ (246)	₩ -	₩ 1,111
Software	578,941	290,229	(332)	(249,050)	460	620,248
Other intangible assets ²	396,747	69,596	(10,192)	(62,270)	(4,527)	389,354
VOBA	1,479,545	-	-	(137,616)	-	1,341,929
Right-of-use assets	3,614	-	-	(1,012)	-	2,602
	<u>₩ 2,459,950</u>	<u>₩ 360,079</u>	<u>₩ (10,524)</u>	<u>₩ (450,194)</u>	<u>₩ (4,067)</u>	<u>₩ 2,355,244</u>

(In millions of Korean won)

	2021						
	Beginning	Acquisition & transfer	Disposal	Amortization ¹	Business combination	Others	Ending
Industrial property rights	₩ 2,347	₩ 207	₩ (1,080)	₩ (371)	₩ -	₩ -	₩ 1,103
Software	573,186	219,128	(838)	(216,073)	8,742	(5,204)	578,941
Other intangible assets ²	371,773	100,460	(16,907)	(59,761)	-	1,182	396,747
VOBA	1,635,619	-	-	(156,074)	-	-	1,479,545
Right-of-use assets	4,626	-	-	(1,012)	-	-	3,614
	<u>₩ 2,587,551</u>	<u>₩ 319,795</u>	<u>₩ (18,825)</u>	<u>₩ (433,291)</u>	<u>₩ 8,742</u>	<u>₩ (4,022)</u>	<u>₩ 2,459,950</u>

¹ Includes ₩ 164,308 million and ₩ 189,791 million recorded as insurance expenses and other operating expenses for the years ended December 31, 2022 and 2021, respectively.

² Impairment losses for membership right with indefinite useful life among other intangible assets are recognized when its recoverable amount is lower than its carrying amount, and reversal of impairment losses are recognized when its recoverable amount is higher than its carrying amount.

15.7 Changes in accumulated impairment losses of other intangible assets for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	2022				
	Beginning	Impairment	Reversal	Disposal and others	Ending
Accumulated impairment losses of other intangible assets	₩ (34,887)	₩ (1,301)	₩ 425	₩ 2,997	₩ (32,766)

(In millions of Korean won)

	2021				
	Beginning	Impairment	Reversal	Disposal and others	Ending
Accumulated impairment losses of other intangible assets	₩ (36,264)	₩ (5,306)	₩ 2,939	₩ 3,744	₩ (34,887)

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16. Lease

16.1 The Group as a Lessee

16.1.1 Amounts recognized in the consolidated statements of financial position related to lease as of December 31, 2022 and 2021, are as follows:

<i>(In millions of Korean won)</i>	December 31, 2022		December 31, 2021	
Right-of-use property and equipment: *				
Real estate	₩	557,122	₩	544,075
Vehicles		20,281		18,416
Others		7,138		13,556
		<u>584,541</u>		<u>576,047</u>
Right-of-use intangible assets *		2,602		3,614
	₩	<u>587,143</u>	₩	<u>579,661</u>
Lease liabilities *	₩	592,697	₩	578,808

* Included in property and equipment, intangible assets, and other liabilities.

16.1.2 Amounts recognized in the consolidated statements of comprehensive income related to lease for the years ended December 31, 2022 and 2021, are as follows:

<i>(In millions of Korean won)</i>	2022		2021	
Depreciation and amortization of right-of-use assets:				
Real estate	₩	271,703	₩	262,240
Vehicles		17,661		17,796
Others		7,145		8,944
Intangible assets		1,012		1,012
	₩	<u>297,521</u>	₩	<u>289,992</u>
Interest expenses on the lease liabilities	₩	17,849	₩	14,678
Expense relating to short-term lease		4,388		5,920
Expense relating to lease of low-value assets that are not short-term lease		10,089		8,434
Expense relating to variable lease payments not included in lease liabilities (included in administrative expenses)		3		262

Total cash outflows for lease for the years ended December 31, 2022 and 2021 are ₩ 272,050 million and ₩ 267,864 million, respectively.

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16.2 The Group as a Lessor

16.2.1 The Group as a finance lessor

16.2.1.1 Gross investment in the lease and present value of minimum lease payments as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31, 2022		December 31, 2021	
	Gross investment in the lease	Present value of minimum lease payments	Gross investment in the lease	Present value of minimum lease payments
Up to 1 year	₩ 509,316	₩ 363,085	₩ 559,569	₩ 379,439
1-5 years	679,773	516,701	808,256	540,219
Over 5 years	10,166	10,167	-	-
	<u>₩ 1,199,255</u>	<u>₩ 889,953</u>	<u>₩ 1,367,825</u>	<u>₩ 919,658</u>

16.2.1.2 Unearned finance income on finance lease as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31, 2022	December 31, 2021
Gross investment in the lease	₩ 1,199,255	₩ 1,367,825
Net investment in the lease:		
Present value of minimum lease payments	889,953	919,658
Present value of unguaranteed residual value	232,047	349,478
	<u>1,122,000</u>	<u>1,269,136</u>
Unearned finance income	<u>₩ 77,255</u>	<u>₩ 98,689</u>

16.2.2 The Group as an operating lessor

Future minimum lease payments to be received from the non-cancellable lease contracts as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31, 2022	December 31, 2021
Minimum lease payments to be received:		
Up to 1 year	₩ 919,299	₩ 918,640
1-5 years	1,576,352	1,797,551
Over 5 years	227,946	299,984
	<u>₩ 2,723,597</u>	<u>₩ 3,016,175</u>

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17. Deferred Income Tax Assets and Liabilities

17.1 Details of deferred income tax assets and liabilities as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31, 2022		
	Assets	Liabilities	Net amount
Other provisions	₩ 195,191	₩ -	₩ 195,191
Allowances for credit losses	2,151	(12,259)	(10,108)
Impairment losses of property and equipment	6,088	(1,476)	4,612
Share-based payments	21,406	-	21,406
Provisions for acceptances and guarantees	39,787	-	39,787
Gains or losses on valuation of derivatives	135,985	(207,778)	(71,793)
Present value discount	20,247	(2,571)	17,676
Gains or losses on fair value hedge	-	(93,833)	(93,833)
Accrued interest	-	(168,068)	(168,068)
Deferred loan origination fees and costs	13,675	(185,723)	(172,048)
Advanced depreciation provision	-	(4,018)	(4,018)
Gains or losses on revaluation	315	(292,373)	(292,058)
Investments in subsidiaries and others	48,693	(203,130)	(154,437)
Gains or losses on valuation of security investment	1,040,989	(278,334)	762,655
Defined benefit liabilities	497,982	(799)	497,183
Accrued expenses	268,529	-	268,529
Retirement insurance expense	-	(583,156)	(583,156)
Adjustments to the prepaid contributions	-	(27,986)	(27,986)
Derivative-linked securities	10,102	(283,840)	(273,738)
Others *	1,224,029	(951,433)	272,596
	<u>3,525,169</u>	<u>(3,296,777)</u>	<u>228,392</u>
Offsetting of deferred income tax assets and liabilities	<u>(3,274,084)</u>	<u>3,274,084</u>	<u>-</u>
	<u>₩ 251,085</u>	<u>₩ (22,693)</u>	<u>₩ 228,392</u>

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17.1 Details of deferred income tax assets and liabilities as of December 31, 2022 and 2021, are as follows:
(cont'd)

(In millions of Korean won)

	December 31, 2021		
	Assets	Liabilities	Net amount
Other provisions	₩ 178,027	₩ -	₩ 178,027
Allowances for credit losses	28,770	(3,008)	25,762
Impairment losses of property and equipment	9,198	(1,833)	7,365
Share-based payments	24,249	-	24,249
Provisions for acceptances and guarantees	33,091	-	33,091
Gains or losses on valuation of derivatives	41,289	(139,281)	(97,992)
Present value discount	14,254	(5,929)	8,325
Gains or losses on fair value hedge	-	(14,642)	(14,642)
Accrued interest	-	(140,852)	(140,852)
Deferred loan origination fees and costs	10,473	(223,170)	(212,697)
Advanced depreciation provision	-	(1,703)	(1,703)
Gains or losses on revaluation	-	(318,539)	(318,539)
Investments in subsidiaries and others	42,547	(159,411)	(116,864)
Gains or losses on valuation of security investment	104,168	(1,192,004)	(1,087,836)
Defined benefit liabilities	608,471	-	608,471
Accrued expenses	281,983	-	281,983
Retirement insurance expense	-	(573,895)	(573,895)
Adjustments to the prepaid contributions	-	(29,273)	(29,273)
Derivative-linked securities	2,241	(46,895)	(44,654)
Others *	1,031,411	(871,625)	159,786
	<u>2,410,172</u>	<u>(3,722,060)</u>	<u>(1,311,888)</u>
Offsetting of deferred income tax assets and liabilities	<u>(2,251,079)</u>	<u>2,251,079</u>	<u>-</u>
	<u>₩ 159,093</u>	<u>₩ (1,470,981)</u>	<u>₩ (1,311,888)</u>

* Includes Purchase Price Allocation (“PPA”) amount arising from the acquisition of KB Life Insurance Co., Ltd.(former Prudential Life Insurance Company of Korea Ltd.), KB Insurance Co., Ltd. and others.

17.2 Unrecognized Deferred Income Tax Assets

17.2.1 No deferred income tax assets have been recognized for the deductible temporary differences of ₩ 1,148,089 million associated with investments in subsidiaries and others as of December 31, 2022, because it is not probable that these temporary differences will reverse in the foreseeable future.

17.2.2 No deferred income tax assets have been recognized for the deductible temporary differences of ₩ 96,750 million associated with others as of December 31, 2022, due to the uncertainty that these temporary differences will be realized in the future.

17.3 Unrecognized Deferred Income Tax Liabilities

17.3.1 No deferred income tax liabilities have been recognized for the taxable temporary differences of ₩ 565,035 million associated with investments in subsidiaries and others as of December 31, 2022, due to the following reasons:

- The Group is able to control the timing of the reversal of the temporary differences.
- It is probable that these temporary differences will not reverse in the foreseeable future.

17.3.2 No deferred income tax liabilities have been recognized as of December 31, 2022, for the taxable temporary differences of ₩ 65,288 million related to the initial recognition of goodwill arising from the merger of Housing and Commercial Bank in 2001.

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17.4 Changes in cumulative temporary differences for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	2022			
	Beginning	Decrease	Increase	Ending
Deductible temporary differences				
Other provisions	₩ 649,447	₩ 625,770	₩ 715,694	₩ 739,371
Allowances for credit losses	100,178	99,713	326	791
Impairment losses of property and equipment	33,445	22,725	12,255	22,975
Deferred loan origination fees and costs	38,086	19,556	33,075	51,605
Share-based payments	85,308	74,120	69,589	80,777
Provisions for acceptances and guarantees	120,332	120,332	150,140	150,140
Gains or losses on valuation of derivatives	149,817	149,817	513,151	513,151
Present value discount	51,832	51,586	76,153	76,399
Investments in subsidiaries and others	514,340	59,444	863,317	1,318,213
Gains or losses on valuation of security investment	368,079	368,079	3,872,016	3,872,016
Defined benefit liabilities	2,376,629	467,454	118,171	2,027,346
Accrued expenses	1,026,651	1,026,591	1,013,263	1,013,323
Derivative-linked securities	8,147	8,147	38,123	38,123
Others ¹	3,194,675	2,306,121	2,950,445	3,838,999
	<u>8,716,966</u>	<u>5,399,455</u>	<u>10,425,718</u>	<u>13,743,229</u>
Unrecognized deferred income tax assets				
Other provisions	404			3880
Investments in subsidiaries and others	372,410			1,148,089
Others	107,067			96,750
	<u>8,237,085</u>			<u>12,494,510</u>
Tax rate (%)	<u>27.5</u>			<u>26.5</u>
Total deferred income tax assets	<u>₩ 2,410,172</u>			<u>₩ 3,525,169</u>
Taxable temporary differences				
Gains or losses on fair value hedge	₩ (53,243)	₩ (53,243)	₩ (354,085)	₩ (354,085)
Accrued interest	(512,188)	(475,840)	(597,870)	(634,218)
Allowances for credit losses	(10,939)	(10,939)	(46,262)	(46,262)
Impairment losses of property and equipment	(3,731)	(283)	-	(3,448)
Deferred loan origination fees and costs	(802,237)	(802,237)	(690,979)	(690,979)
Advanced depreciation provision	(6,192)	(126)	(9,097)	(15,163)
Gains or losses on valuation of derivatives	(506,476)	(498,609)	(747,674)	(755,541)
Present value discount	(21,469)	(21,469)	(9,703)	(9,703)
Goodwill arising from the merger	(65,288)	-	-	(65,288)
Gains or losses on revaluation	(1,158,322)	(92,944)	(37,914)	(1,103,292)
Investments in subsidiaries and others	(964,530)	(87,129)	(434,311)	(1,311,712)
Gains or losses on valuation of security investment	(4,267,575)	(4,263,845)	(988,618)	(992,348)
Defined benefit liabilities	-	-	(3,014)	(3,014)
Retirement insurance expense	(2,080,645)	(324,513)	(437,492)	(2,193,624)
Adjustments to the prepaid contributions	(106,446)	(106,446)	(105,608)	(105,608)
Derivative-linked securities	(170,526)	(170,526)	(1,071,093)	(1,071,093)
Others ¹	(3,095,313)	(1,832,328)	(2,218,485)	(3,481,470)
	<u>(13,825,120)</u>	<u>(8,740,477)</u>	<u>(7,752,205)</u>	<u>(12,836,848)</u>
Unrecognized deferred income tax liabilities				
Goodwill arising from the merger	(65,288)			(65,288)
Investments in subsidiaries and others	(404,147)			(565,035)
Others	(446)			(446)
	<u>(13,355,239)</u>			<u>(12,206,079)</u>
Tax rate (%) ²	<u>27.5</u>			<u>26.5</u>
Total deferred income tax liabilities	<u>₩ (3,722,060)</u>			<u>₩ (3,296,777)</u>

¹ Includes PPA amount arising from the acquisition of KB Life Insurance Co., Ltd. (former Prudential Life Insurance Company of Korea Ltd.), KB Insurance Co., Ltd. and others.

² The corporate tax rate was changed due to the amendment of corporate tax law in 2022. Accordingly, the rate of 26.5% has been applied for the deferred tax assets and liabilities expected to be utilized in periods after December 31, 2022.

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17.4 Changes in cumulative temporary differences for the years ended December 31, 2022 and 2021, are as follows: (cont'd)

(In millions of Korean won)

	2021			
	Beginning	Decrease	Increase	Ending
Deductible temporary differences				
Gains or losses on fair value hedge	₩ 76,583	₩ 76,583	₩ -	₩ -
Other provisions	544,705	527,058	631,800	649,447
Allowances for credit losses	93,749	69,023	75,452	100,178
Impairment losses of property and equipment	14,516	4,361	23,290	33,445
Deferred loan origination fees and costs	26,269	13,719	25,536	38,086
Share-based payments	62,085	55,002	78,225	85,308
Provisions for acceptances and guarantees	61,984	61,984	120,332	120,332
Gains or losses on valuation of derivatives	76,238	76,238	149,817	149,817
Present value discount	62,029	61,783	51,586	51,832
Investments in subsidiaries and others	371,001	203,470	346,809	514,340
Gains or losses on valuation of security investment	251,690	252,497	368,886	368,079
Defined benefit liabilities	2,299,159	315,719	393,189	2,376,629
Accrued expenses	1,220,283	1,220,283	1,026,651	1,026,651
Derivative-linked securities	284,370	284,370	8,147	8,147
Others *	3,648,764	554,628	100,539	3,194,675
	<u>9,093,425</u>	<u>3,776,718</u>	<u>3,400,259</u>	<u>8,716,966</u>
Unrecognized deferred income tax assets				
Other provisions	3,054			404
Investments in subsidiaries and others	242,875			372,410
Others	75,831			107,067
	<u>8,771,665</u>			<u>8,237,085</u>
Tax rate (%)	27.5			27.5
Total deferred income tax assets	<u>₩ 2,478,283</u>			<u>₩ 2,410,172</u>
Taxable temporary differences				
Gains or losses on fair value hedge	₩ -	₩ -	₩ (53,243)	₩ (53,243)
Accrued interest	(457,626)	(442,101)	(496,663)	(512,188)
Allowances for credit losses	(12,203)	(12,203)	(10,939)	(10,939)
Impairment losses of property and equipment	(3,935)	(204)	-	(3,731)
Deferred loan origination fees and costs	(820,223)	(820,223)	(802,237)	(802,237)
Advanced depreciation provision	(6,192)	-	-	(6,192)
Gains or losses on valuation of derivatives	(812,662)	(804,383)	(498,197)	(506,476)
Present value discount	(10,916)	(10,916)	(21,469)	(21,469)
Goodwill arising from the merger	(65,288)	-	-	(65,288)
Gains or losses on revaluation	(1,162,538)	(48,981)	(44,765)	(1,158,322)
Investments in subsidiaries and others	(646,676)	(150,480)	(468,334)	(964,530)
Gains or losses on valuation of security investment	(4,425,922)	(2,552,447)	(2,394,100)	(4,267,575)
Retirement insurance expense	(1,963,061)	(228,784)	(346,368)	(2,080,645)
Adjustments to the prepaid contributions	(102,768)	(102,768)	(106,446)	(106,446)
Derivative-linked securities	(112,293)	(112,293)	(170,526)	(170,526)
Others *	(2,706,386)	(1,819,652)	(2,208,579)	(3,095,313)
	<u>(13,308,689)</u>	<u>(7,105,435)</u>	<u>(7,621,866)</u>	<u>(13,825,120)</u>
Unrecognized deferred income tax liabilities				
Goodwill arising from the merger	(65,288)			(65,288)
Investments in subsidiaries and others	(260,739)			(404,147)
Others	(1,042)			(446)
	<u>(12,981,620)</u>			<u>(13,355,239)</u>
Tax rate (%)	27.5			27.5
Total deferred income tax liabilities	<u>₩ (3,591,024)</u>			<u>₩ (3,722,060)</u>

* Includes PPA amount arising from the acquisition of KB Life Insurance Co., Ltd.(former Prudential Life Insurance Company of Korea Ltd.), KB Insurance Co., Ltd. and others.

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18. Assets Held for Sale and Assets of a Disposal Group Held for Sale

18.1 Assets Held for Sale

18.1.1 Details of assets held for sale as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31, 2022			
	Acquisition cost *	Accumulated impairment losses	Carrying amount	Fair value less costs to sell
Land held for sale	₩ 106,349	₩ (20,395)	₩ 85,954	₩ 104,990
Buildings held for sale	162,973	(38,869)	124,104	137,706
Other assets held for sale	4,547	(2,847)	1,700	1,699
	<u>₩ 273,869</u>	<u>₩ (62,111)</u>	<u>₩ 211,758</u>	<u>₩ 244,395</u>

(In millions of Korean won)

	December 31, 2021			
	Acquisition cost *	Accumulated impairment losses	Carrying amount	Fair value less costs to sell
Land held for sale	₩ 115,099	₩ (16,528)	₩ 98,571	₩ 135,192
Buildings held for sale	170,892	(36,923)	133,969	149,569
Other assets held for sale	10,142	(5,364)	4,778	4,778
	<u>₩ 296,133</u>	<u>₩ (58,815)</u>	<u>₩ 237,318</u>	<u>₩ 289,539</u>

* Acquisition cost of buildings held for sale is net of accumulated depreciation amount immediately before the initial classification of the assets as held for sale.

18.1.2 Valuation techniques and inputs used to measure the fair value of assets held for sale as of December 31, 2022 are as follows:

(In millions of Korean won)

	December 31, 2022				
	Fair value	Valuation techniques ¹	Unobservable inputs ²	Estimated range of unobservable inputs (%)	Effect of unobservable inputs to fair value
Land and buildings	₩ 244,395	Sales comparison approach model and others	Adjustment index	0.68 ~ 1.95	Fair value increases as the adjustment index rises

¹ The appraisal value is adjusted by the adjustment ratio in the event the public sale is unsuccessful.

² Adjustment index is calculated using the time factor correction or local factors or individual factors.

Among assets held for sale, real estate was measured by independent appraisers with professional qualifications and recent experience in evaluating similar properties in the area of the property to be assessed. All assets held for sale are classified as Level 3 in accordance with fair value hierarchy in Note 6.1.2.

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18.1.3 Changes in accumulated impairment losses of assets held for sale for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	2022				
	Beginning	Provision	Reversal	Others	Ending
Accumulated impairment losses of assets held for sale	₩ (58,815)	₩ (7,587)	₩ 242	₩ 4,049	₩ (62,111)

(In millions of Korean won)

	2021				
	Beginning	Provision	Reversal	Others	Ending
Accumulated impairment losses of assets held for sale	₩ (46,115)	₩ (15,490)	₩ -	₩ 2,790	₩ (58,815)

18.1.4 As of December 31, 2022, assets held for sale consist of 11 real estates of closed offices and 438 foreclosure assets on loans of PT Bank KB Bukopin Tbk, which were determined to sell by management, but not yet sold as of December 31, 2022. The remaining 438 assets are being actively marketed.

18.2 Assets of a Disposal Group Held for Sale

The Group decided to sell all of its shares in 498 Seventh KOR Holdco LP held by Hanwha US Equity Strategy Private Real Estate Fund No.3, which is a subsidiary and 498 Seventh KOR LLC held by 498 Seventh KOR Holdco LP. The Group classified assets of 498 Seventh KOR Holdco LP and 498 Seventh KOR LLC as assets of a disposal group held for sale, and classified currency translation differences as accumulated other comprehensive income relating to assets of a disposal group held for sale and has entered into a share transfer contract with JR REIT No.28 in 2021, and completed the sale process in January 2022. Accordingly, there are no assets, liabilities, and accumulated other comprehensive income relating to a disposal group held for sale as of December 31, 2022.

18.2.1 There is no liabilities of a disposal group held for sale and details of assets of a disposal group held for sale as of December 31, 2021 are as follows:

(In millions of Korean won)

	December 31, 2021		
	498 seventh Holdco LP	498 seventh KOR LLC	Total
Cash	₩ 556	₩ 512	₩ 1,068
Investments in associates	-	169,424	169,424
Other assets	-	1,257	1,257
	₩ 556	₩ 171,193	₩ 171,749

There is no impairment loss recognized as for the assets of a disposal group held for sale as of December 31, 2021.

18.2.2 Details of accumulated other comprehensive income relating to assets of a disposal group held for sale as of December 31, 2021 are as follows:

(In millions of Korean won)

	December 31, 2021
Currency translation differences	₩ 7,671

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19. Other Assets

19.1 Details of other assets as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31,		December 31,	
	2022		2021	
Other financial assets				
Other receivables	₩	6,648,187	₩	6,732,917
Accrued income		2,507,324		1,916,667
Guarantee deposits		984,176		1,035,522
Domestic exchange settlement debits		879,847		1,014,938
Others		352,955		204,940
Less: Allowances for credit losses		(155,404)		(143,205)
Less: Present value discount		(7,735)		(6,429)
		<u>11,209,350</u>		<u>10,755,350</u>
Other non-financial assets				
Other receivables		5,653		1,764
Prepaid expenses		471,258		254,990
Guarantee deposits		3,157		7,268
Insurance assets		3,248,548		2,924,698
Separate account assets		9,820,673		10,556,935
Others		3,697,420		3,689,340
Less: Allowances for credit losses		(18,530)		(16,172)
		<u>17,228,179</u>		<u>17,418,823</u>
	₩	<u>28,437,529</u>	₩	<u>28,174,173</u>

19.2 Changes in allowances for credit losses of other assets for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	2022		
	Other	Other	Total
	financial assets	non-financial assets	
Beginning	₩ 143,205	₩ 16,172	₩ 159,377
Write-offs	(10,028)	(70)	(10,098)
Provision	15,224	2,182	17,406
Business combination	267	-	267
Others	6,736	246	6,982
Ending	<u>₩ 155,404</u>	<u>₩ 18,530</u>	<u>₩ 173,934</u>

(In millions of Korean won)

	2021		
	Other	Other	Total
	financial assets	non-financial assets	
Beginning	₩ 119,762	₩ 17,520	₩ 137,282
Write-offs	(3,504)	(380)	(3,884)
Provision (reversal)	25,387	(447)	24,940
Business combination	227	-	227
Others	1,333	(521)	812
Ending	<u>₩ 143,205</u>	<u>₩ 16,172</u>	<u>₩ 159,377</u>

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20. Financial Liabilities at Fair Value through Profit or Loss

20.1 Details of financial liabilities at fair value through profit or loss and financial liabilities designated at fair value through profit or loss as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31, 2022	December 31, 2021
Financial liabilities at fair value through profit or loss		
Borrowed securities sold	₩ 2,102,537	₩ 2,826,885
Others	90,673	112,699
	<u>2,193,210</u>	<u>2,939,584</u>
Financial liabilities designated at fair value through profit or loss		
Derivative-linked securities	10,078,394	9,149,396
	<u>10,078,394</u>	<u>9,149,396</u>
	<u>₩ 12,271,604</u>	<u>₩ 12,088,980</u>

20.2 Difference between the amount contractually required to pay at maturity and carrying amount of financial liabilities designated at fair value through profit or loss as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31, 2022	December 31, 2021
Amount contractually required to pay at maturity	₩ 9,973,340	₩ 8,957,602
Carrying amount	10,078,394	9,149,396
Difference	<u>₩ (105,054)</u>	<u>₩ (191,794)</u>

21. Deposits

Details of deposits as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31, 2022	December 31, 2021
Demand deposits		
Demand deposits in Korean won	₩ 152,079,457	₩ 180,560,022
Demand deposits in foreign currencies	12,844,385	15,955,246
	<u>164,923,842</u>	<u>196,515,268</u>
Time deposits		
Time deposits in Korean won	194,117,692	155,799,563
	<u>194,117,692</u>	<u>155,799,563</u>
Time deposits in foreign currencies	23,529,633	15,594,718
Fair value adjustments of fair value hedged time deposits in foreign currencies	(8,591)	(1,319)
	<u>23,521,042</u>	<u>15,593,399</u>
	<u>217,638,734</u>	<u>171,392,962</u>
Certificates of deposits	6,325,876	4,115,688
	<u>₩ 388,888,452</u>	<u>₩ 372,023,918</u>

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22. Borrowings

22.1 Details of borrowings as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31, 2022	December 31, 2021
General borrowings	₩ 55,789,869	₩ 40,859,845
Bonds sold under repurchase agreements and others	11,773,494	14,374,863
Call money	4,154,003	1,677,666
	<u>₩ 71,717,366</u>	<u>₩ 56,912,374</u>

22.2 Details of general borrowings as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

		Interest rate (%) as of December 31, 2022	December 31, 2022	December 31, 2021
	Lenders			
Borrowings in Korean won	Borrowings from the Bank of Korea	0.25~1.75	₩ 8,282,289	₩ 7,131,019
	Borrowings from the government	0.00~3.23	2,670,867	2,683,056
	Borrowings from banks	2.49~6.53	914,360	171,482
	Borrowings from non-banking financial institutions	1.39~6.96	2,189,510	1,935,906
	Other borrowings	0.00~8.79	19,806,869	13,292,759
			<u>33,863,895</u>	<u>25,214,222</u>
Borrowings in foreign currencies	Due to banks	-	18,266	2,143
	Borrowings from banks	0.00~14.00	16,296,725	13,396,379
	Borrowings from other financial institutions	5.07~5.89	38,249	24,867
	Other borrowings	0.00~8.00	5,572,734	2,222,234
			<u>21,925,974</u>	<u>15,645,623</u>
			<u>₩ 55,789,869</u>	<u>₩ 40,859,845</u>

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22.3 Details of bonds sold under repurchase agreements and others as of December 31, 2022 and 2021, are as follows:

	Lenders	Interest rate (%)		
		as of	December 31,	December 31,
		December 31,	2022	December 31,
		2022	2022	2021
Bonds sold under repurchase agreements	Individuals, groups, and corporations	0.00~9.75	₩ 11,769,694	₩ 14,372,761
Bills sold	Counter sale	1.55~2.00	3,800	2,102
			₩ 11,773,494	₩ 14,374,863

22.4 Details of call money as of December 31, 2022 and 2021, are as follows:

	Lenders	Interest rate (%)		
		as of	December 31,	December 31,
		December 31,	2022	December 31,
		2022	2022	2021
Call money in Korean won	Samsung Asset Management and others	2.90~5.05	₩ 2,943,500	₩ 40,000
Call money in foreign currencies	BANK CIMB NIAGA and others	0.00~7.80	1,210,503	1,637,666
			₩ 4,154,003	₩ 1,677,666

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23. Debentures

23.1 Details of debentures as of December 31, 2022 and 2021, are as follows:

<i>(In millions of Korean won)</i>	Interest rate (%) as of	December 31,	December 31,	December 31,	
		2022	2022	2021	
Debentures in Korean won					
Structured debentures	5.65~8.62	₩	710	₩	910
Exchangeable bonds *	0.00		240,000		240,000
Subordinated fixed rate debentures	2.02~7.86		5,354,890		6,241,957
Fixed rate debentures	0.99~13.70		45,424,094		44,124,235
Floating rate debentures	1.54~6.36		5,455,000		6,893,782
			<u>56,474,694</u>		<u>57,500,884</u>
Fair value adjustments of fair value hedged debentures in Korean won			(249,629)		(79,877)
Less: Discount on debentures in Korean won			(29,166)		(38,976)
Less: Adjustment for exchange right of exchangeable bonds in Korean won			(8,435)		(11,719)
			<u>56,187,464</u>		<u>57,370,312</u>
Debentures in foreign currencies					
Floating rate debentures	2.42~5.98		2,168,341		2,749,174
Fixed rate debentures	0.05~12.00		10,482,244		7,312,966
			<u>12,650,585</u>		<u>10,062,140</u>
Fair value adjustments of fair value hedged debentures in foreign currencies			(95,865)		27,953
Less: Discount on debentures in foreign currencies			(43,981)		(30,217)
			<u>12,510,739</u>		<u>10,059,876</u>
			<u>₩ 68,698,203</u>		<u>₩ 67,430,188</u>

* Fair value of the liability component of exchangeable bonds is calculated by using market interest rate of bonds under the same conditions without the exchange right. The residual amount after deducting the liability component from the issuance amount, represents the value of the exchange right and is recorded in equity. Shares to be exchanged are 5 million treasury shares of KB Financial Group Inc. with the exchange price of ₩ 48,000. Exercise period for exchange right is from the 60th day of the issuance date to 10 days before the maturity date.

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23.2 Changes in debentures based on par value for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	2022				
	Beginning	Issue	Repayment	Others	Ending
Debentures in Korean won					
Structured debentures	₩ 910	₩ -	₩ (200)	₩ -	₩ 710
Exchangeable bonds	240,000	-	-	-	240,000
Subordinated fixed rate debentures	6,241,957	286,000	(1,173,067)	-	5,354,890
Fixed rate debentures	44,124,235	96,782,415	(95,482,556)	-	45,424,094
Floating rate debentures	6,893,782	5,350,000	(6,788,782)	-	5,455,000
	<u>57,500,884</u>	<u>102,418,415</u>	<u>(103,444,605)</u>	<u>-</u>	<u>56,474,694</u>
Debentures in foreign currencies					
Floating rate debentures	2,749,174	1,286,016	(2,072,615)	205,766	2,168,341
Fixed rate debentures	7,312,966	3,940,693	(1,113,993)	342,578	10,482,244
	<u>10,062,140</u>	<u>5,226,709</u>	<u>(3,186,608)</u>	<u>548,344</u>	<u>12,650,585</u>
	<u>₩ 67,563,024</u>	<u>₩ 107,645,124</u>	<u>₩ (106,631,213)</u>	<u>₩ 548,344</u>	<u>₩ 69,125,279</u>

(In millions of Korean won)

	2021				
	Beginning	Issue	Repayment	Others	Ending
Debentures in Korean won					
Structured debentures	₩ 1,960	₩ -	₩ (1,050)	₩ -	₩ 910
Exchangeable bonds	240,000	-	-	-	240,000
Subordinated fixed rate debentures	4,834,407	1,409,000	(1,450)	-	6,241,957
Fixed rate debentures	47,229,619	110,295,448	(113,400,832)	-	44,124,235
Floating rate debentures	3,190,000	6,085,064	(2,381,282)	-	6,893,782
	<u>55,495,986</u>	<u>117,789,512</u>	<u>(115,784,614)</u>	<u>-</u>	<u>57,500,884</u>
Debentures in foreign currencies					
Floating rate debentures	2,232,938	810,920	(500,901)	206,217	2,749,174
Fixed rate debentures	5,030,580	3,195,539	(1,224,070)	310,917	7,312,966
	<u>7,263,518</u>	<u>4,006,459</u>	<u>(1,724,971)</u>	<u>517,134</u>	<u>10,062,140</u>
	<u>₩ 62,759,504</u>	<u>₩ 121,795,971</u>	<u>₩ (117,509,585)</u>	<u>₩ 517,134</u>	<u>₩ 67,563,024</u>

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24. Provisions

24.1 Details of provisions as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31, 2022		December 31, 2021	
Provisions for credit losses of unused loan commitments	₩	342,182	₩	308,640
Provisions for credit losses of acceptances and guarantees		153,529		121,104
Provisions for credit losses of financial guarantee contracts		2,955		5,351
Provisions for restoration costs		159,033		152,186
Others		311,120		221,323
	₩	<u>968,819</u>	₩	<u>808,604</u>

24.2 Changes in provisions for credit losses of unused loan commitments, and acceptances and guarantees for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	2022					
	Provisions for credit losses of unused loan commitments			Provisions for credit losses of acceptances and guarantees		
	12-month expected credit losses	Lifetime expected credit losses		12-month expected credit losses	Lifetime expected credit losses	
		Non- impaired	Impaired		Non- impaired	Impaired
Beginning	₩ 153,997	₩ 146,619	₩ 8,024	₩ 27,397	₩ 82,170	₩ 11,537
Transfer between stages:						
Transfer to 12-month expected credit losses	41,314	(40,375)	(939)	1,144	(1,144)	-
Transfer to lifetime expected credit losses	(19,232)	19,848	(616)	(355)	1,016	(661)
Impairment	(338)	(1,705)	2,043	(9)	(142)	151
Provision (reversal) for credit losses	2,587	25,743	2,738	(1,689)	33,983	(3,262)
Others (exchange differences, etc.)	1,557	937	(20)	418	2,841	134
Ending	<u>₩ 179,885</u>	<u>₩ 151,067</u>	<u>₩ 11,230</u>	<u>₩ 26,906</u>	<u>₩ 118,724</u>	<u>₩ 7,899</u>

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24.2 Changes in provisions for credit losses of unused loan commitments, and acceptances and guarantees for the years ended December 31, 2022 and 2021, are as follows: (cont'd)

(In millions of Korean won)

	2021					
	Provisions for credit losses of unused loan commitments			Provisions for credit losses of acceptances and guarantees		
	12-month expected credit losses	Lifetime expected credit losses		12-month expected credit losses	Lifetime expected credit losses	
		Non-impaired	Impaired		Non-impaired	Impaired
Beginning	₩ 162,721	₩ 127,463	₩ 8,569	₩ 33,088	₩ 14,838	₩ 14,328
Transfer between stages:						
Transfer to 12-month expected credit losses	38,831	(37,595)	(1,236)	3,958	(203)	(3,755)
Transfer to lifetime expected credit losses	(27,308)	28,203	(895)	(3,973)	3,982	(9)
Impairment	(457)	(1,002)	1,459	(10)	(85)	95
Provision (reversal) for credit losses	(22,543)	29,145	127	(7,425)	64,178	711
Business combination	813	-	-	-	-	-
Others (exchange differences, etc.)	1,940	405	-	1,759	(540)	167
Ending	<u>₩ 153,997</u>	<u>₩ 146,619</u>	<u>₩ 8,024</u>	<u>₩ 27,397</u>	<u>₩ 82,170</u>	<u>₩ 11,537</u>

24.3 Changes in provisions for credit losses of financial guarantee contracts for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	2022	2021
Beginning	₩ 5,351	₩ 6,348
Provision (reversal)	(2,396)	(830)
Others	-	(167)
Ending	<u>₩ 2,955</u>	<u>₩ 5,351</u>

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24.4 Changes in provisions for restoration costs for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	2022		2021	
Beginning	₩	152,186	₩	151,696
Provision		17,270		11,350
Reversal		210		(2,075)
Used		(23,916)		(15,739)
Unwinding of discount		2,725		1,589
Effect of changes in discount rate		10,558		5,365
Ending	₩	159,033	₩	152,186

Provisions for restoration costs are the present value of estimated costs to be incurred for the restoration of the leased properties. The expenditure of the restoration cost will be incurred at the end of each lease contract, and the lease period is used to reasonably estimate the time of expenditure. Also, the average restoration expense based on actual three-year historical data and three-year historical average inflation rate are used to estimate the present value of estimated costs.

24.5 Changes in other provisions for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

2022

	Membership rewards program		Dormant accounts		Litigations		Others		Total	
Beginning	₩	22,902	₩	3,062	₩	55,168	₩	140,191	₩	221,323
Increase		84		2,666		62,611		89,179		154,540
Decrease		(22,940)		(2,934)		(4,252)		(34,617)		(64,743)
Ending	₩	46	₩	2,794	₩	113,527	₩	194,753	₩	311,120

(In millions of Korean won)

2021

	Membership rewards program		Dormant accounts		Litigations		Others		Total	
Beginning	₩	19,501	₩	3,007	₩	40,517	₩	132,827	₩	195,852
Increase		77,384		3,429		18,670		71,972		171,455
Decrease		(73,983)		(3,374)		(4,190)		(64,614)		(146,161)
Others		-		-		171		6		177
Ending	₩	22,902	₩	3,062	₩	55,168	₩	140,191	₩	221,323

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25. Net Defined Benefit Liabilities

25.1 Defined Benefit Plan

The Group operates defined benefit plans which have the following characteristics:

- The Group has the obligation to pay the agreed benefits to all its current and former employees.
- The Group assumes actuarial risk (that benefits will cost more than expected) and investment risk.

The net defined benefit liabilities recognized in the consolidated statement of financial position are calculated by the independent actuary in accordance with actuarial valuation method. The defined benefit obligation is calculated using the projected unit credit method. Assumptions based on market data and historical data such as discount rate, future salary increase rate, mortality, and consumer price index are used which are updated annually.

Actuarial assumptions may differ from actual results, due to changes in the market conditions, economic trends, and mortality trends which may affect net defined benefit liabilities and future payments. Actuarial gains and losses arising from changes in actuarial assumptions are recognized in the period incurred through other comprehensive income.

25.2 Changes in net defined benefit liabilities for the years ended December 31, 2022 and 2021, are as follows:

	2022		
	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities(assets)
<i>(In millions of Korean won)</i>			
Beginning	₩ 2,572,517	₩ (2,447,079)	₩ 125,438
Current service cost	249,099	-	249,099
Past service cost	3,669	-	3,669
Gains on settlement	(1,859)	-	(1,859)
Interest expense (income)	65,357	(62,872)	2,485
Remeasurements:			
Actuarial gains and losses by changes in demographic assumptions	33,078	-	33,078
Actuarial gains and losses by changes in financial assumptions	(479,797)	-	(479,797)
Actuarial gains and losses by experience adjustments	47,086	-	47,086
Return on plan assets (excluding amounts included in interest income)	-	68,550	68,550
Contributions by the Group	-	(400,689)	(400,689)
Contributions by the employees	-	-	-
Payments from plans (settlement)	(78)	-	(78)
Payments from plans (benefit payments)	(234,192)	232,994	(1,198)
Payments from the Group	(43,763)	494	(43,269)
Transfer in	13,982	(13,285)	697
Transfer out	(13,340)	13,299	(41)
Effect of exchange differences	1,218	69	1,287
Effect of business acquisition and disposal	2,635	-	2,635
Others	(282)	-	(282)
Ending *	₩ 2,215,330	₩ (2,608,519)	₩ (393,189)

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25.2 Changes in net defined benefit liabilities for the years ended December 31, 2022 and 2021, are as follows:
(cont'd)

<i>(In millions of Korean won)</i>	2021		
	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities/assets
Beginning	₩ 2,491,923	₩ (2,302,953)	₩ 188,970
Current service cost	241,448	-	241,448
Past service cost	451	-	451
Gains on settlement	(4,311)	-	(4,311)
Interest expense (income)	47,481	(44,560)	2,921
Remeasurements:			
Actuarial gains and losses by changes in demographic assumptions	27,611	-	27,611
Actuarial gains and losses by changes in financial assumptions	52,684	-	52,684
Actuarial gains and losses by experience adjustments	(24,592)	-	(24,592)
Return on plan assets (excluding amounts included in interest income)	-	9,438	9,438
Contributions by the Group	-	(319,601)	(319,601)
Contributions by the employees	-	(17,574)	(17,574)
Payments from plans (settlement)	(6,961)	6,944	(17)
Payments from plans (benefit payments)	(221,276)	221,274	(2)
Payments from the Group	(34,242)	-	(34,242)
Transfer in	9,854	(9,292)	562
Transfer out	(9,292)	9,292	-
Effect of exchange differences	1,670	(47)	1,623
Effect of business acquisition and disposal	21	-	21
Others	48	-	48
Ending *	<u>₩ 2,572,517</u>	<u>₩ (2,447,079)</u>	<u>₩ 125,438</u>

* The net defined benefit assets of ₩ 393,189 million is calculated by subtracting ₩ 85,745 million of net defined benefit liabilities from ₩ 478,934 million of net defined benefit assets as of December 31, 2022. The net defined benefit liabilities of ₩ 125,438 million is calculated by subtracting ₩ 100,083 million of net defined benefit assets from ₩ 225,521 million of net defined benefit liabilities as of December 31, 2021.

25.3 Details of net defined benefit liabilities as of December 31, 2022 and 2021, are as follows:

<i>(In millions of Korean won)</i>	December 31, 2022	December 31, 2021
Present value of defined benefit obligation	₩ 2,215,330	₩ 2,572,517
Fair value of plan assets	(2,608,519)	(2,447,079)
Net defined benefit liabilities	<u>₩ (393,189)</u>	<u>₩ 125,438</u>

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25.4 Details of post-employment benefits recognized in profit or loss for the years ended December 31, 2022 and 2021, are as follows:

<i>(In millions of Korean won)</i>	2022		2021	
Current service cost	₩	249,099	₩	241,448
Past service cost		3,669		451
Net interest expense on net defined benefit liabilities		2,485		2,921
Gains on settlement		(1,859)		(4,311)
Post-employment benefits *	₩	<u>253,394</u>	₩	<u>240,509</u>

* Includes post-employment benefits amounting to ₩ 3,383 million recognized as other operating expenses and ₩ 137 million recognized as prepayment for the year ended December 31, 2022, and post-employment benefits amounting to ₩ 3,194 million recognized as other operating expenses for the year ended December 31, 2021.

25.5 Details of remeasurements of net defined benefit liabilities recognized in other comprehensive income (loss) for the years ended December 31, 2022 and 2021, are as follows:

<i>(In millions of Korean won)</i>	2022		2021	
Remeasurements:				
Return on plan assets (excluding amounts included in interest income)	₩	(68,550)	₩	(9,438)
Actuarial gains and losses		399,633		(55,703)
Income tax effect		(91,150)		18,638
Effect of exchange differences		(231)		993
Remeasurements after income tax expense	₩	<u>239,702</u>	₩	<u>(45,510)</u>

25.6 Details of fair value of plan assets as of December 31, 2022 and 2021, are as follows:

<i>(In millions of Korean won)</i>	December 31, 2022		
	Assets quoted in an active market	Assets not quoted in an active market	Total
Cash and due from financial institutions	₩ -	₩ 2,571,508	₩ 2,571,508
Debt securities	-	33,434	33,434
Investment fund	-	3,577	3,577
	₩ -	₩ 2,608,519	₩ 2,608,519

<i>(In millions of Korean won)</i>	December 31, 2021		
	Assets quoted in an active market	Assets not quoted in an active market	Total
Cash and due from financial institutions	₩ -	₩ 2,441,324	₩ 2,441,324
Derivative instruments	-	3,427	3,427
Investment fund	-	2,328	2,328
	₩ -	₩ 2,447,079	₩ 2,447,079

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25.7 Details of significant actuarial assumptions used as of December 31, 2022 and 2021, are as follows:

	December 31, 2022	December 31, 2021
Discount rate (%)	4.90~5.20	1.80~2.70
Salary increase rate (%)	0.00~7.00	0.00~7.50
Turnover rate (%)	0.00~38.60	0.00~50.00

Mortality assumptions are based on the experience-based mortality table issued by Korea Insurance Development Institute in 2019.

25.8 Results of sensitivity analysis of significant actuarial assumptions as of December 31, 2022, are as follows:

	Changes in assumptions	Effect on defined benefit obligation	
		Increase in assumptions	Decrease in assumptions
Discount rate	0.5%p	3.12% decrease	3.31% increase
Salary increase rate	0.5%p	3.27% increase	3.10% decrease
Turnover rate	0.5%p	0.14% increase	0.15% decrease

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. The sensitivity of the defined benefit obligation to changes in significant actuarial assumptions is calculated using the same projected unit credit method used in calculating the defined benefit obligation recognized in the consolidated statement of financial position.

25.9 Expected maturity analysis of undiscounted pension benefit payments (including expected future benefit) as of December 31, 2022, are as follows:

(In millions of Korean won)

	Up to 1 year	1~2 years	2~5 years	5~10 years	Over 10 years	Total
Pension benefits *	₩ 211,591	₩ 279,808	₩ 849,878	₩ 1,557,212	₩ 7,553,530	₩ 10,452,019

* Amount determined under the promotion compensation type defined contribution plan is excluded.

The weighted average duration of the defined benefit obligation is 1 ~ 11 years.

25.10 Reasonable estimation of expected contribution to plan assets for the next annual reporting period after December 31, 2022 is ₩ 409,391 million.

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26. Other Liabilities

Details of other liabilities as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31,		December 31,	
	2022		2021	
Other financial liabilities				
Other payables	₩	11,730,583	₩	11,175,682
Prepaid card and debit card payables		35,259		33,972
Accrued expenses		3,950,605		2,620,819
Financial guarantee contracts liabilities		46,467		52,603
Deposits for letter of guarantees and others		1,762,482		1,093,680
Domestic exchange settlement credits		1,738,489		5,125,430
Foreign exchange settlement credits		250,138		169,264
Due to trust accounts		5,808,446		7,033,849
Liabilities incurred from agency relationships		513,621		739,276
Account for agency business		241,910		423,798
Dividend payables		3,425		474
Lease liabilities		592,697		578,808
Others		31,124		446,747
		26,705,246		29,494,402
Other non-financial liabilities				
Other payables		400,407		348,003
Unearned revenue		759,308		656,375
Accrued expenses		900,141		956,461
Deferred revenue on credit card points		243,131		214,053
Withholding taxes		228,119		164,333
Separate account liabilities		10,513,553		11,071,159
Others		390,460		225,696
		13,435,119		13,636,080
	₩	40,140,365	₩	43,130,482

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27. Equity

27.1 Share Capital

27.1.1 Details of share capital as of December 31, 2022 and 2021, are as follows:

<i>(In millions of Korean won and in number of shares)</i>	December 31, 2022	December 31, 2021
Type of share	Ordinary share	Ordinary share
Number of authorized shares	1,000,000,000	1,000,000,000
Par value per share <i>(In Korean won)</i>	₩ 5,000	₩ 5,000
Number of issued shares	408,897,068	415,807,920
Share capital *	₩ 2,090,558	₩ 2,090,558

* Due to the retirement of shares deducted through retained earnings, it is different from the total par value of the shares issued.

27.1.2 Changes in outstanding shares for the years ended December 31, 2022 and 2021, are as follows:

<i>(In number of shares)</i>	2022	2021
Beginning	389,634,335	389,634,335
Increase	-	-
Decrease	-	-
Ending	<u>389,634,335</u>	<u>389,634,335</u>

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27.2 Hybrid Securities

Details of hybrid securities classified as equity as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

Hybrid securities	Issuance date	Maturity	Interest rate (%)	December 31, 2022	December 31, 2021
			as of December 31, 2022		
The 1-1 st	May 2, 2019	Perpetual bond	3.23	₩ 349,309	₩ 349,309
The 1-2 nd	May 2, 2019	Perpetual bond	3.44	49,896	49,896
The 2-1 st	May 8, 2020	Perpetual bond	3.30	324,099	324,099
The 2-2 nd	May 8, 2020	Perpetual bond	3.43	74,812	74,812
The 3-1 st	Jul. 14, 2020	Perpetual bond	3.17	369,099	369,099
The 3-2 nd	Jul. 14, 2020	Perpetual bond	3.38	29,922	29,922
The 4-1 st	Oct. 20, 2020	Perpetual bond	3.00	433,996	433,996
The 4-2 nd	Oct. 20, 2020	Perpetual bond	3.28	64,855	64,855
The 5-1 st	Feb. 19, 2021	Perpetual bond	2.67	419,071	419,071
The 5-2 nd	Feb. 19, 2021	Perpetual bond	2.87	59,862	59,862
The 5-3 rd	Feb. 19, 2021	Perpetual bond	3.28	119,727	119,727
The 6-1 st	May 28, 2021	Perpetual bond	3.20	165,563	165,563
The 6-2 nd	May 28, 2021	Perpetual bond	3.60	109,708	109,708
The 7-1 st	Oct. 8, 2021	Perpetual bond	3.57	208,468	208,468
The 7-2 nd	Oct. 8, 2021	Perpetual bond	3.80	59,834	59,834
The 8-1 st	Feb. 16, 2022	Perpetual bond	4.00	442,970	-
The 8-2 nd	Feb. 16, 2022	Perpetual bond	4.30	155,626	-
The 9-1 st	May 12, 2022	Perpetual bond	4.68	478,829	-
The 9-2 nd	May 12, 2022	Perpetual bond	4.97	19,906	-
The 10-1 st	Aug. 26, 2022	Perpetual bond	4.90	407,936	-
The 10-2 nd	Aug. 26, 2022	Perpetual bond	5.15	70,819	-
The 10-3 rd	Aug. 26, 2022	Perpetual bond	5.30	19,944	-
				₩ 4,434,251	₩ 2,838,221

The above hybrid securities are early redeemable by the Group after 5 or 7 or 10 years from the issuance date. On the other hand, hybrid securities of ₩ 873,908 million issued by Kookmin Bank, hybrid securities of ₩ 82,679 million issued by KB Securities Co., Ltd. and hybrid securities of ₩ 49,800 million issued by KB Life Insurance Co., Ltd. are recognized as non-controlling interests and are early redeemable after 5 years from the issuance date and each interest payment date thereafter.

27.3 Capital Surplus

Details of capital surplus as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31, 2022	December 31, 2021
Paid-in capital in excess of par value	₩ 13,190,274	₩ 13,190,274
Losses on sales of treasury shares	(481,332)	(481,332)
Other capital surplus	4,219,856	4,219,356
Consideration for exchange right of exchangeable bonds	11,933	11,933
	₩ 16,940,731	₩ 16,940,231

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27.4 Accumulated Other Comprehensive Income

Details of accumulated other comprehensive income as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31,		December 31,
	2022		2021
Remeasurements of net defined benefit liabilities	₩ (88,768)	₩	(328,392)
Currency translation differences	253,815		96,534
Gains(losses) on financial instruments at fair value through other comprehensive income	(2,629,451)		918,927
Share of other comprehensive loss of associates and joint ventures	(3,342)		(2,980)
Gains(Losses) on cash flow hedging instruments	23,741		(7,733)
Losses on hedging instruments of net investments in foreign operations	(114,743)		(35,658)
Other comprehensive loss arising from separate account	(214,735)		(55,116)
Fair value changes of financial liabilities designated at fair value through profit or loss due to own credit risk	41,075		2,208
Gains on overlay adjustment	19,355		459,484
Assets of a disposal group held for sale	-		7,671
	<u>₩ (2,713,053)</u>	₩	<u>1,054,945</u>

27.5 Retained Earnings

27.5.1 Details of retained earnings as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31,		December 31,
	2022		2021
Legal reserves ¹	₩ 839,235	₩	695,347
Voluntary reserves	982,000		982,000
Unappropriated retained earnings ²	26,625,278		23,995,468
	<u>₩ 28,446,513</u>	₩	<u>25,672,815</u>

¹ With respect to the allocation of net profit earned in a fiscal term, the Parent Company must set aside in its legal reserve an amount equal to at least 10% of its profit after tax as reported in the financial statements, each time it pays dividends on its net profits earned until its legal reserve reaches the aggregate amount of its paid-in capital in accordance with Article 53 of the Financial Holding Company Act. This reserve is not available for the payment of cash dividends, but may be transferred to share capital, or used to reduce accumulated deficit.

² The regulatory reserve for credit losses the Group appropriated in retained earnings is ₩ 4,355,734 million and ₩ 4,116,579 million for the years ended December 31, 2022 and 2021, respectively.

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27.5.2 Regulatory reserve for credit losses

Measurement and disclosure of regulatory reserve for credit losses are required in accordance with Articles 26 through 28 of Regulations on Supervision of Financial Holding Companies.

27.5.2.1 Details of regulatory reserve for credit losses as of December 31, 2022 and 2021, are as follows:

<i>(In millions of Korean won)</i>	December 31, 2022		December 31, 2021	
Regulatory reserve for credit losses attributable to:				
Shareholders of the Parent Company	₩	4,355,734	₩	4,116,579
Non-controlling interests		89,214		67,042
	<u>₩</u>	<u>4,444,948</u>	<u>₩</u>	<u>4,183,621</u>

27.5.2.2 Regulatory reserve for credit losses estimated to be appropriated and adjusted profit after provision of regulatory reserve for credit losses for the years ended December 31, 2022 and 2021, are as follows:

<i>(In millions of Korean won, except for earnings per share)</i>	2022		2021	
Provision of regulatory reserve for credit losses	₩	239,155	₩	529,140
Adjusted profit after provision of regulatory reserve for credit losses ^{1,2}		4,029,271		3,808,865
Adjusted basic earnings per share after provision of regulatory reserve for credit losses ¹		10,341		9,775
Adjusted diluted earnings per share after provision of regulatory reserve for credit losses ¹		10,106		9,562

¹ Adjusted profit after provision of regulatory reserve for credit losses is not based on Korean IFRS. It is calculated by reflecting provision of regulatory reserve for credit losses before tax to the net profit attributable to shareholders of the Parent Company.

² After deducting dividends on hybrid securities

27.6 Treasury Shares

Changes in treasury shares for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won and in number of shares)

	2022			
	Beginning	Acquisition	Disposal	Ending
Number of treasury shares *	26,173,585	-	(6,910,852)	19,262,733
Carrying amount	₩ 1,136,188	₩ -	₩ (300,000)	₩ 836,188

(In millions of Korean won and in number of shares)

	2021			
	Beginning	Acquisition	Disposal	Ending
Number of treasury shares *	26,173,585	-	-	26,173,585
Carrying amount	₩ 1,136,188	₩ -	₩ -	₩ 1,136,188

* 5 million treasury shares are deposited at the Korea Securities Depository for the exchange of exchangeable bonds.

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28. Net Interest Income

Details of interest income, interest expense, and net interest income for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	<u>2022</u>	<u>2021</u>
Interest income		
Due from financial institutions measured at fair value through profit or loss	₩ 3,186	₩ 1,723
Securities measured at fair value through profit or loss	860,271	579,128
Loans measured at fair value through profit or loss	12,933	9,537
Securities measured at fair value through other comprehensive income	1,079,548	784,980
Loans measured at fair value through other comprehensive income	10,612	4,618
Due from financial institutions measured at amortized cost	157,913	66,375
Securities measured at amortized cost	1,120,608	765,656
Loans measured at amortized cost	17,191,116	12,745,780
Others	352,331	253,081
	<u>20,788,518</u>	<u>15,210,878</u>
Interest expense		
Deposits	4,536,373	2,218,556
Borrowings	1,291,380	510,385
Debentures	1,640,773	1,169,708
Others	207,058	82,657
	<u>7,675,584</u>	<u>3,981,306</u>
Net interest income	<u>₩ 13,112,934</u>	<u>₩ 11,229,572</u>

Interest income recognized on impaired loans is ₩ 53,215 million and ₩ 52,638 million for the years ended December 31, 2022 and 2021, respectively.

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29. Net Fee and Commission Income

Details of fee and commission income, fee and commission expense, and net fee and commission income for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	2022	2021
Fee and commission income		
Banking activity fees	₩ 180,749	₩ 178,412
Lending activity fees	80,700	82,184
Credit card and debit card related fees	1,491,666	1,526,911
Agent activity fees	243,740	205,206
Trust and other fiduciary fees	337,171	408,834
Fund management related fees	130,629	178,090
Acceptances and guarantees fees	66,827	49,782
Foreign currency related fees	285,380	245,299
Securities agency fees	124,771	174,709
Other business account commission on consignment	36,211	39,178
Commissions received on securities business	628,449	881,407
Lease fees	1,004,670	897,983
Others	510,557	455,611
	<u>5,121,520</u>	<u>5,323,606</u>
Fee and commission expense		
Trading activity related fees *	44,200	54,857
Lending activity fees	42,086	42,981
Credit card and debit card related fees	815,252	831,724
Outsourcing related fees	255,899	210,480
Foreign currency related fees	75,078	51,931
Others	567,373	506,050
	<u>1,799,888</u>	<u>1,698,023</u>
Net fee and commission income	<u>₩ 3,321,632</u>	<u>₩ 3,625,583</u>

* Fees from financial instruments at fair value through profit or loss

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30. Net Gains or Losses on Financial Instruments at Fair Value through Profit or Loss

30.1 Net Gains or Losses on Financial Instruments at Fair Value through Profit or Loss

Net gains or losses on financial instruments at fair value through profit or loss include dividend income, gains or losses arising from changes in fair value, and gains or losses arising from sales and redemptions. Details of net gains or losses on financial instruments at fair value through profit or loss for the years ended December 31, 2022 and 2021, are as follows:

<i>(In millions of Korean won)</i>	2022	2021
Gains on financial instruments at fair value through profit or loss		
Financial assets at fair value through profit or loss:		
Debt securities	₩ 2,045,436	₩ 1,804,112
Equity securities	494,723	733,823
	<u>2,540,159</u>	<u>2,537,935</u>
Derivatives held for trading:		
Interest rate	11,772,927	4,820,712
Currency	15,020,553	7,492,806
Stock or stock index	1,983,900	1,603,501
Credit	78,638	20,147
Commodity	33,576	21,864
Others	101,097	145,879
	<u>28,990,691</u>	<u>14,104,909</u>
Financial liabilities at fair value through profit or loss	114,525	72,585
Other financial instruments	252	6,753
	<u>31,645,627</u>	<u>16,722,182</u>
Losses on financial instruments at fair value through profit or loss		
Financial assets at fair value through profit or loss:		
Debt securities	2,733,891	1,280,960
Equity securities	546,036	426,431
	<u>3,279,927</u>	<u>1,707,391</u>
Derivatives held for trading:		
Interest rate	10,747,221	4,669,893
Currency	15,160,772	7,422,604
Stock or stock index	2,482,044	1,604,027
Credit	68,324	14,051
Commodity	30,167	14,815
Others	323,704	175,411
	<u>28,812,232</u>	<u>13,900,801</u>
Financial liabilities at fair value through profit or loss	63,571	80,790
Other financial instruments	205	6,839
	<u>32,155,935</u>	<u>15,695,821</u>
Net gains(losses) on financial instruments at fair value through profit or loss	<u>₩ (510,308)</u>	<u>₩ 1,026,361</u>

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30.2 Net Gains or Losses on Financial Instruments Designated at Fair Value through Profit or Loss

Net gains or losses on financial instruments designated at fair value through profit or loss include gains or losses arising from changes in fair value, and gains or losses arising from sales and redemptions. Details of net gains or losses on financial instruments designated at fair value through profit or loss for the years ended December 31, 2022 and 2021, are as follows:

<i>(In millions of Korean won)</i>	<u>2022</u>	<u>2021</u>
Gains on financial instruments designated at fair value through profit or loss		
Financial liabilities designated at fair value through profit or loss	₩ 1,186,908	₩ 623,929
	<u>1,186,908</u>	<u>623,929</u>
Losses on financial instruments designated at fair value through profit or loss		
Financial liabilities designated at fair value through profit or loss	429,243	654,986
	<u>429,243</u>	<u>654,986</u>
Net gains(losses) on financial instruments designated at fair value through profit or loss	₩ 757,665	₩ (31,057)

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31. Net Other Operating Income and Expenses

Details of other operating income and expenses for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	2022	2021
Other operating income		
Gains on financial instruments at fair value through other comprehensive income:		
Gains on redemption of financial instruments at fair value through other comprehensive income	₩ 24	₩ 2
Gains on disposal of financial instruments at fair value through other comprehensive income	24,735	126,710
	<u>24,759</u>	<u>126,712</u>
Gains on financial assets at amortized cost:		
Gains on sale of loans measured at amortized cost	83,552	136,620
Gains on redemption of securities measured at amortized cost	-	126
Gains on disposal of securities measured at amortized cost	110	41
	<u>83,662</u>	<u>136,787</u>
Gains on loans measured at fair value through other comprehensive income:		
Gains on sale of loans measured at fair value through other comprehensive income	-	226
	<u>-</u>	<u>226</u>
Gains on hedge accounting	858,305	386,398
Gains on foreign exchange transactions	11,514,706	3,878,089
Dividend income	36,675	33,805
Others	498,412	367,177
	<u>13,016,519</u>	<u>4,929,194</u>
Other operating expenses		
Losses on financial instruments at fair value through other comprehensive income:		
Losses on redemption of financial instruments at fair value through other comprehensive income	3,049	2,172
Losses on disposal of financial instruments at fair value through other comprehensive income	258,505	222,512
	<u>261,554</u>	<u>224,684</u>
Losses on financial assets at amortized cost:		
Losses on sale of loans measured at amortized cost	78,089	14,669
Losses on redemption of securities measured at amortized cost	-	6
Losses on disposal of securities measured at amortized cost	-	2
	<u>78,089</u>	<u>14,677</u>
Losses on hedge accounting	877,512	473,091
Losses on foreign exchange transactions	11,173,168	3,570,783
Deposit insurance fee	598,548	550,677
Credit guarantee fund fee	283,912	263,297
Depreciation expenses of operating lease assets	682,783	602,908
Others	1,426,744	1,152,644
	<u>15,382,310</u>	<u>6,852,761</u>
Net other operating expenses	<u>₩ (2,365,791)</u>	<u>₩ (1,923,567)</u>

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32. General and Administrative Expenses

32.1 Details of general and administrative expenses for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	<u>2022</u>	<u>2021</u>
Expenses related to employee		
Employee benefits - salaries	₩ 3,070,840	₩ 3,007,439
Employee benefits - others	988,778	927,665
Post-employment benefits - defined benefit plans	249,874	237,315
Post-employment benefits - defined contribution plans	45,655	37,731
Termination benefits	319,794	322,970
Share-based payments	58,275	101,935
	<u>4,733,216</u>	<u>4,635,055</u>
Depreciation and amortization	<u>878,841</u>	<u>850,614</u>
Other general and administrative expenses		
Rental expense	121,577	112,902
Tax and dues	310,853	268,383
Communication	63,871	60,221
Electricity and utilities	35,987	36,565
Publication	11,991	13,417
Repairs and maintenance	56,221	53,218
Vehicle	19,815	16,901
Travel	23,585	13,271
Training	36,890	34,056
Service fees	264,854	260,298
Electronic data processing expenses	397,315	314,511
Advertising	227,991	210,187
Others	354,795	321,254
	<u>1,925,745</u>	<u>1,715,184</u>
	<u>₩ 7,537,802</u>	<u>₩ 7,200,853</u>

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32.2 Share-based Payments

32.2.1 Stock grants

The Group changed the scheme of share-based payments awarded to executives and employees from stock options to stock grants in November 2007. The stock grants award program is an incentive plan that sets, on grant date, the maximum number of shares that can be awarded. Actual shares to be granted is determined in accordance with achievement of pre-set performance targets over the vesting period.

32.2.1.1 Details of stock grants linked to long-term performance as of December 31, 2022, are as follows:

<i>(In number of shares)</i>	Grant date	Number of granted shares ¹	Vesting conditions ²
KB Financial Group Inc.			
Series 27	Jun. 16, 2020	184	Services fulfillment, market performance ³ 30%, and non-market performance ⁴ 70%
Series 28	Nov. 21, 2020	68,135	Services fulfillment, market performance ³ 35%, and non-market performance ⁵ 65%
Series 29	Jan. 1, 2021	79,840	Services fulfillment, market performance ³ 0~30%, and non-market performance ⁴ 70~100%
Series 30	Apr. 1, 2021	3,069	Services fulfillment, market performance ³ 30%, and non-market performance ⁴ 70%
Series 33	Jan. 1, 2022	62,991	Services fulfillment, market performance ³ 0~30%, and non-market performance ⁴ 70~100%
Series 34	Feb. 1, 2022	654	Services fulfillment, market performance ³ 30%, and non-market performance ⁴ 70%
Series 35	May 27, 2022	6,126	Services fulfillment, market performance ³ 30%, and non-market performance ⁴ 70%
Deferred grant in 2015		4,243	Satisfied
Deferred grant in 2016		3,533	Satisfied
Deferred grant in 2017		1,127	Satisfied
Deferred grant in 2018		1,766	Satisfied
Deferred grant in 2019		7,598	Satisfied
Deferred grant in 2020		27,956	Satisfied
Deferred grant in 2021		27,204	Satisfied
		294,426	
Kookmin Bank			
Series 80	Mar. 1, 2020	7,982	Services fulfillment, market performance ³ 30~50%, and non-market performance ⁴ 50~70%
Series 81	Jan. 1, 2021	139,783	Services fulfillment, market performance ³ 0~30%, and non-market performance ⁴ 70~100%
Series 83	Apr. 1, 2021	15,278	Services fulfillment, market performance ³ 0~30%, and non-market performance ⁴ 70~100%
Series 85	Jan. 1, 2022	292,777	Services fulfillment, market performance ³ 0~30%, and non-market performance ⁴ 70~100%
Series 86	Feb. 1, 2022	1,525	Services fulfillment, market performance ³ 0~30%, and non-market performance ⁴ 70~100%
Series 87	Mar. 1, 2022	2,599	Services fulfillment, market performance ³ 0~30%, and non-market performance ⁴ 70~100%

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32.2.1.1 Details of stock grants linked to long-term performance as of December 31, 2022, are as follows: (cont'd)

<i>(In number of shares)</i>	Grant date	Number of granted shares ¹	Vesting conditions ²
Series 88	Mar. 14, 2022	5,884	Services fulfillment, market performance ³ 0~30%, and non-market performance ⁴ 70~100%
Series 89	May 26, 2022	2,363	Services fulfillment, market performance ³ 0~30%, and non-market performance ⁴ 70~100%
Series 90	Jul. 18, 2022	4,131	Services fulfillment, market performance ³ 0~30%, and non-market performance ⁴ 70~100%
Series 91	Aug. 24, 2022	7,277	Services fulfillment, market performance ³ 0~30%, and non-market performance ⁴ 70~100%
Deferred grant in 2016		2,426	Satisfied
Deferred grant in 2017		4,582	Satisfied
Deferred grant in 2018		2,287	Satisfied
Deferred grant in 2019		32,756	Satisfied
Deferred grant in 2020		53,502	Satisfied
Deferred grant in 2021		156,939	Satisfied
		<u>732,091</u>	
Other subsidiaries			
Stock granted in 2010		106	
Stock granted in 2011		146	
Stock granted in 2012		420	
Stock granted in 2013		544	
Stock granted in 2014		1,028	
Stock granted in 2015		2,374	
Stock granted in 2016		3,749	
Stock granted in 2017		14,006	
Stock granted in 2018		26,572	
Stock granted in 2019		42,273	
Stock granted in 2020		165,810	
Stock granted in 2021		501,365	
Stock granted in 2022		249,267	
		<u>1,007,660</u>	
		<u>2,034,177</u>	

¹ Granted shares represent the total number of shares initially granted to executives and employees who have residual shares as of December 31, 2022 (Deferred grants are residual shares vested as of December 31, 2022).

² Executives and employees were given the right of choice about the timing of the deferred payment (after the date of retirement), payment ratio, and payment period. Accordingly, a certain percentage of the granted shares is deferred for up to five years after the date of retirement after the deferred grant has been confirmed.

³ Relative TSR (Total Shareholder Return): $[(\text{Fair value at the end of the contract} - \text{Fair value at the beginning of the contract}) + (\text{Total amount of dividend per share paid during the contract period})] / \text{Fair value at the beginning of the contract}$

⁴ Performance results of company and employee

⁵ EPS (Earnings Per Share), Asset Quality, HCROI (Human Capital Return on Investment), Profit from non-banking segments

⁶ EPS, Asset Quality

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32.2.1.2 Details of stock grants linked to short-term performance as of December 31, 2022, are as follows:

<i>(In number of shares)</i>	Estimated number of vested shares *	Vesting conditions
KB Financial Group Inc.		
Stock granted in 2015	3,725	Satisfied
Stock granted in 2016	4,223	Satisfied
Stock granted in 2017	1,401	Satisfied
Stock granted in 2018	760	Satisfied
Stock granted in 2019	9,354	Satisfied
Stock granted in 2020	22,586	Satisfied
Stock granted in 2021	35,497	Satisfied
Stock granted in 2022	46,898	Proportional to service period
Kookmin Bank		
Stock granted in 2015	1,292	Satisfied
Stock granted in 2016	4,875	Satisfied
Stock granted in 2017	1,998	Satisfied
Stock granted in 2018	2,109	Satisfied
Stock granted in 2019	41,737	Satisfied
Stock granted in 2020	89,888	Satisfied
Stock granted in 2021	130,331	Satisfied
Stock granted in 2022	134,402	Proportional to service period
Other subsidiaries		
Stock granted in 2015	5,762	Satisfied
Stock granted in 2016	25,831	Satisfied
Stock granted in 2017	46,223	Satisfied
Stock granted in 2018	99,594	Satisfied
Stock granted in 2019	243,130	Satisfied
Stock granted in 2020	433,210	Satisfied
Stock granted in 2021	610,167	Satisfied
Stock granted in 2022	324,412	Proportional to service period
	2,319,405	

* Executives and employees were given the right of choice about the timing of the deferred payment (after the date of retirement), payment ratio, and payment period. Accordingly, a certain percentage of the granted shares is deferred for up to five years after the date of retirement after the deferred grant has been confirmed.

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32.2.1.3 Stock grants are measured at fair value using the MonteCarlo simulation model and assumptions used in measuring the fair value as of December 31, 2022, are as follows:

<i>(In Korean won)</i>	Risk-free rate (%)	Fair value (market performance condition)	Fair value (non-market performance condition)
Linked to long-term performance			
<i>(KB Financial Group Inc.)</i>			
Series 27	3.78	-	43,157~46,663
Series 28	3.78	35,289~39,662	41,704~46,873
Series 29	3.78	40,757~48,322	43,157~50,973
Series 30	3.78	38,805~43,583	41,548~46,663
Series 33	3.78	37,409~45,666	41,548~50,973
Series 34	3.78	35,486~39,839	39,958~44,859
Series 35	3.78	38,247~42,939	39,958~44,859
Deferred grant in 2015	3.78	-	43,157~50,973
Deferred grant in 2016	3.78	-	46,663~50,973
Deferred grant in 2017	3.78	-	50,973
Deferred grant in 2018	3.78	-	46,663~50,973
Deferred grant in 2019	3.78	-	50,973
Deferred grant in 2020	3.78	-	43,157~50,973
Deferred grant in 2021	3.78	-	44,859~50,973
<i>(Kookmin Bank)</i>			
Series 80	3.78	43,157~50,973	43,157~50,973
Series 81	3.78	35,905~41,289	43,157~50,973
Series 83	3.78	38,660~43,583	41,548~46,663
Series 85	3.78	33,668~37,813	41,548~46,663
Series 86	3.78	35,486~39,839	39,958~44,859
Series 87	3.78	38,957~46,013	43,157~50,973
Series 88	3.78	37,288~41,862	39,958~44,859
Series 89	3.78	40,943~48,358	43,157~50,973
Series 90	3.78	39,554~44,405	39,958~44,859
Series 91	3.78	37,840~42,481	39,958~44,859
Grant deferred in 2016	3.78	-	46,663~50,973
Grant deferred in 2017	3.78	-	46,663~50,973
Grant deferred in 2018	3.78	-	46,663~50,973
Grant deferred in 2019	3.78	-	50,973
Grant deferred in 2020	3.78	-	46,663~50,973
Grant deferred in 2021	3.78	-	44,859~50,973
<i>(Other subsidiaries)</i>			
Stock granted in 2010	3.78	-	44,859
Stock granted in 2011	3.78	-	44,859
Stock granted in 2012	3.78	-	44,859~46,663
Stock granted in 2013	3.78	-	44,859~46,663
Stock granted in 2014	3.78	-	46,663
Stock granted in 2015	3.78	-	41,548~50,973
Stock granted in 2016	3.78	-	44,859~56,379
Stock granted in 2017	3.78	-	41,548~61,294
Stock granted in 2018	3.78	-	39,958~56,379
Stock granted in 2019	3.78	-	38,393~56,379

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32.2.1.3 Stock grants are measured at fair value using the MonteCarlo simulation model and assumptions used in measuring the fair value as of December 31, 2022, are as follows: (cont'd)

<i>(In Korean won)</i>	Risk-free rate (%)	Fair value (market performance condition)	Fair value (non-market performance condition)
Linked to long-term performance			
Stock granted in 2020	3.78	43,157~50,973	39,958~56,379
Stock granted in 2021	3.78	39,042~50,651	41,548~56,379
Stock granted in 2022	3.78	35,286~49,647	39,958~62,269
Linked to short-term performance			
(KB Financial Group Inc.)			
Stock granted in 2015	3.78	-	43,157~50,973
Stock granted in 2016	3.78	-	38,393~50,973
Stock granted in 2017	3.78	-	46,663~50,973
Stock granted in 2018	3.78	-	46,663~50,973
Stock granted in 2019	3.78	-	50,973
Stock granted in 2020	3.78	-	43,157~50,973
Stock granted in 2021	3.78	-	44,859~50,973
Stock granted in 2022	3.78	-	43,157~50,973
(Kookmin Bank)			
Stock granted in 2015	3.78	-	46,663~50,973
Stock granted in 2016	3.78	-	44,859~50,973
Stock granted in 2017	3.78	-	46,663~50,973
Stock granted in 2018	3.78	-	0~56,379
Stock granted in 2019	3.78	-	45,096~56,379
Stock granted in 2020	3.78	-	46,663~56,379
Stock granted in 2021	3.78	-	44,859~50,973
Stock granted in 2022	3.78	-	39,958~46,663
(Other subsidiaries)			
Stock granted in 2015	3.78	-	41,548~50,973
Stock granted in 2016	3.78	-	41,548~50,973
Stock granted in 2017	3.78	-	39,958~50,973
Stock granted in 2018	3.78	-	38,393~56,379
Stock granted in 2019	3.78	-	38,393~56,379
Stock granted in 2020	3.78	-	41,548~56,379
Stock granted in 2021	3.78	-	41,548~50,973
Stock granted in 2022	3.78	-	39,958~56,379

The Group uses the volatility of the stock price over the previous year as the expected volatility, and uses the arithmetic mean of the price-dividend ratio of one year before, two years before, and three years before the base year as the dividend yield and uses one-year risk-free rate of Korea Treasury Bond in order to measure the fair value.

32.2.1.4 The accrued expenses for share-based payments related to stock grants are ₩ 186,908 million and ₩ 193,023 million as of December 31, 2022 and 2021, respectively, and the compensation costs amounting to ₩ 58,340 million and ₩ 101,897 million were recognized for the years ended December 31, 2022 and 2021, respectively.

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32.2.2 Mileage stock

32.2.2.1 Details of mileage stock as of December 31, 2022, are as follows:

(In number of shares)

Grant date	Number of granted shares ¹	Expected exercise period (years) ²	Remaining shares
<i>Stock granted in 2019</i>			
Nov. 1, 2019	119	0.00	48
Nov. 8, 2019	14	0.00	6
Dec. 6, 2019	84	0.00	50
Dec. 5, 2019	56	0.00	41
Dec. 31, 2019	87	0.00	43
<i>Stock granted in 2020</i>			
Jan. 18, 2020	28,645	0.00~0.05	15,541
May 12, 2020	46	0.00~0.36	43
Jun. 30, 2020	206	0.00~0.50	147
Aug. 26, 2020	40	0.00~0.65	27
Oct. 29, 2020	160	0.00~0.83	107
Nov. 6, 2020	45	0.00~0.85	37
Nov. 30, 2020	35	0.00~0.92	34
Dec. 2, 2020	57	0.00~0.92	44
Dec. 4, 2020	154	0.00~0.93	110
Dec. 30, 2020	88	0.00~1.00	64
<i>Stock granted in 2021</i>			
Jan. 15, 2021	28,156	0.00~1.04	18,712
Apr. 5, 2021	89	0.00~1.26	53
Jul. 1, 2021	54	0.00~1.50	54
Jul. 2, 2021	11	0.00~1.50	11
Jul. 27, 2021	70	0.00~1.57	63
Nov. 1, 2021	71	0.00~1.84	71
Nov. 16, 2021	53	0.00~1.88	48
Dec. 6, 2021	87	0.00~1.93	87
Dec. 3, 2021	91	0.00~1.92	89
Dec. 30, 2021	76	0.00~2.00	76

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32.2.2.1 Details of mileage stock as of December 31, 2022, are as follows: (cont'd)

(In number of shares)

Grant date	Number of granted shares ¹	Expected exercise period (years) ²	Remaining shares
<i>Stock granted in 2022</i>			
Jan. 14, 2022	20,909	0.00~2.04	19,864
Apr. 4, 2022	65	0.00~2.26	65
Apr. 19, 2022	33	0.00~2.30	33
Jul. 1, 2022	62	0.00~2.50	62
Aug. 3, 2022	62	0.00~2.59	62
Aug. 9, 2022	80	0.00~2.61	76
Oct. 19, 2022	55	0.00~2.80	55
Nov. 1, 2022	177	0.00~2.84	177
Dec. 1, 2022	49	0.00~2.92	49
Dec. 12, 2022	114	0.00~2.95	114
Dec. 6, 2022	88	0.00~2.93	88
Dec. 2, 2022	42	0.00~2.92	42
Dec. 15, 2022	42	0.00~2.96	42
Dec. 30, 2022	114	0.00~3.00	114
	80,486		56,449

¹ Mileage stock is exercisable for two years after one year from the grant date at the closing price of the end of the previous month. However, mileage stock can be exercised at the closing price of the end of the previous month on the date of occurrence of retirement or transfer despite a one-year grace period.

² Assessed based on the stock price as of December 31, 2022. These shares are vested immediately at grant date.

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32.2.2.2 The accrued expenses for share-based payments related to mileage stock are ₩ 2,738 million and ₩ 3,465 million as of December 31, 2022 and 2021, respectively. The compensation costs amounting to ₩ 870 million and ₩ 2,116 million were recognized as expenses for the years ended December 31, 2022 and 2021, respectively.

32.2.3 Long-term share-based payments

The Group calculates the short-term performance bonus of executives of KB Life Insurance Co., Ltd.(former Prudential Life Insurance Company of Korea Ltd.) based on the result of performance evaluation as of the grant date and defers the bonus for three years and pays it in cash reflecting the stock price of KB Financial Group Inc. at that time.

32.2.3.1 Details of long-term share-based payments as of December 31, 2022, are as follows:

(In number of shares)

	Grant date	Vested shares	Expected exercise period (years)	Vesting condition
Granted in 2020	2020	13,402	1.00	Services fulfillment

32.2.3.2 Long-term share-based payments are measured at fair value using the MonteCarlo simulation model and assumptions used in measuring the fair value as of December 31, 2022, are as follows:

(In Korean won)

	Risk-free rate (%)	Fair value (market performance condition)	Fair value (non-market performance condition)
Granted in 2020	3.78	-	46,663

The Group uses the volatility of the stock price over the previous year as the expected volatility, and uses the arithmetic mean of the price-dividend ratio of one year before, two years before, and three years before the base year as the dividend yield and uses one-year risk-free rate of Korea Treasury Bond in order to measure the fair value.

32.2.3.3 The accrued expenses for long-term share-based payments are ₩ 625 million and ₩ 690 million as of December 31, 2022 and 2021, respectively. The compensation costs amounting to ₩ 65 million and ₩ 38 million were recognized as expenses for the years ended December 31, 2022 and 2021, respectively.

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33. Net Other Non-Operating Income and Expenses

Details of other non-operating income and expenses for the years ended December 31, 2022 and 2021, are as follows:

<i>(In millions of Korean won)</i>	2022	2021
Other non-operating income		
Gains on disposal of property and equipment	₩ 155,177	₩ 9,045
Rental income	26,176	34,791
Gains on a bargain purchase	-	288
Others	284,060	81,210
	<u>465,413</u>	<u>125,334</u>
Other non-operating expenses		
Losses on disposal of property and equipment	2,164	6,552
Donation	94,771	103,647
Restoration costs	2,750	3,436
Management cost for written-off loans	4,296	4,054
Others	175,903	117,182
	<u>279,884</u>	<u>234,871</u>
Net other non-operating income (expenses)	<u>₩ 185,529</u>	<u>₩ (109,537)</u>

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34. Income Tax Expense

34.1 Details of income tax expense for the years ended December 31, 2022 and 2021, are as follows:

<i>(In millions of Korean won)</i>	2022	2021
Income tax payable		
Current income tax expense	₩ 1,972,104	₩ 1,571,947
Adjustments of income tax of prior years recognized in current tax	(122,385)	7,952
	<u>1,849,719</u>	<u>1,579,899</u>
Changes in deferred income tax assets and liabilities *	<u>(1,540,280)</u>	<u>214,660</u>
Income tax recognized directly in equity and others		
Remeasurements of net defined benefit liabilities	(91,150)	18,638
Currency translation differences	(15,059)	(15,675)
Net gains or losses on financial assets at fair value through other comprehensive income	1,291,023	(71,421)
Share of other comprehensive income or loss of associates and joint ventures	44	(7)
Gains or losses on cash flow hedging instruments	(26,930)	(21,534)
Gains or losses on hedging instruments of net investments in foreign operations	24,936	25,599
Other comprehensive income or loss arising from separate account	56,765	24,206
Fair value changes of financial liabilities designated at fair value through profit or loss due to own credit risk	(14,009)	(5,202)
Net gains or losses on overlay adjustment	167,741	(46,834)
	<u>1,393,361</u>	<u>(92,230)</u>
Others	<u>(80,413)</u>	<u>(5,104)</u>
Income tax expense	<u>₩ 1,622,387</u>	<u>₩ 1,697,225</u>

* Due to amendments of tax laws at the end of 2022, the effect of corporate tax rate change is reflected in deferred income tax assets and liabilities that are expected to be realized after 2023. (Corporate tax rates after the amendments: 10% for tax base ₩ 200 million or less, 21% for tax base over ₩ 200 million to ₩ 20,000 million, 23.2% for tax base over ₩ 20,000 million to ₩ 300,000 million, 26.5% for tax base over ₩ 300,000 million)

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34.2 Analysis of the relationship between net profit before income tax expense and income tax expense for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	2022		2021	
	Tax rate (%)	Amount	Tax rate (%)	Amount
Profit before income tax expense		₩ 5,795,626		₩ 6,081,606
Income tax at the applicable tax rate *	27.32	1,583,435	27.33	1,662,080
Non-taxable income	(1.21)	(70,105)	(0.67)	(40,708)
Non-deductible expenses	0.39	22,661	0.42	25,739
Tax credit and tax exemption	(0.04)	(2,380)	(0.01)	(361)
Temporary difference for which no deferred tax is recognized	2.34	135,694	0.08	5,065
Changes in recognition and measurement of deferred tax	0.85	49,262	0.10	5,997
Income tax refund for tax of prior years	(2.39)	(138,314)	(0.23)	(13,953)
Income tax expense of overseas branches	0.54	31,270	0.31	18,571
Tax rate change effect	0.19	10,726	-	-
Others	0.00	138	0.57	34,795
Average effective tax rate and income tax expense	27.99	₩ 1,622,387	27.91	₩ 1,697,225

* Applicable income tax rate for ₩ 200 million and below is 11%, for over ₩ 200 million to ₩ 20,000 million is 22%, for over ₩ 20,000 million to ₩ 300,000 million is 24.2% and for over ₩ 300,000 million is 27.5% for the years ended December 31, 2022 and 2021.

35. Dividends

The annual dividends to the shareholders of the Parent Company for the year ended December 31, 2021, amounting to ₩ 853,299 million (₩ 2,190 per share) were declared at the annual general shareholders' meeting on March 25, 2022 and paid in April 11, 2022. According to the resolution of the board of directors on April 22, 2022, the quarterly dividend amounting to ₩ 194,817 million (₩ 500 per share) with dividend record date of March 31, 2022 were paid on May 9, 2022; according to the resolution of the board of directors on July 21, 2022, the quarterly dividend amounting to ₩ 194,817 million (₩ 500 per share) with dividend record date of June 30, 2022 were paid on August 9, 2022; and according to the resolution of the board of directors on October 25, 2022, the quarterly dividend amounting to ₩ 194,817 million (₩ 500 per share) with dividend record date of September 30, 2022 were paid on November 10, 2022. The annual dividends to the shareholders of the Parent Company for the year ended December 31, 2022, amounting to ₩ 564,970 million (₩ 1,450 per share) is to be proposed at the general shareholders' meeting scheduled for March 24, 2023. The Group's consolidated financial statements as of and for the year ended December 31, 2022, do not reflect this dividend payable.

Meanwhile, the annual dividends and quarterly dividends paid in 2021 were ₩ 689,653 million (₩ 1,770 per share) and ₩ 292,226 million (₩ 750 per share), respectively.

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36. Accumulated Other Comprehensive Income (Loss)

Changes in accumulated other comprehensive income (loss) for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	2022					
	Beginning	Changes except for reclassifi- cation	Reclassification to profit or loss	Transfer within equity	Tax effect	Ending
Remeasurements of net defined benefit liabilities	₩ (328,392)	₩ 330,774	₩ -	₩ -	₩ (91,150)	₩ (88,768)
Currency translation differences	96,534	172,340	-	-	(15,059)	253,815
Gains (losses) on financial instruments at fair value through other comprehensive income	918,927	(4,830,635)	326,437	(335,203)	1,291,023	(2,629,451)
Share of other comprehensive income (loss) of associates and joint ventures	(2,980)	(406)	-	-	44	(3,342)
Gains (losses) on cash flow hedging instruments	(7,733)	71,692	(13,288)	-	(26,930)	23,741
Gains (losses) on hedging instruments of net investments in foreign operations	(35,658)	(104,021)	-	-	24,936	(114,743)
Other comprehensive income (loss) arising from separate account	(55,116)	(225,426)	9,042	-	56,765	(214,735)
Fair value changes of financial liabilities designated at fair value through profit or loss due to own credit risk	2,208	52,876	-	-	(14,009)	41,075
Gains (losses) on overlay adjustment	459,484	(526,085)	(81,785)	-	167,741	19,355
Assets of a disposal group held for sale	7,671	(7,671)	-	-	-	-
	<u>₩ 1,054,945</u>	<u>₩ (5,066,562)</u>	<u>₩ 240,406</u>	<u>₩ (335,203)</u>	<u>₩ 1,393,361</u>	<u>₩ (2,713,053)</u>

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36. Accumulated Other Comprehensive Income (Loss) (cont'd)

(In millions of Korean won)

	2021					
	Beginning	Changes except for reclassifi- cation	Reclassification to profit or loss	Transfer within equity	Tax effect	Ending
Remeasurements of net defined benefit liabilities	₩ (282,650)	₩ (64,380)	₩ -	₩ -	₩ 18,638	₩ (328,392)
Currency translation differences	(131,113)	248,998	1,995	(7,671)	(15,675)	96,534
Gains on financial instruments at fair value through other comprehensive income	717,230	(62,043)	20,537	314,624	(71,421)	918,927
Share of other comprehensive income (loss) of associates and joint ventures	(3,529)	3,276	(2,720)	-	(7)	(2,980)
Losses on cash flow hedging instruments	(28,597)	95,478	(53,080)	-	(21,534)	(7,733)
Gains (losses) on hedging instruments of net investments in foreign operations	22,277	(88,729)	5,195	-	25,599	(35,658)
Other comprehensive income (loss) arising from separate account	8,698	(81,601)	(6,419)	-	24,206	(55,116)
Fair value changes of financial liabilities designated at fair value through profit or loss due to own credit risk	(11,507)	18,917	-	-	(5,202)	2,208
Gains on overlay adjustment	339,202	257,574	(90,458)	-	(46,834)	459,484
Assets of a disposal group held for sale	-	-	-	7,671	-	7,671
	<u>₩ 630,011</u>	<u>₩ 327,490</u>	<u>₩ (124,950)</u>	<u>₩ 314,624</u>	<u>₩ (92,230)</u>	<u>₩ 1,054,945</u>

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37. Earnings per Share

37.1 Basic Earnings per Share

Basic earnings per share is calculated by dividing profit attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares outstanding.

37.1.1 Weighted average number of ordinary shares outstanding

<i>(In number of shares)</i>	2022		2021	
	Number of shares	Accumulated number of shares	Number of shares	Accumulated number of shares
Number of issued ordinary shares	408,897,068	150,138,929,728	415,807,920	152,769,890,800
Number of treasury shares *	(19,262,733)	(7,922,397,453)	(26,173,585)	(9,553,358,525)
Average number of ordinary shares outstanding	389,634,335	142,216,532,275	389,634,335	142,216,532,275
Number of days		365		365
Weighted average number of ordinary shares outstanding		389,634,335		389,634,335

* The number of treasury shares have excluded the initial redemption of treasury shares from February 14, 2022, and the 2nd redemption from August 1, 2022.

37.1.2 Basic earnings per share

<i>(In Korean won and in number of shares)</i>	2022	2021
Profit attributable to shareholders of the Parent Company	₩ 4,394,828,402,454	₩ 4,409,543,288,213
Deduction: Dividends on hybrid securities	(126,402,175,000)	(71,537,500,000)
Profit attributable to ordinary equity holders of the Parent Company (A)	4,268,426,227,454	4,338,005,788,213
Weighted average number of ordinary shares outstanding (B)	389,634,335	389,634,335
Basic earnings per share (A/B)	₩ 10,955	₩ 11,134

37.2 Diluted Earnings per Share

Diluted earnings per share is calculated through increasing the weighted average number of ordinary shares outstanding by the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares. The Group has dilutive potential ordinary shares such as stock grants and ordinary share exchange right of exchangeable bonds.

A calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market share price for the year) based on the monetary value of stock grants. The number of shares calculated above is compared with the number of shares that would have been issued assuming the settlement of stock grants.

Exchangeable bonds are included in potential ordinary shares from the exercisable date of the exchange right, and interest expense after tax for the period is added to profit for diluted earnings per share.

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37.2.1 Adjusted profit for diluted earnings per share

<i>(In Korean won)</i>	2022	2021
Profit attributable to shareholders of the Parent Company	₩ 4,394,828,402,454	₩ 4,409,543,288,213
Deduction: Dividends on hybrid securities	(126,402,175,000)	(71,537,500,000)
Profit attributable to ordinary equity holders of the Parent Company	4,268,426,227,454	4,338,005,788,213
Adjustments: Interest expense on exchangeable bonds	2,380,953,816	2,347,186,871
Adjusted profit for diluted earnings per share	₩ 4,270,807,181,270	₩ 4,340,352,975,084

37.2.2 Weighted average number of ordinary shares outstanding for diluted earnings per share

<i>(In number of shares)</i>	2022	2021
Weighted average number of ordinary shares outstanding	389,634,335	389,634,335
Adjustment:		
Stock grants	4,306,711	3,945,208
Exchangeable bonds	5,000,000	5,000,000
Adjusted weighted average number of ordinary shares outstanding for diluted earnings per share	398,941,046	398,579,543

37.2.3 Diluted earnings per share

<i>(In Korean won and in number of shares)</i>	2022	2021
Adjusted profit for diluted earnings per share	₩ 4,270,807,181,270	₩ 4,340,352,975,084
Adjusted weighted average number of ordinary shares outstanding for diluted earnings per share	398,941,046	398,579,543
Diluted earnings per share	₩ 10,705	₩ 10,890

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38. Insurance Contracts

38.1 Insurance Assets

38.1.1 Details of deferred acquisition costs included in other assets as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31, 2022	December 31, 2021
Non-life insurance	₩ 1,430,461	₩ 1,230,375
Life insurance	479,700	345,831
	₩ 1,910,161	₩ 1,576,206

38.1.2 Changes in deferred acquisition costs included in other assets for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	2022			
	Beginning	Increase	Amortization	Ending
Non-life insurance	₩ 1,230,375	₩ 1,060,160	₩ (860,074)	₩ 1,430,461
Life insurance	345,831	292,579	(158,710)	479,700
	₩ 1,576,206	₩ 1,352,739	₩ (1,018,784)	₩ 1,910,161

(In millions of Korean won)

	2021			
	Beginning	Increase	Amortization	Ending
Non-life insurance	₩ 965,683	₩ 965,735	₩ (701,043)	₩ 1,230,375
Life insurance	205,289	258,653	(118,111)	345,831
	₩ 1,170,972	₩ 1,224,388	₩ (819,154)	₩ 1,576,206

38.1.3 Details of reinsurance assets included in other assets as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

		December 31, 2022	December 31, 2021
Non-life insurance	Reserve for outstanding claims:		
	General insurance	₩ 869,492	₩ 879,936
	Automobile insurance	15,136	16,989
	Long-term insurance	187,619	178,531
	Unearned premium reserve:		
	General insurance	262,817	262,020
	Automobile insurance	1,078	5,575
		1,336,142	1,343,051
Life insurance	Reserve for outstanding claims	2,300	2,169
	Unearned premium reserve	950	985
		3,250	3,154
Others	Reserve for outstanding claims	2,462	2,103
	Unearned premium reserve	587	620
		3,049	2,723
Total reinsurance assets		1,342,441	1,348,928
Less: Allowances for impairment losses		(4,054)	(436)
		₩ 1,338,387	₩ 1,348,492

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38.1.4 Changes in reinsurance assets included in other assets for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

		2022		
		Beginning	Net increase (decrease)	Ending
Non-life insurance	Reserve for outstanding claims:			
	General insurance	₩ 879,936	₩ (10,444)	₩ 869,492
	Automobile insurance	16,989	(1,853)	15,136
	Long-term insurance	178,531	9,088	187,619
	Unearned premium reserve:			
	General insurance	262,020	797	262,817
Automobile insurance	5,575	(4,497)	1,078	
		<u>1,343,051</u>	<u>(6,909)</u>	<u>1,336,142</u>
Life insurance	Reserve for outstanding claims	2,169	131	2,300
	Unearned premium reserve	985	(35)	950
		<u>3,154</u>	<u>96</u>	<u>3,250</u>
Others	Reserve for outstanding claims	2,103	359	2,462
	Unearned premium reserve	620	(33)	587
		<u>2,723</u>	<u>326</u>	<u>3,049</u>
Total reinsurance assets		1,348,928	(6,487)	1,342,441
Less: Allowances for impairment losses		(436)	(3,618)	(4,054)
		<u>₩ 1,348,492</u>	<u>₩ (10,105)</u>	<u>₩ 1,338,387</u>

(In millions of Korean won)

		2021		
		Beginning	Net increase (decrease)	Ending
Non-life insurance	Reserve for outstanding claims:			
	General insurance	₩ 732,579	₩ 147,357	₩ 879,936
	Automobile insurance	14,916	2,073	16,989
	Long-term insurance	156,234	22,297	178,531
	Unearned premium reserve:			
	General insurance	285,634	(23,614)	262,020
Automobile insurance	10,870	(5,295)	5,575	
		<u>1,200,233</u>	<u>142,818</u>	<u>1,343,051</u>
Life insurance	Reserve for outstanding claims	2,081	88	2,169
	Unearned premium reserve	951	34	985
		<u>3,032</u>	<u>122</u>	<u>3,154</u>
Others	Reserve for outstanding claims	2,427	(324)	2,103
	Unearned premium reserve	895	(275)	620
		<u>3,322</u>	<u>(599)</u>	<u>2,723</u>
Total reinsurance assets		1,206,587	142,341	1,348,928
Less: Allowances for impairment losses		(879)	443	(436)
		<u>₩ 1,205,708</u>	<u>₩ 142,784</u>	<u>₩ 1,348,492</u>

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38.2 Insurance Liabilities

38.2.1 Details of insurance liabilities by insurance type as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31, 2022			
	Non-life insurance	Life insurance	Others	Total
Premium reserve *	₩ 26,765,973	₩ 24,613,169	₩ -	₩ 51,379,142
Reserve for outstanding claims	3,531,159	225,226	2,460	3,758,845
Unearned premium reserve	2,038,077	7,112	588	2,045,777
Reserve for dividend to policyholders	132,076	39,233	-	171,309
Reserve for distribution of earnings to policyholders	63,821	3,866	-	67,687
Reserve for loss compensation on participating insurance	24,070	5,392	-	29,462
Guarantee reserve	-	778,081	-	778,081
	<u>₩ 32,555,176</u>	<u>₩ 25,672,079</u>	<u>₩ 3,048</u>	<u>₩ 58,230,303</u>

(In millions of Korean won)

	December 31, 2021			
	Non-life insurance	Life insurance	Others	Total
Premium reserve *	₩ 26,086,004	₩ 24,363,509	₩ -	₩ 50,449,513
Reserve for outstanding claims	3,378,427	259,848	2,102	3,640,377
Unearned premium reserve	1,909,327	9,358	622	1,919,307
Reserve for dividend to policyholders	122,025	40,960	-	162,985
Reserve for distribution of earnings to policyholders	63,093	4,857	-	67,950
Reserve for loss compensation on participating insurance	24,790	6,108	-	30,898
Guarantee reserve	-	894,906	-	894,906
	<u>₩ 31,583,666</u>	<u>₩ 25,579,546</u>	<u>₩ 2,724</u>	<u>₩ 57,165,936</u>

* Includes negative VOBA amounting to ₩ 2,111,541 million and ₩ 2,390,985 million as of December 31, 2022 and 2021, respectively.

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38.2.2 Changes in insurance liabilities for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

		2022		
		Beginning	Net increase (decrease) ¹	Ending
Non-life insurance	General insurance	₩ 1,791,284	₩ 68,690	₩ 1,859,974
	Automobile insurance	2,025,565	145,331	2,170,896
	Long-term insurance	27,735,736	778,634	28,514,370
	Long-term investment contract	31,081	(21,147)	9,934
Life insurance	Pure endowment insurance	8,007,348	(840,495)	7,166,853
	Death insurance	16,516,417	816,485	17,332,902
	Endowment insurance	1,045,337	118,328	1,163,665
	Group insurance and others ²	10,445	(1,785)	8,660
Others		2,723	326	3,049
		₩ 57,165,936	₩ 1,064,367	₩ 58,230,303

(In millions of Korean won)

		2021		
		Beginning	Net increase (decrease) ¹	Ending
Non-life insurance	General insurance	₩ 1,568,741	₩ 222,543	₩ 1,791,284
	Automobile insurance	1,897,872	127,693	2,025,565
	Long-term insurance	26,362,479	1,373,257	27,735,736
	Long-term investment contract	106,853	(75,772)	31,081
Life insurance	Pure endowment insurance	7,570,349	436,999	8,007,348
	Death insurance	15,706,051	810,366	16,516,417
	Endowment insurance	1,188,299	(142,962)	1,045,337
	Group insurance and others ²	11,330	(885)	10,445
Others		3,322	(599)	2,723
		₩ 54,415,296	₩ 2,750,640	₩ 57,165,936

¹ Includes exchange differences effect and decrease in liabilities related to investment contracts.

² Includes reserve for distribution of earnings to policyholders and reserve for loss compensation on participating insurance.

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38.3 Liability Adequacy Test

According to the revision of the Detailed Regulations on Supervision of Insurance Business, the criteria for the insurance liability adequacy test were changed, and the Group accounted for the change as a change in accounting policy because it provided reliable and more relevant information about current estimates of future cash flows. This change in accounting policy has no effect on the consolidated financial statements, but comparative notes have been restated.

38.3.1 KB Insurance Co., Ltd.

Assumptions and calculation basis for the insurance liability adequacy test of KB Insurance Co., Ltd. as of December 31, 2022 and 2021, are as follows:

	Assumptions (%)		Calculation basis
	December 31, 2022	December 31, 2021	
Long-term insurance			
Discount rate	-2.84 ~ 21.14	-3.39 ~ 19.54	Calculated by applying an interest rate scenario which is a risk-free rate scenario adjusted by liquidity premium presented by director of the Financial Supervisory Service
Expense ratio	5.93	6.25	Calculated using future expense plan based on the recent one-year experience statistics
Lapse ratio	1.37 ~ 32.92	1.49 ~ 35.98	Calculated based on the recent five-year experience statistics
Risk ratio	8.2 ~ 1,214.3	7.4 ~ 1,143.8	Calculated by ratio of insurance claim payments to risk premiums based on the recent seven-year experience statistics
General insurance			
Lapse ratio	0.86	0.9	Ratio of surrender value to direct insurance premiums by type of contracts for the preceding five years
Sales cost ratio	6.31	6.3	Ratio of sales cost to direct insurance premiums by type of contracts for the preceding year (applicable only to unpaid premiums)
Maintenance cost ratio	9.12	10.5	Ratio of maintenance cost to earned premiums by type of contracts for the preceding year
Claim survey cost ratio	4.54	4.7	Ratio of claim survey cost to insurance claim payments by type of contracts for the preceding three years
Loss ratio	82.27	78.5	Ratio of final loss incurred to earned premiums by type of contracts for the preceding five years
Automobile insurance			
Lapse ratio	4.7	4.7	Ratio of surrender value to direct insurance premiums by type of contracts for the preceding five years
Sales cost ratio	7.5	7.6	Ratio of sales cost to direct insurance premiums by type of contracts for the preceding year (applicable only to unpaid premiums)
Maintenance cost ratio	8.5	8.8	Ratio of maintenance cost to earned premiums by type of collaterals for the preceding year
Claim survey cost ratio	8.1	8.1	Ratio of claim survey cost to insurance claim payments by type of collaterals for the preceding three years
Loss ratio	77.6	78.2	Ratio of final loss incurred to earned premiums by type of collaterals for the preceding five years

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38.3.1 KB Insurance Co., Ltd. (cont'd)

Results of the insurance liability adequacy test of KB Insurance Co., Ltd. as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31, 2022		
	Recognized liabilities *	Estimated adequate liabilities	Surplus (shortfall)
General insurance	₩ 570,608	₩ 537,204	₩ 33,404
Automobile insurance	1,491,245	1,395,407	95,838
Long-term insurance	22,309,067	8,538,565	13,770,502
	₩ 24,370,920	₩ 10,471,176	₩ 13,899,744

(In millions of Korean won)

	December 31, 2021		
	Recognized liabilities *	Estimated adequate liabilities	Surplus (shortfall)
General insurance	₩ 465,812	₩ 437,555	₩ 28,257
Automobile insurance	1,401,462	1,322,026	79,436
Long-term insurance	21,812,939	14,277,162	7,535,777
	₩ 23,680,213	₩ 16,036,743	₩ 7,643,470

* In the case of long-term insurance, premium reserve and unearned premium reserve are recognized; the premium reserve is the amount of subtracting deferred acquisition costs and insurance contract loans from the net insurance premium reserve in accordance with Article 6-3 of the Regulations on Supervision of Insurance Business.

As a result of the liability adequacy test, the Group did not set additional reserve as it shows net surplus. As such, there was no amount recorded as a result of the liability adequacy test as of December 31, 2022.

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38.3.2 KB Life Insurance Co., Ltd.

Assumptions and calculation basis for the insurance liability adequacy test of KB Life Insurance Co., Ltd. as of December 31, 2022 and 2021, are as follows:

	Assumptions (%)		Calculation basis
	December 31, 2022	December 31, 2021	
Lapse ratio	0~78.60	0 ~ 65.57	Ratio of canceled premiums to premiums by product group, method of payment, channel, and elapsed period, based on the recent five-year experience statistics
Loss ratio	20~162	22 ~ 162	Ratio of number of accidents to the number of holding contracts, by collateral, gender, and elapsed period, based on the recent seven-year experience statistics
Discount rate	-2.84~21.14	-3.39 ~ 19.54	Estimated investment yield based on the interest rate scenario provided by the Financial Supervisory Service adjusted by risk spread

Indirect costs included in administration expenses were calculated by applying the unit cost based on the experience statistics of the actual executed costs over the past year according to the expense allocations standard set by the Detailed Regulations on Supervision of Insurance Business. Direct costs such as acquisition cost were calculated based on estimates of future expense according to the Group's internal policies such as solicitation commission policy.

The insurance liability adequacy test of KB Life Insurance Co., Ltd. is performed by contract type such as interest rate type and dividend type. Results of the insurance liability adequacy test as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

		December 31, 2022		
		Recognized liabilities	Estimated adequate liabilities	Surplus (shortfall)
Fixed interest type	Participating	₩ 30,720	₩ 43,889	₩ (13,169)
	Non-participating	1,238,004	(6,488)	1,244,492
Variable interest type	Participating	814,350	817,087	(2,737)
	Non-participating	4,826,517	4,219,110	607,407
Variable type		(45,907)	(103,354)	57,447
		₩ 6,863,684	₩ 4,970,244	₩ 1,893,440

(In millions of Korean won)

		December 31, 2021		
		Recognized liabilities	Estimated adequate liabilities	Surplus (shortfall)
Fixed interest type	Participating	₩ 30,828	₩ 51,443	₩ (20,615)
	Non-participating	664,569	5,876	658,693
Variable interest type	Participating	896,754	913,067	(16,313)
	Non-participating	5,754,214	5,263,775	490,439
Variable type		(7,822)	(101,418)	93,596
		₩ 7,338,543	₩ 6,132,743	₩ 1,205,800

As a result of the liability adequacy test, the Group did not set additional reserve as it shows net surplus. As such, there was no amount recorded as a result of the liability adequacy test as of December 31, 2022.

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38.3.3 KB Life Insurance Co., Ltd.(former Prudential Life Insurance Company of Korea Ltd.)

Assumptions and calculation basis for the insurance liability adequacy test of KB Life Insurance Co., Ltd.(former Prudential Life Insurance Company of Korea Ltd.) as of December 31, 2022 and 2021, are as follows:

	Assumptions (%)		Calculation basis
	December 31, 2022	December 31, 2021	
Discount rate	-2.84 ~ 21.14	-3.39 ~ 19.54	Calculated by applying an interest rate scenario which is a risk-free rate scenario adjusted by liquidity premium presented by the Financial Supervisory Service
Lapse ratio	1.3 ~ 25	1 ~ 26	Calculated based on the amount of insurance coverage by elapsed period based on the recent five-year experience statistics
Risk ratio	21 ~ 982	28 ~ 545	Calculated by ratio of insurance claim payments to risk premiums by elapsed period based on the recent five-year experience statistics

The insurance liability adequacy test of KB Life Insurance Co., Ltd.(former Prudential Life Insurance Company of Korea Ltd.) is performed by contract type such as interest rate type and dividend type. Results of the insurance liability adequacy test as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

		Surplus (shortfall)	
		December 31, 2022	December 31, 2021
Fixed interest type	Participating	₩ 1,177	₩ (7,687)
	Non-participating	4,484,049	787,200
Variable interest type	Non-participating	185,675	128,963
Variable type		1,265,066	1,278,620
		₩ 5,935,967	₩ 2,187,096

As a result of the liability adequacy test, the Group did not set additional reserve as it shows net surplus. As such, there was no amount recorded as a result of the liability adequacy test as of December 31, 2022.

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38.4 Net Insurance Income

Details of insurance income and insurance expenses for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	<u>2022</u>	<u>2021</u>
Insurance income		
Premium income	₩ 15,765,939	₩ 14,684,383
Reinsurance income	1,029,943	990,437
Reversal of policy reserve	-	599
Separate account income	331,281	286,967
Income from changes in reinsurance assets	-	135,159
Other insurance income	9,679	10,313
	<u>17,136,842</u>	<u>16,107,858</u>
Insurance expenses		
Insurance claims paid	6,325,021	5,777,899
Dividend expenses	15,370	14,038
Refunds of surrender value	5,556,410	4,032,209
Reinsurance expenses	1,268,711	1,163,056
Provision for policy reserve	1,046,300	2,761,735
Separate account expenses	264,517	112,180
Administration expenses	715,317	644,947
Amortization of deferred acquisition costs	1,018,784	819,154
Expenses from changes in reinsurance assets	-	-
Claim survey expenses paid	73,803	60,234
Other insurance expenses	156,096	165,695
	<u>16,440,329</u>	<u>15,551,147</u>
Net insurance income	<u>₩ 696,513</u>	<u>₩ 556,711</u>

38.5 Risk Management of KB Insurance Co., Ltd.

38.5.1 Overview of insurance risk

Insurance risk is the risk that arises from a primary operation of insurance companies that is associated with underwriting of insurance contracts and payment of claims and is classified as insurance price risk and reserves risk. Insurance price risk is the risk of loss that might occur when the actual risk exceeds the expected risk ratio or expected expense ratio set at the time of calculating insurance premium, that is, the possibility of loss due to the differences between actual payment of claims and premiums received from policyholders. Reserve risk means the risk of not being able to cover actual claim payments in the future due to a lack of reserve accumulated at the time of assessment.

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38.5.2 Purposes, policies, and procedures to manage risk arising from insurance contracts

The risks associated with insurance contracts that the Group faces are insurance actuarial risk and underwriting risk. Each risk occurs due to insurance contract's pricing and conditions of underwriting. In order to minimize the possibility of acquiring a bad contract, the Group has established and operated detailed underwriting guidelines and underwriting procedures by insurance type that specify detailed underwriting conditions according to the type of risk covered through pre-analysis of insured property. In addition, the Group is making efforts to reduce insurance actuarial risk by follow-up measures such as adjustments of premium rate, changes of sales conditions, termination of selling specific product, development of new product, and others through comparing and analyzing the expected risk level at the date of pricing and actual risk level after the acceptance. The Group has prepared a process to minimize management risk other than insurance actuarial risk and underwriting risk by operating a committee that shares opinions on underwriting policies and premium rate policies and decides important matters.

In addition, by establishing a reinsurance operating strategy according to the reinsurance operating standards, the Group is preparing for the possibility of incurring high claim expenses at once due to unexpected catastrophic accidents while maintaining an appropriate holding level considering the solvency of the Group. The Group supports the protection and stable interests of policyholders, and comprehensively manages risks to maximize corporate value in the mid to long term.

38.5.3 Exposure to insurance price risk

According to Risk Based Capital ("RBC") standard, exposure to insurance price risk is measured as the risk retained premium for all insurance contracts based on the track record for one year up to reference date of calculation. The risk retained premium is measured by adding assumed risk reinsurance premium to direct risk premium and deducting ceded risk reinsurance premium.

The Group's exposure to insurance price risk as of December 31, 2022 and 2021, as follows:

(In millions of Korean won)

	December 31, 2022			
	Direct risk premium	Assumed risk reinsurance premium	Ceded risk reinsurance premium	Total
General	₩ 1,287,819	₩ 121,296	₩ (698,981)	₩ 710,134
Automobile	2,684,544	-	(4,788)	2,679,756
Long-term	3,495,031	-	(494,563)	3,000,468
	₩ 7,467,394	₩ 121,296	₩ (1,198,332)	₩ 6,390,358

(In millions of Korean won)

	December 31, 2021			
	Direct risk premium	Assumed risk reinsurance premium	Ceded risk reinsurance premium	Total
General	₩ 1,161,427	₩ 93,191	₩ (630,231)	₩ 624,387
Automobile	2,538,277	-	(13,683)	2,524,594
Long-term	3,128,821	-	(462,261)	2,666,560
	₩ 6,828,525	₩ 93,191	₩ (1,106,175)	₩ 5,815,541

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38.5.4 Concentration of insurance risk

The Group is selling various insurance contracts such as general non-life insurances (fire, maritime, injury, technology, liability, package, title, guarantee, and other special type insurances), automobile insurances (for private use, for business use, for commercial use, bicycle, and others), long-term insurances (long-term non-life, property damage, injury, driver, savings, illness, nursing, and pension), and others. The Group's risk is distributed through reinsurance, joint acceptance, and sales of diversified insurance products. In addition, insurances such as storm and flood insurance, which have a very low probability of occurrence but cover severe levels of risk, are controlled through acceptance limit and joint acquisition.

38.5.5 Claims development tables

The Group verifies and evaluates the adequacy of reserve for outstanding claims for general, automobile, and long-term insurance with two or more methods, including paid loss development trend and incurred loss development trend. If the individually estimated claims are insufficient, the Group recognizes additional reserves. Claims development tables as of December 31, 2022 and 2021, are as follows:

<2022>

General Insurance

(In millions of Korean won)

Accident year	Development year				
	After 1 year	After 2 years	After 3 years	After 4 years	After 5 years
Estimate of gross ultimate claims (A)					
2018.1.1 ~ 2018.12.31	₩ 200,968	₩ 241,474	₩ 246,871	₩ 250,935	₩ 251,815
2019.1.1 ~ 2019.12.31	220,043	266,489	270,815	271,047	-
2020.1.1 ~ 2020.12.31	235,365	274,260	277,957	-	-
2021.1.1 ~ 2021.12.31	296,348	347,715	-	-	-
2022.1.1 ~ 2022.12.31	336,344	-	-	-	-
	<u>1,289,068</u>	<u>1,129,938</u>	<u>795,643</u>	<u>521,982</u>	<u>251,815</u>
Gross cumulative claim payments (B)					
2018.1.1 ~ 2018.12.31	153,770	217,955	235,900	240,518	245,732
2019.1.1 ~ 2019.12.31	185,645	247,945	260,774	264,952	-
2020.1.1 ~ 2020.12.31	169,859	246,805	257,784	-	-
2021.1.1 ~ 2021.12.31	237,065	317,089	-	-	-
2022.1.1 ~ 2022.12.31	240,982	-	-	-	-
	<u>987,321</u>	<u>1,029,794</u>	<u>754,458</u>	<u>505,470</u>	<u>245,732</u>
Difference (A-B)	₩ 301,747	₩ 100,144	₩ 41,185	₩ 16,512	₩ 6,083

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38.5.5 Claims development tables (cont'd)

Automobile Insurance

(In millions of Korean won)

Accident year	Development year						
	After 1 year	After 2 years	After 3 years	After 4 years	After 5 years	After 6 years	After 7 years
Estimate of gross ultimate claims (A)							
2016.1.1 ~ 2016.12.31	₩ 1,276,939	₩ 1,281,381	₩ 1,287,728	₩ 1,294,735	₩ 1,299,964	₩ 1,309,221	₩ 1,316,456
2017.1.1 ~ 2017.12.31	1,342,998	1,348,828	1,358,867	1,368,016	1,371,619	1,377,499	-
2018.1.1 ~ 2018.12.31	1,468,784	1,471,807	1,481,509	1,488,890	1,498,384	-	-
2019.1.1 ~ 2019.12.31	1,591,793	1,620,609	1,635,704	1,649,928	-	-	-
2020.1.1 ~ 2020.12.31	1,624,341	1,632,626	1,639,325	-	-	-	-
2021.1.1 ~ 2021.12.31	1,750,508	1,757,801	-	-	-	-	-
2022.1.1 ~ 2022.12.31	1,858,395	-	-	-	-	-	-
	<u>10,913,758</u>	<u>9,113,052</u>	<u>7,403,133</u>	<u>5,801,569</u>	<u>4,169,967</u>	<u>2,686,720</u>	<u>1,316,456</u>
Gross cumulative claim payments(B)							
2016.1.1 ~ 2016.12.31	1,052,830	1,235,655	1,264,651	1,282,346	1,288,754	1,291,380	1,293,473
2017.1.1 ~ 2017.12.31	1,104,158	1,306,235	1,335,962	1,350,174	1,357,903	1,361,232	-
2018.1.1 ~ 2018.12.31	1,224,820	1,428,973	1,456,532	1,471,379	1,476,781	-	-
2019.1.1 ~ 2019.12.31	1,332,849	1,570,194	1,598,956	1,614,015	-	-	-
2020.1.1 ~ 2020.12.31	1,353,799	1,570,730	1,595,586	-	-	-	-
2021.1.1 ~ 2021.12.31	1,445,877	1,684,092	-	-	-	-	-
2022.1.1 ~ 2022.12.31	1,516,007	-	-	-	-	-	-
	<u>9,030,340</u>	<u>8,795,879</u>	<u>7,251,687</u>	<u>5,717,914</u>	<u>4,123,438</u>	<u>2,652,612</u>	<u>1,293,473</u>
Difference (A-B)	<u>₩ 1,883,418</u>	<u>₩ 317,173</u>	<u>₩ 151,446</u>	<u>₩ 83,655</u>	<u>₩ 46,529</u>	<u>₩ 34,108</u>	<u>₩ 22,983</u>

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38.5.5 Claims development tables (cont'd)

Long-term Insurance

(In millions of Korean won)

Accident year	Development year						
	After 1 year	After 2 years	After 3 years	After 4 years	After 5 years	After 6 years	After 7 years
Estimate of gross ultimate claims (A)							
2016.1.1 ~ 2016.12.31	₩ 1,064,743	₩ 1,437,574	₩ 1,485,839	₩ 1,500,403	₩ 1,506,889	₩ 1,510,197	₩ 1,511,728
2017.1.1 ~ 2017.12.31	1,184,224	1,614,904	1,670,929	1,689,768	1,695,477	1,698,804	-
2018.1.1 ~ 2018.12.31	1,372,706	1,881,046	1,941,497	1,965,983	1,972,727	-	-
2019.1.1 ~ 2019.12.31	1,626,481	2,229,830	2,297,861	2,324,246	-	-	-
2020.1.1 ~ 2020.12.31	1,818,316	2,442,633	2,514,577	-	-	-	-
2021.1.1 ~ 2021.12.31	2,124,582	2,841,110	-	-	-	-	-
2022.1.1 ~ 2022.12.31	2,277,455	-	-	-	-	-	-
	<u>11,468,507</u>	<u>12,447,097</u>	<u>9,910,703</u>	<u>7,480,400</u>	<u>5,175,093</u>	<u>3,209,001</u>	<u>1,511,728</u>
Gross cumulative claim payments(B)							
2016.1.1 ~ 2016.12.31	1,017,244	1,424,948	1,477,414	1,496,556	1,503,841	1,507,284	1,509,334
2017.1.1 ~ 2017.12.31	1,130,868	1,599,227	1,662,978	1,683,997	1,692,323	1,696,284	-
2018.1.1 ~ 2018.12.31	1,319,613	1,868,434	1,933,543	1,958,256	1,967,097	-	-
2019.1.1 ~ 2019.12.31	1,574,696	2,211,717	2,288,023	2,316,190	-	-	-
2020.1.1 ~ 2020.12.31	1,749,647	2,426,351	2,503,496	-	-	-	-
2021.1.1 ~ 2021.12.31	2,057,154	2,818,484	-	-	-	-	-
2022.1.1 ~ 2022.12.31	2,168,671	-	-	-	-	-	-
	<u>11,017,893</u>	<u>12,349,161</u>	<u>9,865,454</u>	<u>7,454,999</u>	<u>5,163,261</u>	<u>3,203,568</u>	<u>1,509,334</u>
Difference (A-B)	₩ 450,614	₩ 97,936	₩ 45,249	₩ 25,401	₩ 11,832	₩ 5,433	₩ 2,394

<2021>

General Insurance

(In millions of Korean won)

Accident year	Development year				
	After 1 year	After 2 years	After 3 years	After 4 years	After 5 years
Estimate of gross ultimate claims (A)					
2017.1.1 ~ 2017.12.31	₩ 169,234	₩ 201,406	₩ 205,075	₩ 206,856	₩ 207,252
2018.1.1 ~ 2018.12.31	200,968	241,471	246,499	250,083	-
2019.1.1 ~ 2019.12.31	219,419	263,105	267,687	-	-
2020.1.1 ~ 2020.12.31	232,622	273,531	-	-	-
2021.1.1 ~ 2021.12.31	290,480	-	-	-	-
	<u>1,112,723</u>	<u>979,513</u>	<u>719,261</u>	<u>456,939</u>	<u>207,252</u>
Gross cumulative claim payments (B)					
2017.1.1 ~ 2017.12.31	133,254	185,107	194,511	199,926	202,548
2018.1.1 ~ 2018.12.31	153,770	217,955	235,900	240,171	-
2019.1.1 ~ 2019.12.31	185,645	246,397	258,465	-	-
2020.1.1 ~ 2020.12.31	167,129	244,074	-	-	-
2021.1.1 ~ 2021.12.31	236,265	-	-	-	-
	<u>876,063</u>	<u>893,533</u>	<u>688,876</u>	<u>440,097</u>	<u>202,548</u>
Difference (A-B)	₩ 236,660	₩ 85,980	₩ 30,385	₩ 16,842	₩ 4,704

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38.5.5 Claims development tables (cont'd)

Automobile Insurance

(In millions of Korean won)

Accident year	Development year						
	After 1 year	After 2 years	After 3 years	After 4 years	After 5 years	After 6 years	After 7 years
Estimate of gross ultimate claims (A)							
2015.1.1 ~ 2015.12.31	₩ 1,227,107	₩ 1,245,781	₩ 1,256,059	₩ 1,263,044	₩ 1,267,142	₩ 1,271,000	₩ 1,282,673
2016.1.1 ~ 2016.12.31	1,276,939	1,281,381	1,287,728	1,294,735	1,299,964	1,309,221	-
2017.1.1 ~ 2017.12.31	1,342,998	1,348,828	1,358,867	1,368,016	1,371,619	-	-
2018.1.1 ~ 2018.12.31	1,468,784	1,471,807	1,481,509	1,488,890	-	-	-
2019.1.1 ~ 2019.12.31	1,591,793	1,620,609	1,635,704	-	-	-	-
2020.1.1 ~ 2020.12.31	1,624,341	1,632,626	-	-	-	-	-
2021.1.1 ~ 2021.12.31	1,750,508	-	-	-	-	-	-
	<u>10,282,470</u>	<u>8,601,032</u>	<u>7,019,867</u>	<u>5,414,685</u>	<u>3,938,725</u>	<u>2,580,221</u>	<u>1,282,673</u>
Gross cumulative claim payments(B)							
2015.1.1 ~ 2015.12.31	1,020,975	1,198,240	1,228,357	1,245,780	1,254,186	1,261,995	1,264,247
2016.1.1 ~ 2016.12.31	1,052,830	1,235,656	1,264,651	1,282,346	1,288,754	1,291,380	-
2017.1.1 ~ 2017.12.31	1,104,158	1,306,235	1,335,962	1,350,174	1,357,903	-	-
2018.1.1 ~ 2018.12.31	1,224,820	1,428,973	1,456,532	1,471,379	-	-	-
2019.1.1 ~ 2019.12.31	1,332,849	1,570,194	1,598,956	-	-	-	-
2020.1.1 ~ 2020.12.31	1,353,799	1,570,730	-	-	-	-	-
2021.1.1 ~ 2021.12.31	1,445,877	-	-	-	-	-	-
	<u>8,535,308</u>	<u>8,310,028</u>	<u>6,884,458</u>	<u>5,349,679</u>	<u>3,900,843</u>	<u>2,553,375</u>	<u>1,264,247</u>
Difference (A-B)	₩ <u>1,747,162</u>	₩ <u>291,004</u>	₩ <u>135,409</u>	₩ <u>65,006</u>	₩ <u>37,882</u>	₩ <u>26,846</u>	₩ <u>18,426</u>

Long-term Insurance

(In millions of Korean won)

Accident year	Development year						
	After 1 year	After 2 years	After 3 years	After 4 years	After 5 years	After 6 years	After 7 years
Estimate of gross ultimate claims (A)							
2015.1.1 ~ 2015.12.31	₩ 885,476	₩ 1,219,394	₩ 1,256,051	₩ 1,266,881	₩ 1,270,967	₩ 1,273,615	₩ 1,275,520
2016.1.1 ~ 2016.12.31	1,064,744	1,437,574	1,485,839	1,500,403	1,506,889	1,510,197	-
2017.1.1 ~ 2017.12.31	1,184,224	1,614,903	1,670,929	1,689,768	1,695,477	-	-
2018.1.1 ~ 2018.12.31	1,372,706	1,881,046	1,941,497	1,965,983	-	-	-
2019.1.1 ~ 2019.12.31	1,626,481	2,229,830	2,297,861	-	-	-	-
2020.1.1 ~ 2020.12.31	1,818,316	2,442,633	-	-	-	-	-
2021.1.1 ~ 2021.12.31	2,124,582	-	-	-	-	-	-
	<u>10,076,529</u>	<u>10,825,380</u>	<u>8,652,177</u>	<u>6,423,035</u>	<u>4,473,333</u>	<u>2,783,812</u>	<u>1,275,520</u>
Gross cumulative claim payments(B)							
2015.1.1 ~ 2015.12.31	836,472	1,205,130	1,248,475	1,262,528	1,269,557	1,272,648	1,274,908
2016.1.1 ~ 2016.12.31	1,017,243	1,424,948	1,477,415	1,496,556	1,503,841	1,507,284	-
2017.1.1 ~ 2017.12.31	1,130,868	1,599,227	1,662,978	1,683,997	1,692,323	-	-
2018.1.1 ~ 2018.12.31	1,319,613	1,868,434	1,933,543	1,958,256	-	-	-
2019.1.1 ~ 2019.12.31	1,574,696	2,211,717	2,288,023	-	-	-	-
2020.1.1 ~ 2020.12.31	1,749,647	2,426,351	-	-	-	-	-
2021.1.1 ~ 2021.12.31	2,057,154	-	-	-	-	-	-
	<u>9,685,693</u>	<u>10,735,807</u>	<u>8,610,434</u>	<u>6,401,337</u>	<u>4,465,721</u>	<u>2,779,932</u>	<u>1,274,908</u>
Difference (A-B)	₩ <u>390,836</u>	₩ <u>89,573</u>	₩ <u>41,743</u>	₩ <u>21,698</u>	₩ <u>7,612</u>	₩ <u>3,880</u>	₩ <u>612</u>

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38.5.6 Sensitivity analysis of insurance risk

The Group manages insurance risk by performing sensitivity analysis based on lapse ratio, loss ratio, expense ratio, discount rate, and others which are considered to have significant influence on future cash flow, timing, and uncertainty. Sensitivity analysis of insurance liabilities was conducted only in the unfavorable direction where additional insurance liabilities could be reserved as the surplus was sufficient as a result of the insurance liability adequacy test.

(In millions of Korean won)

	December 31, 2022				
	Assumption change	Effect on			
		Base amount of LAT	Insurance liabilities	Profit before tax	Equity
Lapse ratio	+10%	₩ 495,870	₩ -	₩ -	₩ -
Loss ratio	+10%	5,745,896	-	-	-
Expense ratio	+10%	413,073	-	-	-
Discount rate	-0.5%p	1,084,314	-	-	-

(In millions of Korean won)

	December 31, 2021				
	Assumption change	Effect on			
		Base amount of LAT	Insurance liabilities	Profit before tax	Equity
Lapse ratio	+10%	₩ 337,969	₩ -	₩ -	₩ -
Loss ratio	+10%	6,065,429	-	-	-
Expense ratio	+10%	503,132	-	-	-
Discount rate	-0.5%p	1,985,421	-	-	-

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38.5.7 Liquidity risk of insurance contracts

Liquidity risk arising from insurance contracts arises from the increase in refunds at maturity caused by concentrations of maturity, the excessive increase in surrender values caused by unexpected mass cancellation, and the increase in payments of claims caused by major accidents. The Group manages payment of refunds at maturity by analyzing remaining maturity of insurance contracts.

Maturity structure of premium reserve as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31, 2022 *					
	Up to 1 year	1~5 years	5~10 years	10~20 years	Over 20 years	Total
Long-term insurance non-participating:						
Fixed interest type	₩ 22,436	₩ 90,447	₩ 26,234	₩ 65,721	₩ 575,938	₩ 780,776
Variable interest type	480,248	2,178,620	924,254	991,874	17,517,632	22,092,628
	<u>502,684</u>	<u>2,269,067</u>	<u>950,488</u>	<u>1,057,595</u>	<u>18,093,570</u>	<u>22,873,404</u>
Annuity:						
Fixed interest type	39	992	1,935	3,700	398	7,064
Variable interest type	296	114,980	416,820	1,325,911	2,050,230	3,908,237
	<u>335</u>	<u>115,972</u>	<u>418,755</u>	<u>1,329,611</u>	<u>2,050,628</u>	<u>3,915,301</u>
Total:						
Fixed interest type	22,475	91,439	28,169	69,421	576,336	787,840
Variable interest type	480,544	2,293,600	1,341,074	2,317,785	19,567,862	26,000,865
	<u>₩ 503,019</u>	<u>₩ 2,385,039</u>	<u>₩ 1,369,243</u>	<u>₩ 2,387,206</u>	<u>₩ 20,144,198</u>	<u>₩ 26,788,705</u>

(In millions of Korean won)

	December 31, 2021 *					
	Up to 1 year	1~5 years	5~10 years	10~20 years	Over 20 years	Total
Long-term insurance non-participating:						
Fixed interest type	₩ 121,988	₩ 64,730	₩ 77,880	₩ 59,042	₩ 324,259	₩ 647,899
Variable interest type	959,348	1,958,267	1,536,690	919,726	16,123,312	21,497,343
	<u>1,081,336</u>	<u>2,022,997</u>	<u>1,614,570</u>	<u>978,768</u>	<u>16,447,571</u>	<u>22,145,242</u>
Annuity:						
Fixed interest type	-	820	2,134	3,813	532	7,299
Variable interest type	252	103,419	407,556	1,324,916	2,121,076	3,957,219
	<u>252</u>	<u>104,239</u>	<u>409,690</u>	<u>1,328,729</u>	<u>2,121,608</u>	<u>3,964,518</u>
Total:						
Fixed interest type	121,988	65,550	80,014	62,855	324,791	655,198
Variable interest type	959,600	2,061,686	1,944,246	2,244,642	18,244,388	25,454,562
	<u>₩ 1,081,588</u>	<u>₩ 2,127,236</u>	<u>₩ 2,024,260</u>	<u>₩ 2,307,497</u>	<u>₩ 18,569,179</u>	<u>₩ 26,109,760</u>

* Includes long-term investment contracts liabilities classified as investment contracts amounting to ₩ 9,934 million and ₩ 31,081 million, as of December 31, 2022 and 2021, respectively.

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38.5.8 Credit risk of insurance contract

Credit risk of an insurance contract refers to economic losses in which the reinsurer, the counterparty, is unable to fulfil its contract obligations due to a decline in credit ratings or default or others. Through an internal review, only the insurers rated BBB- or higher of S&P rating or corresponding rating are selected as reinsurance companies.

Concentration and credit ratings for top three reinsurance companies as of December 31, 2022, are as follows:

Reinsurance company	Ratio	Credit rating
KOREAN RE	29.82%	AA
MUNICH RE	8.53%	AAA
HISCOX	5.44%	AA+

Exposures to credit risk related to reinsurance as of December 31, 2022 and 2021, are as follows:

<i>(In millions of Korean won)</i>	December 31, 2022		December 31, 2021	
Reinsurance assets ¹	₩	1,332,088	₩	1,342,615
Receivables from reinsurers ²		396,292		377,619
	₩	<u>1,728,380</u>	₩	<u>1,720,234</u>

¹ Net carrying amount after impairment losses

² Net carrying amount after allowances for credit losses

38.5.9 Interest rate risk of insurance contract

Interest rate risk exposure from the Group's insurance contracts is the risk of unexpected losses due to the fluctuations of net interest income or net assets arising from changes in interest rate and it is managed to minimize unexpected losses. The Group calculates exposure to interest-bearing assets and interest-bearing liabilities for long-term, non-life insurance contracts. Liabilities exposure is premium reserve less surrender charge plus unearned premium reserve. Assets exposure is interest-bearing assets and assets that generate only fees without interest income are excluded from interest-bearing assets. Exposures to interest rate risk as of December 31, 2022 and 2021, are as follows:

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38.5.9.1 Exposure to interest rate risk

(In millions of Korean won)

	December 31, 2022	December 31, 2021
Interest-bearing liabilities		
Fixed interest rate type	₩ 520,250	₩ 489,399
Variable interest rate type	24,802,062	24,246,760
	<u>₩ 25,322,312</u>	<u>₩ 24,736,159</u>
Interest-bearing assets		
Due from financial institutions measured at amortized cost and cash equivalents	₩ 113,043	₩ 81,806
Financial assets at fair value through profit or loss	5,076,615	3,863,978
Financial assets at fair value through other comprehensive income	5,000,002	4,488,443
Securities measured at amortized cost	8,373,125	8,514,272
Loans measured at amortized cost	6,506,787	6,433,839
	<u>₩ 25,069,572</u>	<u>₩ 23,382,338</u>

38.5.9.2 Measurement and recognition method

Duration is used to measure interest rate risk within a risk-based solvency test. The internal model system is utilized to manage interest rate risk internally. In addition, the Risk Management Committee sets asset allocation strategies every year to manage interest rate risk.

38.5.9.3 Sensitivity to changes in interest rate

Interest rate sensitivity is measured and managed by duration. Generally, when interest rate rises, the value and duration of assets and liabilities decrease, and when interest rate falls, the value and duration of assets and liabilities increase. If the duration of assets is shorter than that of liabilities, interest rate risk increases since the incremental portion of liabilities exceeds that of assets when interest rate falls.

38.5.9.4 Negative margin risk control

In order to manage negative margin risk between interest expenses on liabilities and investment income on invested assets, the Group determines the applied interest rate for premium calculation, the minimum guaranteed interest rate, and the disclosed interest rate by fully considering the market interest rate and the Group's investment yield. It is set in accordance with the interest rate guideline set by the risk management department every year, and the set applicable interest rate and minimum guaranteed interest rate are determined with the approval of the Risk Management Committee.

38.6 Risk Management of KB Life Insurance Co., Ltd.

38.6.1 Overview of insurance risk

Insurance risk is the risk that arises from a primary operation of insurance companies that is associated with underwriting of insurance contracts and payment of claims and refers to the possibility of losses that may occur because the risk at the time of claim payment is greater than the risk expected at the time of underwriting. Insurance risk can be divided into insurance price risk and policy reserve risk.

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38.6.1 Overview of insurance risk (cont'd)

Insurance price risk is the possibility of loss due to the differences between actual payment of claims and premiums received from policyholders. Policy reserve risk is possibility of loss due to the differences between policy reserve and actual claims to be paid in the future. Therefore, losses are recognized if actual claims are more than policy reserve.

Life insurance company measures only insurance price risk under RBC requirement because life insurance claim payments are mainly in a fixed amount with less volatility and the period from insured event to claim payments is not long, therefore benefit of measurement of policy reserve risk is low.

38.6.2 Concentration of insurance risk and reinsurance policy

The Group is using reinsurance to mitigate the concentration of insurance risk and increase capital management efficiency using advanced techniques. The reinsurance guidelines are operated separately into individual contracts and group contracts, and reinsurance is ceded through the following process:

(a) In the decision-making process of launching a new product, the Group decides on ceding reinsurance. Subsequently, the Group selects the reinsurer through bidding, and decides whether to reinsure or not through agreements with the relevant departments, and final approval by executive of department in charge.

(b) The reinsurance department analyzes the object of reinsurance, the maximum limit of reinsurance, and the loss ratio through consultation with the relevant departments.

38.6.3 Characteristic and exposure to insurance price risk

The exposure to insurance price risk is measured as the risk retained premium for all insurance contracts based on the track record for one year up to reference date of calculation. The risk retained premium is measured by adding assumed risk reinsurance premium to direct risk premium and deducting ceded risk reinsurance premium. If the risk retained premium is less than zero, the exposure to insurance price risk is measured as zero.

Insurance risk of a life insurance company is mainly measured by insurance price risk. Policy reserve risk is managed by liability adequacy test because the life insurance claim payments are mainly in a fixed amount with less volatility and the period from insured event to claim payments is not long. Insurance price risk is managed through insurance risk management regulation established by the Risk Management Committee.

Maximum exposures to insurance price risk as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31, 2022		December 31, 2021	
	Before reinsurance mitigation	After reinsurance mitigation	Before reinsurance mitigation	After reinsurance mitigation
Death	₩ 16,025	₩ 4,462	₩ 14,977	₩ 11,976
Disability	526	412	586	296
Hospitalization	1,040	399	1,124	730
Operation and diagnosis	5,927	4,929	5,088	1,110
Actual medical expense	1,310	1,200	1,194	262
Others	943	765	972	316
	₩ 25,771	₩ 12,167	₩ 23,941	₩ 14,690

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38.6.3 Characteristic and exposure to insurance price risk (cont'd)

Average ratios of claims paid to risk premium received for the preceding three years based on exposure before risk mitigation as of December 31, 2022 and 2021, are 63.1% and 63.0%, respectively.

Exposures to market risk arising from embedded derivatives included in host insurance contracts as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31, 2022		December 31, 2021	
	Policyholders' reserve *	Guarantee reserve	Policyholders' reserve *	Guarantee reserve
Variable annuity	₩ 626,542	₩ 3,532	₩ 611,283	₩ 3,014
Variable universal	66,057	2,627	78,689	2,768
Variable saving	519,893	365	556,196	393
	₩ 1,212,492	₩ 6,524	₩ 1,246,168	₩ 6,175

* Excludes the amount of the lapsed insurance reserve.

38.6.4 Assumptions used in measuring insurance liabilities

The Group continues to apply estimated ratio defined in the premium and policy reserve calculation manual, as prescribed by the Insurance Business Act and the Regulations on Supervision of Insurance Business when measuring insurance liabilities at every reporting period. However, in the case of variable interest type insurance, adjusted interest rate reflecting the external index interest rate according to Article 6-12 of the Regulations on Supervision of Insurance Business and disclosed interest rate reflecting the rate of return on managed assets stated in the premium and policy reserve calculation manual are used.

Reserve amount should be equal to or more than the standard reserve which is calculated using the standard interest rate and standard risk ratio as prescribed by the Enforcement Rules of the Insurance Business Act and the Regulations on Supervision of Insurance Business.

38.6.5 Maturity structure of premium reserve and unearned premium reserve as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31, 2022						Total
	Up to 3 years	3-5 years	5-10 Years	10-15 years	15-20 years	Over 20 years	
Premium reserve	₩ 411,197	₩ 243,863	₩ 749,678	₩ 336,597	₩ 492,547	₩ 5,200,432	₩ 7,434,314
Unearned premium reserve	168	1	21	-	2	4,048	4,240

(In millions of Korean won)

	December 31, 2021						Total
	Up to 3 years	3-5 years	5-10 Years	10-15 years	15-20 years	Over 20 years	
Premium reserve	₩ 651,638	₩ 285,623	₩ 578,102	₩ 386,515	₩ 545,270	₩ 5,403,252	₩ 7,850,400
Unearned premium reserve	156	-	24	-	-	5,763	5,943

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38.6.6 Sensitivity analysis of insurance risk

The Group manages insurance risk by performing sensitivity analysis based on lapse ratio, claim ratio, expense ratio, discount rate, and others which are considered to have significant influence on future cash flow, timing, and uncertainty. Sensitivity analysis of insurance liabilities was conducted only in the unfavorable direction where additional insurance liabilities could be reserved as the surplus was sufficient as a result of the insurance liability adequacy test.

(In millions of Korean won)

	December 31, 2022				
	Assumption change	Effect on			
		Base amount of LAT	Insurance liabilities	Profit before tax	Equity
Lapse ratio	+10%	₩ 121,800	₩ -	₩ -	₩ -
Claim ratio	+10%	60,023	-	-	-
Expense ratio	+10%	49,380	-	-	-
Discount rate	-0.5%p	417,625	-	-	-

(In millions of Korean won)

	December 31, 2021				
	Assumption change	Effect on			
		Base amount of LAT	Insurance liabilities	Profit before tax	Equity
Lapse ratio	+10%	₩ 82,811	₩ -	₩ -	₩ -
Claim ratio	+10%	50,899	-	-	-
Expense ratio	+10%	53,511	-	-	-
Discount rate	-0.5%p	482,638	-	-	-

38.7 Risk Management of KB Life Insurance Co., Ltd.(former Prudential Life Insurance Company of Korea Ltd.)

38.7.1 Overview of insurance risk

Insurance risk is the risk that arises from a primary operation of insurance companies that is associated with underwriting of insurance contracts and payment of claims and refers to the possibility of losses that may occur because the risk at the time of claim payment is greater than the risk expected at the time of underwriting. Insurance risk can be divided into insurance price risk and policy reserve risk.

Insurance price risk is the possibility of loss due to the differences between actual payment of claims and premiums received from policyholders.

Policy reserve risk is possibility of loss due to the differences between policy reserve and actual claims to be paid in the future. Therefore, losses are recognized if actual claims are more than policy reserve.

Life insurance company measures mainly insurance price risk and manages policy reserve risk using liability adequacy test because life insurance claim payments are mainly in a fixed amount with less volatility and the period from insured event to claim payments is not long.

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38.7.2 Insurance risk management

The Group considers insurance risk inherent in products from the time of product development and continues to measure and mitigate insurance risk in various ways after launch. Insurance risk related to death and illness are mitigated through reinsurance, and the Group selects an appropriate reinsurer based on credit risk and determines the appropriate level of insurance risk exposure for each reinsurer prior to entering into a contract with the reinsurer. The Group manages insurance risk through voluntary reinsurance for the amount in excess of the predetermined insurance risk retention limit.

In addition, the Group monitors the loss ratio, effect of selection, and others every quarter, measures risks through an internal model, and reports the results to the Risk Management Committee.

38.7.3 Exposure to insurance price risk

The exposure to insurance price risk is measured as the risk retained premium for all insurance contracts based on the track record for one year up to reference date of calculation. The risk retained premium is measured by adding assumed risk reinsurance premium to direct risk premium and deducting ceded risk reinsurance premium. If the risk retained premium is less than zero, the exposure to insurance price risk is measured as zero.

Maximum exposures to insurance price risk as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31, 2022		December 31, 2021	
	Before reinsurance mitigation	After reinsurance mitigation	Before reinsurance mitigation	After reinsurance mitigation
Death	₩ 273,801	₩ 270,623	₩ 253,325	₩ 250,045
Disability	10,220	10,199	10,331	10,230
Hospitalization	35,067	35,067	34,194	34,194
Operation and diagnosis	84,937	83,261	81,429	79,850
	₩ 404,025	₩ 399,150	₩ 379,279	₩ 374,319

38.7.4 Details of the ceded reinsurance premiums by credit rating of reinsurer for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	2022		2021	
	Ceded reinsurance premium	Proportion (%)	Ceded reinsurance premium	Proportion (%)
AA- or higher	₩ 4,535	100.00	₩ 5,223	100.00
A+ ~ A-	-	-	-	-
BBB+ or lower	-	-	-	-
Others	-	-	-	-
	₩ 4,535	100.00	₩ 5,223	100.00

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38.7.5 Assumptions used in measuring insurance liabilities

The Group continues to apply estimated ratio defined in the premium and policy reserve calculation manual, as prescribed by the Insurance Business Act and the Regulations on Supervision of Insurance Business when measuring insurance liabilities at every reporting period. However, in the case of variable interest type insurance, adjusted interest rate reflecting the external index interest rate according to Article 6-12 of the Regulations on Supervision of Insurance Business and disclosed interest rate reflecting the rate of return on managed assets stated in the premium and policy reserve calculation manual are used.

Reserve amount should be equal to or more than the standard reserve which is calculated using the standard interest rate and standard risk ratio as prescribed by the Enforcement Rules of the Insurance Business Act and the Regulations on Supervision of Insurance Business.

38.7.6 Liquidity risk of insurance contracts

Liquidity risk arising from insurance contracts arises from the increase in refunds at maturity caused by concentrations of maturity, the excessive increase in surrender values caused by unexpected mass cancellation, and the increase in payments of claims caused by major accidents. The Group manages payment of refunds at maturity by analyzing remaining maturity of insurance contracts.

Maturity structure of premium reserve and unearned premium reserve as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

		December 31, 2022						
		Up to 3 years	3-5 years	5-10 Years	10-15 Years	15-20 years	Over 20 years	Total
Premium reserve	₩	42,775	₩ 40,755	₩ 168,133	₩ 265,998	₩ 639,920	₩ 13,909,732	₩ 15,067,313
Unearned premium reserve		30	13	46	41	56	3,636	3,822

(In millions of Korean won)

		December 31, 2021						
		Up to 3 years	3-5 years	5-10 Years	10-15 years	15-20 years	Over 20 years	Total
Premium reserve	₩	39,578	₩ 40,894	₩ 154,062	₩ 237,021	₩ 528,373	₩ 13,122,197	₩ 14,122,125
Unearned premium reserve		31	15	50	51	65	4,092	4,304

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38.7.7 Sensitivity analysis of insurance risk

The Group manages insurance risk by performing sensitivity analysis based on lapse ratio, claim ratio, expense ratio, discount rate, and others which are considered to have significant influence on future cash flow, timing, and uncertainty. Sensitivity analysis of insurance liabilities was conducted only in the unfavorable direction where additional insurance liabilities could be reserved as the surplus was sufficient as a result of the insurance liability adequacy test.

(In millions of Korean won)

	December 31, 2022				
	Assumption change	Effect on			
		Base amount of LAT	Insurance liabilities	Profit before tax	Equity
Lapse ratio	+10%	₩ 212,126	₩ -	₩ -	₩ -
Claim ratio	+10%	468,779	-	-	-
Expense ratio	+10%	125,063	-	-	-
Discount rate	-0.5%p	1,106,606	-	-	-

(In millions of Korean won)

	December 31, 2021				
	Assumption change	Effect on			
		Base amount of LAT	Insurance liabilities	Profit before tax	Equity
Lapse ratio	+10%	₩ 114,427	₩ -	₩ -	₩ -
Claim ratio	+10%	571,446	-	-	-
Expense ratio	+10%	157,924	-	-	-
Discount rate	-0.5%p	1,563,571	-	-	-

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38.8 Application of the Overlay Approach

Upon initial application of Korean IFRS No.1109, the Group applied the overlay approach in accordance with Korean IFRS No.1104.

38.8.1 Details of financial assets subject to the overlay approach as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31, 2022	December 31, 2021
Financial assets at fair value through profit or loss:		
Due from financial institutions	₩ 69,469	₩ 80,179
Debt securities	8,806,018	8,023,999
Equity securities	60,611	239,426
	<u>₩ 8,936,098</u>	<u>₩ 8,343,604</u>

38.8.2 Changes in net gains on overlay adjustment for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	2022	2021
Beginning	₩ 459,484	₩ 339,202
Recognition of other comprehensive income due to acquisition and valuation	(381,037)	185,906
Reclassification to profit or loss due to disposal	(59,092)	(65,624)
Ending	<u>₩ 19,355</u>	<u>₩ 459,484</u>

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39. Statement of Cash Flows

39.1 Details of cash and cash equivalents as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31,		December 31,	
	2022		2021	
Cash	₩	2,439,490	₩	2,496,941
Checks issued by other banks		123,163		150,047
Due from the Bank of Korea		17,520,636		17,579,643
Due from other financial institutions		11,980,132		10,782,743
		<u>32,063,421</u>		<u>31,009,374</u>
Due from financial institutions measured at fair value through profit or loss		69,469		200,743
		<u>32,132,890</u>		<u>31,210,117</u>
Deduction:				
Restricted due from financial institutions *		(4,809,759)		(4,589,893)
Due from financial institutions with original maturities over three months		(1,160,607)		(1,346,951)
		<u>(5,970,366)</u>		<u>(5,936,844)</u>
	₩	<u>26,162,524</u>	₩	<u>25,273,273</u>

* Items meeting the definition of cash are excluded in accordance with Korean IFRS No.1007 *Statement of Cash Flows*. Detailed information on the effects of this change in accounting policy is described in Note 2.1 Application of Korean IFRS.

Items meeting the definition of cash among due from financial institutions with restriction to use as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

			December 31,		December 31,	
			2022		2021	
		<u>Financial institutions</u>				
Due from financial institutions in Korean won	Due from the Bank of Korea	The Bank of Korea	₩	15,169,703	₩	15,117,033
	Due from others	Korea Development Bank and others		39,358		37,914
Due from financial institutions in foreign currencies	Due from banks in foreign currencies	Bank Indonesia and others		1,218,847		1,009,866
			₩	<u>16,427,908</u>	₩	<u>16,164,814</u>

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39.2 Significant non-cash transactions for the years ended December 31, 2022 and 2021, are as follows:

<i>(In millions of Korean won)</i>	2022		2021	
Write-offs of loans	₩	1,486,357	₩	1,086,296
Changes in financial investments due to debt-for-equity swap		-		327
Changes in accumulated other comprehensive income from valuation of financial instruments at fair value through other comprehensive income		(2,522,854)		507,175
Changes in accumulated other comprehensive income from valuation of investments in associates		(64)		165
Reclassification to assets of a disposal group held for sale		-		171,749

39.3 Cash inflows and outflows from income tax, interest, and dividends for the years ended December 31, 2022 and 2021, are as follows:

<i>(In millions of Korean won)</i>	Activities	2022		2021	
Income tax paid	Operating	₩	1,524,025	₩	1,586,750
Interest received	Operating		20,509,411		15,152,796
Interest paid	Operating		6,356,211		4,062,469
Dividends received	Operating		388,030		290,089
Dividends paid	Financing		1,564,153		1,053,416

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39.4 Changes in liabilities arising from financing activities for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	2022										
	Beginning	Net cash flows	Acquisition (disposal)	Exchange differences	Non-cash changes Changes in fair value	Subsidiaries	Others	Ending			
Derivatives held for hedging *	₩ (25,283)	₩ 33,402	₩ -	₩ 153,646	₩ 8,730	₩ -	₩ (180,415)	₩ (9,920)			
Borrowings and debentures	124,342,562	15,645,750	-	895,758	(297,468)	81,268	(252,302)	140,415,568			
Due to trust accounts	7,033,849	(1,225,402)	-	-	-	-	-	5,808,447			
Non-controlling interests	833,338	395,713	-	-	-	752	50,300	1,280,103			
Others	985,854	436,903	154,004	199	-	-	118,863	1,695,823			
	₩ 133,170,320	₩ 15,286,366	₩ 154,004	₩ 1,049,603	₩ (288,738)	₩ 82,020	₩ (263,554)	₩ 149,190,021			

(In millions of Korean won)

	2021										
	Beginning	Net cash flows	Acquisition (disposal)	Exchange differences	Non-cash changes Changes in fair value	Subsidiaries	Others	Ending			
Derivatives held for hedging *	₩ (57,196)	₩ 5,870	₩ -	₩ 246,352	₩ (70,225)	₩ -	₩ (150,084)	₩ (25,283)			
Borrowings and debentures	112,587,843	11,579,036	-	630,913	(115,440)	(329,512)	(10,278)	124,342,562			
Due to trust accounts	7,542,955	(509,106)	-	-	-	-	-	7,033,849			
Non-controlling interests	857,783	(24,145)	-	-	-	1,994	(2,294)	833,338			
Others	1,019,075	(319,074)	166,336	119	-	-	119,398	985,854			
	₩ 121,950,460	₩ 10,732,581	₩ 166,336	₩ 877,384	₩ (185,665)	₩ (327,518)	₩ (43,258)	₩ 133,170,320			

* Derivatives held for hedging purposes are the net amount after offsetting liabilities and assets.

39.5 The net cash flow associated with the changes in the subsidiaries for the years ended December 31, 2022 and 2021 are ₩ 932,428 million of cash inflow and ₩ 374,992 million of cash inflow, respectively.

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40. Contingent Liabilities and Commitments

40.1 Details of acceptances and guarantees as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31, 2022	December 31, 2021
Confirmed acceptances and guarantees		
Confirmed acceptances and guarantees in Korean won:		
Acceptances and guarantees for KB purchasing loan	₩ 167,538	₩ 136,914
Others	918,670	817,470
	<u>1,086,208</u>	<u>954,384</u>
Confirmed acceptances and guarantees in foreign currencies:		
Acceptances of letter of credit	502,217	523,037
Letter of guarantees	78,414	83,089
Bid bond	19,998	18,874
Performance bond	976,008	855,247
Refund guarantees	1,705,796	874,173
Others	3,485,842	2,505,353
	<u>6,768,275</u>	<u>4,859,773</u>
Financial guarantee contracts:		
Acceptances and guarantees for issuance of debentures	5,040	5,040
Acceptances and guarantees for mortgage	94,861	51,053
Overseas debt guarantees	509,157	428,109
International financing guarantees in foreign currencies	181,241	132,114
Others	-	50,950
	<u>790,299</u>	<u>667,266</u>
	<u>8,644,782</u>	<u>6,481,423</u>
Unconfirmed acceptances and guarantees		
Guarantees of letter of credit	3,042,911	3,551,767
Refund guarantees	1,528,359	833,765
	<u>4,571,270</u>	<u>4,385,532</u>
	<u>₩ 13,216,052</u>	<u>₩ 10,866,955</u>

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40.2 Credit qualities of acceptances and guarantees as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31, 2022			
	12-month expected credit losses	Lifetime expected credit losses		
		Non-impaired	Impaired	Total
Confirmed acceptances and guarantees				
Grade 1	₩ 5,939,025	₩ 1,140	₩ -	₩ 5,940,165
Grade 2	1,882,080	10,474	-	1,892,554
Grade 3	494,924	18,649	-	513,573
Grade 4	63,689	215,382	442	279,513
Grade 5	-	4,130	14,847	18,977
	<u>8,379,718</u>	<u>249,775</u>	<u>15,289</u>	<u>8,644,782</u>
Unconfirmed acceptances and guarantees				
Grade 1	3,232,325	844	-	3,233,169
Grade 2	1,040,908	36,879	-	1,077,787
Grade 3	4,685	13,308	-	17,993
Grade 4	1,265	236,687	5	237,957
Grade 5	-	199	4,165	4,364
	<u>4,279,183</u>	<u>287,917</u>	<u>4,170</u>	<u>4,571,270</u>
	<u>₩ 12,658,901</u>	<u>₩ 537,692</u>	<u>₩ 19,459</u>	<u>₩ 13,216,052</u>

(In millions of Korean won)

	December 31, 2021			
	12-month expected credit losses	Lifetime expected credit losses		
		Non-impaired	Impaired	Total
Confirmed acceptances and guarantees				
Grade 1	₩ 4,532,747	₩ 838	₩ -	₩ 4,533,585
Grade 2	1,594,714	32,567	-	1,627,281
Grade 3	105,691	46,174	-	151,865
Grade 4	7,722	149,785	214	157,721
Grade 5	-	774	10,197	10,971
	<u>6,240,874</u>	<u>230,138</u>	<u>10,411</u>	<u>6,481,423</u>
Unconfirmed acceptances and guarantees				
Grade 1	3,083,636	3,391	-	3,087,027
Grade 2	998,204	39,224	-	1,037,428
Grade 3	12,039	34,797	-	46,836
Grade 4	11,925	195,794	-	207,719
Grade 5	-	138	6,384	6,522
	<u>4,105,804</u>	<u>273,344</u>	<u>6,384</u>	<u>4,385,532</u>
	<u>₩ 10,346,678</u>	<u>₩ 503,482</u>	<u>₩ 16,795</u>	<u>₩ 10,866,955</u>

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40.3 Classifications of acceptances and guarantees by counterparty as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31, 2022			Proportion (%)
	Confirmed guarantees	Unconfirmed guarantees	Total	
Large companies	₩ 7,530,546	₩ 3,810,565	₩ 11,341,111	85.81
Small and medium-sized companies	718,722	496,709	1,215,431	9.20
Public sector and others	395,514	263,996	659,510	4.99
	<u>₩ 8,644,782</u>	<u>₩ 4,571,270</u>	<u>₩ 13,216,052</u>	<u>100.00</u>

(In millions of Korean won)

	December 31, 2021			Proportion (%)
	Confirmed guarantees	Unconfirmed guarantees	Total	
Large companies	₩ 5,431,921	₩ 3,377,150	₩ 8,809,071	81.06
Small and medium-sized companies	820,327	657,073	1,477,400	13.60
Public sector and others	229,175	351,309	580,484	5.34
	<u>₩ 6,481,423</u>	<u>₩ 4,385,532</u>	<u>₩ 10,866,955</u>	<u>100.00</u>

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40.4 Classifications of acceptances and guarantees by industry as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31, 2022			
	Confirmed guarantees	Unconfirmed guarantees	Total	Proportion (%)
Financial institutions	₩ 462,657	₩ 2,012	₩ 464,669	3.52
Manufacturing	3,851,832	3,589,948	7,441,780	56.31
Service	751,846	31,465	783,311	5.93
Wholesale and retail	2,181,469	658,875	2,840,344	21.49
Construction	420,937	47,465	468,402	3.54
Public sector	32,635	81,607	114,242	0.86
Others	943,406	159,898	1,103,304	8.35
	₩ 8,644,782	₩ 4,571,270	₩ 13,216,052	100.00

(In millions of Korean won)

	December 31, 2021			
	Confirmed guarantees	Unconfirmed guarantees	Total	Proportion (%)
Financial institutions	₩ 385,761	₩ 10,114	₩ 395,875	3.64
Manufacturing	2,742,224	2,979,232	5,721,456	52.65
Service	676,440	38,920	715,360	6.58
Wholesale and retail	1,603,085	999,416	2,602,501	23.95
Construction	317,946	38,260	356,206	3.28
Public sector	28,257	99,841	128,098	1.18
Others	727,710	219,749	947,459	8.72
	₩ 6,481,423	₩ 4,385,532	₩ 10,866,955	100.00

40.5 Details of commitments as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31, 2022	December 31, 2021
Commitments		
Corporate loan commitments	₩ 51,743,718	₩ 45,767,502
Retail loan commitments	51,241,471	47,080,416
Credit line of credit cards	77,825,953	70,534,719
Purchase of other securities	7,357,198	6,835,506
	188,168,340	170,218,143
Financial guarantee contracts		
Credit line	7,135,542	5,729,798
Purchase of securities	371,201	495,400
	7,506,743	6,225,198
	₩ 195,675,083	₩ 176,443,341

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40.6 Other Matters (including litigation)

a) The Group has 292 pending lawsuits as a plaintiff (excluding simple lawsuits related to the collection or management of loans), with aggregate claims amount of ₩ 1,442,572 million, and 280 pending lawsuits as a defendant (excluding simple lawsuits related to the collection or management of loans) with aggregate claims amount of ₩ 977,848 million, which arose in the normal course of the business, as of December 31, 2022. Details of major pending lawsuits in which the Group is a defendant are as follows:

(In number of cases, in millions of Korean won)

Company	Lawsuits	No. of cases	Amount	Description of the lawsuits	Status of the lawsuits
Kookmin Bank	Request for a return of redemption amount	1	₩ 53,239	Kookmin Bank invested the assets entrusted by OO Asset Management and OO Investment Trust Management in the Fairfield Sentry Limited, and Fairfield Sentry Limited reinvested the assets in Bernard L. Madoff Investment Securities LLC managed by Bernard Madoff (Bernard L. Madoff Investment Securities LLC is in the liquidation process due to Ponzi scheme fraud-related losses). Bankruptcy trustee of Bernard L. Madoff Investment Securities LLC filed a lawsuit against Kookmin Bank seeking to return the amount of redemptions received by Kookmin Bank through Fairfield Sentry Limited.	Application for dismissal by the defendant has been denied, and further proceedings are scheduled. [Related litigation is in progress at the New York Southern District Federal Bankruptcy Court (10-3777) at the written complaint review stage]
	Confirm the absence of debt	1	96,200	Galamat-Art LLP is a joint guarantor of the PF loan for the 'Kazakhstan Almaty City Complex Development Project' in which Kookmin Bank Co., Ltd. participated as a lender. OO Bank, the agent bank of the lending group, filed a provisional seizure and a lawsuit on the merits of the guarantee debt to the local court against Galamat-Art LLP. And Galamat-Art LLP filed a counterclaim against the lenders, including Kookmin Bank, to confirm the absence of debt denying the joint guarantee obligation.	Kookmin Bank won the case in the first and second trials, but the second trial is scheduled to be re-run as the registered shareholders of the Plaintiff filed an objection.
	Expropriation of long-term leasehold rights	1	316,825	Kookmin Bank invested assets entrusted by DAOL Asset Management Co., Ltd. in loans that are directly or indirectly collateralized by the building and land leasehold rights (hereinafter referred to as "the real estate in this case") of Union Station in Washington, D.C., the United States. The Plaintiff, who is the operator of the railway facility, filed this lawsuit against those concerned with the real estate in this case, including Kookmin Bank, to expropriate the real estate in this case and determine indemnity.	Kookmin Bank submitted the response letter and will proceed with the process in the future.

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40.6 Other Matters (including litigation (cont'd))

(In number of cases, in millions of Korean won)

Company	Lawsuits	No. of cases	Amount	Description of the lawsuits	Status of the lawsuits
KB Securities Co., Ltd.	Request for a return of transaction amount (Australian fund)	1	37,468	The plaintiffs OOOO Securities and OOOO Life Insurance filed lawsuits, claiming that the KB Securities Co., Ltd. provided false information on major matters in the product description while selling JB Australia NDIS Private Fund No.1 (on April 25, 2019, plaintiffs invested ₩ 50 billion each) (a) (Primary claim) requesting KB Securities Co., Ltd. to return unjust enrichment of ₩ 100 billion for cancelation of sales contracts of beneficiary certificates due to an error or termination of the contract due to default, (b) (Secondary claim) requesting for compensation for damages in investments amounting to ₩ 100 billion due to violation of the investor protection obligation and fraudulent transactions of KB Securities Co., Ltd. and OOO Asset Management. The Plaintiff's complaint price was changed to ₩ 37.47 billion due to the Plaintiff's request to change the purpose and cause of the claim on October 11, 2022.	First trial is in progress (the pleading resumption has been decided on February 6, 2023, and the 9th pleading is scheduled on April 11, 2023.).

b) In June 2013, KB Kookmin Card Co., Ltd. had an accident in which cardholders' personal information was stolen (hereinafter referred to as "accident") due to illegal activities by employees of personal credit information company in charge of development of the system upgrading to prevent fraudulent use of credit card. As a result, KB Kookmin Card Co., Ltd. was notified by the Financial Services Commission of the suspension of some new business for 3 months as of February 16, 2014. In respect of the accident, the Group faces 1 and 2 legal claims filed as a defendant, with an aggregate claim amount of ₩ 51 million and ₩ 108 million as of December 31, 2022 and December 31, 2021, respectively. The Group takes out the personal information protection liability insurance as of December 31, 2022.

c) As of December 31, 2022, KB KOLAO Leasing Co., Ltd. is selling LVMC Holdings (formerly Kolao Holdings) allied receivables that are overdue by three months or more to Lanexang Leasing Co., Ltd. in accordance with the agreement.

d) As of December 31, 2022, KB Capital Co., Ltd. and PT Sunindo Primasura are required to hold the shares of PT Sunindo Kookmin Best Finance for five years after May 18, 2020, when the purchase of shares was completed. If one party is going to sell all or part of the shares, provide them as collateral, trade or dispose of them, it should give the opportunity to exercise preemption to the other party by providing written proposal including transfer price, payment method, and others.

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40.6 Other Matters (including litigation (cont'd))

e) KB Securities Co., Ltd., as an investment broker, managed the sale of private equity funds and trusts amounting to ₩ 326,500 million, which lends to corporations (borrowers) that invest in apartment rental businesses for the disabled in Australia, to individuals and institutional investors. However, management of the fund has been suspended due to the breach of contract by local borrowers in Australia; therefore there is a possibility of losses of principal to these funds subscribers. In this regard, there are three lawsuits in which the Group is a defendant as of December 31, 2022. One of the cases was ruled, on February 7, 2023, ordering the payment of ₩ 29.8 billion in principal and delayed interest on it; however, the judgment may be changed at the higher court. And the other two cases are still in the first trial. KB Securities Co., Ltd. determined the results of the first trial on February 7, 2023 as an event after the reporting period requiring adjustment, and additionally reflected to the litigation provision in the financial statements as of December 31, 2022.

Meanwhile, KB Securities Co., Ltd. filed a requisite for reimbursement lawsuit against JB Asset Management, a fund management company, in this regard, and is currently in the first trial.

f) In relation to Lime Asset Management, KB Securities Co., Ltd. has a PIS (Portfolio Index Swap) contract, as of December 31, 2022, associated with 'Lime Thetis Qualified Investor Private Investment Trust No.2' and 'Lime Pluto FI Qualified Investor Private Investment Trust No.D-1' whose redemption were suspended during the fourth quarter of 2019. The notional amount of the underlying assets of the PIS contract is ₩ 163,100 million. Meanwhile, the Group sold ₩ 68,100 million of feeder funds of aforementioned redemption-suspended funds. On October 20, 2020, Lime Asset Management's license as a fund manager was revoked by the Financial Supervisory Service's sanctions review committee, and most of its redemption-suspended funds and normal funds have been transferred to Wellbridge Asset Management (the bridge management company) to continue to collect and distribute investments. It is difficult to predict whether and when the aforementioned redemption-suspended funds will be redeemed. In this regard, KB Securities Co., Ltd. faces four claims filed as a defendant as of December 31, 2022. The Group has accounted for the estimated loss due to the possibility of additional lawsuits in the future as a provision for litigations.

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41. Subsidiaries

41.1 Details of major consolidated subsidiaries as of December 31, 2022, are as follows:

Investor	Investee	Ownership (%)	Location	Date of financial statements	Industry	
KB Financial Group Inc.	Kookmin Bank	100.00	Korea	Dec. 31	Banking and foreign exchange transaction	
	KB Securities Co., Ltd.	100.00	Korea	Dec. 31	Financial investment	
	KB Insurance Co., Ltd.	100.00	Korea	Dec. 31	Non-life insurance	
	KB Kookmin Card Co., Ltd.	100.00	Korea	Dec. 31	Credit card and installment financing	
	KB Life Insurance Co., Ltd. (former Prudential Life Insurance Company of Korea Ltd.)	100.00	Korea	Dec. 31	Life insurance	
	KB Asset Management Co., Ltd.	100.00	Korea	Dec. 31	Collective investment and advisory	
	KB Capital Co., Ltd.	100.00	Korea	Dec. 31	Financial Leasing	
	KB Life Insurance Co., Ltd.	100.00	Korea	Dec. 31	Life insurance	
	KB Real Estate Trust Co., Ltd.	100.00	Korea	Dec. 31	Real estate trust management	
	KB Savings Bank Co., Ltd.	100.00	Korea	Dec. 31	Savings banking	
	KB Investment Co., Ltd.	100.00	Korea	Dec. 31	Capital investment	
	KB Data System Co., Ltd.	100.00	Korea	Dec. 31	Software advisory, development, and supply	
	KB Credit Information Co., Ltd.	100.00	Korea	Dec. 31	Collection of receivables or credit investigation	
	Kookmin Bank	Kookmin Bank Cambodia Plc.	100.00	Cambodia	Dec. 31	Banking and foreign exchange transaction
		Kookmin Bank (China) Ltd.	100.00	China	Dec. 31	Banking and foreign exchange transaction
KB Microfinance Myanmar Co., Ltd.		100.00	Myanmar	Dec. 31	Microfinance services	
PRASAC Microfinance Institution Plc.		100.00	Cambodia	Dec. 31	Microfinance services	
PT Bank KB Bukopin Tbk		67.00	Indonesia	Dec. 31	Banking and foreign exchange transaction	

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41.1 Details of major consolidated subsidiaries as of December 31, 2022, are as follows: (cont'd)

Investor	Investee	Ownership (%)	Location	Date of financial statements	Industry
Kookmin Bank	PT Bank Syariah Bukopin	92.78	Indonesia	Dec. 31	Banking
	PT Bukopin Finance	97.03	Indonesia	Dec. 31	Installment financing
	KB Bank Myanmar Co., Ltd.	100.00	Myanmar	Dec. 31	Banking and foreign exchange transaction
KB Securities Co., Ltd.	KBFG Securities America Inc.	100.00	United States	Dec. 31	Investment advisory and securities trading
	KB Securities Hong Kong Ltd.	100.00	China	Dec. 31	Investment advisory and securities trading
	KB Securities Vietnam Joint Stock Company	99.81	Vietnam	Dec. 31	Investment advisory and securities trading
	KB FINA Joint Stock Company	77.82	Vietnam	Dec. 31	Investment advisory and securities trading
	PT KB VALBURY SEKURITAS	65.00	Indonesia	Dec. 31	Investment advisory and securities trading
	PT.KB Valbury Capital Management	79.00	Indonesia	Dec. 31	Financial investment
	KB Insurance Co., Ltd.	Leading Insurance Services, Inc.	100.00	United States	Dec. 31
KB Insurance Co., Ltd.	KBFG Insurance(China) Co., Ltd.	100.00	China	Dec. 31	Non-life insurance
	PT. KB Insurance Indonesia	70.00	Indonesia	Dec. 31	Non-life insurance
	KB Claims Survey & Adjusting	100.00	Korea	Dec. 31	Claim service
	KB Sonbo CNS	100.00	Korea	Dec. 31	Management service
	KB Golden Life Care Co., Ltd.	100.00	Korea	Dec. 31	Service
	KB Healthcare Co., Ltd.	100.00	Korea	Dec. 31	Information and communication
	KB Life Insurance Co., Ltd.(former Prudential Life Insurance Company of Korea Ltd.)	KB Life Partners Co., Ltd.	100.00	Korea	Dec. 31
KB Kookmin Card Co., Ltd.	KB Daehan Specialized Bank Plc.	95.71	Cambodia	Dec. 31	Auto Installment finance
	PT. KB Finansia Multi Finance	80.00	Indonesia	Dec. 31	Auto Installment finance
	KB J Capital Co., Ltd.	50.99	Thailand	Dec. 31	Service
KB Capital Co., Ltd.	i-Finance Leasing Plc.	100.00	Cambodia	Dec. 31	Leasing
	PT Sunindo Kookmin Best Finance	85.00	Indonesia	Dec. 31	Auto Installment finance
KB Kookmin Card Co., Ltd. KB Capital Co., Ltd.	KB KOLAO Leasing Co., Ltd.	80.00	Laos	Dec. 31	Auto Installment finance

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41.1 Details of major consolidated subsidiaries as of December 31, 2022, are as follows: (cont'd)

Investor	Investee	Ownership (%)	Location	Date of financial statements	Industry
Kookmin Bank, KB Data System Co., Ltd.	PT KB Data Systems Indonesia	100.00	Indonesia	Dec. 31	Service
KB Asset Management Co., Ltd.	KBAM Shanghai Advisory Services Co., Ltd.	100.00	China	Dec. 31	General advisory
	KB Asset Management Singapore PTE. LTD.	100.00	Singapore	Dec. 31	Collective investment

41.2 Details of consolidated structured entities as of December 31, 2022, are as follows:

	Consolidated structured entities	Reasons for consolidation
Trusts	Kookmin Bank (development trust) and 10 others	The Group controls the trust because it has power to determine management performance of the trust and is significantly exposed to variable returns that absorb losses through the guarantees of payment of principal, or payment of principal and fixed rate of return.
Asset-backed securitization	Taejon Samho The First Co., Ltd. and 119 others	The Group controls these investees because it has power over relevant activities in the event of default, is significantly exposed to variable returns by providing lines of credit, ABCP purchase commitments or acquisition of subordinated debt and has ability to affect those returns through its power.
Investment funds and others	KB Global Platform Fund and 204 others	Funds are consolidated if the Group, as a collective investor or operating manager (member), etc., can manage fund assets on behalf of other investors, or dismiss the collective investor and operating manager, and is substantially exposed to significant variable returns or has such rights.

If the Group holds more than half of the ownership interests but does not have the power over relevant activities of structured entities in accordance with agreements with trust and other related parties, those structured entities are excluded from the consolidation.

KB Financial Group Inc. and Subsidiaries
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41.3 Condensed financial information of major subsidiaries as of and for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31, 2022			2022		
	Assets	Liabilities	Equity	Operating revenue	Profit (loss) attributable to shareholders of the Parent Company	Total comprehensive income (loss) attributable to shareholders of the Parent Company
Kookmin Bank ¹	₩ 517,769,512	₩ 484,046,253	₩ 33,723,259	₩ 49,436,046	₩ 2,996,015	₩ 1,856,632
KB Securities Co., Ltd. ^{1,2}	53,824,246	47,946,933	5,877,313	14,264,399	187,784	263,605
KB Insurance Co., Ltd. ^{1,2}	42,736,747	39,397,167	3,339,580	14,959,264	557,680	(820,382)
KB Kookmin Card Co., Ltd. ¹	29,721,017	24,998,215	4,722,802	3,694,352	378,592	412,208
KB Life Insurance Co., Ltd.(former Prudential Life Insurance Company of Korea Ltd.) ^{1,2}	24,710,078	23,047,601	1,662,477	2,255,418	250,308	(532,038)
KB Asset Management Co., Ltd. ¹	369,488	102,970	266,518	233,293	59,345	59,367
KB Capital Co., Ltd. ^{1,2}	16,053,026	13,946,800	2,106,226	1,906,694	217,139	209,808
KB Life Insurance Co., Ltd.	10,136,909	10,050,292	86,617	2,907,001	(64,045)	(422,048)
KB Real Estate Trust Co., Ltd.	518,980	113,444	405,536	152,686	67,723	68,714
KB Savings Bank Co., Ltd.	3,138,543	2,854,549	283,994	191,337	21,814	21,897
KB Investment Co., Ltd. ¹	1,378,550	1,108,264	270,286	161,210	4,807	4,805
KB Data System Co., Ltd. ¹	63,645	40,570	23,075	233,320	3,162	4,546
KB Credit Information Co., Ltd.	42,219	24,923	17,296	36,469	484	924

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41.3 Condensed financial information of major subsidiaries as of and for the years ended December 31, 2022 and 2021, are as follows: (cont'd)

(In millions of Korean won)

	December 31, 2021			2021		
	Assets	Liabilities	Equity	Operating revenue	Profit (loss) attributable to shareholders of the Parent Company	Total comprehensive income (loss) attributable to shareholders of the Parent Company
Kookmin Bank ¹	₩ 483,564,898	₩ 450,675,985	₩ 32,888,913	₩ 26,536,995	₩ 2,590,764	₩ 3,265,921
KB Securities Co., Ltd. ^{1,2}	55,493,985	50,008,422	5,485,563	8,543,590	594,301	628,112
KB Insurance Co., Ltd. ^{1,2}	41,472,227	37,328,954	4,143,273	14,131,278	301,836	107,240
KB Kookmin Card Co., Ltd. ¹	27,349,561	22,793,920	4,555,641	3,527,354	418,898	442,873
KB Life Insurance Co., Ltd.(former Prudential Life Insurance Company of Korea Ltd.) ²	26,287,116	23,992,601	2,294,515	1,976,122	336,198	54,587
KB Asset Management Co., Ltd. ¹	375,739	128,589	247,150	254,162	79,899	79,071
KB Capital Co., Ltd. ^{1,2}	14,529,427	12,707,210	1,822,217	1,634,759	209,899	209,719
KB Life Insurance Co., Ltd.	10,634,562	10,174,282	460,280	2,259,301	(46,595)	(121,847)
KB Real Estate Trust Co., Ltd.	496,522	119,700	376,822	168,373	81,480	82,299
KB Savings Bank Co., Ltd.	2,601,134	2,339,037	262,097	150,028	18,932	22,526
KB Investment Co., Ltd. ¹	1,197,720	922,239	275,481	207,367	55,338	55,340
KB Data System Co., Ltd. ¹	44,486	25,911	18,575	174,819	467	1,105
KB Credit Information Co., Ltd.	28,674	12,303	16,371	39,909	388	434

¹ Financial information is based on its consolidated financial statements.

² Includes fair value adjustments arising from the acquisition.

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41.4 The Characteristics of Risks Associated with Consolidated Structured Entities

The terms of contractual arrangements to provide financial support to consolidated structured entities are as follows:

41.4.1 The Group has provided payment guarantees of ₩ 4,458,840 million to K plus 1st L.L.C and other consolidated structured entities.

41.4.2 The Group has provided capital commitment to 51 consolidated structured entities including KB Sinansan Line Private Special Asset Fund (SOC). The unexecuted amount of the capital commitment is ₩ 1,822,517 million. Based on the capital commitment, the Group is subject to increase its investment upon the request of the asset management company or the additional agreement among investors.

41.4.3 The Group has provided the guarantees of payment of principal, or principal and fixed rate of return in case the operating results of the trusts are less than the guaranteed principal, or principal and fixed rate of return.

41.5 Changes in Subsidiaries

41.5.1 Subsidiaries newly included in consolidation for the year ended December 31, 2022, are as follows:

Company	Reasons of obtaining control
PT.KB VALBURY SEKURITAS and 30 others	Holds more than half of the ownership interests
New star Gimpo 4th Co., Ltd. and 55 others	Holds the power in the event of default and is exposed to significant variable returns by providing lines of credit, ABCP purchase commitments or acquisition of subordinated debt
KB Korea Short Term Premium Private Securities Fund No.25(USD)(Bond) and 34 others	Holds the power to determine the operation of the funds and is exposed to variable returns by holding significant amount of ownership interests
KB Tail End Fund and 11 others	Holds the power as a general partner and is exposed to variable returns by holding significant amount of ownership interests

41.5.2 Subsidiaries excluded from consolidation for the year ended December 31, 2022, are as follows:

Company	Reasons of losing control
Able Pocheon 1st Co., Ltd. and 60 others	Termination of the commitments
KB Pre IPO Secondary Venture Fund No.2 and 21 others	Liquidation
498 Seventh KOR Holdco LP and 3 other	Disposal
KB Global Digital-Chain Economy Securities Fund(Equity) and 9 others	Decrease in ownership interests to less than majority

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42. Unconsolidated Structured Entities

42.1 Nature, purpose, and activities of the unconsolidated structured entities and how the structured entities are financed, are as follows:

Nature	Purpose	Activity	Method of financing
Structured financing	Granting PF loans to SOC and real estate Granting loans to ships/aircrafts SPC	Construction of SOC and real estate Building ships, construction and purchase of aircrafts	Loan commitments through credit line, providing credit line, and investment agreements
Investment funds	Investment in beneficiary certificates Investment in PEF and partnerships	Management of fund assets Payment of fund fees and allocation of fund profits	Sales of beneficiary certificate instruments Investment from general partners and limited partners
Trusts	Management of financial trusts; -Development trust -General unspecified money trust - Trust whose principal is not guaranteed -Other trusts	Management of trusted financial assets Payment of trust fees and allocation of trust profits.	Sales of trusted financial assets
Asset-backed securitization	Early cash generation through transfer of securitized assets Fees earned through services to SPC, such as providing lines of credit and ABCP purchase commitments	Fulfillment of asset-backed securitization plan Purchase and collection of securitized assets Issuance and repayment of ABS and ABCP	Issuance of ABS and ABCP based on securitized assets

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42.2 Details of scale of unconsolidated structured entities and nature of the risks associated with the Group's interests in unconsolidated structured entities as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31, 2022				
	Structured financing	Investment funds	Trusts	Asset-backed securitization and others	Total
Total assets of unconsolidated structured entities	₩ 110,862,054	₩ 435,585,129	₩ 5,516,039	₩ 144,018,286	₩ 695,981,508
Carrying amount in the financial statements					
Assets:					
Financial assets at fair value through profit or loss	₩ 105,637	₩ 12,963,303	₩ 298,169	₩ 3,566,948	₩ 16,934,057
Loans measured at amortized cost	8,829,758	469,777	163,220	3,037,021	12,499,776
Financial investments	1,012	-	-	7,893,604	7,894,616
Investments in associates	-	335,746	-	-	335,746
Other assets	6,663	1,504	242,853	5,950	256,970
	<u>₩ 8,943,070</u>	<u>₩ 13,770,330</u>	<u>₩ 704,242</u>	<u>₩ 14,503,523</u>	<u>₩ 37,921,165</u>
Liabilities:					
Deposits	₩ 1,596,011	₩ 41,288	₩ -	₩ 219,641	₩ 1,856,940
Derivative financial liabilities	437	2,102	-	698	3,237
Other liabilities	3,044	11	-	54,425	57,480
	<u>₩ 1,599,492</u>	<u>₩ 43,401</u>	<u>₩ -</u>	<u>₩ 274,764</u>	<u>₩ 1,917,657</u>
Maximum exposure *					
Assets held	₩ 8,943,070	₩ 13,770,330	₩ 704,242	₩ 14,503,523	₩ 37,921,165
Purchase and investment commitments	227,098	6,301,588	144,269	678,564	7,351,519
Unused credit	1,380,348	-	8,547	6,161,171	7,550,066
Acceptances and guarantees and loan commitments	1,015,619	-	-	20,000	1,035,619
	<u>₩ 11,566,135</u>	<u>₩ 20,071,918</u>	<u>₩ 857,058</u>	<u>₩ 21,363,258</u>	<u>₩ 53,858,369</u>
Methods of determining the maximum exposure	Loan commitments /investment agreements / purchase commitments and acceptances and guarantees	Investments /loans and Investment agreements	Trust paying dividends by results: Total amount of trust exposure	Providing credit lines/ purchase commitments/ loan commitments and acceptances and guarantees	

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42.2 Details of scale of unconsolidated structured entities and nature of the risks associated with the Group's interests in unconsolidated structured entities as of December 31, 2022 and 2021, are as follows: (cont'd)

(In millions of Korean won)

	December 31, 2021				
	Structured financing	Investment funds	Trusts	Asset-backed securitization and others	Total
Total assets of unconsolidated structured entities	₩ 89,647,771	₩ 416,401,893	₩ 3,005,720	₩ 144,897,727	₩ 653,953,111
Carrying amount in the financial statements					
Assets:					
Financial assets at fair value through profit or loss	₩ 126,086	₩ 13,340,292	₩ 90,348	₩ 3,602,631	₩ 17,159,357
Derivative financial assets	-	-	-	181	181
Loans measured at amortized cost	8,290,514	479,452	265,173	1,194,705	10,229,844
Financial investments	-	-	-	8,084,101	8,084,101
Investments in associates	-	292,315	-	-	292,315
Other assets	2,496	3,111	119,630	15,638	140,875
	<u>₩ 8,419,096</u>	<u>₩ 14,115,170</u>	<u>₩ 475,151</u>	<u>₩ 12,897,256</u>	<u>₩ 35,906,673</u>
Liabilities:					
Deposits	₩ 650,834	₩ 58,348	₩ -	₩ 330,592	₩ 1,039,774
Derivative financial liabilities	-	-	-	437	437
Other liabilities	8,196	289	-	32,179	40,664
	<u>₩ 659,030</u>	<u>₩ 58,637</u>	<u>₩ -</u>	<u>₩ 363,208</u>	<u>₩ 1,080,875</u>
Maximum exposure *					
Assets held	₩ 8,419,096	₩ 14,115,170	₩ 475,151	₩ 12,897,256	₩ 35,906,673
Purchase and investment commitments	-	6,131,739	131,102	499,682	6,762,523
Unused credit	855,322	-	-	4,990,797	5,846,119
Acceptances and guarantees and loan commitments	1,544,394	-	15,890	496,284	2,056,568
	<u>₩ 10,818,812</u>	<u>₩ 20,246,909</u>	<u>₩ 622,143</u>	<u>₩ 18,884,019</u>	<u>₩ 50,571,883</u>
Methods of determining the maximum exposure	Loan commitments /investment agreements / purchase commitments and acceptances and guarantees	Investments /loans and Investment agreements	Trust paying dividends by results: Total amount of trust exposure	Providing credit lines/ purchase commitments/ loan commitments and acceptances and guarantees	

* Maximum exposure includes the asset amounts, after deducting loss (provisions for credit losses, impairment losses, and others), recognized in the consolidated financial statements of the Group.

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43. Related Party Transactions

According to Korean IFRS No.1024, the Group includes investments in associates, key management personnel (including family members), and post-employment benefit plans of the Group and its related party companies in the scope of related parties. The Group discloses balances (receivables and payables) and other amounts arising from transactions with related parties in the notes to the consolidated financial statements. Refer to Note 13 for details of investments in associates and joint ventures.

43.1 Details of significant profit or loss arising from transactions with related parties for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

		<u>2022</u>	<u>2021</u>
Associates and joint ventures			
Balhae Infrastructure Company	Fee and commission income	₩ 5,194	₩ 5,689
Korea Credit Bureau Co., Ltd.	Interest expense	1	6
	Fee and commission income	649	910
	Fee and commission expense	3,973	4,256
	Insurance income	4	4
	Other operating expenses	15	11
KB GwS Private Securities Investment Trust *	Fee and commission income	-	146
Incheon Bridge Co., Ltd.	Interest income	7,516	4,069
	Interest expense	517	158
	Fee and commission income	23	22
	Fee and commission expense	6	6
	Insurance income	212	230
	Losses on financial instruments at fair value through profit or loss	4,434	1,374
	Reversal of credit losses	28	444
	Provision for credit losses	9	1
Kendai Co.,Ltd.	Other non-operating expenses	3	-
Aju Good Technology Venture Fund	Interest expense	108	27
KB Star Office Private Real Estate Master Fund No.1*	Interest income	-	370
	Interest expense	2	5
	Fee and commission income	276	435
Star-Lord General Investors	Insurance income	97	-
Private Real Estate Investment Company No.10	Interest income	3,098	-
	Interest expense	413	-
	Provision for credit losses	1	-
	General and administrative expenses	5,562	-

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43.1 Details of significant profit or loss arising from transactions with related parties for the years ended December 31, 2022 and 2021, are as follows: (cont'd)

(In millions of Korean won)

		2022		2021	
		₩		₩	
SY Auto Capital Co., Ltd.	Interest income	889		941	
	Fee and commission income	47		88	
	Fee and commission expense	10		15	
	Insurance income	43		42	
	Other operating income	487		710	
	Other operating expenses	32		64	
	Reversal of credit losses	-		11	
	Provision for credit losses	9		-	
Food Factory Co., Ltd.	Interest income	80		70	
	Interest expense	6		5	
	Insurance income	10		9	
	Fee and commission income	1		-	
	Fee and commission expense	-		2	
	Gains on financial instruments at fair value through profit or loss	33		-	
	Losses on financial instruments at fair value through profit or loss	-		1	
	Reversal of credit losses	1		6	
KB Pre IPO Secondary Venture Fund No.1 *	Interest expense	-		1	
	Fee and commission income	1,204		110	
Acts Co., Ltd. *	Insurance income	2		1	
Dongjo Co., Ltd	Insurance income	-		1	
	Interest income	9		-	
POSCO-KB Shipbuilding Fund	Fee and commission income	177		213	
Dae-A Leisure Co., Ltd.	Interest expense	-		2	
Paycoms Co., Ltd.	Interest income	7		10	
	Gains on financial instruments at fair value through profit or loss	39		42	
	Interest expense	1		-	
Big Dipper Co., Ltd.	Fee and commission expense	393		655	
	Interest expense	1		1	
KB-KDBC Pre-IPO New Technology Business Investment Fund	Fee and commission income	129		190	
	Fee and commission income	185		285	
KB-TS Technology Venture Private Equity Fund					

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43.1 Details of significant profit or loss arising from transactions with related parties for the years ended December 31, 2022 and 2021, are as follows: (cont'd)

(In millions of Korean won)

		2022	2021
KB-SJ Tourism Venture Fund	Fee and commission income	₩ 209	₩ 279
Banksalad Co., Ltd.	Gains on financial instruments at fair value through profit or loss	-	613
	Losses on financial instruments at fair value through profit or loss	-	663
	Fee and commission income	36	36
	Fee and commission expense	17	48
Iwon Alloy Co., Ltd.	Insurance income	1	-
Bioprotect Ltd.	Gains on financial instruments at fair value through profit or loss	-	293
RMGP Bio-Pharma Investment Fund, L.P.	Fee and commission income	43	38
	Gains on financial instruments at fair value through profit or loss	-	531
	Losses on financial instruments at fair value through profit or loss	-	2,373
KB-MDI Centauri Fund LP	Fee and commission income	487	401
	Gains on financial instruments at fair value through profit or loss	-	551
	Losses on financial instruments at fair value through profit or loss	-	284
Hibiscus Fund LP	Fee and commission income	524	372
	Gains on financial instruments at fair value through profit or loss	-	113
RMG-KB BioAccess Fund L.P.	Fee and commission income	325	57
	Gains on financial instruments at fair value through profit or loss	-	5
S&E Bio Co., Ltd.	Interest expense	2	1
Contents First Inc.	Interest income	128	-
	Interest expense	34	83
	Fee and commission income	1	-
	Provision for credit losses	1	-

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43.1 Details of significant profit or loss arising from transactions with related parties for the years ended December 31, 2022 and 2021, are as follows: (cont'd)

(In millions of Korean won)

		2022	2021
December & Company Inc.	Insurance income	₩ 174	₩ 109
GENINUS Inc. *	Interest expense	12	29
	Gains on financial instruments at fair value through profit or loss	-	4,009
	Provision for credit losses	-	6
Pin Therapeutics Inc.	Interest expense	110	-
Wyatt Corp.	Insurance income	142	87
KB-Brain KOSDAQ Scale-up New Technology Business Investment Fund	Interest expense	6	17
	Fee and commission income	423	514
Spark Biopharma Inc.	Interest expense	272	7
Skydigital Inc.	Fee and commission income	3	3
Il-Kwang Electronic Materials Co., Ltd.	Other non-operating expenses	1	-
SO-MYUNG Recycling Co., Ltd.	Other non-operating expenses	2	-
KB No.17 Special Purpose Acquisition Company *	Losses on financial instruments at fair value through profit or loss	-	1,388
	Interest expense	1	14
KB No.18 Special Purpose Acquisition Company *	Gains on financial instruments at fair value through profit or loss	-	8
	Interest expense	5	20
KB No.19 Special Purpose Acquisition Company *	Gains on financial instruments at fair value through profit or loss	-	36
	Interest expense	5	9
KB No.20 Special Purpose Acquisition Company *	Gains on financial instruments at fair value through profit or loss	-	68
	Interest expense	22	15
KB No.21 Special Purpose Acquisition Company	Fee and commission income	263	-
	Gains on financial instruments at fair value through profit or loss	1,469	-
	Interest expense	30	-
KB No.22 Special Purpose Acquisition Company	Fee and commission income	175	-
	Gains on financial instruments at fair value through profit or loss	982	-
	Interest expense	1	-

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43.1 Details of significant profit or loss arising from transactions with related parties for the years ended December 31, 2022 and 2021, are as follows: (cont'd)

(In millions of Korean won)

		2022	2021
KB No.23 Special Purpose Acquisition Company	Gains on financial instruments at fair value through profit or loss	₩ 1,476	₩ -
	Interest expense	23	-
KB No.24 Special Purpose Acquisition Company	Interest expense	1	-
KB SPROTT Renewable Private Equity Fund No.1	Fee and commission income	345	487
KB-Stonebridge Secondary Private Equity Fund	Fee and commission income	706	550
COSES GT Co., Ltd.	Interest income	23	18
	Interest expense	1	1
	Provision for credit losses	3	-
	Reversal of credit losses	-	3
IDTECK Co., Ltd.	Insurance income	-	1
Mantisco Co., Ltd.	Interest expense	1	1
SuperNGine Co., Ltd.	Interest expense	-	1
Desilo Inc.	Interest income	9	1
	Provision for credit losses	-	2
Turing Co., Ltd.	Interest expense	1	1
IGGYMOB Co., Ltd.	Interest expense	1	1
Kukka Co., Ltd.	Interest expense	2	-
ZIPDOC Inc.	Interest expense	1	-
	Reversal of credit losses	3	-
TeamSparta Inc.	Interest expense	19	-
Chabot Mobility Co., Ltd.	Interest expense	1	-
	Fee and commission expense	824	-
Wemade Connect Co., Ltd.	Insurance income	3	-
	Interest expense	81	-
	Reversal of credit losses	1	-
TMAP Mobility Co., Ltd.	Interest expense	226	-
	Fee and commission expense	78	-
Nextrade Co., Ltd.	Interest expense	263	-
WJ Private Equity Fund No.1	Fee and commission income	7	7
UPRISE, Inc.	Interest income	-	5
	Interest expense	3	1
	Reversal of credit losses	-	1
Channel Corporation	Interest expense	43	-
CWhy Inc.	Insurance income	2	-

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43.1 Details of significant profit or loss arising from transactions with related parties for the years ended December 31, 2022 and 2021, are as follows: (cont'd)

(In millions of Korean won)

		2022	2021
Bomapp Inc. *	Fee and commission expense	₩ -	₩ 5
	Losses on financial instruments at fair value through profit or loss	-	1,980
KB Social Impact Investment Fund	Fee and commission income	286	300
KB-UTC Inno-Tech Venture Fund	Fee and commission income	449	471
KBSP Private Equity Fund No.4	Fee and commission income	211	389
KB-NAU Special Situation Corporate Restructuring Private Equity Fund	Fee and commission income	561	1,198
2020 KB Fintech Renaissance Fund	Fee and commission income	147	147
KB Material and Parts No.1 PEF	Fee and commission income	353	353
FineKB Private Equity Fund No.1	Fee and commission income	641	540
Paramark KB Fund No.1	Fee and commission income	356	100
KB-Badgers Future Mobility ESG Fund No.1	Fee and commission income	905	-
KB Bio Private Equity No.3 Ltd. *	Fee and commission income	4,035	324
K The 15th REIT Co., Ltd. *	Fee and commission income	-	500
	Insurance income	-	1
KB-KTB Technology Venture Fund	Fee and commission income	600	-
THE CHAEUL FUND NO.1	Fee and commission income	82	-
Bluepointpartners Inc.	Gains on financial instruments at fair value through profit or loss	-	846
KB-Solidus Global Healthcare Fund	Fee and commission income	350	167
SwatchOn Inc. *	Fee and commission income	5	8
	Interest expense	5	10
Gomi corporation Inc.	Interest income	61	19
	Interest expense	2	1
	Fee and commission income	1	-
	Provision for credit losses	3	13
KB Cape No.1 Private Equity Fund	Fee and commission income	72	144
	Losses on financial instruments at fair value through profit or loss	-	69

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43.1 Details of significant profit or loss arising from transactions with related parties for the years ended December 31, 2022 and 2021, are as follows: (cont'd)

(In millions of Korean won)

		2022	2021
Keystone-Hyundai Securities No.1 Private Equity Fund *	Fee and commission income	₩ -	₩ 43
KB-GeneN Medical Venture Fund No.1	Fee and commission income	76	-
KB-BridgePole Venture Investment Fund	Fee and commission income	118	-
KB-Kyobo New Mobility Power Fund	Fee and commission income	69	-
KB Co-Investment Private Equity Fund No.1	Fee and commission income	483	-
KB-NP Green ESG New Technology Venture Capital Fund	Fee and commission income	435	-
Others			
Retirement pension	Fee and commission income	1,352	1,338
	Interest expense	39	9

* Excluded from the Group's related party as of December 31, 2022.

Meanwhile, the Group purchased installment financial assets, etc. from SY Auto Capital Co., Ltd. amounting to ₩ 486,586 million and ₩ 878,690 million for the years ended December 31, 2022 and 2021, respectively.

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43.2 Details of significant outstanding balances of receivables and payables arising from transactions with related parties as of December 31, 2022 and 2021, are as follows:

<i>(In millions of Korean won)</i>		December 31, 2022	December 31, 2021
Associates and joint ventures			
Balhae Infrastructure Company	Other assets	₩ 1,306	₩ 1,427
Korea Credit Bureau Co., Ltd.	Loans measured at amortized cost (gross amount)	38	36
	Deposits	27,889	10,200
	Provisions	2	-
	Insurance liabilities	1	1
Incheon Bridge Co., Ltd.	Financial assets at fair value through profit or loss	32,948	37,382
	Loans measured at amortized cost (gross amount)	95,211	114,107
	Allowances for credit losses	12	26
	Other assets	615	423
	Deposits	48,639	35,487
	Provisions	18	24
	Insurance liabilities	89	79
	Other liabilities	446	99
Jungdo Co., Ltd.	Deposits	4	4
Dae-A Leisure Co., Ltd.	Deposits	154	17
Aju Good Technology Venture Fund	Deposits	7,222	6,286
	Other liabilities	73	10
KB Star Office Private Real Estate Master Fund No.1 *	Loans measured at amortized cost (gross amount)	-	10,000
	Allowances for credit losses	-	5
	Other assets	-	138
	Deposits	-	2,578
Star-Lord General Investors Private Real Estate Investment Company No.10	Loans measured at amortized cost (gross amount)	149,294	-
	Allowances for credit losses	1	-
	Property and equipment	9,915	-
	Other assets	8,591	-
	Insurance liabilities	46	-
	Other liabilities	14,227	-
KB-Brain KOSDAQ Scale-up New Technology Business Investment Fund	Deposits	1,526	1,524
	Other liabilities	1	-
WJ Private Equity Fund No.1	Other assets	2	2
	Deposits	221	260
KB Cape No.1 Private Equity Fund	Financial assets at fair value through profit or loss	2,017	1,591
	Other assets	-	73
RAND Bio Science Co., Ltd.	Deposits	3	443
	Loans measured at amortized cost (gross amount)	-	1

KB Financial Group Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2022 and 2021

43.2 Details of significant outstanding balances of receivables and payables arising from transactions with related parties as of December 31, 2022 and 2021, are as follows: (cont'd)

<i>(In millions of Korean won)</i>		December 31, 2022	December 31, 2021
SY Auto Capital Co., Ltd.	Loans measured at amortized cost (gross amount)	₩ 40,040	₩ 40,074
	Allowances for credit losses	55	68
	Other assets	63	630
	Deposits	10	17
	Insurance liabilities	14	14
	Other liabilities	5	36
Food Factory Co., Ltd.	Financial assets at fair value through profit or loss	696	663
	Loans measured at amortized cost (gross amount)	3,345	3,553
	Allowances for credit losses	4	4
	Other assets	4	2
	Deposits	664	839
	Insurance liabilities	8	8
	Other liabilities	1	6
KB Pre IPO Secondary Venture Fund No.1 *	Deposits	-	103
Acts Co., Ltd *	Deposits	-	154
	Insurance liabilities	-	2
	Other liabilities	-	100
POSCO-KB Shipbuilding Fund	Other assets	177	213
Paycoms Co., Ltd.	Other assets	-	1
	Financial assets at fair value through profit or loss	1,172	1,269
	Deposits	1	1
Big Dipper Co., Ltd.	Loans measured at amortized cost (gross amount)	18	17
	Deposits	19	-
KB-KDBC Pre-IPO New Technology Business Investment Fund	Deposits	317	904
Iwon Alloy Co., Ltd.	Deposits	1	-
	Insurance liabilities	1	1
Computerlife Co., Ltd.	Deposits	3	-
RMGP Bio-Pharma Investment Fund, L.P.	Financial assets at fair value through profit or loss	6,384	5,423
	Other liabilities	36	79
RMGP Bio-Pharma Investment, L.P.	Financial assets at fair value through profit or loss	17	14
Wyatt Corp.	Financial assets at fair value through profit or loss	6,000	6,000
	Deposits	1	1
	Insurance liabilities	75	94
Skydigital Inc.	Deposits	10	85
Banksalad Co., Ltd.	Financial assets at fair value through profit or loss	10,470	9,090

KB Financial Group Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2022 and 2021

43.2 Details of significant outstanding balances of receivables and payables arising from transactions with related parties as of December 31, 2022 and 2021, are as follows: (cont'd)

(In millions of Korean won)

		December 31,	December 31,
		2022	2021
Spark Biopharma Inc.	Financial assets at fair value through profit or loss	₩ 7,450	₩ 4,950
	Loans measured at amortized cost (gross amount)	17	17
	Deposits	17,534	6,015
	Other liabilities	91	3
UPRISE, Inc.	Financial assets at fair value through profit or loss	5,248	1,250
	Deposits	27	4,001
Stratio, Inc.	Financial assets at fair value through profit or loss	1,000	1,000
Honest Fund, Inc.	Financial assets at fair value through profit or loss	3,999	3,999
CellinCells Co., Ltd.	Financial assets at fair value through profit or loss	2,000	2,000
	Loans measured at amortized cost (gross amount)	7	6
	Deposits	37	38
Channel Corporation	Financial assets at fair value through profit or loss	18,099	14,551
	Deposits	3,000	-
	Other liabilities	21	-
Jo Yang Industrial Co., Ltd.	Deposits	-	1
KB No.17 Special Purpose Acquisition Company *	Financial assets at fair value through profit or loss	-	1,301
	Deposits	-	1,687
	Other liabilities	-	12
KB No.18 Special Purpose Acquisition Company *	Financial assets at fair value through profit or loss	-	3,881
	Deposits	-	2,077
	Other liabilities	-	12
KB No.19 Special Purpose Acquisition Company *	Financial assets at fair value through profit or loss	-	2,091
	Deposits	-	1,013
	Other liabilities	-	5
KB No.20 Special Purpose Acquisition Company*	Financial assets at fair value through profit or loss	-	3,135
	Deposits	-	1,681
	Other liabilities	-	3
KB No.21 Special Purpose Acquisition Company	Financial assets at fair value through profit or loss	2,959	-
	Deposits	2,263	-
	Other liabilities	29	-

KB Financial Group Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2022 and 2021

43.2 Details of significant outstanding balances of receivables and payables arising from transactions with related parties as of December 31, 2022 and 2021, are as follows: (cont'd)

<i>(In millions of Korean won)</i>		December 31, 2022	December 31, 2021
KB No.22 Special Purpose Acquisition Company	Financial assets at fair value through profit or loss	₩ 1,972	₩ -
	Deposits	1,948	-
KB No.23 Special Purpose Acquisition Company	Financial assets at fair value through profit or loss	2,971	-
	Deposits	2,205	-
	Other liabilities	22	-
KB No.24 Special Purpose Acquisition Company	Financial assets at fair value through profit or loss	6,975	-
	Deposits	9,983	-
	Other liabilities	1	-
COSES GT Co., Ltd.	Financial assets at fair value through profit or loss	4,930	4,930
	Loans measured at amortized cost (gross amount)	506	515
	Allowances for credit losses	4	2
	Other assets	2	1
	Deposits	1,213	1,939
	Insurance liabilities	-	1
IDTECK Co., Ltd. Bomapp Inc. *	Financial assets at fair value through profit or loss	-	19
	Deposits	1	-
	Financial assets at fair value through profit or loss	7,000	7,000
Mitolmmune Therapeutics	Other assets	350	620
	Financial assets at fair value through profit or loss	3,802	3,557
KB-Solidus Global Healthcare Fund Bioprotect Ltd.	Financial assets at fair value through profit or loss	4,000	2,500
	Loans measured at amortized cost (gross amount)	2,234	2,233
	Allowances for credit losses	17	12
	Other assets	5	4
	Deposits	915	3,188
	Other liabilities	1	1
	Financial assets at fair value through profit or loss	-	4,801
Copin Communications, Inc. *	Financial assets at fair value through profit or loss	1,200	1,200
Go2joy Co., Ltd.	Financial assets at fair value through profit or loss	2,000	2,000
	Financial assets at fair value through profit or loss	2,000	2,000
ClavisTherapeutics, Inc.	Financial assets at fair value through profit or loss	2,000	2,000

KB Financial Group Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2022 and 2021

43.2 Details of significant outstanding balances of receivables and payables arising from transactions with related parties as of December 31, 2022 and 2021, are as follows: (cont'd)

(In millions of Korean won)

		December 31,	December 31,
		2022	2021
S&E Bio Co., Ltd.	Financial assets at fair value through profit or loss	₩ 4,000	₩ 2,000
	Loans measured at amortized cost (gross amount)	10	-
	Deposits	6,419	263
Bluepointpartners Inc.	Financial assets at fair value through profit or loss	2,133	2,278
4N Inc.	Financial assets at fair value through profit or loss	200	200
	Deposits	5	39
Xenohelix Co., Ltd.	Financial assets at fair value through profit or loss	2,100	2,100
Contents First Inc.	Financial assets at fair value through profit or loss	7,277	7,277
	Loans measured at amortized cost (gross amount)	10,017	-
	Allowances for credit losses	1	-
	Other assets	2	-
	Deposits	5,010	12,650
	Other liabilities	21	57
KB-MDI Centauri Fund LP	Financial assets at fair value through profit or loss	17,471	9,633
	Other assets	470	104
2020 KB Fintech Renaissance Fund	Other assets	37	-
OKXE Inc.	Financial assets at fair value through profit or loss	800	800
GENINUS Inc. *	Financial assets at fair value through profit or loss	-	5,855
	Loans measured at amortized cost (gross amount)	-	17
	Allowances for credit losses	-	6
	Deposits	-	34,415
	Other liabilities	-	2
Mantisco Co., Ltd.	Loans measured at amortized cost (gross amount)	15	1
	Financial assets at fair value through profit or loss	3,000	3,000
	Deposits	623	386
Pin Therapeutics Inc.	Loans measured at amortized cost (gross amount)	13	-
	Financial assets at fair value through profit or loss	5,000	3,000
	Deposits	6,033	-
	Other liabilities	18	-

KB Financial Group Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2022 and 2021

43.2 Details of significant outstanding balances of receivables and payables arising from transactions with related parties as of December 31, 2022 and 2021, are as follows: (cont'd)

<i>(In millions of Korean won)</i>		December 31, 2022	December 31, 2021
		₩	₩
IMBiologics Corp.	Loans measured at amortized cost (gross amount)	4	4
	Financial assets at fair value through profit or loss	5,000	5,000
SuperNGine Co., Ltd.	Loans measured at amortized cost (gross amount)	6	2
	Deposits	17	944
	Financial assets at fair value through profit or loss	1,996	1,996
Desilo Inc.	Financial assets at fair value through profit or loss	3,168	3,168
	Loans measured at amortized cost (gross amount)	300	301
	Allowances for credit losses	2	2
	Deposits	1	168
Turing Co., Ltd.	Financial assets at fair value through profit or loss	3,000	3,000
	Deposits	2,788	1,054
IGGYMOB Co., Ltd.	Financial assets at fair value through profit or loss	5,000	5,000
	Loans measured at amortized cost (gross amount)	15	6
	Deposits	254	2,938
	Financial assets at fair value through profit or loss	2,490	-
Kukka Co., Ltd.	Financial assets at fair value through profit or loss	2,000	-
	Deposits	915	-
TeamSparta Inc.	Financial assets at fair value through profit or loss	4,001	-
	Deposits	12,502	-
	Other liabilities	6	-
Chabot Mobility Co., Ltd.	Financial assets at fair value through profit or loss	2,000	-
	Deposits	86	-
Wemade Connect Co., Ltd.	Financial assets at fair value through profit or loss	12,000	-
	Loans measured at amortized cost (gross amount)	52	-
	Provisions	2	-
	Deposits	10,370	-
	Insurance liabilities	2	-
	Other liabilities	28	-
	Deposits	56,202	-
	Other liabilities	263	-
TMAP Mobility Co., Ltd.	Deposits	30,000	-
	Other liabilities	76	-
FutureConnect Co., Ltd.	Financial assets at fair value through profit or loss	1,499	-

KB Financial Group Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
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43.2 Details of significant outstanding balances of receivables and payables arising from transactions with related parties as of December 31, 2022 and 2021, are as follows: (cont'd)

<i>(In millions of Korean won)</i>		December 31, 2022	December 31, 2021
Gushcloud Talent Agency	Financial assets at fair value through profit or loss	₩ 4,165	₩ -
Grinergy	Financial assets at fair value through profit or loss	2,500	-
NexThera Co., Ltd.	Financial assets at fair value through profit or loss	2,000	-
FineKB Private Equity Fund No.1	Other assets	160	153
Paramark KB Fund No.1	Other liabilities	34	200
December & Company Inc.	Deposits	1	1
	Insurance liabilities	9	10
KB Social Impact Investment Fund	Other assets	436	150
Checkmate Therapeutics Inc.	Financial assets at fair value through profit or loss	3,200	2,200
	Insurance liabilities	3	-
G1 Playground Co., Ltd.	Financial assets at fair value through profit or loss	1,000	1,000
	Deposits	-	354
Hibiscus Fund LP	Financial assets at fair value through profit or loss	10,221	4,731
	Other assets	-	251
	Other liabilities	257	-
RMG-KB BioAccess Fund L.P.	Financial assets at fair value through profit or loss	2,753	353
RMG-KB BP Management Ltd.	Financial assets at fair value through profit or loss	77	7
SwatchOn Inc. *	Financial assets at fair value through profit or loss	-	3,345
	Loans measured at amortized cost (gross amount)	-	73
	Deposits	-	686
KB Co-Investment Private Equity Fund No.1	Other assets	191	-
Key management personnel	Loans measured at amortized cost (gross amount)	6,299	4,591
	Allowances for credit losses	3	2
	Other assets	7	4
	Deposits	17,618	16,996
	Provisions	1	1
	Insurance liabilities	2,374	2,471
	Other liabilities	387	345
Others			
	Retirement pension	778	369
	Other liabilities	10,141	5,014

* Excluded from the Group's related party as of December 31, 2022, therefore, the remaining outstanding balances with those entities are not disclosed.

KB Financial Group Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2022 and 2021

43.3 Details of significant lending transactions with related parties for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	2022			
	Beginning	Loan	Collection	Ending
Associates and joint ventures				
Korea Credit Bureau Co., Ltd.	₩ 36	₩ 38	₩ (36)	₩ 38
Incheon Bridge Co., Ltd.	151,489	11	(23,341)	128,159
Star-Lord General Investors Private Real Estate Investment Company No.10	-	150,000	(706)	149,294
KB Star Office Private Real Estate Master Fund No.1 *	10,000	-	(10,000)	-
KB Cape No.1 Private Equity Fund	1,591	426	-	2,017
RAND Bio Science Co., Ltd.	1	-	(1)	-
SY Auto Capital Co., Ltd.	40,074	40	(74)	40,040
Food Factory Co., Ltd.	4,216	1,541	(1,716)	4,041
Paycoms Co., Ltd.	1,269	-	(97)	1,172
Big Dipper Co., Ltd.	17	18	(17)	18
RMGP Bio-Pharma Investment Fund, L.P.	5,423	961	-	6,384
RMGP Bio-Pharma Investment, L.P.	14	3	-	17
Wyatt Corp.	6,000	-	-	6,000
Banksalad Co., Ltd.	9,090	1,380	-	10,470
UPRISE, Inc.	1,250	3,998	-	5,248
Stratio, Inc.	1,000	-	-	1,000
Honest Fund, Inc.	3,999	-	-	3,999
CellinCells Co., Ltd.	2,006	7	(6)	2,007
KB No.17 Special Purpose Acquisition Company *	1,301	-	(1,301)	-
KB No.18 Special Purpose Acquisition Company *	3,881	-	(3,881)	-
KB No.19 Special Purpose Acquisition Company *	2,091	-	(2,091)	-
KB No.20 Special Purpose Acquisition Company *	3,135	-	(3,135)	-
KB No.21 Special Purpose Acquisition Company	-	2,959	-	2,959
KB No.22 Special Purpose Acquisition Company	-	1,972	-	1,972
KB No.23 Special Purpose Acquisition Company	-	2,971	-	2,971
KB No.24 Special Purpose Acquisition Company	-	6,975	-	6,975
COSES GT Co., Ltd.	5,445	6	(15)	5,436
Bomapp Inc. *	19	-	(19)	-
Channel Corporation	14,551	3,548	-	18,099
MitolImmune Therapeutics	7,000	-	-	7,000

KB Financial Group Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2022 and 2021

43.3 Details of significant lending transactions with related parties for the years ended December 31, 2022 and 2021, are as follows: (cont'd)

(In millions of Korean won)

	2022			
	Beginning	Loan	Collection	Ending
Bioprotect Ltd.	₩ 3,557	₩ 245	₩ -	₩ 3,802
Gomi corporation Inc.	4,733	1,534	(33)	6,234
Copin Communications, Inc. *	4,801	-	(4,801)	-
Go2joy Co., Ltd.	1,200	-	-	1,200
ClavisTherapeutics, Inc.	2,000	-	-	2,000
S&E Bio Co., Ltd.	2,000	2,010	-	4,010
Bluepointpartners Inc.	2,278	-	(145)	2,133
4N Inc.	200	-	-	200
Xenohelix Co., Ltd.	2,100	-	-	2,100
Contents First Inc.	7,277	10,017	-	17,294
KB-MDI Centauri Fund LP	9,633	7,838	-	17,471
SwatchOn Inc. *	3,418	-	(3,418)	-
OKXE Inc.	800	-	-	800
GENINUS Inc. *	5,872	-	(5,872)	-
Checkmate Therapeutics Inc.	2,200	1,000	-	3,200
Mantisco Co., Ltd.	3,001	15	(1)	3,015
IMBiologics Corp.	5,004	4	(4)	5,004
Spark Biopharma Inc.	4,967	2,517	(17)	7,467
G1 Playground Co., Ltd.	1,000	-	-	1,000
Pin Therapeutics Inc.	3,000	2,013	-	5,013
Hibiscus Fund LP	4,731	5,490	-	10,221
SuperNGine Co., Ltd.	1,998	6	(2)	2,002
Desilo Inc.	3,469	-	(1)	3,468
RMG-KB BioAccess Fund L.P.	353	2,400	-	2,753
RMG-KB BP Management Ltd.	7	70	-	77
IGGYMOB Co., Ltd.	5,006	15	(6)	5,015
Turing Co., Ltd.	3,000	-	-	3,000
Kukka Co., Ltd.	-	2,490	-	2,490
ZIPDOC Inc.	-	2,000	-	2,000
Gushcloud Talent Agency	-	4,165	-	4,165
Grinergy	-	2,500	-	2,500
NexThera Co., Ltd.	-	2,000	-	2,000
Chabot Mobility Co., Ltd.	-	2,000	-	2,000
TeamSparta Inc.	-	4,001	-	4,001
FutureConnect Co., Ltd.	-	1,499	-	1,499
Wemade Connect Co., Ltd.	-	12,052	-	12,052
Key management personnel	4,591	4,527	(2,819)	6,299

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Notes to the Consolidated Financial Statements
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43.3 Details of significant lending transactions with related parties for the years ended December 31, 2022 and 2021, are as follows: (cont'd)

(In millions of Korean won)

	2021			
	Beginning	Loan	Collection	Ending
Associates and joint ventures				
Korea Credit Bureau Co., Ltd.	₩ 36	₩ 36	₩ (36)	₩ 36
Incheon Bridge Co., Ltd.	171,758	7	(20,276)	151,489
KB Star Office Private Real Estate Master Fund No.1 *	10,000	-	-	10,000
KB Cape No.1 Private Equity Fund	2,000	-	(409)	1,591
RAND Bio Science Co., Ltd.	1	1	(1)	1
SY Auto Capital Co., Ltd.	40,060	74	(60)	40,074
Food Factory Co., Ltd.	3,872	397	(53)	4,216
Paycoms Co., Ltd.	1,226	43	-	1,269
Big Dipper Co., Ltd.	4	17	(4)	17
RMGP Bio-Pharma Investment Fund, L.P.	4,250	1,173	-	5,423
RMGP Bio-Pharma Investment, L.P.	9	5	-	14
Wyatt Corp.	6,000	-	-	6,000
Banksalad Co., Ltd.	9,141	-	(51)	9,090
UPRISE, Inc.	750	1,000	(500)	1,250
Stratio, Inc.	1,000	-	-	1,000
Honest Fund, Inc.	3,999	-	-	3,999
CellinCells Co., Ltd.	2,024	6	(24)	2,006
KB No.17 Special Purpose Acquisition Company *	2,687	-	(1,386)	1,301
KB No.18 Special Purpose Acquisition Company *	3,873	8	-	3,881
KB No.19 Special Purpose Acquisition Company *	2,055	36	-	2,091
KB No.20 Special Purpose Acquisition Company *	3,067	68	-	3,135
COSES GT Co., Ltd.	5,430	15	-	5,445
Bomapp Inc. *	1,999	-	(1,980)	19
Channel Corporation	4,551	10,000	-	14,551
MitolImmune Therapeutics	5,000	2,000	-	7,000
Bioprotect Ltd.	3,264	293	-	3,557
Gomi corporation Inc.	509	4,233	(9)	4,733
Copin Communications, Inc. *	1,500	3,301	-	4,801
Go2joy Co., Ltd.	1,200	-	-	1,200
ClavisTherapeutics, Inc.	2,000	-	-	2,000
S&E Bio Co., Ltd.	2,000	-	-	2,000
Bluepointpartners Inc.	1,432	846	-	2,278
4N Inc.	200	-	-	200
Xenohelix Co., Ltd.	2,100	-	-	2,100
Contents First Inc.	6,146	1,131	-	7,277
KB-MDI Centauri Fund LP	4,280	5,353	-	9,633

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43.3 Details of significant lending transactions with related parties for the years ended December 31, 2022 and 2021, are as follows: (cont'd)

(In millions of Korean won)

	2021			
	Beginning	Loan	Collection	Ending
SwatchOn Inc. *	₩ 3,404	₩ 73	₩ (59)	₩ 3,418
OKXE Inc.	800	-	-	800
GENINUS Inc. *	5,599	273	-	5,872
Checkmate Therapeutics Inc.	-	2,200	-	2,200
Mantisco Co., Ltd.	-	3,001	-	3,001
IMBiologics Corp.	-	5,004	-	5,004
Spark Biopharma Inc.	-	4,967	-	4,967
G1 Playground Co., Ltd.	-	1,000	-	1,000
Pin Therapeutics Inc.	-	3,000	-	3,000
Hibiscus Fund LP	-	4,731	-	4,731
SuperNGine Co., Ltd.	-	1,998	-	1,998
Desilo Inc.	-	3,469	-	3,469
RMG-KB BioAccess Fund L.P.	-	353	-	353
RMG-KB BP Management Ltd.	-	7	-	7
IGGYMOB Co., Ltd.	-	5,006	-	5,006
Turing Co., Ltd.	-	3,000	-	3,000
Key management personnel	5,153	3,421	(3,983)	4,591

* Excluded from the Group's related party as of December 31, 2021.

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43.4 Details of significant borrowing transactions with related parties for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	2022				
	Beginning	Borrowing	Repayment	Others ¹	Ending
Associates and joint ventures					
Korea Credit Bureau Co., Ltd.	₩ 10,200	₩ -	₩ -	₩ 17,689	₩ 27,889
Incheon Bridge Co., Ltd.	35,487	29,217	(15,000)	(1,065)	48,639
Jungdo Co., Ltd.	4	-	-	-	4
Dae-A Leisure Co., Ltd.	17	-	-	137	154
Iwon Alloy Co., Ltd.	-	-	-	1	1
Computerlife Co., Ltd.	-	-	-	3	3
Skydigital Inc.	85	-	-	(75)	10
Jo Yang Industrial Co., Ltd.	1	-	-	(1)	-
Aju Good Technology Venture Fund	6,286	6,577	(3,840)	(1,801)	7,222
KB-KDBC Pre-IPO New Technology Business Investment Fund	904	-	-	(587)	317
KB-Brain KOSDAQ Scale-up New Technology Business Investment Fund	1,524	-	-	2	1,526
WJ Private Equity Fund No.1	260	-	-	(39)	221
KB Star Office Private Real Estate Master Fund No.1 ²	2,578	-	(2,578)	-	-
SY Auto Capital Co., Ltd.	17	-	-	(7)	10
KB No.17 Special Purpose Acquisition Company ²	1,687	-	(1,546)	(141)	-
KB No.18 Special Purpose Acquisition Company ²	2,077	-	(2,016)	(61)	-
KB No.19 Special Purpose Acquisition Company ²	1,013	-	(1,000)	(13)	-
KB No.20 Special Purpose Acquisition Company ²	1,681	-	(1,534)	(147)	-
KB No.21 Special Purpose Acquisition Company	-	2,000	-	263	2,263
KB No.22 Special Purpose Acquisition Company	-	-	-	1,948	1,948
KB No.23 Special Purpose Acquisition Company	-	2,133	-	72	2,205
KB No.24 Special Purpose Acquisition Company	-	-	-	9,983	9,983
RAND Bio Science Co., Ltd.	443	-	-	(440)	3
Food Factory Co., Ltd.	839	511	(1,018)	332	664
Acts Co., Ltd. ²	154	-	-	(154)	-
Paycoms Co., Ltd.	1	-	-	-	1

KB Financial Group Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2022 and 2021

43.4 Details of significant borrowing transactions with related parties for the years ended December 31, 2022 and 2021, are as follows: (cont'd)

(In millions of Korean won)

	2022				
	Beginning	Borrowing	Repayment	Others ¹	Ending
Big Dipper Co., Ltd.	₩ -	₩ 300	₩ (300)	₩ 19	₩ 19
Wyatt Corp.	1	-	-	-	1
UPRISE, Inc.	4,001	-	-	(3,974)	27
CellinCells Co., Ltd.	38	-	-	(1)	37
COSES GT Co., Ltd.	1,939	-	-	(726)	1,213
SwatchOn Inc. ²	686	-	-	(686)	-
Gomi corporation Inc.	3,188	-	-	(2,273)	915
S&E Bio Co., Ltd.	263	50	-	6,106	6,419
KB Pre IPO Secondary Venture Fund No.1 ²	103	-	-	(103)	-
4N Inc.	39	-	-	(34)	5
Contents First Inc.	12,650	10,000	(16,000)	(1,640)	5,010
December & Company Inc.	1	-	-	-	1
GENINUS Inc. ²	34,415	-	-	(34,415)	-
Mantisco Co., Ltd.	386	-	-	237	623
Pin Therapeutics Inc.	-	21,000	(16,200)	1,233	6,033
Spark Biopharma Inc.	6,015	41,165	(27,539)	(2,107)	17,534
G1 Playground Co., Ltd.	354	-	-	(354)	-
SuperNGine Co., Ltd.	944	-	-	(927)	17
Desilo Inc.	168	-	-	(167)	1
Turing Co., Ltd.	1,054	-	-	1,734	2,788
IGGYMOB Co., Ltd.	2,938	-	-	(2,684)	254
TMAP Mobility Co., Ltd.	-	80,000	(50,000)	-	30,000
Nextrade Co., Ltd.	-	56,200	-	2	56,202
Kukka Co., Ltd.	-	-	-	-	-
ZIPDOC Inc.	-	-	-	915	915
TeamSparta Inc.	-	9,000	(4,000)	7,502	12,502
Chabot Mobility Co., Ltd.	-	-	-	86	86
Wemade Connect Co., Ltd.	-	11,010	(3,267)	2,627	10,370
Wise Asset Management Co., Ltd.	-	6	(6)	-	-
Channel Corporation	-	6,000	(3,000)	-	3,000
Key management personnel	16,996	20,855	(17,189)	(3,043)	17,619

KB Financial Group Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2022 and 2021

43.4 Details of significant borrowing transactions with related parties for the years ended December 31, 2022 and 2021, are as follows: (cont'd)

(In millions of Korean won)

	2021				
	Beginning	Borrowing	Repayment	Others ¹	Ending
Associates and joint ventures					
Korea Credit Bureau Co., Ltd.	₩ 19,982	₩ -	₩ (1,000)	₩ (8,782)	₩ 10,200
Incheon Bridge Co., Ltd.	39,520	15,000	(20,000)	967	35,487
Jungdo Co., Ltd.	4	-	-	-	4
Dae-A Leisure Co., Ltd.	636	-	(479)	(140)	17
Skydigital Inc.	15	-	-	70	85
Jo Yang Industrial Co., Ltd.	2	-	-	(1)	1
Aju Good Technology Venture Fund	3,093	3,840	(1,442)	795	6,286
KB-KDBC Pre-IPO New Technology Business Investment Fund	923	-	-	(19)	904
KB-Brain KOSDAQ Scale-up New Technology Business Investment Fund	8,097	-	-	(6,573)	1,524
Neomio Corp. ²	535	-	-	(535)	-
WJ Private Equity Fund No.1	349	-	-	(89)	260
KB Star Office Private Real Estate Master Fund No.1 ²	4,255	-	(1,770)	93	2,578
SY Auto Capital Co., Ltd.	6	-	-	11	17
KB No.17 Special Purpose Acquisition Company ²	1,711	1,546	(1,525)	(45)	1,687
KB No.18 Special Purpose Acquisition Company ²	2,101	2,016	(2,063)	23	2,077
KB No.19 Special Purpose Acquisition Company ²	1,053	1,000	(1,000)	(40)	1,013
KB No.20 Special Purpose Acquisition Company ²	1,716	1,534	(1,522)	(47)	1,681
RAND Bio Science Co., Ltd.	693	-	(400)	150	443
Food Factory Co., Ltd.	1,555	507	(500)	(723)	839
Acts Co., Ltd. ²	18	-	-	136	154
Paycoms Co., Ltd.	1	-	-	-	1
Big Dipper Co., Ltd.	1	-	-	(1)	-
Wyatt Corp.	1	-	-	-	1
Stratio, Inc.	13	-	-	(13)	-
UPRISE, Inc.	11	-	-	3,990	4,001
CellinCells Co., Ltd.	260	-	-	(222)	38
COSES GT Co., Ltd.	292	-	-	1,647	1,939
SwatchOn Inc. ²	3,947	200	(3,501)	40	686
Gomi corporation Inc.	37	-	-	3,151	3,188
S&E Bio Co., Ltd.	1,142	-	-	(879)	263

KB Financial Group Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2022 and 2021

43.4 Details of significant borrowing transactions with related parties for the years ended December 31, 2022 and 2021, are as follows: (cont'd)

(In millions of Korean won)

	2021				
	Beginning	Borrowing	Repayment	Others ¹	Ending
KB Pre IPO Secondary Venture Fund No.1 ²	₩ 629	₩ -	₩ -	₩ (526)	₩ 103
4N Inc.	76	-	-	(37)	39
Contents First Inc.	1,823	20,000	(11,000)	1,827	12,650
December & Company Inc.	1	-	-	-	1
GENINUS Inc. ²	13,630	-	(5,000)	25,785	34,415
Mantisco Co., Ltd.	-	-	-	386	386
Spark Biopharma Inc.	-	1,000	(3,000)	8,015	6,015
G1 Playground Co., Ltd.	-	-	-	354	354
SuperNGine Co., Ltd.	-	-	-	944	944
Desilo Inc.	-	-	-	168	168
Turing Co., Ltd.	-	-	-	1,054	1,054
IGGYMOB Co., Ltd.	-	-	-	2,938	2,938
Key management personnel	17,167	16,574	(16,994)	249	16,996

¹ Transactions between related parties, such as settlements arising from operating activities and deposits, are expressed in net amount.

² Excluded from the Group's related party as of December 31, 2022.

KB Financial Group Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2022 and 2021

43.5 Details of significant investment and withdrawal transactions with related parties for the years ended December 31, 2022 and 2021, are as follows:

	2022		2021	
	Equity investment and others	Withdrawal and others	Equity investment and others	Withdrawal and others
(In millions of Korean won)				
Balhae Infrastructure Company	₩ -	₩ 26,054	₩ 279	₩ 3,620
KB GwS Private Securities Investment Trust *	-	-	-	188,836
KoFC POSCO Hanwha KB Shared Growth Private Equity Fund No.2 *	-	5	-	1,950
POSCO-KB Shipbuilding Fund	-	950	-	5,925
KB Pre IPO Secondary Venture Fund No.1 *	-	1,429	-	292
KB-KDBC Pre-IPO New Technology Business Investment Fund	-	5,200	-	3,000
KB-SJ Tourism Venture Fund	-	400	500	-
Korea Credit Bureau Co., Ltd.	-	-	-	90
KB-UTC Inno-Tech Venture Fund	-	-	5,085	-
KB-Solidus Global Healthcare Fund	-	19,630	-	-
KB-Stonebridge Secondary Private Equity Fund	4,369	4,216	10,734	10,992
KB Star Office Private Real Estate Master Fund No.1 *	-	26,240	-	601
KB SPROTT Renewable Private Equity Fund No.1	12,247	-	-	-
KB-NAU Special Situation Corporate Restructuring Private Equity Fund	1,320	4,706	6,968	-
JR Global REIT *	-	-	-	65,025
KB Bio Private Equity No.3 Ltd. *	-	10,000	10,000	-
K The 15th REIT Co., Ltd. *	-	-	8,600	8,600
Project Vanilla Co., Ltd. *	-	525	-	-
KB Social Impact Investment Fund	-	-	1,500	-
KB-TS Technology Venture Private Equity Fund	-	4,536	1,510	2,976
Keystone-Hyundai Securities No.1 Private Equity Fund *	-	-	-	1,925
KB-Brain KOSDAQ Scale-up New Technology Business Investment Fund	-	12,800	8,000	8,200
Aju Good Technology Venture Fund	-	5,400	-	769
G payment Joint Stock Company	-	-	9,029	-
498/7 Owners LLC *	-	166,851	-	-
KB-KTB Technology Venture Fund	11,200	-	-	-
KB-SOLIDUS Healthcare Investment Fund	18,000	-	-	-
Paramark KB Fund No.1	12,444	2,285	-	-
FineKB Private Equity Fund No.1	7,500	3,100	8,375	-
KB-GeneN Medical Venture Fund No.1	2,000	-	-	-
KB-BridgePole Venture Investment Fund	850	-	-	-
KB-Kyobo New Mobility Power Fund	3,000	-	-	-
DA-Friend New Technology Investment Fund No.2	988	-	-	-
Cornerstone Pentastone Fund No.4	818	-	-	-
SKS-VLP New Technology Investment Fund No.2	1,156	-	-	-
JS Private Equity Fund No.3	1,700	-	-	-
Mirae Asset Mobility Investment Fund No.1	2,000	-	-	-
KB-FT 1st Green Growth Investment Fund	2,000	-	-	-

KB Financial Group Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2022 and 2021

43.5 Details of significant investment and withdrawal transactions with related parties for the years ended December 31, 2022 and 2021, are as follows: (cont'd)

(In millions of Korean won)	2022		2021	
	Equity investment and others	Withdrawal and others	Equity investment and others	Withdrawal and others
THE CHAEUL FUND NO.1	₩ 1,000	₩ -	₩ -	₩ -
Star-Lord General Investors Private Real Estate Investment Company No.10	46,700	10	-	-
KB Co-Investment Private Equity Fund No.1	7,268	-	-	-
Glenwood Credit Private Equity Fund No.2	42,000	-	-	-
Apollo REIT PropCo LLC *	19,968	19,968	-	-
TMAP Mobility Co., Ltd.	200,000	-	-	-
POSITIVE Sobujang Venture Fund No.1	2,000	-	-	-
History 2022 Fintech Fund	2,000	-	-	-
PEBBLES-MW M.C.E New Technology Investment Fund 1 st	2,000	-	-	-
KB-NP Green ESG New Technology Venture Capital Fund	9,350	-	-	-
Nextrade Co., Ltd.	9,700	-	-	-
KB-Badgers Future Mobility ESG Fund No.1	2,137	-	-	-
Shinhan Global Mobility Fund1	1,345	-	-	-
SKB Next Unicorn K-Battery Fund No.1	1,995	-	-	-

* Excluded from the Group's related party as of December 31, 2022.

KB Financial Group Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2022 and 2021

43.6 Unused commitments provided to related parties as of December 31, 2022 and 2021, are as follows:

<i>(In millions of Korean won or in a US Dollar or Malaysian ringgit)</i>		December 31, 2022	December 31, 2021
Associates and joint ventures			
Balhae Infrastructure Company	Purchase of securities	₩ 6,154	₩ 6,154
Korea Credit Bureau Co., Ltd.	Unused lines of credit for credit card	562	565
Incheon Bridge Co., Ltd.	Loan commitments in Korean won	20,000	20,000
	Unused lines of credit for credit card	89	93
KoFC POSCO Hanwha KB Shared Growth Private Equity Fund No.2 *	Commitments on loss absorption priority	-	10,000
SY Auto Capital Co., Ltd.	Unused lines of credit for credit card	110	98
Food Factory Co., Ltd.	Unused lines of credit for credit card	52	82
KB No.18 Special Purpose Acquisition Company *	Unused lines of credit for credit card	-	15
KB No.19 Special Purpose Acquisition Company *	Unused lines of credit for credit card	-	1
KB No.23 Special Purpose Acquisition Company	Unused lines of credit for credit card	12	-
CellinCells Co., Ltd.	Unused lines of credit for credit card	17	18
RAND Bio Science Co., Ltd.	Unused lines of credit for credit card	25	24
Big Dipper Co., Ltd.	Unused lines of credit for credit card	27	43
SwatchOn Inc. *	Unused lines of credit for credit card	-	127
Gomi corporation Inc.	Unused lines of credit for credit card	16	2
COSES GT Co., Ltd.	Unused lines of credit for credit card	24	15
GENINUS Inc. *	Unused lines of credit for credit card	-	43
Spark Biopharma Inc.	Unused lines of credit for credit card	33	33
Mantisco Co., Ltd.	Unused lines of credit for credit card	15	29
IMBiologics Corp.	Unused lines of credit for credit card	18	18
SuperNGine Co., Ltd.	Unused lines of credit for credit card	14	18

KB Financial Group Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2022 and 2021

43.6 Unused commitments provided to related parties as of December 31, 2022 and 2021, are as follows: (cont'd)

<i>(In millions of Korean won or in a US Dollar or Malaysian ringgit)</i>		December 31, 2022	December 31, 2021
IGGYMOB Co., Ltd.	Unused lines of credit for credit card	₩ 35	₩ 14
Pin Therapeutics Inc.	Unused lines of credit for credit card	37	-
Grinergy	Unused lines of credit for credit card	10	-
S&E Bio Co., Ltd.	Unused lines of credit for credit card	40	-
Desilo Inc.	Unused lines of credit for credit card	-	-
ZIPDOC Inc.	Unused lines of credit for credit card	-	-
Wemade Connect Co., Ltd.	Unused lines of credit for credit card	148	-
KB Pre IPO Secondary Venture Fund No.1 *	Commitments on loss absorption priority	-	1,671
KB-TS Technology Venture Private Equity Fund	Purchase of securities	110	616
KB SPROTT Renewable Private Equity Fund No.1	Purchase of securities	5,140	18,704
KB-Stonebridge Secondary Private Equity Fund	Purchase of securities	864	5,579
KB-NAU Special Situation Corporate Restructuring Private Equity Fund	Purchase of securities	15,288	16,608
All Together Korea Fund No.2	Purchase of securities	990,000	-
KB-KTB Technology Venture Fund	Purchase of securities	11,200	22,400
KB-SOLIDUS Healthcare Investment Fund	Purchase of securities	70,200	88,200
KB Co-Investment Private Equity Fund No.1	Purchase of securities	15,732	20,000
KB-Badgers Future Mobility ESG Fund No.1	Purchase of securities	42,863	-
KB-NP Green ESG New Technology Venture Capital Fund	Purchase of securities	40,650	-
FineKB Private Equity Fund No.1	Purchase of securities	9,125	16,625
KB-Solidus Global Healthcare Fund	Purchase of securities	2,120	2,120
	Commitments on loss absorption priority	4,500	4,500
Paramark KB Fund No.1	Purchase of securities	17,832	27,960
RMGP Bio-Pharma Investment Fund, L.P.	Purchase of securities	USD 4,094,487	USD 5,169,932

KB Financial Group Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2022 and 2021

43.6 Unused commitments provided to related parties as of December 31, 2022 and 2021, are as follows: (cont'd)

<i>(In millions of Korean won or in a US Dollar or Malaysian ringgit)</i>		December 31, 2022	December 31, 2021
RMGP Bio-Pharma Investment, L.P.	Purchase of securities	USD 10,731	USD 12,615
KB-MDI Centauri Fund LP	Purchase of securities	USD 1,744,518	USD 6,622,923
Hibiscus Fund LP	Purchase of securities	MYR 16,666,667	MYR 33,333,333
RMG-KB BP Management Ltd.	Purchase of securities	USD 699,733	USD 616,170
RMG-KB BioAccess Fund L.P.	Purchase of securities	USD 27,428,899	USD 29,702,324
Key management personnel	Loan commitments in Korean won	2,354	2,018

* Excluded from the Group's related party as of December 31, 2022.

43.7 Details of compensation to key management personnel for the years ended December 31, 2022 and 2021, are as follows:

<i>(In millions of Korean won)</i>	2022			
	Short-term employee benefits	Post- employment benefits	Share-based payments	Total
Registered directors (executive)	₩ 8,725	₩ 863	₩ 7,487	₩ 17,075
Registered directors (non-executive)	1,058	-	-	1,058
Non-registered directors	16,756	484	12,432	29,672
	<u>₩ 26,539</u>	<u>₩ 1,347</u>	<u>₩ 19,919</u>	<u>₩ 47,805</u>

<i>(In millions of Korean won)</i>	2021			
	Short-term employee benefits	Post- employment benefits	Share-based payments	Total
Registered directors (executive)	₩ 8,152	₩ 966	₩ 11,655	₩ 20,773
Registered directors (non-executive)	1,061	-	-	1,061
Non-registered directors	12,820	466	14,424	27,710
	<u>₩ 22,033</u>	<u>₩ 1,432</u>	<u>₩ 26,079</u>	<u>₩ 49,544</u>

KB Financial Group Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2022 and 2021

43.8 Details of collateral provided by related parties as of December 31, 2022 and 2021, are as follows:

<i>(In millions of Korean won)</i>	Assets held as collateral	December 31, 2022	December 31, 2021
Associates			
KB Star Office Private Real Estate Master Fund No.1	Real estate	₩ -	₩ 13,000
Key management personnel			
	Time deposits and others	457	745
	Real estate	7,483	5,176

As of December 31, 2022, Incheon Bridge Co., Ltd. a related party, provides fund management account, civil engineering works insurance, and management and operations rights as senior collateral amounting to ₩ 611,000 million to the project financing group consisting of the Group and 5 other institutions, and as subordinated collateral amounting to ₩ 384,800 million to subordinated debt holders consisting of the Group and 2 other institutions. Also, it provides certificate of credit guarantee amounting to ₩ 400,000 million as collateral to the project financing group consisting of the Group and 5 other institutions.

44. Events after the reporting period

44.1 Merger of subsidiaries

At the board of directors meeting and shareholder's meeting on August 9, 2022, it is determined to merge the Group's subsidiaries, KB Life Insurance Co., Ltd.(former Prudential Life Insurance Company of Korea Ltd.) and KB Life Insurance Co., Ltd.. Accordingly, the merger was completed with KB Life Insurance Co., Ltd.(former Prudential Life Insurance Company of Korea Ltd.) as a surviving corporation on January 1, 2023, and KB Life Insurance Co., Ltd. was dissolved after the merger.

44.2 Retirement of treasury shares

The Group plans to acquire 5,385,996 shares(₩ 300,000 million) of its own shares and retire the treasury shares by May 7, 2023 pursuant to board resolutions dated February 7, 2023. However, the treasury shares were calculated based on the closing price (₩ 55,700) on the day before the board meeting, on February 6, 2023, and the final number of shares to be retired may vary depending on the stock price.

45. Approval of Issuance of the Consolidated Financial Statements

The issuance of the Group's consolidated financial statements as of and for the year ended December 31, 2022, was approved by the board of directors on Feb 23, 2023.

KB Financial Group Inc.

Separate Financial Statements

December 31, 2022 and 2021

(With Independent Auditors' Report Thereon)

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Independent Auditors' Report

Based on a report originally issued in Korean

The Board of Directors and Stockholders
KB Financial Group Inc.:

Opinion

We have audited the separate financial statements of KB Financial Group Inc. ("the Company"), which comprise the separate statements of financial position as of December 31, 2022 and 2021, the separate statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the separate financial position of the Company as of December 31, 2022 and 2021, and its separate financial performance and its cash flows for the years then ended in accordance with Korean International Financial Reporting Standards ("K-IFRS").

We also have audited, in accordance with Korean Standards on Auditing (KSAs), the Company's Internal Control over Financial Reporting ("ICFR") as of December 31, 2022 based on the criteria established in Conceptual Framework for Designing and Operating Internal Control over Financial Reporting issued by the Operating Committee of Internal Control over Financial Reporting in the Republic of Korea, and our report dated March 7, 2023 expressed an unmodified opinion on the effectiveness of the Company's internal control over financial reporting.

Basis for Opinion

We conducted our audits in accordance with KSAs. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Separate Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the separate financial statements in Republic of Korea, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

We have determined that there are no key audit matters to communicate in our report.

Independent Auditors' Report

Based on a report originally issued in Korean

The Board of Directors and Stockholders
KB Financial Group Inc.:

Opinion

We have audited the separate financial statements of KB Financial Group Inc. ("the Company"), which comprise the separate statements of financial position as of December 31, 2022 and 2021, the separate statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the separate financial position of the Company as of December 31, 2022 and 2021, and its separate financial performance and its cash flows for the years then ended in accordance with Korean International Financial Reporting Standards ("K-IFRS").

We also have audited, in accordance with Korean Standards on Auditing (KSAs), the Company's Internal Control over Financial Reporting ("ICFR") as of December 31, 2022 based on the criteria established in Conceptual Framework for Designing and Operating Internal Control over Financial Reporting issued by the Operating Committee of Internal Control over Financial Reporting in the Republic of Korea, and our report dated March 7, 2023 expressed an unmodified opinion on the effectiveness of the Company's internal control over financial reporting.

Basis for Opinion

We conducted our audits in accordance with KSAs. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Separate Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the separate financial statements in Republic of Korea, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

We have determined that there are no key audit matters to communicate in our report.



From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Young-Min Kwon.

KPMG Samjory Accounting Corp.

Seoul, Korea
March 7, 2023

This report is effective as of March 7, 2023, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying separate financial statements and notes thereto. Accordingly, the readers of the audit report should understand that the above audit report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

KB Financial Group Inc.
Separate Statements of Financial Position
December 31, 2022 and 2021

(In millions of Korean won)

	<u>Notes</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Assets			
Cash and due from financial institutions	4,5,6,28	₩ 351,056	₩ 608,076
Financial assets at fair value through profit or loss	4,5,7	1,522,314	440,760
Loans measured at amortized cost	4,5,8	522,326	249,128
Investments in subsidiaries	9	26,741,438	26,741,438
Property and equipment	10	3,552	4,444
Intangible assets	11	16,752	16,673
Net defined benefit assets	16	4,288	221
Deferred income tax assets	13	19,904	5,583
Other assets	4,5,14	1,272,197	805,056
Total assets		<u>₩ 30,453,827</u>	<u>₩ 28,871,379</u>
Liabilities			
Debentures	4,5,15	4,956,949	5,552,791
Current income tax liabilities		926,573	570,519
Other liabilities	4,5,17	338,489	235,095
Total liabilities		<u>6,222,011</u>	<u>6,358,405</u>
Equity			
	19		
Share capital		2,090,558	2,090,558
Hybrid securities		4,433,981	2,837,981
Capital surplus		14,754,747	14,754,747
Accumulated other comprehensive loss		(5,847)	(8,330)
Retained earnings		3,794,565	3,974,206
Treasury shares		(836,188)	(1,136,188)
Total equity		<u>24,231,816</u>	<u>22,512,974</u>
Total liabilities and equity		<u>₩ 30,453,827</u>	<u>₩ 28,871,379</u>

The above separate statements of financial position should be read in conjunction with the accompanying notes.

KB Financial Group Inc.
Separate Statements of Comprehensive Income
Years Ended December 31, 2022 and 2021

(In millions of Korean won, except per share amounts)

	Notes	2022	2021
Interest income		₩ 19,402	₩ 9,392
Interest income from financial instruments at amortized cost		16,525	6,548
Interest income from financial instruments at fair value through profit or loss		2,877	2,844
Interest expense		(112,353)	(120,469)
Net interest expense	20	<u>(92,951)</u>	<u>(111,077)</u>
Fee and commission income		3,399	975
Fee and commission expense		(12,085)	(9,132)
Net fee and commission expense	21	<u>(8,686)</u>	<u>(8,157)</u>
Net gains (losses) on financial instruments at fair value through profit or loss	22	<u>(11,794)</u>	<u>20,250</u>
Net other operating income	23	<u>1,871,224</u>	<u>1,620,238</u>
General and administrative expenses	24	<u>(89,149)</u>	<u>(85,417)</u>
Operating income before provision for credit losses		1,668,644	1,435,837
Provision for credit losses		(303)	(417)
Net operating income		1,668,341	1,435,420
Net non-operating income	25	<u>908</u>	<u>1,165</u>
Profit before income tax benefit		1,669,249	1,436,585
Income tax benefit	26	<u>15,263</u>	<u>2,281</u>
Profit for the year		<u>1,684,512</u>	<u>1,438,866</u>
Items that will not be reclassified to profit or loss:			
Remeasurements of net defined benefit liabilities		2,483	(298)
Other comprehensive income(loss) for the year, net of tax		<u>2,483</u>	<u>(298)</u>
Total comprehensive income for the year		<u>₩ 1,686,995</u>	<u>₩ 1,438,568</u>
Earnings per share	27		
Basic earnings per share		₩ 3,999	₩ 3,509
Diluted earnings per share		3,912	3,436

The above separate statements of comprehensive income should be read in conjunction with the accompanying notes.

KB Financial Group Inc.
Separate Statements of Changes in Equity
Years Ended December 31, 2022 and 2021

(In millions of Korean won)

	Share capital	Hybrid securities	Capital surplus	Accumulated other comprehensive income	Retained earnings	Treasury shares	Total equity
Balance as of January 1, 2021	₩ 2,090,558	₩ 1,695,778	₩ 14,754,747	₩ (8,032)	₩ 3,588,757	₩ (1,136,188)	₩ 20,985,620
Comprehensive income for the year							
Profit for the year	-	-	-	-	1,438,866	-	1,438,866
Remeasurements of net defined benefit liabilities	-	-	-	(298)	-	-	(298)
Total comprehensive income for the year	-	-	-	(298)	1,438,866	-	1,438,568
Transactions with shareholders							
Annual dividends	-	-	-	-	(689,653)	-	(689,653)
Consideration for exchangeable rights	-	-	-	-	(292,226)	-	(292,226)
Issuance of hybrid securities	-	1,142,203	-	-	-	-	1,142,203
Dividends on hybrid securities	-	-	-	-	(71,538)	-	(71,538)
Total transactions with shareholders	-	1,142,203	-	-	(1,053,417)	-	88,786
Balance as of December 31, 2021	₩ 2,090,558	₩ 2,837,981	₩ 14,754,747	₩ (8,330)	₩ 3,974,206	₩ (1,136,188)	₩ 22,512,974
Balance as of January 1, 2022	₩ 2,090,558	₩ 2,837,981	₩ 14,754,747	₩ (8,330)	₩ 3,974,206	₩ (1,136,188)	₩ 22,512,974
Comprehensive income for the year							
Profit for the year	-	-	-	-	1,684,512	-	1,684,512
Remeasurements of net defined benefit liabilities	-	-	-	2,483	-	-	2,483
Total comprehensive income for the year	-	-	-	2,483	1,684,512	-	1,686,995
Transactions with shareholders							
Annual dividends	-	-	-	-	(853,299)	-	(853,299)
Quarterly dividends	-	-	-	-	(584,452)	-	(584,452)
Retirement of shares	-	-	-	-	(300,000)	300,000	-
Issuance of hybrid securities	-	1,596,000	-	-	-	-	1,596,000
Dividends on hybrid securities	-	-	-	-	(126,402)	-	(126,402)
Total transactions with shareholders	-	1,596,000	-	-	(1,864,153)	300,000	31,847
Balance as of December 31, 2022	₩ 2,090,558	₩ 4,433,981	₩ 14,754,747	₩ (5,847)	₩ 3,794,565	₩ (836,188)	₩ 24,231,816

The above separate statements of changes in equity should be read in conjunction with the accompanying notes.

KB Financial Group Inc.
Separate Statements of Cash Flows
Years Ended December 31, 2022 and 2021

(In millions of Korean won)

	<u>Notes</u>	<u>2022</u>	<u>2021</u>
Cash flows from operating activities			
Profit for the year	₩	1,684,512	₩ 1,438,866
Adjustment for non-cash items			
Depreciation and amortization expense		6,245	6,506
Provision for credit losses		303	417
Share-based payments		5,801	9,230
Net interest expense		3,289	4,379
Valuation losses (gains) on financial assets at fair value through profit or loss		50,002	(355)
Net other income (expense)		2,140	(1,668)
		<u>67,780</u>	<u>18,509</u>
Changes in operating assets and liabilities			
Due from financial institutions		(30,000)	(90,000)
Deferred income tax assets		(15,263)	(2,281)
Other assets		7,011	4,822
Other liabilities		(21,721)	(23,835)
		<u>(59,973)</u>	<u>(111,294)</u>
Net cash inflow from operating activities		<u>1,692,319</u>	<u>1,346,081</u>
Cash flows from investing activities			
Acquisition of financial assets at fair value through profit or loss		(1,330,000)	(3,061,906)
Disposal of financial assets at fair value through profit of loss		200,000	3,096,540
Acquisition of subsidiaries		-	(219,268)
Increase in loans measured at amortized cost		(273,500)	(70,000)
Acquisition of property and equipment		(1,690)	(661)
Disposal of property and equipment		-	194
Acquisition of intangible assets		(1,178)	(3,603)
Disposal of intangible assets		20	3,482
Net increase in guarantee deposits paid		(2,325)	(2,358)
Other investing activities		(827)	(1,165)
Net cash outflow from investing activities		<u>(1,409,500)</u>	<u>(258,745)</u>
Cash flows from financing activities			
Decrease in borrowings		-	(100,000)
Increase in debentures		498,898	389,405
Decrease in debentures		(1,100,000)	(970,000)
Dividends paid to shareholders		(1,437,751)	(981,879)
Redemption of principal of lease liabilities		(584)	(535)
Issuance of hybrid securities		1,596,000	1,142,203
Dividends paid on hybrid securities		(126,402)	(71,538)
Net cash outflow from financing activities		<u>(569,839)</u>	<u>(592,344)</u>
Net increase (decrease) in cash and cash equivalents		(287,020)	494,992
Cash and cash equivalents at the beginning of the year	28	518,073	23,081
Cash and cash equivalents at the end of the year	28	<u>₩ 231,053</u>	<u>₩ 518,073</u>

The above separate statements of cash flows should be read in conjunction with the accompanying notes.

KB Financial Group Inc.

Notes to the Separate Financial Statements

December 31, 2022 and 2021

1. The Company

KB Financial Group Inc. (the “Company”), in accordance with Financial Holding Companies Act, was established on September 29, 2008, through stock transfers with the former shareholders of Kookmin Bank, KB Investment & Securities Co., Ltd., KB Asset Management Co., Ltd., KB Real Estate Trust Co., Ltd., KB Investment Co., Ltd., KB Futures Co., Ltd., KB Credit Information Co., Ltd., and KB Data Systems Co., Ltd., and the Company’s main business purpose is to control subsidiaries that engage in the financial business or subsidiaries closely related to the financial business through the stock ownership. The headquarter is located at 26, Gukjegeumyung-ro 8-gil, Yeongdeungpo-gu, Seoul. The Company’s share capital as of December 31, 2021, is ₩ 2,090,558 million. In 2011, Kookmin Bank spun off its credit card business segment and established a new separate credit card company, KB Kookmin Card Co., Ltd., and KB Investment & Securities Co., Ltd. merged with KB Futures Co., Ltd. The Company established KB Savings Bank Co., Ltd. in January 2012, acquired Yehansoul Savings Bank Co., Ltd. in September 2013, and KB Savings Bank Co., Ltd. merged with Yehansoul Savings Bank Co., Ltd. in January 2014. In March 2014, the Company acquired Woori Financial Co., Ltd. and changed the name to KB Capital Co., Ltd. Meanwhile, the Company included LIG Insurance Co., Ltd. as an associate and changed the name to KB Insurance Co., Ltd. in June 2015, and KB Insurance Co., Ltd. became one of the subsidiaries through a tender offer in May 2017. Also, the Company included Hyundai Securities Co., Ltd. as an associate in June 2016 and included as a subsidiary in October 2016 by comprehensive exchange of shares. Hyundai Securities Co., Ltd. merged with KB Investment & Securities Co., Ltd. in December 2016 and changed its name to KB Securities Co., Ltd. in January 2017. In August 2020, the Group acquired Prudential Life Insurance Company of Korea Ltd. which was classified as a subsidiary and the name was changed to KB Life Insurance Co., Ltd. in December 2022.

The Company has been listed on the Korea Exchange (“KRX”) since October 10, 2008, and on the New York Stock Exchange (“NYSE”) for its American Depositary Shares (“ADS”) since September 29, 2008. Number of shares authorized on its Articles of Incorporation is 1,000 million.

2. Basis of Preparation

2.1 Application of Korean IFRS

The Company maintains its accounting records in Korean won and prepares statutory financial statements in the Korean language in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (“Korean IFRS”). The accompanying separate financial statements have been translated into English from the Korean language separate financial statements.

The separate financial statements of the Company have been prepared in accordance with Korean IFRS. Korean IFRS are the standards and related interpretations issued by the International Accounting Standards Board (“IASB”) that have been adopted by the Republic of Korea.

The preparation of separate financial statements requires the use of certain critical accounting estimates. Management also needs to exercise judgment in applying the Company’s accounting policies. The areas that require a more complex and higher level of judgment or areas that require significant assumptions and estimations are disclosed in Note 2.4.

The separate financial statements have been prepared in accordance with Korean IFRS No.1027 *Separate Financial Statements*.

KB Financial Group Inc.

Notes to the Separate Financial Statements

December 31, 2022 and 2021

2.1.1 The Company has applied the following amended standards for the first time for its annual reporting period commencing January 1, 2022.

- Amendments to Korean IFRS No.1116 Leases - COVID-19-Related Rent Concessions, etc. beyond June 30, 2021

The application of the practical expedient, a lessee may elect not to assess whether a rent concession occurring as a direct consequence of the COVID-19 pandemic is a lease modification, is extended to lease payments originally due on or before 30 June 2022. A lessee shall apply the practical expedient consistently to eligible contracts with similar characteristics and in similar circumstances. These amendments do not have a significant impact on the financial statements.

- Amendments to Korean IFRS No.1103 Business Combination – Reference to the Conceptual Framework

The amendments update a reference of definition of assets and liabilities to qualify for recognition as part of a business combination in revised Conceptual Framework for Financial Reporting. However, the amendments add an exception for the recognition of liabilities and contingent liabilities within the scope of Korean IFRS No.1037 *Provisions, Contingent Liabilities and Contingent Assets*, and Korean IFRS No.2121 *Levies*. The amendments also confirm that contingent assets should not be recognized at the acquisition date. These amendments do not have a significant impact on the financial statements.

- Amendments to Korean IFRS No.1016 Property, Plant and Equipment - Proceeds Before Intended Use

The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while the entity is preparing the asset for its intended use. Instead, the entity will recognize the proceeds from selling such items, and the costs of producing those items, as profit or loss. These amendments do not have a significant impact on the financial statements.

- Amendments to Korean IFRS No.1037 Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts: Cost of Fulfilling a Contract

The amendments clarify that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts when assessing whether the contract is onerous. These amendments do not have a significant impact on the financial statements.

- Annual improvements to Korean IFRS 2018-2020

These amendments do not have a significant impact on the financial statements.

- Korean IFRS No.1101 First-time Adoption of Korean International Financial Reporting Standards – Subsidiary as a first-time adopter
- Korean IFRS No.1109 *Financial Instruments – Fees in the ‘10 per cent’ test for derecognition of financial liabilities*
- Korean IFRS No.1116 *Leases – Lease incentives*
- Korean IFRS No.1041 *Agriculture – Measuring fair value*

KB Financial Group Inc.
Notes to the Separate Financial Statements
December 31, 2022 and 2021

2.1.2 The following amended standards have been published that are not mandatory for December 31, 2022 reporting period and have not been adopted by the Company.

- Amendments to Korean IFRS No.1001 Presentation of Financial Statements - Classification of Liabilities as Current or Non-current

The amendments clarify that liabilities are classified as either current or non-current, depending on the substantive rights that exist at the end of the reporting period. Classification is unaffected by the likelihood that an entity will exercise the right to defer settlement of the liability or the management's expectations thereof. Also, the settlement of liability includes the transfer of the entity's own equity instruments; however, it would be excluded if an option to settle the liability by the transfer of the entity's own equity instruments is recognized separately from the liability as an equity component of a compound financial instrument. The amendments should be applied for annual reporting periods beginning on or after January 1, 2023, and earlier application is permitted. The Company does not expect that these amendments have a significant impact on the financial statements.

- Issuance of Korean IFRS No.1117 Insurance Contracts

Korean IFRS No.1117 *Insurance Contracts* will replace Korean IFRS No.1104 *Insurance Contracts*. This standard requires an entity to estimate future cash flows of an insurance contract and measure insurance liabilities using discount rates applied with assumptions and risks at the measurement date and recognize insurance revenue on an accrual basis including services (insurance coverage) provided to the policyholder by each annual reporting period. In addition, investment components (refunds due to termination and maturity) repaid to a policyholder even if an insured event does not occur, are excluded from insurance revenue, and net insurance income and net investment income are presented separately to enable users of the information to understand the sources of net income. This standard should be applied for annual reporting periods beginning on or after January 1, 2023, and earlier application is permitted for entities that applied Korean IFRS No.1109 *Financial Instruments*. The Company does not expect that these amendments have a significant impact on the financial statements.

- Amendments to Korean IFRS No.1001 Presentation of Financial Statements – Accounting Policy Disclosure

The amendments require an entity to define and disclose their material accounting policy information. The amendments should be applied for annual reporting periods beginning on or after January 1, 2023, and earlier application is permitted. The Company does not expect that these amendments have a significant impact on the financial statements.

- Amendments to Korean IFRS No.1008 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates

The amendments introduce the definition of accounting estimates and clarify how to distinguish changes in accounting estimates from changes in accounting policies. The amendments should be applied for annual reporting periods beginning on or after January 1, 2023, and earlier application is permitted. The Company does not expect that these amendments have a significant impact on the financial statements.

KB Financial Group Inc.

Notes to the Separate Financial Statements

December 31, 2022 and 2021

2.1.2 The following amended standards have been published that are not mandatory for December 31, 2022 reporting period and have not been adopted by the Company. (cont'd)

- Amendments to Korean IFRS No.1012 Income Taxes – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction

The amendments narrow the scope of the deferred tax recognition exemption so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The amendments should be applied for annual reporting periods beginning on or after January 1, 2023, and earlier application is permitted. The Company does not expect that these amendments have a significant impact on the financial statements.

- Amendments to Korean IFRS No.1001 Presentation of Financial Statements - Disclosure of gains or losses on valuation of financial liabilities subject to exercise price adjustment conditions

The amendments require disclosures about gains or losses on valuation occurred for the reporting period (but are limited to those included in profit or loss) for the conversion options or warrants (or financial liabilities with warrants), if all or part of the financial instrument whose exercise price is adjusted due to the issuers' stock price fluctuations, are classified as financial liabilities according to paragraph 11 of Korean IFRS No.1032 *Financial Instruments: Presentation*. The amendments should be applied for annual reporting periods beginning on or after January 1, 2023, and earlier application is permitted. The Company does not expect that these amendments have a significant impact on the consolidated financial statements.

2.2 Measurement Basis

The separate financial statements have been prepared under the historical cost convention unless otherwise specified.

2.3 Functional and Presentation Currency

Items included in the separate financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ("functional currency"). The separate financial statements are presented in Korean won, which is the Company's functional and presentation currency.

2.4 Critical Accounting Estimates

The Company applies accounting policies and uses judgements, accounting estimates, and assumptions that may have a significant impact on the assets (liabilities) and incomes (expenses) in preparing the separate financial statements. Management's estimates of outcomes may differ from actual outcomes if management's estimates and assumptions based on management's best judgment are different from the actual environment.

Estimates and underlying assumptions are continually evaluated, and changes in accounting estimates are recognized in the period in which the estimates are changed and in any future periods affected.

Uncertainties in estimates and assumptions with significant risks that may result in material adjustments to the separate financial statements are as follows:

2.4.1 Income taxes

As the income taxes on the Company's taxable income is calculated by applying the tax laws of various countries and the decisions of tax authorities, there is uncertainty in calculating the final tax effect.

KB Financial Group Inc.
Notes to the Separate Financial Statements
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If a certain portion of the taxable income is not used for investments, wages, etc. in accordance with the Korean regulation called 'Special Taxation for Facilitation of Investment and Mutually-beneficial Cooperation', the Company is liable to pay additional income tax calculated based on the tax laws. Therefore, the effect of recirculation of corporate income should be reflected in current and deferred income tax. As the Company's income tax is dependent on the actual investments, wages, etc. per each year, there are uncertainties in measuring the final tax effects during the period when the tax law is applied.

2.4.2 Fair value of financial instruments

The fair value of financial instruments where no active market exists or where quoted prices are not otherwise available is determined by using valuation techniques. Financial instruments, which are not actively traded in the market and those with less transparent market prices, will have less objective fair values and require broad judgment on liquidity, concentration, uncertainty in market factors, assumptions in fair value determination, and other risks.

As described in the significant accounting policies in Note 3.1 Recognition and Measurement of Financial Instruments, diverse valuation techniques are used to determine the fair value of financial instruments, from generally accepted market valuation models to internally developed valuation models that incorporate various types of assumptions and variables.

2.4.3 Net defined benefit liability

The present value of the net defined benefit liability is affected by changes in the various factors determined by the actuarial method.

KB Financial Group Inc.

Notes to the Separate Financial Statements

December 31, 2022 and 2021

3. Significant Accounting Policies

The principal accounting policies applied in the preparation of these separate financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 Recognition and Measurement of Financial Instruments

3.1.1 Initial recognition

The Company recognizes a financial asset or a financial liability in its statement of financial position when the Company becomes party to the contractual provisions of the instrument. A regular way purchase or sale of financial assets (a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned) is recognized and derecognized using trade date accounting.

For financial reporting purpose, the Company classifies (a) financial assets as financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, or financial assets at amortized cost and (b) financial liabilities as financial liabilities at fair value through profit or loss, or other financial liabilities. These classifications are based on the business model for managing financial instruments and the contractual cash flow characteristics of the financial instrument at initial recognition.

At initial recognition, a financial asset or financial liability is measured at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. The fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The fair value of a financial instrument on initial recognition is normally the transaction price (that is, the fair value of the consideration given or received) in an arm's length transaction.

3.1.2 Subsequent measurement

After initial recognition, financial instruments are measured at amortized cost or fair value based on classification at initial recognition.

3.1.2.1 Amortized cost

The amortized cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

3.1.2.2 Fair value

The Company uses quoted price in an active market which is based on listed market price or dealer price quotations of financial instruments traded in an active market as best estimate of fair value. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

KB Financial Group Inc.

Notes to the Separate Financial Statements

December 31, 2022 and 2021

3.1.2.2 Fair value (cont'd)

If there is no active market for a financial instrument, fair value is determined either by using a valuation technique or independent third-party valuation service. Valuation techniques include using recent arm's length market transactions between knowledgeable and willing parties, if available, referencing the current fair value of another instrument that is substantially the same, discounted cash flow analysis, and option pricing models.

The Company uses valuation models that are commonly used by market participants and customized for the Company to determine fair values of common over-the-counter (OTC) derivatives such as options, interest rate swaps, and currency swaps which are based on the inputs observable in markets. However, for some complex financial instruments that require fair value measurement by valuation techniques based on certain assumptions because some or all inputs used in the model are not observable in the market, the Company uses internal valuation models developed from general valuation models or valuation results from independent external valuation institutions.

In addition, the fair value information recognized in the statement of financial position is classified into the following fair value hierarchy, reflecting the significance of the input variables used in the fair value measurement.

- Level 1 : Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date
- Level 2 : Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 : Unobservable inputs for the asset or liability

The fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety.

If a fair value measurement uses observable inputs that require significant adjustment using unobservable inputs, that measurement is a Level 3 measurement.

If the valuation technique does not reflect all factors which market participants would consider in pricing the asset or liability, the fair value is adjusted to reflect those factors. Those factors include counterparty credit risk, liquidity risk, and others.

The Company uses valuation technique which maximizes the use of market inputs and minimizes the use of entity-specific inputs. It incorporates all factors that market participants would consider in pricing the asset or liability and is consistent with economic methodologies applied for pricing financial instruments. Periodically, the Company calibrates the valuation technique and tests its validity using prices of observable current market transactions of the same instrument or based on other relevant observable market data.

KB Financial Group Inc.

Notes to the Separate Financial Statements

December 31, 2022 and 2021

3.1.3 Derecognition

Derecognition is the removal of a previously recognized financial asset or financial liability from the statement of financial position. The derecognition criteria for financial assets and financial liabilities are as follows:

3.1.3.1 Derecognition of financial assets

A financial asset is derecognized when the contractual rights to the cash flows from the financial assets expire or the Company transfers substantially all the risks and rewards of ownership of the financial asset, or the Company neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset and the Company has not retained control. Therefore, if the Company does not transfer substantially all the risks and rewards of ownership of the financial asset, the Company continues to recognize the financial asset to the extent of its continuing involvement in the financial asset.

If the Company transfers the contractual rights to receive the cash flows of the financial asset but retains substantially all the risks and rewards of ownership of the financial asset, the Company continues to recognize the transferred asset in its entirety and recognize a financial liability for the consideration received.

The Company writes off a financial asset when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. In general, the Company considers write-off when it is determined that the debtor does not have sufficient funds or income to cover the principal and interest. The write-off decision is made in accordance with internal regulations. After the write-off, the Company can collect the written-off loans continuously according to the internal policy. Recovered amounts from financial assets previously written-off are recognized in profit or loss.

3.1.3.2 Derecognition of financial liabilities

A financial liability is derecognized from the statement of financial position when it is extinguished (i.e., the obligation specified in the contract is discharged, canceled or expires).

3.1.4 Offsetting

A financial asset and a financial liability are offset, and the net amount is presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on a future event and must be legally enforceable in the normal course of business, the event of default, and the event of insolvency or bankruptcy of the Company and all of the counterparties.

3.2 Cash and Due from Financial Institutions

Cash and due from financial institutions include cash on hand, foreign currency, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and due from financial institutions. Cash and due from financial institutions are measured at amortized cost.

KB Financial Group Inc.

Notes to the Separate Financial Statements

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3.3 Non-derivative Financial Assets

3.3.1 Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss unless they are classified as financial assets at amortized cost or at fair value through other comprehensive income.

The Company may designate certain financial assets upon initial recognition as at fair value through profit or loss when the designation eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as an 'accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases.

After initial recognition, a financial asset at fair value through profit or loss is measured at fair value and gains or losses arising from a change in fair value are recognized in profit or loss. Interest income using the effective interest method and dividend income from financial assets at fair value through profit or loss are also recognized in profit or loss.

3.3.2 Financial assets at fair value through other comprehensive income

The Company classifies below financial assets as financial assets at fair value through other comprehensive income:

- Debt instruments that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and where the assets' cash flows represent solely payments of principal and interest on the principal amount outstanding and;
- Equity instruments that are not held for short-term trading but held for strategic investment, and designated as financial assets at fair value through other comprehensive income

After initial recognition, a financial asset at fair value through other comprehensive income is measured at fair value. Gains or losses arising from a change in fair value, other than dividend income, interest income calculated using the effective interest method and exchange differences arising on monetary items which are recognized directly in profit or loss, are recognized in other comprehensive income in equity.

When the financial assets at fair value through other comprehensive income is disposed of, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss. However, cumulative gain or loss of equity instruments designated at fair value through other comprehensive income is reclassified to retained earnings not to profit or loss at disposal.

A financial asset at fair value through other comprehensive income denominated in foreign currency is translated at the closing rate. Exchange differences resulting from changes in amortized cost are recognized in profit or loss, and other changes are recognized in equity.

3.3.3 Financial assets at amortized cost

A financial asset, which is held within the business model whose objective is achieved by collecting contractual cash flows, and where the assets' cash flows represent solely payments of principal and interest on the principal amount outstanding, is classified as a financial asset at amortized cost. After initial recognition, a financial asset at amortized cost is measured at amortized cost using the effective interest method and interest income is calculated using the effective interest method.

KB Financial Group Inc.

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3.4 Expected Credit Losses of Financial Assets (Debt Instruments)

The Company recognizes loss allowances for expected credit losses at the end of the reporting period for financial assets at amortized cost and fair value through other comprehensive income except for financial assets at fair value through profit or loss.

Expected credit losses are estimated at present value of probability-weighted amount that is determined by evaluating a range of possible outcomes. The Company measures expected credit losses by reflecting all reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions, and forecasts of future economic conditions.

The approaches of measuring expected credit losses in accordance with Korean IFRS are as follows:

- General approach: for financial assets and unused loan commitments not subject to the below 2 approaches
- Simplified approach: for trade receivables, contract assets, and lease receivables
- Credit-impaired approach: for financial assets that are credit-impaired at the time of acquisition

Application of general approach is differentiated depending on whether credit risk has increased significantly after initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures loss allowances for that financial instrument at an amount equal to 12-month expected credit losses, whereas if the credit risk on a financial instrument has increased significantly since initial recognition, the Company measures loss allowances for a financial instrument at an amount equal to the lifetime expected credit losses. Lifetime is the period until the contractual maturity date of financial instruments and means the expected life.

The Company assesses whether the credit risk has increased significantly using the following criteria, and if one or more of the following criteria are met, it is deemed as significant increase in credit risk. If the contractual cash flows of a financial asset have been renegotiated or modified, the Company assesses whether the credit risk has increased significantly using the same following criteria.

- More than 30 days past due
- Decline in credit rating at the end of the reporting period by certain notches or more compared to the time of initial recognition
- Debt restructuring (except for impaired financial assets) and
- Credit delinquency information of Korea Federation of Banks, etc.

Under simplified approach, the Company always measures loss allowances at an amount equal to lifetime expected credit losses. Under credit-impaired approach, the Company only recognizes the cumulative changes in lifetime expected credit losses since initial recognition as loss allowances at the end of the reporting period. In assessing credit impairment, the Company uses definition of default as in the new Basel Accord which rules calculation of Capital Adequacy Ratio.

The Company generally considers the loan to be credit-impaired if one or more of the following criteria are met:

- 90 days or more past due
- Legal proceedings related to collection
- A borrower registered on the credit management list of Korea Federation of Banks
- A corporate borrower with the credit rating C and D
- Debt restructuring, etc.

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3.4.1 Forward-looking information

The Company uses forward-looking information, when determining whether credit risk has increased significantly and measuring expected credit losses.

The Company assumes that the risk components have a constant correlation with the economic cycle and uses statistical methodologies to estimate the relation between key macroeconomic variables and risk components for the expected credit losses.

The correlation between the major macroeconomic variables and the credit risk are as follows:

Key macroeconomic variables	Correlation between the major macroeconomic variables and the credit risk
Domestic GDP growth rate	(-)
Composite stock index	(-)
Rate of change of construction investment	(-)
Rate of change of housing transaction price index	(-)
Interest rate spread	(+)
Private consumption growth rate	(-)

Forward-looking information used in calculation of expected credit losses is based on the macroeconomic forecasts utilized by management of the Company for its business plan considering reliable external agency's forecasts and others. The forward-looking information is generated by KB Research with a comprehensive approach to capture the possibility of various economic forecast scenarios that are derived from the internal and external viewpoints of the macroeconomic situation. The Company determines the macroeconomic variables to be used in forecasting future conditions of the economy, considering the direction of the forecast scenario and the significant relationship between macroeconomic variables and time series data. And there are some changes compared to the macroeconomic variables used in the previous year.

3.4.2 Measuring expected credit losses on financial assets at amortized cost

The expected credit losses of financial assets at amortized cost are measured as present value of the difference between the contractual cash flows to be received and the cash flows expected to be received. The Company estimates expected future cash flows for financial assets that are individually significant. The Company selects the individually significant financial assets by comprehensively considering quantitative and qualitative factors (such as debt restructuring or negative net assets, etc.) among financial assets with the credit risk has increased significantly or credit-impaired (individual assessment of impairment).

For financial assets that are not individually significant, the Company collectively estimates expected credit losses by grouping loans with a homogeneous credit risk profile (collective assessment of impairment).

3.4.2.1 Individual assessment of impairment

Individual assessment of impairment losses is performed using management's best estimate on the present value of expected future cash flows. The Company uses all the available information including financial condition of the borrower such as operating cash flow and net realizable value of any collateral held.

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3.4.2.2 Collective assessment of impairment

Collective assessment of impairment losses is performed by using a methodology based on historical loss experience and reflecting forward-looking information. Such a process incorporates factors such as type of collateral, type of product, type of borrower, credit rating, size of portfolio, and recovery period and applies Probability of Default (“PD”) on a group of assets and Loss Given Default (“LGD”) by type of recovery method. Also, the Company applies certain assumptions to model expected credit losses assessment and to determine input based on loss experience and forward-looking information. These models and assumptions are periodically reviewed to reduce the gap between loss estimate and actual loss experience.

The lifetime expected credit losses are measured by applying the PD to the carrying amount calculated by deducting the expected principal repayment amount from the carrying amount as of the reporting date and the LGD adjusted to reflect changes in the carrying amount.

3.4.3 Measuring expected credit losses on financial assets at fair value through other comprehensive income

The Company measures expected credit losses on financial assets at fair value through other comprehensive income in a manner that is consistent with the requirements that are applicable to financial assets at amortized cost. However, loss allowances are recognized in other comprehensive income. Upon disposal or repayment of financial assets at fair value through other comprehensive income, the amount of loss allowances is reclassified from other comprehensive income to profit or loss.

3.5 Revenue Recognition

The Company recognizes revenues in accordance with the following steps determined in accordance with Korean IFRS No.1115 *Revenue from Contracts with Customers*.

- Step 1: Identify the contract with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

3.5.1 Interest income and expense

Interest income and expense on debt securities at fair value through profit or loss (excluding beneficiary certificates, equity investments, and other debt securities), loans, financial instruments at amortized cost, and debt securities at fair value through other comprehensive income are recognized in the statement of comprehensive income using the effective interest method in accordance with Korean IFRS No.1109 *Financial Instruments*. The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and allocating the interest income or interest expense over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument or, where appropriate, a shorter period, to the gross carrying amount of a financial asset or to the amortized cost of a financial liability. When calculating the effective interest rate, the Company estimates expected cash flows by considering all contractual terms of the financial instrument but does not consider expected credit losses. The calculation includes all fees and points paid (main components of effective interest rate only) or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts. In those rare cases when it is not possible to reliably estimate the cash flows and the expected life of a financial instrument, the Company uses the contractual cash flows over the full contractual term of the financial instrument.

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3.5.1 Interest income and expense (cont'd)

Interest income on impaired financial assets is recognized using the interest rate used to discount the expected cash flows for the purpose of measuring the impairment loss.

Interest income on debt securities at fair value through profit or loss is also classified as interest income in the statement of comprehensive income.

3.5.2 Fee and commission income

The Company recognizes financial service fees in accordance with the purpose of charging the fees and the accounting standards of the financial instrument related to the fees earned.

3.5.2.1 Fees that are an integral part of the effective interest of a financial instrument

Such fees are generally treated as adjustments of effective interest rate. Such fees may include compensation for activities such as evaluating the borrower's financial condition, evaluating and recording guarantees, collateral and other security arrangements, negotiating the terms of the instrument, preparing and processing documents, and closing the transaction and origination fees received on issuing financial liabilities at amortized cost. However, fees relating to the creation or acquisition of a financial instrument at fair value through profit or loss are recognized as revenue immediately.

3.5.2.2 Fees related to performance obligations satisfied over time

If the control of a good or service is transferred over time, the Company recognizes revenue related to performance obligations over the period of performance obligations. Fees charged in return for the services for a certain period of time, such as asset management fees, consignment business fees, etc. are recognized over the period of performance obligations.

3.5.2.3 Fees related to performance obligations satisfied at a point in time

Fees earned at a point in time are recognized as revenue when a customer obtains controls of a promised good or service and the Company satisfies a performance obligation.

3.5.3 Net gains/losses on financial instruments at fair value through profit or loss

Net gains or losses on financial instruments at fair value through profit or loss (including changes in fair value, dividends, and gains or losses from foreign currency translation) include gains or losses on financial instruments as follows:

- Gains or losses relating to financial instruments at fair value through profit or loss (excluding interest income using the effective interest rate method)
- Gains or losses relating to derivative financial instruments for trading (including derivative financial instruments for hedging purpose but do not qualify for hedge accounting)

3.5.4 Dividend income

Dividend income is recognized in profit or loss when the right to receive payment is established. Dividend income is recognized as net gains or losses on financial instruments at fair value through profit or loss or other operating income depending on the classification of equity securities.

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3.6 Investments in Subsidiaries and Associates

Investments in subsidiaries and associates are accounted at cost method in accordance with Korean IFRS No.1027. The Company determines at each reporting period whether there is any objective evidence that the investments in the subsidiaries and associates are impaired. If this is the case, the Company calculates the amount of impairment as the difference between the recoverable amount of the subsidiaries or associates and its carrying value.

3.7 Property and Equipment

3.7.1 Recognition and measurement

Property and equipment that qualify for recognition as an asset are measured at cost and subsequently carried at its cost less any accumulated depreciation and any accumulated impairment losses.

The cost of property and equipment includes any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Subsequent expenditures are capitalized only when they prolong the useful life or enhance values of the assets but the costs of the day-to-day servicing of the assets such as repair and maintenance costs are recognized in profit or loss as incurred. When part of an item of property and equipment has a useful life different from that of the entire asset, it is recognized as a separate asset.

3.7.2 Depreciation

Land is not depreciated, whereas other property and equipment are depreciated using the method that reflects the pattern in which the asset's future economic benefits are expected to be consumed by the Company. The depreciable amount of an asset is determined after deducting its residual value.

Each part of an item of property and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation method and estimated useful life of property and equipment are as follows:

Property and equipment	Depreciation method	Estimated useful life
Leasehold improvements	Declining-balance	4 years
Equipment and vehicles	Declining-balance	4 years

The residual value, the useful life, and the depreciation method applied to an asset are reviewed at each financial year-end and, if expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

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3.8 Intangible Assets

Intangible assets are measured initially at cost and subsequently carried at their cost less any accumulated amortization and any accumulated impairment losses.

Intangible assets, except for membership rights, are amortized using the straight-line method with no residual value over their estimated useful life since the assets are available for use.

Intangible assets	Amortization method	Estimated useful life
Software	Straight-line	4 years
Others	Straight-line	4 ~ 19 years

The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Where an intangible asset is not being amortized because its useful life is indefinite, the Company carries out a review in each accounting period to confirm whether events and circumstances still support an indefinite useful life assessment. If they do not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate.

3.9 Impairment of Non-financial Assets

The Company assesses at the end of each reporting period whether there is any indication that a non-financial asset, except for (a) deferred income tax assets, (b) assets arising from employee benefits and (c) non-current assets (or group of assets to be sold) classified as held for sale, may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset.

The recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the Company determines the recoverable amount of the cash-generating unit to which the asset belongs. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit that are discounted by a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss and recognized immediately in profit or loss.

3.10 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Inevitable risks and uncertainties surrounding related events and circumstances are considered in measuring the best estimate of the provisions, and where the effect of the time value of money is material, the amount of provisions is the present value of the expenditures expected to be required to settle the obligation.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provisions are reversed.

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3.11 Equity Instrument Issued by the Company

An equity instrument is any contract or agreement that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

3.11.1 Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or the exercise of stock option are deducted from the equity, net of any tax effects.

3.11.2 Hybrid securities

The financial instruments can be classified as either financial liabilities or equity in accordance with the terms of the contract. The Company classifies hybrid securities as an equity if the Company has the unconditional right to avoid any contractual obligation to deliver cash or another financial asset in relation to the financial instruments.

3.12 Employee Compensation and Benefits

3.12.1 Post-employment benefits

3.12.1.1 Defined contribution plans

When an employee has rendered service to the Company during a period, the Company recognizes the contribution payable to a defined contribution plan in exchange for that service as post-employment benefits for the period.

3.12.1.2 Defined benefit plans

All post-employment benefits, other than defined contribution plans, are classified as defined benefit plans. The amount recognized as a net defined benefit liability is the present value of the defined benefit obligation less the fair value of plan assets at the end of the reporting period.

The present value of the defined benefit obligation is calculated annually by independent actuaries using the Projected Unit Credit method. The rate used to discount post-employment benefit obligations is determined by reference to market yields at the end of the reporting period on high quality corporate bonds. The currency and term of the corporate bonds are consistent with the currency and estimated term of the post-employment benefit obligations. Actuarial gains and losses resulted from changes in actuarial assumptions and experience adjustments are recognized in other comprehensive income.

When the present value of the defined benefit obligation minus the fair value of plan assets results in an asset, it is recognized to the extent of the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting from the introduction or changes to a defined benefit plan. Such past service cost is immediately recognized as an expense for the period.

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3.12.2 Short-term employee benefits

Short-term employee benefits are employee benefits that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. When an employee has rendered service to the Company during an accounting period, the Company recognizes the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service as an expense for the period.

The expected cost of profit-sharing and bonus payments is recognized as liabilities when the Company has a present legal or constructive obligation to make payments as a result of past events, such as service rendered by employees, and a reliable estimate of the obligation can be made.

3.12.3 Share-based payment

The Company provides stock grants program to executives and employees of the Company and its subsidiaries. When stock grants are exercised, the Company can either select to distribute newly issued shares or treasury shares or compensate in cash based on the share price.

For a share-based payment transaction in which the terms of the arrangement provide the Company with the choice of whether to settle in cash or by issuing equity instruments, the Company accounts for the transaction in accordance with the requirements applying to cash-settled share-based payment transactions because the Company determines that it has a present obligation to settle in cash based on a past practice and a stated policy of settling in cash.

Therefore, the Company measures the liability incurred as consideration for the service received at fair value and recognizes related expense and accrued expense over the vesting periods. Until the liability is settled, the Company remeasures the fair value of the liability at the end of each reporting period and at the date of settlement, with any changes in fair value recognized in profit or loss as share-based payments.

3.12.4 Termination benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or an employee's decision to accept an offer of benefits in exchange for the termination of employment. The Company recognizes a liability and expense for termination benefits at the earlier of the following dates; when the Company can no longer withdraw the offer of those benefits and when the Company recognizes costs for a restructuring that is within the scope of Korean IFRS No.1037 and involves the payment of termination benefits. If the termination benefits are not expected to be settled wholly before twelve months after the end of the annual reporting period, then the termination benefits are discounted to present value.

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3.13 Income Tax Expense

Income tax expense comprises current tax expense and deferred income tax expense. Current and deferred income tax are recognized as income or expense and included in profit or loss for the period, except to the extent that the tax arises from (a) a transaction or event which is recognized, in the same or a different period, outside profit or loss, either in other comprehensive income or directly in equity and (b) a business combination.

3.13.1 Current income tax

Current income tax is the amount of income tax payable (recoverable) in respect of the taxable profit (tax loss) for a period. A difference between the taxable profit and accounting profit may arise when income or expense is included in accounting profit in one period but is included in taxable profit in a different period. Differences may also arise if there is revenue that is exempt from taxation, or expense that is not deductible in determining taxable profit (loss). Current income tax liabilities for the current and prior periods are measured using the tax rates that have been enacted or substantively enacted by the end of the reporting period.

The Company offsets current income tax assets and current income tax liabilities if, and only if, the Company (a) has a legally enforceable right to set off the recognized amounts and (b) intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

3.13.2 Deferred income tax

Deferred income tax is recognized, using the asset-liability method, on temporary differences arising between the tax-based amount of assets and liabilities and their carrying amount in the financial statements. Deferred income tax liabilities are recognized for all taxable temporary differences and deferred income tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized. However, deferred income tax liabilities are not recognized if they arise from the initial recognition of goodwill; deferred income tax assets and liabilities are not recognized if they arise from the initial recognition of an asset or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting nor taxable profit or loss.

The carrying amount of a deferred income tax asset is reviewed at the end of each reporting period. The Company reduces the carrying amount of a deferred income tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred income tax liabilities and deferred income tax assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

The Company offsets deferred income tax assets and deferred income tax liabilities if, and only if the Company has a legally enforceable right to set off current income tax assets against current income tax liabilities and the deferred income tax assets and the deferred income tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current income tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred income tax liabilities or assets are expected to be settled or recovered.

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3.13.3 Uncertain tax positions

Uncertain tax positions arise from tax treatments applied by the Company which may be challenged by the tax authorities due to the complexity of the transaction or different interpretation of the tax laws, such as a claim for rectification, a claim for a refund related to additional tax or a tax investigation by the tax authorities. The Company recognizes its uncertain tax positions in the financial statements in accordance with Korean IFRS No.1012 and Interpretation of Korean IFRS No.2123. The income tax asset is recognized if a tax refund is probable for taxes levied by the tax authority, and the amount to be paid as a result of the tax investigation and others is recognized as the current tax payable. However, penalty tax and additional refund on tax are regarded as penalty or interest and are accounted for in accordance with Korean IFRS No.1037.

3.14 Earnings per Share

The Company calculates basic earnings per share amounts and diluted earnings per share amounts for profit or loss for the period and presents them in the statement of comprehensive income. Basic earnings per share is calculated by dividing profit or loss attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is calculated by adjusting the profit or loss attributable to ordinary equity holders of the Parent Company and weighted average number of shares outstanding, taking into account all potential dilution effects, such as exchangeable bonds and share-based payments given to employees.

3.15 Lease

The Company as a lessor recognizes lease payments from operating leases as income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognized as expense over the lease term on the same basis as lease income. The respective leased assets are included in the statement of financial position based on their nature.

A lessee is required to recognize a right-of-use asset (lease assets) representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Assets and liabilities arising from a lease are initially measured at the present value.

Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payments that depend on an index or a rate
- Amounts expected to be payable by the lessee under residual value guarantees
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease

The lease payments are discounted using the interest rate implicit in the lease if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used, which is the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

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3.15 Lease (cont'd)

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of the lease liability
- Any lease payments made at or before the commencement date, less any lease incentives received
- Any initial direct costs incurred by the lessee, and
- An estimate of restoration costs

However, the Company can elect not to apply the requirements of Korean IFRS No.1116 to short-term lease (lease that, at the commencement date, has a lease term of 12 months or less) and leases for which the underlying asset is of low value (for example, underlying leased asset under \$ 5,000).

The right-of-use asset is depreciated from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

For sale and leaseback transactions, the Company applies the requirements of Korean IFRS No.1115 *Revenue from Contracts with Customers*, to determine whether the transfer of an asset is accounted for as a sale of that asset.

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4. Financial Risk Management

4.1 Summary

4.1.1 Overview of financial risk management policy

The financial risks that the Company is exposed to are credit risk, market risk, liquidity risk, operational risk and others.

This note regarding financial risk management provides information about the risks that the Company is exposed to and about its objectives, policies, risk assessment and management procedures, and capital management. Additional quantitative information is disclosed throughout the separate financial statements.

The Company's risk management system focuses on efficiently supporting long-term strategy and management decisions of the Company by increasing risk transparency, preventing risk transfer between subsidiaries and preemptive response to rapidly changing financial environments. Credit risk, market risk, liquidity risk, operational risk, interest rate risk, insurance risk, credit concentration risk, strategy risk, and reputation risk are recognized as significant risks.

4.1.2 Risk management organization

4.1.2.1 Risk Management Committee

The Risk Management Committee, as the ultimate decision-making body, deals with risk-related issues, such as establishing risk management strategies in accordance with the strategic direction determined by the board of directors, determining the affordable level of risk appetite, reviewing the level of risk and the status of risk management activities, approving the application of risk management systems, methodologies, and major improvements, and establishing and approving risk management policies and procedures to timely recognize, measure, monitor, and control risks arising from various transactions by the Company and subsidiaries (the "Group").

4.1.2.2 Risk Management Council

The Risk Management Council is responsible for consulting on matters delegated by the Risk Management Committee and requests for review by the Group Management Executive Committee, consulting on details of each subsidiary's risk management policies and procedures, monitoring the Group's risk management status, and establishing and implementing necessary measures.

4.1.2.3 Risk Management Department

The Risk Management Department performs the Company's risk management detailed policies, procedures, and business processes, and is responsible for calculating the Group's risk-weighted assets, monitoring and managing internal capital limits.

4.2 Credit Risk

4.2.1 Overview of credit risk

Credit risk is the risk of loss from the portfolio of assets held due to the counterparty's default, breach of contract, and deterioration of credit quality. For risk management purposes, the Company considers default risk of individual borrowers.

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4.2.2 Credit risk management

The Company measures the expected losses of assets subject to credit risk management and uses them as a management indicator.

4.2.3 Maximum exposure to credit risk

The Company's maximum exposures to credit risk without consideration of collateral values in relation to financial instruments other than equity securities as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31,		December 31,	
	2022		2021	
Due from financial institutions	₩	351,056	₩	608,076
Loans measured at amortized cost *		522,326		249,128
Loans measured at fair value through profit or loss		343,525		51,154
Other financial assets *		44,841		36,078
	₩	<u>1,261,748</u>	₩	<u>944,436</u>

* After netting of allowance

4.2.4 Credit risk of loans

The Company maintains allowances for loan losses associated with credit risk of loans to manage its credit risk.

The Company assesses expected credit losses and recognizes loss allowances of financial assets at amortized cost and financial asset at fair value through other comprehensive income. Financial assets at fair value through profit or loss are excluded. Expected credit losses are a probability-weighted estimate of possible credit losses occurring in a certain range by reflecting reasonable and supportable information that is reasonably available at the end of the reporting period without undue cost or effort, including information about past events, current conditions, and forecasts of future economic conditions. The Company measures the expected credit losses on loans classified as financial assets at amortized cost, by deducting allowances for credit losses. The expected credit losses of loans classified as financial assets at fair value through other comprehensive income are presented in other comprehensive income in the financial statements.

Credit qualities of loans measured at amortized cost as of December 31, 2022 and 2021, are classified as follows:

(In millions of Korean won)

	December 31, 2022									
	12-month expected credit losses	Lifetime expected credit losses		Not applying expected credit losses	Total					
		Non-impaired	Impaired							
Loans measured at amortized cost *										
Corporate										
Grade 1	₩	523,500	₩	-	₩	-	₩	-	₩	523,500
Grade 2		-		-		-		-		-
Grade 3		-		-		-		-		-
Grade 4		-		-		-		-		-
Grade 5		-		-		-		-		-
	₩	<u>523,500</u>	₩	-	₩	-	₩	-	₩	<u>523,500</u>

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4.2.4 Credit risk of loans (cont'd)

(In millions of Korean won)

	December 31, 2021				
	12-month expected credit losses	Lifetime expected credit losses		Not applying expected credit losses	Total
		Non-impaired	Impaired		
Loans measured at amortized cost *					
Corporate					
Grade 1	₩ 250,000	₩ -	₩ -	₩ -	₩ 250,000
Grade 2	-	-	-	-	-
Grade 3	-	-	-	-	-
Grade 4	-	-	-	-	-
Grade 5	-	-	-	-	-
	₩ 250,000	₩ -	₩ -	₩ -	₩ 250,000

* Before netting of allowance

Credit qualities of loans graded according to the probability of default as December 31, 2022 and 2021, are as follows:

	Range of probability of default (%)
Grade 1	0.0 ~ 1.0
Grade 2	1.0 ~ 5.0
Grade 3	5.0 ~ 15.0
Grade 4	15.0 ~ 30.0
Grade 5	30.0 ~

4.2.5 Credit risk of due from financial institutions

Credit qualities of due from financial institutions as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31, 2022				
	12-month expected credit losses	Lifetime expected credit losses		Not applying expected credit losses	Total
		Non- impaired	Impaired		
Due from financial institutions measured at amortized cost					
Grade 1	₩ 351,056	₩ -	₩ -	₩ -	₩ 351,056
Grade 2	-	-	-	-	-
Grade 3	-	-	-	-	-
Grade 4	-	-	-	-	-
Grade 5	-	-	-	-	-
	₩ 351,056	₩ -	₩ -	₩ -	₩ 351,056

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4.2.5 Credit risk of due from financial institutions (cont'd)

(In millions of Korean won)

	December 31, 2021					
	12-month expected credit losses	Lifetime expected credit losses		Not applying expected credit losses	Total	
		Non-impaired	Impaired			
Due from financial institutions measured at amortized cost						
Grade 1	₩ 608,076	₩ -	₩ -	₩ -	₩ -	₩ 608,076
Grade 2	-	-	-	-	-	-
Grade 3	-	-	-	-	-	-
Grade 4	-	-	-	-	-	-
Grade 5	-	-	-	-	-	-
	<u>₩ 608,076</u>	<u>₩ -</u>	<u>₩ -</u>	<u>₩ -</u>	<u>₩ -</u>	<u>₩ 608,076</u>

4.2.6 Credit risk concentration analysis

4.2.6.1 Classifications of loans by country as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31, 2022			
	Corporate loans *	%	Allowances	Carrying amount
Korea	₩ 867,025	100.00	₩ (1,174)	₩ 865,851

(In millions of Korean won)

	December 31, 2021			
	Corporate loans *	%	Allowances	Carrying amount
Korea	₩ 301,154	100.00	₩ (872)	₩ 300,282

* Amount includes loans measured at fair value through profit or loss and amortized cost.

4.2.6.2 Classifications of corporate loans by industry as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31, 2022			
	Corporate loans *	%	Allowances	Carrying amount
Financial institutions	₩ 867,025	100.00	₩ (1,174)	₩ 865,851

(In millions of Korean won)

	December 31, 2021			
	Corporate loans *	%	Allowances	Carrying amount
Financial institutions	₩ 301,154	100.00	₩ (872)	₩ 300,282

* Amount includes loans measured at fair value through profit or loss and amortized cost.

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4.2.6.3 Classifications of due from financial institutions by industry as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31, 2022			
	Amount	%	Allowances	Carrying amount
Due from financial institutions measured at amortized cost				
Financial institutions	₩ 351,056	100.00	₩ -	₩ 351,056

(In millions of Korean won)

	December 31, 2021			
	Amount	%	Allowances	Carrying amount
Due from financial institutions measured at amortized cost				
Financial institutions	₩ 608,076	100.00	₩ -	₩ 608,076

4.2.6.4 Classifications of due from financial institutions by country as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31, 2022			
	Amount	%	Allowances	Carrying amount
Due from financial institutions measured at amortized cost				
Korea	₩ 351,056	100.00	₩ -	₩ 351,056

(In millions of Korean won)

	December 31, 2021			
	Amount	%	Allowances	Carrying amount
Due from financial institutions measured at amortized cost				
Korea	₩ 608,076	100.00	₩ -	₩ 608,076

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4.3 Liquidity Risk

4.3.1 Overview of liquidity risk

Liquidity risk is a risk that the Company becomes insolvent due to the mismatch between the inflow and outflow of funds, unexpected cash outflows, or a risk of loss due to financing funds at a high interest rate or disposing of securities at an unfavorable price due to lack of available funds. The Company manages its liquidity risk through analysis of the contractual maturity of all financial assets and liabilities and discloses in six categories such as on demand, less than one month, between one month to three months, between three months to one year, between one year to five years, and over five years.

4.3.2. Liquidity risk management

The liquidity risk is managed by risk management policies and liquidity risk management guidelines set forth in these policies that apply to all risk management policies and procedures that may arise throughout the overall business of the Company.

4.3.3. Analysis of remaining contractual maturity of financial liabilities

The cash flows disclosed in the maturity analysis are undiscounted contractual amounts including principal and future interest payments; as such, amounts in the table below do not match with those in the statements of financial position which are based on discounted cash flows. The future interest payments for floating-rate liabilities are calculated on the assumption that the current interest rate is the same until maturity.

Remaining contractual maturity of financial liabilities as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31, 2022						
	On Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Financial liabilities							
Debentures	₩ -	₩ 275,723	₩ 160,712	₩ 756,380	₩ 2,863,695	₩ 1,330,748	₩ 5,387,258
Lease liabilities	-	49	88	381	330	-	848
Other financial liabilities	-	1,620	-	-	-	-	1,620
	₩ -	₩ 277,392	₩ 160,800	₩ 756,761	₩ 2,864,025	₩ 1,330,748	₩ 5,389,726

(In millions of Korean won)

	December 31, 2021						
	On Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Financial liabilities							
Debentures	₩ -	₩ 5,723	₩ 281,461	₩ 910,178	₩ 3,398,017	₩ 1,403,061	₩ 5,998,440
Lease liabilities	-	40	63	263	333	-	699
Other financial liabilities	-	1,491	-	-	-	-	1,491
	₩ -	₩ 7,254	₩ 281,524	₩ 910,441	₩ 3,398,350	₩ 1,403,061	₩ 6,000,630

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4.4 Market Risk

4.4.1 Concept

Market risk refers to risks that can result in losses due to changes in market factors such as interest rate, stock price, and foreign exchange rate, etc. The Company manages the market risks by dividing them into those arising from the trading position and those arising from the non-trading position.

4.4.2 Trading position

In accordance with Financial Holding Companies Act, the Company's main business is to control financial companies or companies closely related to the financial service. And the Company cannot perform any other business other than managing activities as a holding company, therefore there is no risk of trading position.

4.4.3 Non-trading position

Non-trading position refers to the part except trading position, and the main risk the Company is managing is interest rate risk.

4.4.3.1 Interest rate risk

(a) Definition of interest rate risk

Interest rate risk refers to the risk of changes in the value (fair value) of the items in the statement of financial position due to changes in interest rate and the risk of changes in cash flows related to interest income and interest expense arising from investment and financing activities.

(b) Observation method and management indicator on interest rate risk

The main objective of interest rate risk management is to protect the value changes from interest rate fluctuations. In addition to the Interest Rate Risk in the Banking Book ("IRRBB") standard methodology required for disclosure, the Company applies the IRRBB methodology to measure and manage interest rate risk in a historical-simulation VaR method including interest rate volatility during the past financial crisis (FY2008-FY2009).

(c) Changes in Economic Value of Equity (" Δ EVE") and Changes in Net Interest Income (" Δ NII")

Δ EVE means changes in equity and earnings due to the changes in value of interest-sensitive assets and liabilities, etc. when interest rate changes, and Δ NII means changes in net interest income. The Company calculates Δ EVE by applying following six interest rate shock and stress scenarios, and Δ NII by applying parallel shock up and parallel shock down scenarios. The interest rate risk for the interest rate shock and stress scenario is calculated only when the risk for each scenario is a loss.

- Scenario 1 : Parallel shock up
- Scenario 2 : Parallel shock down
- Scenario 3 : Steepener shock (short rates down and long rates up)
- Scenario 4 : Flattener shock (short rates up and long rates down)
- Scenario 5 : Short rates shock up
- Scenario 6 : Short rates shock down

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4.4.3.1 Interest rate risk (cont'd)

Δ EVE is maximum out of six interest rate shock and stress scenarios, and Δ NII is maximum of parallel shock up and parallel shock down scenarios. Results as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31, 2022		December 31, 2021	
Δ EVE	₩	819,850	₩	733,729
Δ NII		9,484		1,530

4.5 Capital Management

The Company as a financial holding company under the Financial Holding Companies Act, complies with the consolidated capital adequacy standard established by the financial supervisory authority. This capital adequacy standard is based on Basel III revised by Basel Committee on Banking Supervision in Bank for International Settlements (“BIS”) in June 2011 and was implemented in Korea in December 2013. According to this standard, the Group is required to maintain a minimum capital adequacy ratio to risk-weighted assets (Common Equity Tier 1 Capital ratio of 8.0%, Tier 1 Capital ratio of 9.5%, and Total Capital ratio of 11.5%) as of December 31, 2022.

The Group's capital is classified into three categories in accordance with the Detailed Regulations on Supervision of Financial Holding Companies as follows:

- Common Equity Tier 1 Capital: Common equity Tier 1 Capital is the first to take losses of the Group and is the last to be compensated in liquidation of the Group and not repaid except for liquidation. It includes capital, capital surplus, retained earnings, non-controlling interests of the consolidated subsidiaries, accumulated other comprehensive income, and other capital surplus, etc.
- Additional Tier 1 Capital: Additional Tier 1 Capital includes capital, capital surplus, etc. related to the issuance of capital securities of a permanent nature that meets the conditional capital securities requirements.
- Tier 2 Capital: Tier 2 Capital means capital that can compensate for losses of the Group upon liquidation, including (a) the amount of subordinated bonds with maturity of not less than 5 years that meet the conditional capital securities requirements, and (b) the allowances for credit losses accumulated on the loans which are classified as normal or precautionary in accordance with Regulations on Supervision of Financial Holding Companies, and others.

The risk-weighted assets are the magnitude of the amount of risk inherent in the total asset held by the Group. The Group calculates risk-weighted assets by each risk (credit risk, market risk, and operational risk) based on the Detailed Regulations on Supervision of Financial Holding Companies and uses them to calculate capital adequacy ratio.

The Group evaluates and manages capital adequacy through separate internal policies. The evaluation of capital adequacy compares the size of available capital (the amount of capital actually available) to the size of internal capital (the amount of capital required to cover all the significant risks faced by the Group under its target credit rating), which monitors financial soundness and provides a risk-adjusted performance measurement basis.

Internal capital refers to the capital required to prevent the Group's insolvency from future unexpected losses. The Group operates a system to measure, allocate and manage internal capital to major subsidiaries by risk type.

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4.5 Capital Management (cont'd)

The Risk Management Committee of the Company determines the risk appetite of the Group, allocates internal capital by risk type and major subsidiaries, and major subsidiaries operate capital efficiently within the range of the allocated internal capital. The Risk Management Department of the Group monitors internal capital limit management and reports it to management and the Risk Management Committee. If the limit of internal capital is expected to be exceeded due to new businesses or business expansion, the Group's capital adequacy management is carried out through review and approval by the Risk Management Committee in advance.

Details of the Company's capital adequacy ratio in accordance with Basel III requirements as of December 31, 2022 and 2021, are as follows:

<i>(In millions of Korean won)</i>	December 31,		December 31,	
	2022		2021	
Total Capital:	₩	48,969,952	₩	45,882,765
Tier 1 Capital		45,032,020		42,305,442
Common Equity Tier 1 Capital		40,103,660		39,144,259
Additional Tier 1 Capital		4,928,360		3,161,183
Tier 2 Capital		3,937,932		3,577,323
Risk-Weighted Assets:		302,967,993		290,913,570
Total Capital ratio (%):		16.16		15.77
Tier 1 Capital ratio (%)		14.86		14.54
Common Equity Tier 1 Capital ratio (%)		13.24		13.46

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5. Financial Assets and Financial Liabilities

5.1 Classification and Fair Value of Financial Instruments

5.1.1 Carrying amount and fair value of financial assets and liabilities by category as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31, 2022	
	Carrying amount	Fair value
Financial assets		
Financial assets at fair value through profit or loss		
Hybrid securities	₩ 874,171	₩ 874,171
Beneficiary certificates	304,618	304,618
Loans	343,525	343,525
Financial assets at amortized cost		
Due from financial institutions	351,056	351,056
Loans	522,326	522,326
Other financial assets	44,841	44,841
	₩ 2,440,537	₩ 2,440,537
Financial liabilities		
Financial liabilities at amortized cost		
Debentures	₩ 4,956,949	₩ 4,576,973
Other financial liabilities	13,331	13,331
	₩ 4,970,280	₩ 4,590,304

(In millions of Korean won)

	December 31, 2021	
	Carrying amount	Fair value
Financial assets		
Financial assets at fair value through profit or loss		
Hybrid securities	₩ 389,606	₩ 389,606
Loans	51,154	51,154
Financial assets at amortized cost		
Due from financial institutions	608,076	608,076
Loans	249,128	249,128
Other financial assets	36,078	36,078
	₩ 1,334,042	₩ 1,334,042
Financial liabilities		
Financial liabilities at amortized cost		
Debentures	₩ 5,552,791	₩ 5,509,648
Other financial liabilities	13,913	13,913
	₩ 5,566,704	₩ 5,523,561

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The Company discloses the fair value of each class of assets and liabilities in a way that permits it to be compared with its carrying amount at the end of each reporting period. The best evidence of fair value of financial instruments is quoted price in an active market.

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5.1.1 Carrying amount and fair value of financial assets and liabilities by category as of December 31, 2022 and 2021, are as follows: (cont'd)

Methods of determining fair value of financial instruments are as follows:

Cash and due from financial institutions	Fair value of cash is same as carrying amount. Carrying amount of demand deposit and settlement deposit is a reasonable approximation of fair value because these financial instruments do not have a fixed maturity and are receivable on demand. Fair value of general deposit is measured using Discounted Cash Flow (“DCF”) Model.
Securities	Fair value of financial instruments that are quoted in an active market is determined using the quoted prices. If there is no quoted price, fair value is determined using external professional valuation institutions. The institutions use one or more valuation techniques that are deemed appropriate considering the characteristics of the financial instruments among DCF Model, Imputed Market Value Model, Free Cash Flow to Equity Model, Dividend Discount Model, Risk Adjusted Discount Rate Method, and Net Asset Value Method.
Derivatives	Fair value of exchange traded derivatives is determined using quoted price in an active market, and fair value of OTC derivatives is determined using valuation techniques. The Company uses internally developed valuation models that are widely used by market participants to determine fair value of plain vanilla OTC derivatives including options, interest rate swaps, and currency swaps, based on observable market parameters. However, some complex financial instruments are valued using appropriate models developed from generally accepted market valuation models including the Finite Difference Method (“FDM”), and the MonteCarlo Simulation or valuation results from independent external professional valuation institution.
Loans measured at amortized cost	Fair value of loans is determined using DCF model discounting the expected cash flows, which are contractual cash flows adjusted by the expected prepayment rate, at an appropriate discount rate.
Borrowings	DCF model is used to determine the fair value of borrowings, but in the case of short-term maturity, carrying amount is a reasonable approximation of fair value.
Debentures	Fair value is determined by using valuation results of external professional valuation institutions, which are calculated using market inputs.
Other financial assets and other financial liabilities	Carrying amount is a reasonable approximation of fair value because other financial assets and other financial liabilities are temporary accounts used for other various transactions and their maturities are relatively short or not defined.

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5.1.2 Fair value hierarchy

The Company believes that valuation techniques used for measuring the fair value of financial instruments are reasonable and that the fair value recognized in the statements of financial position is appropriate. However, the fair value of the financial instruments recognized in the statements of financial position may be different if other valuation techniques or assumptions are used. Additionally, as there are a variety of valuation techniques and assumptions used in measuring fair value, it may be difficult to reasonably compare the fair value with that of other financial institutions.

The Company classifies and discloses fair value of the financial instruments into the three fair value levels as follows:

Level 1 : The fair values are based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 : The fair values are based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 : The fair values are based on unobservable inputs for the asset or liability.

The fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. If an observable input requires an adjustment using an unobservable input and that adjustment results in a significantly higher or lower fair value measurement, the resulting measurement would be categorized within Level 3 of the fair value hierarchy.

5.1.2.1 Fair value hierarchy of financial assets and liabilities at fair value in the statements of financial position

Fair value hierarchy of financial assets at fair value in the statements of financial position as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31, 2022			
	Fair value hierarchy			Total
	Level 1	Level 2	Level 3	
Financial assets				
Financial assets at fair value through profit or loss:				
Hybrid securities	₩ -	₩ -	₩ 874,171	₩ 874,171
Beneficiary certificates	-	304,618	-	304,618
Loans	-	343,525	-	343,525
	<u>₩ -</u>	<u>₩ 648,143</u>	<u>₩ 874,171</u>	<u>₩ 1,522,314</u>

(In millions of Korean won)

	December 31, 2021			
	Fair value hierarchy			Total
	Level 1	Level 2	Level 3	
Financial assets				
Financial assets at fair value through profit or loss:				
Hybrid securities	₩ -	₩ -	₩ 389,606	₩ 389,606
Loans	-	51,154	-	51,154
	<u>₩ -</u>	<u>₩ 51,154</u>	<u>₩ 389,606</u>	<u>₩ 440,760</u>

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5.1.2.1 Fair value hierarchy of financial assets and liabilities at fair value in the statements of financial position (cont'd)

Valuation techniques and inputs of financial assets and liabilities classified as Level 2 and measured at fair value in the statements of financial position as of December 31, 2022 and 2021, are as follows:

<i>(In millions of Korean won)</i>	December 31, 2022		
	Fair value	Valuation techniques	Inputs
Financial assets			
Financial assets at fair value through profit or loss:			
Beneficiary certificates	₩ 304,618	DCF model	Interest rate, Discount rate, etc.
Loans	343,525	DCF model	Interest rate, Discount rate, etc.
	<u>₩ 648,163</u>		

<i>(In millions of Korean won)</i>	December 31, 2021		
	Fair value	Valuation techniques	Inputs
Financial assets			
Financial assets at fair value through profit or loss:			
Loans	₩ 51,154	DCF model	Interest rate, Discount rate, etc.

5.1.2.2 Fair value hierarchy of financial assets and liabilities whose fair value is disclosed

Fair value hierarchy of financial assets and liabilities whose fair value is disclosed as of December 31, 2022 and 2021, are as follows:

<i>(In millions of Korean won)</i>	December 31, 2022			
	Fair value hierarchy			Total
	Level 1	Level 2	Level 3	
Financial assets				
Cash and due from financial institutions ¹	₩ -	₩ 351,056	₩ -	₩ 351,056
Loans measured at amortized cost ²	-	-	522,326	522,326
Other financial assets ³	-	-	44,841	44,841
	<u>₩ -</u>	<u>₩ 351,056</u>	<u>₩ 567,167</u>	<u>₩ 918,223</u>
Financial liabilities				
Debentures	₩ -	₩ 4,576,973	₩ -	₩ 4,576,973
Other financial liabilities ³	-	-	13,331	13,331
	<u>₩ -</u>	<u>₩ 4,576,973</u>	<u>₩ 13,331</u>	<u>₩ 4,590,304</u>

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5.1.2.2 Fair value hierarchy of financial assets and liabilities whose fair value is disclosed (cont'd)

<i>(In millions of Korean won)</i>	December 31, 2021							
	Fair value hierarchy							
	Level 1		Level 2		Level 3		Total	
Financial assets								
Cash and due from financial institutions ¹	₩	-	₩	608,076	₩	-	₩	608,076
Loans measured at amortized cost ²		-		-		249,128		249,128
Other financial assets ³		-		-		36,078		36,078
	₩	-	₩	608,076	₩	285,206	₩	893,282
Financial liabilities								
Debentures	₩	-	₩	5,509,648	₩	-	₩	5,509,648
Other financial liabilities ³		-		-		13,913		13,913
	₩	-	₩	5,509,648	₩	13,913	₩	5,523,561

¹ Because due from financial institutions classified as level 2 are deposits on demand and with remaining maturities of less than one year, carrying amounts are reasonable approximations of fair values.

² Because loans measured at amortized cost classified as level 3 are loans with residual maturity of less than one year, carrying amounts are reasonable approximations of fair values.

³ For other financial assets and other financial liabilities classified as level 3, carrying amounts are reasonable approximations of fair values.

Financial assets and liabilities whose carrying amount is a reasonable approximation of fair value, valuation techniques and inputs are not disclosed.

Valuation techniques and inputs of financial assets and liabilities classified as Level 2, and whose fair value is disclosed as of December 31, 2022 and 2021, are as follows:

<i>(In millions of Korean won)</i>	Fair value				Valuation techniques	Inputs
	December 31, 2022		December 31, 2021			
Financial liabilities						
Debentures	₩	4,576,973	₩	5,509,648	DCF model	Discount rate

5.2 Disclosure of Fair Value Hierarchy Level 3

5.2.1 Valuation policy and process of Level 3 fair value

The Company uses external, independent and qualified valuation service to determine the fair value of financial instruments at the end of every reporting period.

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5.2.2 Changes in fair value (Level 3) measured using valuation technique based on unobservable inputs in the market

5.2.2.1 Changes in financial instruments classified as Level 3 of the fair value hierarchy for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	2022		2021	
	Financial assets at fair value through profit or loss		Financial assets at fair value through profit or loss	
Beginning	₩	389,606	₩	388,895
Total gains or losses:				
- Profit or loss		(45,435)		711
- Other comprehensive income		-		-
Purchases		530,000		-
Sales		-		-
Issues		-		-
Settlements		-		-
Transfers into Level 3		-		-
Transfers out of Level 3		-		-
Ending	₩	874,171	₩	389,606

5.2.2.2 In relation to changes in financial instruments classified as Level 3 of the fair value hierarchy, total gains or losses recognized in profit or loss for the period, and total gains or losses recognized in profit or loss from financial instruments held at the end of the reporting period for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	2022			2021		
	Losses on financial instruments at fair value through profit or loss	Other operating income	Net interest income	Gains on financial instruments at fair value through profit or loss	Other operating income	Net interest income
Total gains (losses) included in profit or loss for the period	₩ (45,435)	₩ -	₩ -	₩ 711	₩ -	₩ -
Total gains (losses) for the period included in profit or loss for financial instruments held at the end of the reporting period	(45,435)	-	-	711	-	-

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5.2.3 Sensitivity analysis of changes in unobservable inputs

5.2.3.1 Information about fair value measurements using unobservable inputs as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

December 31, 2022

	Fair value	Valuation techniques	Inputs	Unobservable inputs	Range of unobservable inputs (%)	Relationship of unobservable inputs to fair value
Financial assets						
Financial assets at fair value through profit or loss:						
Hybrid securities	₩ 874,171	Hull and White Model, MonteCarlo Simulation	Matrix YTM, Additional spread by grade, Risk spread of company, Valid credit rating, Disclosed information of securities, Estimated volatility of Interest rate	Discount rate Volatility of interest rate	5.54 ~ 7.05 0.64	The lower the discount rate, the higher the fair value The higher the volatility, the higher the fair value fluctuation

(In millions of Korean won)

December 31, 2021

	Fair value	Valuation techniques	Inputs	Unobservable inputs	Range of unobservable inputs (%)	Relationship of unobservable inputs to fair value
Financial assets						
Financial assets at fair value through profit or loss:						
Hybrid securities	₩ 389,606	Hull and White Model, MonteCarlo Simulation	Matrix YTM, Additional spread by grade, Risk spread of company, Valid credit rating, Disclosed information of securities, Estimated volatility of Interest rate	Discount rate Volatility of interest rate	2.30 ~ 5.05 0.46	The lower the discount rate, the higher the fair value The higher the volatility, the higher the fair value fluctuation

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5.2.3.2 Sensitivity analysis of changes in unobservable inputs

Sensitivity analysis of financial instruments is performed to measure favorable and unfavorable changes in fair value of financial instruments which are affected by unobservable parameters, using a statistical technique. When the fair value is affected by more than one input parameter, the amounts represent the most favorable or most unfavorable outcome. There are hybrid securities whose fair value changes are recognized in profit or loss.

Results of the sensitivity analysis of changes in unobservable inputs as of December 31, 2022 and 2021, are as follows:

<i>(In millions of Korean won)</i>	December 31, 2022			
	Profit or loss		Other comprehensive income or loss	
	Favorable changes	Unfavorable changes	Favorable changes	Unfavorable changes
Financial assets				
Financial assets at fair value through profit or loss:				
Hybrid securities *	₩ 10,460	₩ (10,199)	₩ -	₩ -

* The changes in fair value are calculated by increasing or decreasing discount rates (5.54% ~ 7.05%) by 1%, which are principal unobservable input parameters.

<i>(In millions of Korean won)</i>	December 31, 2021			
	Profit or loss		Other comprehensive income or loss	
	Favorable changes	Unfavorable changes	Favorable changes	Unfavorable changes
Financial assets				
Financial assets at fair value through profit or loss:				
Hybrid securities *	₩ 8,316	₩ (8,072)	₩ -	₩ -

* The changes in fair value are calculated by increasing or decreasing discount rates (2.30% ~ 5.05%) by 1%, which are principal unobservable input parameters.

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6. Due from Financial Institutions

6.1 Details of due from financial institutions as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

		Financial Institution	Interest rate (%)	December 31, 2022		December 31, 2021	
			as of	December 31, 2022	December 31, 2022	December 31, 2021	December 31, 2021
Due from financial institutions in Korean won	Due from banks	Kookmin Bank	0.00 ~ 1.20	₩	231,056	₩	518,076
		KB Savings Bank Co., Ltd.	2.50 ~ 2.90		120,000		90,000
					₩	351,056	₩

6.2 Details of a maturity analysis of due from financial institutions other than restricted due from financial institutions, as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

		December 31, 2022					Total
		Up to 3 months	3~6 months	6~12 months	1~3 years	Over 3 years	
Due from financial institutions in Korean won		₩ 231,053	₩ 30,000	₩ 60,000	₩ 30,000	₩ -	₩ 351,053

(In millions of Korean won)

		December 31, 2021					Total
		Up to 3 months	3~6 months	6~12 months	1~3 years	Over 3 years	
Due from financial institutions in Korean won		₩ 518,073	₩ 90,000	₩ -	₩ -	₩ -	₩ 608,073

6.3 Details of restricted due from financial institution as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

		Financial Institution	December 31, 2022		December 31, 2021		Reasons of restriction
Due from financial institutions in Korean won		Kookmin Bank	₩	3	₩	3	Pledged as collateral for the overdraft account

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7. Financial Assets at Fair Value through Profit or Loss

Details of financial assets at fair value through profit or loss as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31, 2022	December 31, 2021
Financial assets at fair value through profit or loss:		
Hybrid securities	₩ 874,171	₩ 389,606
Beneficiary certificates	304,618	-
Loans	343,525	51,154
	₩ 1,522,314	₩ 440,760

8. Loans Measured at Amortized Cost

8.1 Details of loans measured at amortized cost as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31, 2022	December 31, 2021
Loans measured at amortized cost	₩ 523,500	₩ 250,000
Less: Allowances for loan losses	(1,174)	(872)
	₩ 522,326	₩ 249,128

8.2 Details of loan types and customer types of loans to customers other than banks, as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31, 2022			
	Retail	Corporate	Credit card	Total
Loans	₩ -	₩ 523,500	₩ -	₩ 523,500
Proportion (%)	-	100.00	-	100.00
Less: Allowances	-	(1,174)	-	(1,174)
	₩ -	₩ 522,326	₩ -	₩ 522,326

(In millions of Korean won)

	December 31, 2021			
	Retail	Corporate	Credit card	Total
Loans	₩ -	₩ 250,000	₩ -	₩ 250,000
Proportion (%)	-	100.00	-	100.00
Less: Allowances	-	(872)	-	(872)
	₩ -	₩ 249,128	₩ -	₩ 249,128

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9. Investments in Subsidiaries

9.1 Details of subsidiaries as of December 31, 2022, are as follows:

Name of subsidiaries	Industry	Location
Kookmin Bank	Banking and foreign exchange transaction	Korea
KB Securities Co., Ltd.	Financial investment	Korea
KB Insurance Co., Ltd.	Non-life insurance	Korea
KB Kookmin Card Co., Ltd.	Credit card and installment financial business	Korea
KB Life Insurance Co., Ltd.(former Prudential Life Insurance Company of Korea Ltd.)	Life insurance	Korea
KB Asset Management Co., Ltd.	Investment advisory and investment trust	Korea
KB Capital Co., Ltd.	Financial leasing	Korea
KB Life Insurance Co., Ltd.	Life insurance	Korea
KB Real Estate Trust Co., Ltd.	Real estate trust management	Korea
KB Savings Bank Co., Ltd.	Savings banking	Korea
KB Investment Co., Ltd.	Capital investment	Korea
KB Data System Co., Ltd.	System software, development and supply	Korea
KB Credit Information Co., Ltd.	Collection of receivables and credit investigation	Korea

9.2 Details of investments in subsidiaries as of December 31, 2022 and 2021, are as follows:
(In millions of Korean won, except for shares)

Name of subsidiaries	As of December 31, 2022		Carrying amount	
	Number of issued shares	Ownership (%)	December 31, 2022	December 31, 2021
Kookmin Bank	404,379,116	100.00	₩ 14,821,721	₩ 14,821,721
KB Securities Co., Ltd.	298,620,424	100.00	3,342,391	3,342,391
KB Insurance Co., Ltd.	66,500,000	100.00	2,375,430	2,375,430
KB Kookmin Card Co., Ltd.	92,000,000	100.00	1,953,175	1,953,175
KB Life Insurance Co., Ltd.(former Prudential Life Insurance Company of Korea Ltd.)	15,000,000	100.00	2,310,054	2,310,054
KB Asset Management Co., Ltd.	7,667,550	100.00	96,312	96,312
KB Capital Co., Ltd.	32,175,147	100.00	873,811	873,811
KB Life Insurance Co., Ltd.	91,200,000	100.00	485,314	485,314
KB Real Estate Trust Co., Ltd.	16,000,000	100.00	121,553	121,553
KB Savings Bank Co., Ltd.	8,001,912	100.00	176,813	176,813
KB Investment Co., Ltd.	22,525,328	100.00	154,910	154,910
KB Data System Co., Ltd.	800,000	100.00	6,334	6,334
KB Credit Information Co., Ltd.	1,252,400	100.00	23,620	23,620
			₩ 26,741,438	₩ 26,741,438

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9.3 Changes in accumulated impairment losses of investments in subsidiaries for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	2022			
	Beginning	Impairment	Reversal	Ending
Accumulated impairment losses of investments in subsidiaries	₩ (51,742)	₩ -	₩ -	₩ (51,742)

(In millions of Korean won)

	2021			
	Beginning	Impairment	Reversal	Ending
Accumulated impairment losses of investments in subsidiaries	₩ (54,031)	₩ -	₩ 2,289	₩ (51,742)

10. Property and Equipment

10.1 Details of property and equipment as of December 31, 2022 and 2021, are as follows:

	December 31, 2022			
	Acquisition cost	Accumulated depreciation	Accumulated impairment losses	Carrying amount
Leasehold improvements	₩ 7,768	₩ (6,424)	₩ -	₩ 1,344
Equipment and others	7,857	(6,511)	-	1,346
Right-of-use assets (buildings)	1,981	(1,620)	-	361
Right-of-use assets (vehicles)	2,052	(1,592)	-	460
Right-of-use assets (others)	197	(156)	-	41
	₩ 19,855	₩ (16,303)	₩ -	₩ 3,552

	December 31, 2021			
	Acquisition cost	Accumulated depreciation	Accumulated impairment losses	Carrying amount
Leasehold improvements	₩ 6,856	₩ (5,095)	₩ -	₩ 1,761
Equipment and others	7,079	(5,341)	-	1,738
Right-of-use assets (buildings)	1,684	(1,155)	-	529
Right-of-use assets (vehicles)	1,616	(1,239)	-	377
Right-of-use assets (others)	143	(104)	-	39
	₩ 17,378	₩ (12,934)	₩ -	₩ 4,444

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10.2 Changes in property and equipment for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	2022				
	Beginning	Acquisition	Disposal	Depreciation	Ending
Leasehold improvements	₩ 1,761	₩ 912	₩ -	₩ (1,329)	₩ 1,344
Equipment and others	1,738	778	-	(1,170)	1,346
Right-of-use assets (buildings)	529	296	-	(464)	361
Right-of-use assets (vehicles)	377	704	(13)	(608)	460
Right-of-use assets (others)	39	54	-	(52)	41
	<u>₩ 4,444</u>	<u>₩ 2,744</u>	<u>₩ (13)</u>	<u>₩ (3,623)</u>	<u>₩ 3,552</u>

(In millions of Korean won)

	2021				
	Beginning	Acquisition	Disposal	Depreciation	Ending
Leasehold improvements	₩ 3,407	₩ 244	₩ -	₩ (1,890)	₩ 1,761
Equipment and others	3,186	417	(204)	(1,661)	1,738
Right-of-use assets (buildings)	769	152	-	(392)	529
Right-of-use assets (vehicles)	322	731	(53)	(623)	377
Right-of-use assets (others)	46	52	-	(59)	39
	<u>₩ 7,730</u>	<u>₩ 1,596</u>	<u>₩ (257)</u>	<u>₩ (4,625)</u>	<u>₩ 4,444</u>

11. Intangible Assets

11.1 Details of intangible assets as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31, 2022			
	Acquisition cost	Accumulated amortization	Accumulated impairment losses	Carrying amount
Software	₩ 5,819	₩ (5,044)	₩ -	₩ 775
Membership rights	10,743	-	(792)	9,951
Other intangible assets	13,523	(7,497)	-	6,026
	<u>₩ 30,085</u>	<u>₩ (12,541)</u>	<u>₩ (792)</u>	<u>₩ 16,752</u>

(In millions of Korean won)

	December 31, 2021			
	Acquisition cost	Accumulated amortization	Accumulated impairment losses	Carrying amount
Software	₩ 5,716	₩ (4,395)	₩ -	₩ 1,321
Membership rights	10,744	-	(792)	9,952
Other intangible assets	10,925	(5,525)	-	5,400
	<u>₩ 27,385</u>	<u>₩ (9,920)</u>	<u>₩ (792)</u>	<u>₩ 16,673</u>

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11.2 Changes in intangible assets for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	2022					
	Beginning	Acquisition	Disposal	Amortization	Reversal of impairment *	Ending
Software	₩ 1,321	₩ 103	₩ -	₩ (649)	₩ -	₩ 775
Membership rights	9,952	19	(20)	-	-	9,951
Other intangible assets	5,400	2,597	-	(1,971)	-	6,026
	₩ 16,673	₩ 2,719	₩ (20)	₩ (2,620)	₩ -	₩ 16,752

(In millions of Korean won)

	2021					
	Beginning	Acquisition	Disposal	Amortization	Reversal of Impairment *	Ending
Software	₩ 2,484	₩ 482	₩ (814)	₩ (831)	₩ -	₩ 1,321
Membership rights	8,965	979	-	-	8	9,952
Other intangible assets	1,818	5,842	(1,210)	(1,050)	-	5,400
	₩ 13,267	₩ 7,303	₩ (2,024)	₩ (1,881)	₩ 8	₩ 16,673

* Impairment losses for membership rights of other intangible assets with indefinite useful life are recognized when its recoverable amount is lower than its carrying amount, and reversal of impairment losses are recognized when its recoverable amount is higher than its carrying amount.

11.3 Changes in accumulated impairment losses of intangible assets for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	2022				
	Beginning	Impairment	Reversal of impairment	Disposal and others	Ending
Accumulated impairment losses of intangible assets	₩ (792)	₩ (2)	₩ 2	₩ -	₩ (792)

(In millions of Korean won)

	2021				
	Beginning	Impairment	Reversal of impairment	Disposal and others	Ending
Accumulated impairment losses of intangible assets	₩ (800)	₩ (3)	₩ 11	₩ -	₩ (792)

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12. Lease

12.1 Amounts Recognized in the Statements of Financial Position

Amounts recognized in the statements of financial position related to lease as of December 31, 2022 and 2021, are as follows:

<i>(In millions of Korean won)</i>	<u>December 31, 2022</u>		<u>December 31, 2021</u>	
Right-of-use property and equipment: ¹				
Real estate	₩	361	₩	529
Vehicles		460		377
Others		41		39
	₩	<u>862</u>	₩	<u>945</u>
Lease liabilities ²	₩	828	₩	689

¹ Included in property and equipment.

² Included in other liabilities.

12.2 Amounts Recognized in the Statements of Comprehensive Income

Amounts recognized in the statements of comprehensive income related to lease for the years ended December 31, 2022 and 2021, are as follows:

<i>(In millions of Korean won)</i>	<u>2022</u>		<u>2021</u>	
Depreciation and amortization of right-of-use assets:				
Real estate	₩	464	₩	392
Vehicles		608		623
Others		52		59
	₩	<u>1,124</u>	₩	<u>1,074</u>
Interest expenses on the lease liabilities	₩	18	₩	12
Expense relating to short-term lease		28		27
Expense relating to lease of low-value assets that are not short-term lease		2		2

12.3 Total cash outflows for lease for the years ended December 31, 2022 and 2021 are ₩ 614 million and ₩ 565 million, respectively.

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13. Deferred Income Tax Assets and Liabilities

13.1 Details of deferred income tax assets and liabilities as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31, 2022		
	Assets	Liabilities	Net amount
Share-based payments	₩ 4,502	₩ -	₩ 4,502
Membership rights	210	-	210
Defined benefit obligation	3,226	-	3,226
Plan assets	-	(3,393)	(3,393)
Short-term employee benefits	650	-	650
Losses on valuation of financial assets at fair value through profit or loss	14,795	-	14,795
Others	3,233	(3,319)	(86)
	<u>26,616</u>	<u>(6,712)</u>	<u>19,904</u>
Offsetting of deferred tax assets and liabilities	(6,712)	6,712	-
	<u>₩ 19,904</u>	<u>₩ -</u>	<u>₩ 19,904</u>

(In millions of Korean won)

	December 31, 2021		
	Assets	Liabilities	Net amount
Share-based payments	₩ 4,486	₩ -	₩ 4,486
Membership rights	218	-	218
Defined benefit obligation	3,189	-	3,189
Plan assets	-	(3,189)	(3,189)
Short-term employee benefits	808	-	808
Losses on valuation of financial assets at fair value through profit or loss	2,858	-	2,858
Others	761	(3,548)	(2,787)
	<u>12,320</u>	<u>(6,737)</u>	<u>5,583</u>
Offsetting of deferred tax assets and liabilities	(6,737)	6,737	-
	<u>₩ 5,583</u>	<u>₩ -</u>	<u>₩ 5,583</u>

13.2 Unrecognized Deferred Income Tax Assets

No deferred income tax assets have been recognized for the deductible temporary differences of ₩ 2,896,164 million and ₩ 51,742 million associated with investments in subsidiaries and impairment losses on investments in subsidiaries, respectively, as of December 31, 2022, due to the uncertainty that these temporary differences will be realized in the future. And no deferred income tax assets have been recognized for the deductible temporary differences of ₩ 16,934 million associated subordinated bond as of December 31, 2022, as they affect neither accounting profit nor taxable profit (tax loss) at the time of the transaction.

13.3 Unrecognized Deferred Income Tax Liabilities

No deferred income tax liabilities have been recognized for the taxable temporary differences of ₩ 2,415,073 million associated with investments in subsidiaries as of December 31, 2022, due to the following reasons:

- The Company is able to control the timing of the reversal of the temporary differences.
- It is probable that these temporary differences will not reverse in the foreseeable future.

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13.4 Changes in cumulative temporary differences for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	2022			
	Beginning	Decrease	Increase	Ending
Deductible temporary differences				
Share-based payments	₩ 16,314	₩ 5,124	₩ 5,800	₩ 16,990
Membership rights	792	-	-	792
Investments in subsidiaries	2,896,164	-	-	2,896,164
Defined benefit obligation	11,595	2,206	2,784	12,173
Short-term employee benefits	2,937	2,876	2,394	2,455
Impairment losses of investments in subsidiaries	51,742	-	-	51,742
Losses on valuation of financial assets at fair value through profit or loss	10,394	-	45,435	55,829
Others	21,259	2,155	10,028	29,132
	<u>3,011,197</u>	<u>12,361</u>	<u>66,441</u>	<u>3,065,277</u>
Unrecognized deferred income tax assets:				
Investments in subsidiaries	2,896,164			2,896,164
Impairment losses of investments in subsidiaries	51,742			51,742
Others	18,490			16,934
	<u>44,801</u>			<u>100,437</u>
Tax rate (%) *	27.5			26.5
Total deferred income tax assets	<u>₩ 12,320</u>			<u>₩ 26,616</u>
Taxable temporary differences				
Investments in subsidiaries	₩ (2,415,073)	₩ -	₩ -	₩ (2,415,073)
Plan assets	(11,595)	(2,206)	(3,415)	(12,804)
Others	(12,902)	(4,467)	(4,090)	(12,525)
	<u>(2,439,570)</u>	<u>(6,673)</u>	<u>(7,505)</u>	<u>(2,440,402)</u>
Unrecognized deferred income tax liabilities:				
Investments in subsidiaries	(2,415,073)			(2,415,073)
	<u>(24,497)</u>			<u>(25,329)</u>
Tax rate (%) *	27.5			26.5
Total deferred income tax liabilities	<u>₩ (6,737)</u>			<u>₩ (6,712)</u>

* The corporate tax rate was changed due to the amendment of corporate tax law in 2022. Accordingly, the rate of 26.5% has been applied for the deferred tax assets and liabilities expected to be utilized in periods after December 31, 2022.

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13.4 Changes in cumulative temporary differences for the years ended December 31, 2022 and 2021, are as follows: (cont'd)

(In millions of Korean won)

	2021			
	Beginning	Decrease	Increase	Ending
Deductible temporary differences				
Share-based payments	₩ 11,531	₩ 4,447	₩ 9,230	₩ 16,314
Membership rights	800	11	3	792
Investments in subsidiaries	2,896,164	-	-	2,896,164
Defined benefit obligation	11,686	2,805	2,714	11,595
Short-term employee benefits	2,713	2,713	2,937	2,937
Impairment losses of investments in subsidiaries	54,031	2,289	-	51,742
Losses on valuation of financial assets at fair value through profit or loss	11,105	711	-	10,394
Others	1,809	1,642	21,092	21,259
	<u>2,989,839</u>	<u>14,618</u>	<u>35,976</u>	<u>3,011,197</u>
Unrecognized deferred income tax assets:				
Investments in subsidiaries	2,896,164			2,896,164
Impairment losses of investments in subsidiaries	54,031			51,742
Others	-			18,490
	<u>39,644</u>			<u>44,801</u>
Tax rate (%)	27.5			27.5
Total deferred income tax assets	<u>₩ 10,902</u>			<u>₩ 12,320</u>
Taxable temporary differences				
Investments in subsidiaries	₩ (2,395,805)	₩ -	₩ (19,268)	₩ (2,415,073)
Plan assets	(11,686)	(2,805)	(2,714)	(11,595)
Others	(16,361)	(4,642)	(1,183)	(12,902)
	<u>(2,423,852)</u>	<u>(7,447)</u>	<u>(23,165)</u>	<u>(2,439,570)</u>
Unrecognized deferred income tax liabilities:				
Investments in subsidiaries	(2,395,805)			(2,415,073)
	<u>(28,047)</u>			<u>(24,497)</u>
Tax rate (%)	27.5			27.5
Total deferred income tax liabilities	<u>₩ (7,713)</u>			<u>₩ (6,737)</u>

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14. Other Assets

14.1 Details of other assets as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31, 2022	December 31, 2021
Other financial assets		
Accrued income	₩ 11,556	₩ 5,270
Guarantee deposits	33,297	30,818
Less: Allowances for credit losses	(12)	(10)
	44,841	36,078
Other non-financial assets		
Receivables	1,226,359	767,382
Prepaid expenses	946	831
Advanced payments	51	765
	1,227,356	768,978
	₩ 1,272,197	₩ 805,056

14.2 Changes in allowances for credit losses of other assets for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	2022		
	Other financial assets	Other non-financial assets	Total
Beginning	₩ 10	₩ -	₩ 10
Provision	2	-	2
Ending	₩ 12	₩ -	₩ 12

(In millions of Korean won)

	2021		
	Other financial assets	Other non-financial assets	Total
Beginning	₩ 7	₩ -	₩ 7
Provision	3	-	3
Ending	₩ 10	₩ -	₩ 10

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15. Debentures

15.1 Details of debentures as of December 31, 2022 and 2021, are as follows:

<i>(In millions of Korean won)</i>	Issuance date	Maturity date	Interest rate (%) as of				
			December 31, 2022	December 31, 2022	December 31, 2021		
Unguaranteed debentures No.6	Feb. 26, 2015	Feb. 26, 2022	-	₩	-	₩	30,000
Unguaranteed debentures No.9	Jun. 23, 2015	Jun. 23, 2022	-		-		150,000
Unguaranteed debentures No.12-3	Nov. 27, 2015	Nov. 27, 2022	-		-		50,000
Unguaranteed debentures No.14-2	Dec. 9, 2015	Dec. 9, 2022	-		-		30,000
Unguaranteed debentures No.15-3	May 12, 2016	May 12, 2026	2.01		200,000		200,000
Unguaranteed debentures No.16-3	May 27, 2016	May 27, 2023	1.91		150,000		150,000
Unguaranteed debentures No.18-3	Jul. 25, 2016	Jul. 25, 2026	1.69		80,000		80,000
Unguaranteed debentures No.19-3	Aug. 25, 2016	Aug. 25, 2026	1.69		120,000		120,000
Unguaranteed debentures No.22-2	Feb. 28, 2017	Feb. 28, 2022	-		-		110,000
Unguaranteed debentures No.25-3	May 24, 2017	May 24, 2022	-		-		270,000
Unguaranteed debentures No.25-4	May 24, 2017	May 24, 2027	2.62		80,000		80,000
Unguaranteed debentures No.26-1	Jun. 27, 2017	Jun. 27, 2022	-		-		50,000
Unguaranteed debentures No.26-2	Jun. 27, 2017	Jun. 27, 2024	2.34		200,000		200,000
Unguaranteed debentures No.27	Jul. 19, 2017	Jul. 19, 2024	2.41		100,000		100,000
Unguaranteed debentures No.28-1	Aug. 30, 2017	Aug. 30, 2022	-		-		60,000
Unguaranteed debentures No.28-2	Aug. 30, 2017	Aug. 30, 2024	2.43		30,000		30,000
Unguaranteed debentures No.28-3	Aug. 30, 2017	Aug. 30, 2027	2.60		60,000		60,000
Unguaranteed debentures No.29-1	Sep. 19, 2017	Sep. 19, 2022	-		-		150,000
Unguaranteed debentures No.29-2	Sep. 19, 2017	Sep. 19, 2024	2.44		110,000		110,000
Unguaranteed debentures No.31-2	Feb. 28, 2018	Feb. 28, 2023	2.81		50,000		50,000
Unguaranteed debentures No.31-3	Feb. 28, 2018	Feb. 28, 2028	3.02		60,000		60,000
Unguaranteed debentures No.32-2	Apr. 6, 2018	Apr. 6, 2023	2.71		80,000		80,000
Unguaranteed debentures No.32-3	Apr. 6, 2018	Apr. 6, 2028	2.86		20,000		20,000
Unguaranteed debentures No.33-1	Jun. 12, 2018	Jun. 12, 2023	2.81		100,000		100,000
Unguaranteed debentures No.33-2	Jun. 12, 2018	Jun. 12, 2028	2.92		30,000		30,000
Unguaranteed debentures No.34-2	Jul. 25, 2018	Jul. 25, 2023	2.65		70,000		70,000
Unguaranteed debentures No.34-3	Jul. 25, 2018	Jul. 25, 2025	2.71		20,000		20,000
Unguaranteed debentures No.34-4	Jul. 25, 2018	Jul. 25, 2028	2.76		20,000		20,000
Unguaranteed debentures No.35	Oct. 5, 2018	Oct. 5, 2023	2.52		120,000		120,000
Unguaranteed debentures No.36-1	Feb. 22, 2019	Feb. 22, 2022	-		-		120,000
Unguaranteed debentures No.36-2	Feb. 22, 2019	Feb. 22, 2024	2.11		230,000		230,000
Unguaranteed debentures No.36-3	Feb. 22, 2019	Feb. 22, 2029	2.22		60,000		60,000
Unguaranteed debentures No.37-1	Mar. 15, 2019	Mar. 15, 2024	2.06		140,000		140,000
Unguaranteed debentures No.37-2	Mar. 15, 2019	Mar. 15, 2029	2.16		70,000		70,000
Unguaranteed debentures No.38-1	Jun. 19, 2019	Jun. 19, 2026	1.73		80,000		80,000
Unguaranteed debentures No.38-2	Jun. 19, 2019	Jun. 19, 2029	1.77		120,000		120,000
Unguaranteed debentures No.39-1	Oct. 15, 2019	Oct. 15, 2024	1.60		80,000		80,000
Unguaranteed debentures No.39-2	Oct. 15, 2019	Oct. 15, 2029	1.67		40,000		40,000
Unguaranteed debentures No.40-1	Dec. 4, 2019	Dec. 4, 2024	1.76		70,000		70,000
Unguaranteed debentures No.40-2	Dec. 4, 2019	Dec. 4, 2029	1.87		30,000		30,000
Unguaranteed debentures No.41-1	Jan. 16, 2020	Jan. 16, 2023	1.64		110,000		110,000
Unguaranteed debentures No.41-2	Jan. 16, 2020	Jan. 16, 2025	1.74		100,000		100,000
Unguaranteed debentures No.41-3	Jan. 16, 2020	Jan. 16, 2030	1.88		40,000		40,000

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15.1 Details of debentures as of December 31, 2022 and 2021, are as follows: (cont'd)

(In millions of Korean won)	Issuance date	Maturity date	Interest rate (%) as of		
			December 31, 2022	December 31, 2022	December 31, 2021
Subordinated debentures No.1-1	Feb. 18, 2020	Feb. 18, 2030	2.21	₩ 370,000	₩ 370,000
Subordinated debentures No.1-2	Feb. 18, 2020	Feb. 18, 2035	2.26	30,000	30,000
Unguaranteed debentures No.42-1	May 13, 2020	May 13, 2025	1.59	130,000	130,000
Unguaranteed debentures No.42-2	May 13, 2020	May 13, 2030	1.78	70,000	70,000
Unguaranteed debentures No.43-1	Jun. 16, 2020	Jun. 16, 2023	1.18	50,000	50,000
Unguaranteed debentures No.43-2	Jun. 16, 2020	Jun. 16, 2025	1.44	110,000	110,000
Unguaranteed debentures No.43-3	Jun. 16, 2020	Jun. 16, 2030	1.63	50,000	50,000
Exchangeable bonds No.1 *	Jun. 30, 2020	Jun. 30, 2025	-	240,000	240,000
Unguaranteed debentures No.44-1	Aug. 11, 2020	Aug. 11, 2022	-	-	80,000
Unguaranteed debentures No.44-2	Aug. 11, 2020	Aug. 11, 2023	1.07	50,000	50,000
Unguaranteed debentures No.44-3	Aug. 11, 2020	Aug. 9, 2024	1.18	30,000	30,000
Unguaranteed debentures No.44-4	Aug. 11, 2020	Aug. 11, 2027	1.39	20,000	20,000
Unguaranteed debentures No.45	Nov. 23, 2020	Nov. 23, 2023	1.19	60,000	60,000
Unguaranteed debentures No.46-1	Jan. 14, 2021	Jan. 13, 2023	1.09	160,000	160,000
Unguaranteed debentures No.46-2	Jan. 14, 2021	Jan. 14, 2026	1.43	30,000	30,000
Unguaranteed debentures No.46-3	Jan. 14, 2021	Jan. 14, 2028	1.62	10,000	10,000
Unguaranteed debentures No.46-4	Jan. 14, 2021	Jan. 14, 2031	1.84	100,000	100,000
Unguaranteed debentures No.47	Feb. 24, 2021	Feb. 24, 2023	1.07	90,000	90,000
Unguaranteed debentures No.48-1	Jun. 16, 2022	Jun. 17, 2024	4.15	85,000	-
Unguaranteed debentures No.48-2	Jun. 16, 2022	Jun. 16, 2025	4.27	240,000	-
Unguaranteed debentures No.48-3	Jun. 16, 2022	Jun. 16, 2027	4.34	80,000	-
Unguaranteed debentures No.48-4	Jun. 16, 2022	Jun. 16, 2032	4.40	95,000	-
				4,970,000	5,570,000
			Less: Bond Discounts	(4,616)	(7,000)
			Less: adjustment on exchange right	(8,435)	(14,957)
				₩ 4,956,949	₩ 5,552,791

* Fair value of the liability component of exchangeable bonds is calculated by using market interest rate of bonds under the same conditions without the exchange right. The residual amount, after deducting liability component from the issuance amount, represents the value of exchange right and is recorded in equity. Shares to be exchanged are 5 million treasury shares of KB Financial Group Inc. with the exchange price of ₩ 48,000. Exercise period for exchange right is from the 60th day of the issuance date to 10 days before the maturity date.

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15.2 Maturities of debentures as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31, 2022					
	Up to 3 months	3~6 months	6~12 months	1~3 years	Over 3 years	Total
Debentures in Korean won	₩ 410,000	₩ 380,000	₩ 300,000	₩ 1,915,000	₩ 1,965,000	₩ 4,970,000

(In millions of Korean won)

	December 31, 2021					
	Up to 3 months	3~6 months	6~12 months	1~3 years	Over 3 years	Total
Debentures in Korean won	₩ 260,000	₩ 470,000	₩ 370,000	₩ 2,080,000	₩ 2,390,000	₩ 5,570,000

15.3 Changes in debentures based on par value for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	2022			
	Beginning	Issue	Repayment	Ending
Debentures in Korean won	₩ 5,570,000	₩ 500,000	₩ (1,100,000)	₩ 4,970,000

(In millions of Korean won)

	2021			
	Beginning	Issue	Repayment	Ending
Debentures in Korean won	₩ 6,150,000	₩ 390,000	₩ (970,000)	₩ 5,570,000

16. Net Defined Benefit Liabilities(Assets)

16.1 Defined Benefit Plan

The Company operates defined benefit plans which have the following characteristics:

- The Company has the obligation to pay the agreed benefits to all its current and former employees.
- The Company assumes actuarial risk (that benefits will cost more than expected) and investment risk.

The net defined benefit liabilities recognized in the statements of financial position are calculated in accordance with actuarial valuation method using assumptions based on market data and historical data such as discount rate, future salary increase rate, and mortality. Actuarial assumptions may differ from actual results, due to changes in the market conditions, economic trends, and mortality trends.

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16.2 Changes in net defined benefit liabilities for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	2022		
	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities (assets)
Beginning	₩ 22,557	₩ (22,778)	₩ (221)
Current service cost	2,200	-	2,200
Interest expense (income)	584	(590)	(6)
Remeasurements:			
Actuarial gains and losses by changes in demographic assumptions	-	-	-
Actuarial gains and losses by changes in financial assumptions	(4,510)	-	(4,510)
Actuarial gains and losses by experience adjustments	388	-	388
Return on plan assets (excluding amounts included in interest income)	-	698	698
Contributions by the Company	-	(2,655)	(2,655)
Payments from plans (benefit payments)	(2,206)	2,206	-
Payments from the Company	(207)	-	(207)
Transfer in	3,211	(3,186)	25
Transfer out	(4,044)	4,044	-
Ending	₩ 17,973	₩ (22,261)	₩ (4,288)

(In millions of Korean won)

	2021		
	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities (assets)
Beginning	₩ 21,951	₩ (21,892)	₩ 59
Current service cost	2,104	-	2,104
Interest expense (income)	437	(436)	1
Remeasurements:			
Actuarial gains and losses by changes in demographic assumptions	-	-	-
Actuarial gains and losses by changes in financial assumptions	(523)	-	(523)
Actuarial gains and losses by experience adjustments	696	-	696
Return on plan assets (excluding amounts included in interest income)	-	238	238
Contributions by the Company	-	(2,798)	(2,798)
Payments from plans (benefit payments)	(2,805)	2,805	-
Payments from the Company	(26)	-	(26)
Transfer in	2,623	(2,595)	28
Transfer out	(1,900)	1,900	-
Ending	₩ 22,557	₩ (22,778)	₩ (221)

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16.3 Details of the net defined benefit liabilities as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31, 2022	December 31, 2021
Present value of defined benefit obligation	₩ 17,973	₩ 22,557
Fair value of plan assets	(22,261)	(22,778)
Net defined benefit liabilities (assets)	<u>₩ (4,288)</u>	<u>₩ (221)</u>

16.4 Details of post-employment benefits recognized in profit or loss for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	2022	2021
Current service cost	₩ 2,200	₩ 2,104
Net interest expense(income) on net defined benefit liabilities	(6)	1
Post-employment benefits	<u>₩ 2,194</u>	<u>₩ 2,105</u>

16.5 Details of remeasurements of net defined benefit liabilities recognized in other comprehensive income for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	2022	2021
Remeasurements:		
Return on plan assets (excluding amounts included in interest income)	₩ (698)	₩ (238)
Actuarial gains or losses	4,122	(173)
Income tax effect	(941)	113
Remeasurements after income tax expense	<u>₩ 2,483</u>	<u>₩ (298)</u>

16.6 Details of fair value of plan assets as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31, 2022		
	Assets quoted in an active market	Assets not quoted in an active market	Total
Cash and due from financial institutions	₩ -	₩ 22,261	₩ 22,261

(In millions of Korean won)

	December 31, 2021		
	Assets quoted in an active market	Assets not quoted in an active market	Total
Cash and due from financial institutions	₩ -	₩ 22,778	₩ 22,778

16.7 Details of significant actuarial assumptions used as of December 31, 2022 and 2021, are as follows:

	December 31, 2022	December 31, 2021
Discount rate (%)	5.20	2.60
Future salary increase rate (%)	4.20	4.10
Turnover rate (%)	1.00	1.00

Mortality assumptions are based on the experience-based mortality table issued by Korea Insurance Development Institute in 2019.

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16.8 Results of sensitivity analysis of significant actuarial assumptions as of December 31, 2022, are as follows:

	Changes in assumptions	Effect on defined benefit obligation	
		Increase in assumptions	Decrease in assumptions
Discount rate (%)	0.5%p	4.16% decrease	4.42% increase
Salary increase rate (%)	0.5%p	4.66% increase	4.42% decrease
Turnover rate (%)	0.5%p	0.24% increase	0.25% decrease

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. The sensitivity of the defined benefit obligation to changes in significant actuarial assumptions is calculated using the same projected unit credit method used in calculating the defined benefit obligation recognized in the statement of financial position.

16.9 Expected maturity analysis of undiscounted pension benefit payments (including expected future benefits) as of December 31, 2022, are as follows:

(In millions of Korean won)

	Up to 1 year	1 ~ 2 years	2 ~ 5 years	5 ~ 10 years	Over 10 years	Total
Pension benefits	₩ 211	₩ 1,265	₩ 4,462	₩ 12,159	₩ 39,056	₩ 57,153

The weighted average duration of the defined benefit obligation is 9.02 years.

16.10 Reasonable estimation of expected contribution to plan assets for the next annual reporting period after December 31, 2022 is ₩ 1,800 million.

17. Other Liabilities

Details of other liabilities as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31, 2022	December 31, 2021
Other financial liabilities		
Payables	₩ 881	₩ 828
Accrued expenses	11,622	12,396
Lease liabilities	828	689
	<u>13,331</u>	<u>13,913</u>
Other non-financial liabilities		
Payables	133,741	23,679
Accrued expenses	190,759	197,042
Withholding taxes	658	461
	<u>325,158</u>	<u>221,182</u>
	<u>₩ 338,489</u>	<u>₩ 235,095</u>

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18. Equity

18.1 Share Capital

18.1.1 Details of share capital as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31, 2022	December 31, 2021
Type of share	Ordinary share	Ordinary share
Number of authorized shares	1,000,000,000	1,000,000,000
Par value per share <i>(In Korean won)</i>	₩ 5,000	₩ 5,000
Number of issued shares	408,897,068	415,807,920
Share capital *	₩ 2,090,558	₩ 2,090,558

* Due to the retirement of shares deducted through retained earnings, it is different from the total par value of the shares issued.

18.1.2 Changes in shares for the years ended December 31, 2022 and 2021, are as follows:

(In number of shares)

	2022	2021
Beginning	389,634,335	389,634,335
Increase	-	-
Decrease	-	-
Ending	389,634,335	389,634,335

18.2 Hybrid Securities

Details of hybrid securities classified as equity as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

Hybrid securities	Issuance date	Maturity	Interest rate (%)	December 31, 2022	December 31, 2021
			as of December 31, 2022		
The 1-1 st	May 2, 2019	Perpetual bond	3.23	₩ 349,204	₩ 349,204
The 1-2 nd	May 2, 2019	Perpetual bond	3.44	49,881	49,881
The 2-1 st	May 8, 2020	Perpetual bond	3.30	324,099	324,099
The 2-2 nd	May 8, 2020	Perpetual bond	3.43	74,812	74,812
The 3-1 st	Jul. 14, 2020	Perpetual bond	3.17	369,099	369,099
The 3-2 nd	Jul. 14, 2020	Perpetual bond	3.38	29,922	29,922
The 4-1 st	Oct. 20, 2020	Perpetual bond	3.00	433,918	433,918
The 4-2 nd	Oct. 20, 2020	Perpetual bond	3.28	64,843	64,843
The 5-1 st	Feb. 19, 2021	Perpetual bond	2.67	419,056	419,056
The 5-2 nd	Feb. 19, 2021	Perpetual bond	2.87	59,862	59,862
The 5-3 rd	Feb. 19, 2021	Perpetual bond	3.28	119,727	119,727
The 6-1 st	May 28, 2021	Perpetual bond	3.20	165,563	165,563
The 6-2 nd	May 28, 2021	Perpetual bond	3.60	109,708	109,708
The 7-1 st	Oct. 8, 2021	Perpetual bond	3.57	208,453	208,453
The 7-2 nd	Oct. 8, 2021	Perpetual bond	3.80	59,834	59,834

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Details of hybrid securities classified as equity as of December 31, 2022 and 2021, are as follows: (cont'd)

(In millions of Korean won)

Hybrid securities	Issuance date	Maturity	Interest rate (%) as of December 31, 2022	December 31, 2022	December 31, 2021
The 8-1 st	Feb. 16, 2022	Perpetual bond	4.00	₩ 442,955	₩ -
The 8-2 nd	Feb. 16, 2022	Perpetual bond	4.30	155,626	-
The 9-1 st	May 12, 2022	Perpetual bond	4.68	478,814	-
The 9-2 nd	May 12, 2022	Perpetual bond	4.97	19,906	-
The 10-1 st	Aug. 26, 2022	Perpetual bond	4.90	407,936	-
The 10-2 nd	Aug. 26, 2022	Perpetual bond	5.15	70,819	-
The 10-3 rd	Aug. 26, 2022	Perpetual bond	5.30	19,944	-
				₩ 4,433,981	₩ 2,837,981

The above hybrid securities are early redeemable by the Company after 5 or 7 or 10 years from the issuance date.

18.3 Capital Surplus

Details of capital surplus as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31, 2022	December 31, 2021
Paid-in capital in excess of par value	₩ 13,190,275	₩ 13,190,275
Other capital surplus	1,465,893	1,465,893
Gains on sales of treasury shares	86,646	86,646
Consideration for exchange right of exchangeable bonds	11,933	11,933
	₩ 14,754,747	₩ 14,754,747

18.4 Accumulated Other Comprehensive Income (Loss)

18.4.1 Details of accumulated other comprehensive income (loss) as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31, 2022	December 31, 2021
Remeasurements of net defined benefit liabilities	₩ (5,847)	₩ (8,330)

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18.4.2 Changes in accumulated other comprehensive income (loss) for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	2022			
	Beginning	Changes	Tax effect	Ending
Remeasurements of net defined benefit liabilities	₩ (8,330)	₩ 3,424	₩ (941)	₩ (5,847)

(In millions of Korean won)

	2021			
	Beginning	Changes	Tax effect	Ending
Remeasurements of net defined benefit liabilities	₩ (8,032)	₩ (411)	₩ 113	₩ (8,330)

18.5 Retained Earnings

18.5.1 Details of retained earnings as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31, 2022	December 31, 2021
Legal reserves	₩ 839,235	₩ 695,348
Voluntary reserves	982,000	982,000
Regulatory reserve for credit losses	4,490	5,154
Unappropriated retained earnings	1,968,840	2,291,704
	₩ 3,794,565	₩ 3,974,206

With respect to the allocation of net profit earned in a fiscal term, the Company must set aside in its legal reserve an amount equal to at least 10% of its profit after tax as reported in the financial statements, each time it pays dividends on its net profits earned until its legal reserve reaches the aggregate amount of its paid-in capital in accordance with Article 53 of the Financial Holding Company Act. The reserve is not available for the payment of cash dividends, but may be transferred to share capital, or used to reduce accumulated deficit.

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18.5.2 Statement of appropriation of retained earnings

(Expected date of appropriation for 2022: March 24, 2023)
(Date of appropriation for 2021: March 25, 2022)

(In millions of Korean won)

	2022	2021
Unappropriated retained earnings		
Unappropriated retained earnings carried over from prior years	₩ 1,295,182	₩ 1,216,602
Profit for the year	1,684,512	1,438,866
Quarterly dividends	(584,452)	(292,226)
Dividends on hybrid securities	(126,402)	(71,538)
Retirement of shares	(300,000)	-
	<u>1,968,840</u>	<u>2,291,704</u>
Transfer from voluntary reserves and others		
Regulatory reserve for credit losses	-	664
	<u>-</u>	<u>664</u>
Appropriation of retained earnings		
Legal reserves	168,451	143,887
Regulatory reserve for credit losses	4,850	-
Cash dividends:	564,970	853,299
(Dividends (rate) per share: ₩ 1,450 (29.0%) in 2022)		
(Dividends (rate) per share: ₩ 2,190 (43.8%) in 2021)		
	<u>738,271</u>	<u>997,186</u>
Unappropriated retained earnings to be carried forward	<u>₩ 1,230,569</u>	<u>₩ 1,295,182</u>

18.5.3 Regulatory reserve for credit losses

Measurement and disclosure of regulatory reserve for credit losses are required in accordance with Articles 26 through 28 of the Regulations on Supervision of Financial Holding Companies.

18.5.3.1 Details of regulatory reserve for credit losses as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31, 2022	December 31, 2021
Amounts before appropriation	₩ 4,490	₩ 5,154
Amounts estimated to be appropriated (reversed)	4,850	(664)
	<u>₩ 9,340</u>	<u>₩ 4,490</u>

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18.5.3.2 Regulatory reserve for credit losses estimated to be appropriated (reversed) and adjusted profit after provision (reversal) of regulatory reserve for credit losses for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won, except for per share amounts)

	2022		2021	
Regulatory reserve for credit losses estimated to be appropriated (reversed)	₩	4,850	₩	(664)
Adjusted profit after provision (reversal) of regulatory reserve for credit losses ^{1,2}		1,553,261		1,367,992
Adjusted basic earnings per share after provision (reversal) of regulatory reserve for credit losses ¹		3,986		3,511
Adjusted diluted earnings per share after provision (reversal) of regulatory reserve for credit losses ¹		3,899		3,438

¹ Adjusted profit after provision (reversal) of regulatory reserve for credit losses is not based on Korean IFRS. It is calculated by reflecting provision (reversal) of regulatory reserve for credit losses before tax to the net profit for the period.

² After deducting dividends on hybrid securities

18.6 Treasury Shares

Changes in treasury shares for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won and in number of shares)

	2022			
	Beginning	Acquisition	Retirement	Ending
Number of treasury shares *	26,173,585	-	(6,910,852)	19,262,733
Carrying amount	₩ 1,136,188	₩ -	₩ (300,000)	₩ 836,188

(In millions of Korean won and in number of shares)

	2021			
	Beginning	Acquisition	Retirement	Ending
Number of treasury shares *	26,173,585	-	-	26,173,585
Carrying amount	₩ 1,136,188	₩ -	₩ -	₩ 1,136,188

* 5 million treasury shares are deposited at the Korea Securities Depository for the exchange of exchangeable bonds.

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19. Dividends

The annual dividends to the shareholders of the Parent Company for the year ended December 31, 2021, amounting to ₩ 853,299 million (₩ 2,190 per share) were declared at the annual general shareholders' meeting on March 25, 2022 and paid in April 11, 2022. According to the resolution of the board of directors on April 22, 2022, the quarterly dividend amounting to ₩ 194,817 million (₩ 500 per share) with dividend record date of March 31, 2022 were paid on May 9, 2022; according to the resolution of the board of directors on July 21, 2022, the quarterly dividend amounting to ₩ 194,817 million (₩ 500 per share) with dividend record date of June 30, 2022 were paid on August 9, 2022; and according to the resolution of the board of directors on October 25, 2022, the quarterly dividend amounting to ₩ 194,817 million (₩ 500 per share) with dividend record date of September 30, 2022 were paid on November 10, 2022. The annual dividends to the shareholders of the Parent Company for the year ended December 31, 2022, amounting to ₩ 564,970 million (₩ 1,450 per share) is to be proposed at the general shareholders' meeting scheduled for March 24, 2023. The Company's financial statements as of and for the year ended December 31, 2022, do not reflect this dividend payable.

Meanwhile, the annual dividends and quarterly dividends paid in 2021 were ₩ 689,653 million (₩ 1,770 per share) and ₩ 292,226 million (₩ 750 per share), respectively.

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20. Net Interest Expense

Details of interest income, interest expense, and net interest expense for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	2022	2021
Interest income		
Due from financial institutions	₩ 9,019	₩ 2,164
Loans measured at amortized cost	7,073	4,045
Loans measured at fair value through profit or loss	2,877	2,844
Others	433	339
	<u>19,402</u>	<u>9,392</u>
Interest expense		
Borrowings	-	141
Debentures	112,334	120,316
Others	19	12
	<u>112,353</u>	<u>120,469</u>
Net interest expense	<u>₩ (92,951)</u>	<u>₩ (111,077)</u>

21. Net Fee and Commission Expense

Details of fee and commission income, fee and commission expense, and net fee and commission expense for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	2022	2021
Fee and commission income		
Fees earned in Korean won	₩ 3,399	₩ 975
Fee and commission expense		
Fees paid in Korean won	11,655	8,812
Fees paid in foreign currency	430	320
	<u>12,085</u>	<u>9,132</u>
Net fee and commission expense	<u>₩ (8,686)</u>	<u>₩ (8,157)</u>

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22. Net Gains or Losses on Financial Instruments at Fair value through Profit or Loss

Net gains or losses on financial instruments at fair value through profit or loss include dividend income, gains or losses arising from changes in fair value, and gains or losses arising from sales and redemptions. Details of net gains or losses on financial assets at fair value through profit or loss for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	2022	2021
Gains on financial instruments at fair value through profit or loss		
Dividend income from financial assets at fair value through profit or loss	₩ 36,409	₩ 19,895
Gains on valuation of financial assets at fair value through profit or loss	7,067	3,911
Gains on disposal of financial assets at fair value through profit or loss	1,799	-
	<u>45,275</u>	<u>23,806</u>
Losses on financial instruments at fair value through profit or loss		
Losses on valuation of financial assets at fair value through profit or loss	57,069	3,556
	<u>57,069</u>	<u>3,556</u>
Net gains on financial instruments at fair value through profit or loss	<u>₩ (11,794)</u>	<u>₩ 20,250</u>

23. Net Other Operating Income and Expenses

Details of other operating income and expenses for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	2022	2021
Other operating income		
Dividend income from subsidiaries	₩ 1,871,223	₩ 1,617,949
Reversal of impairment losses of investments in subsidiaries	-	2,289
Others	1	-
	<u>1,871,224</u>	<u>1,620,238</u>
Other operating expenses	-	-
	<u>-</u>	<u>-</u>
Net other operating income	<u>₩ 1,871,224</u>	<u>₩ 1,620,238</u>

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24. General and Administrative Expenses

24.1 Details of general and administrative expenses for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	2022		2021
Expenses related to employee			
Employee benefits - salaries	₩ 36,254	₩	33,178
Employee benefits - others	5,847		5,499
Post-employment benefits - defined benefit plans	2,194		2,105
Post-employment benefits - defined contribution plans	621		523
Share-based payments	5,801		9,230
	<u>50,717</u>		<u>50,535</u>
Depreciation and amortization	<u>6,245</u>		<u>6,506</u>
Other general and administrative expenses			
Travel	1,115		21
Communications	1,030		1,502
Tax and dues	478		413
Publication	345		371
Rental expense	1,876		1,636
Vehicle	173		142
Service fees	15,441		13,691
Advertising	1,017		973
Training	1,297		1,158
Others	9,415		8,469
	<u>32,187</u>		<u>28,376</u>
	<u>₩ 89,149</u>	₩	<u>85,417</u>

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24.2 Share-based Payments

Share-based payments plan for executives and employees of the Company and its subsidiaries as of December 31, 2022, are as follows:

24.2.1 Stock grants linked to long-term performance

(In number of shares)

	Grant date	Number of granted shares ¹	Vesting conditions ²
KB Financial Group Inc.			
Series 27	Jun. 16, 2020	184	Services fulfillment, market performance ³ 30%, and non-market performance ⁴ 70%
Series 28	Nov. 21, 2020	68,135	Services fulfillment, market performance ³ 35%, and non-market performance ⁵ 65%
Series 29	Jan. 1, 2021	79,840	Services fulfillment, market performance ³ 0~30%, and non-market performance ⁴ 70~100%
Series 30	Apr. 1, 2021	3,069	Services fulfillment, market performance ³ 30%, and non-market performance ⁴ 70%
Series 33	Jan. 1, 2022	62,991	Services fulfillment, market performance ³ 0~30%, and non-market performance ⁴ 70~100%
Series 34	Feb. 1, 2022	654	Services fulfillment, market performance ³ 30%, and non-market performance ⁴ 70%
Series 35	May 27, 2022	6,126	Services fulfillment, market performance ³ 30%, and non-market performance ⁴ 70%
Deferred grant in 2015		4,243	Satisfied
Deferred grant in 2016		3,533	Satisfied
Deferred grant in 2017		1,127	Satisfied
Deferred grant in 2018		1,766	Satisfied
Deferred grant in 2019		7,598	Satisfied
Deferred grant in 2020		27,956	Satisfied
Deferred grant in 2021		27,204	Satisfied
		<u>294,426</u>	
Kookmin Bank			
Series 80	Mar. 1, 2020	7,982	Services fulfillment, market performance ³ 30~50%, and non-market performance ⁴ 50~70%
Series 81	Jan. 1, 2021	139,783	Services fulfillment, market performance ³ 0~30%, and non-market performance ⁴ 70~100%
Series 83	Apr. 1, 2021	15,278	Services fulfillment, market performance ³ 0~30%, and non-market performance ⁴ 70~100%
Series 85	Jan. 1, 2022	292,777	Services fulfillment, market performance ³ 0~30%, and non-market performance ⁴ 70~100%
			Services fulfillment, market performance ³ 30%, and EPS & Asset Quality ⁶ 70%
Series 86	Feb. 1, 2022	1,525	Services fulfillment, market performance ³ 0~30%, and non-market performance ⁴ 70~100%
Series 87	Mar. 1, 2022	2,599	Services fulfillment, market performance ³ 0~30%, and non-market performance ⁴ 70~100%
Series 88	Mar. 14, 2022	5,884	Services fulfillment, market performance ³ 0~30%, and non-market performance ⁴ 70~100%
Series 89	May 26, 2022	2,363	Services fulfillment, market performance ³ 0~30%, and non-market performance ⁴ 70~100%
Series 90	Jul. 18, 2022	4,131	Services fulfillment, market performance ³ 0~30%, and non-market performance ⁴ 70~100%
Series 91	Aug. 24, 2022	7,277	Services fulfillment, market performance ³ 0~30%, and non-market performance ⁴ 70~100%

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24.2.1 Stock grants linked to long-term performance (cont'd)

(In number of shares)

	Grant date	Number of granted shares ¹	Vesting conditions ²
Deferred grant in 2016		2,426	Satisfied
Deferred grant in 2017		4,582	Satisfied
Deferred grant in 2018		2,287	Satisfied
Deferred grant in 2019		32,756	Satisfied
Deferred grant in 2020		53,502	Satisfied
Deferred grant in 2021		156,939	Satisfied
		732,091	
Other subsidiaries			
Stock granted in 2010		106	
Stock granted in 2011		146	
Stock granted in 2012		420	
Stock granted in 2013		544	
Stock granted in 2014		1,028	
Stock granted in 2015		2,374	
Stock granted in 2016		3,749	
Stock granted in 2017		14,006	Services fulfillment, market performance ³ 0~50%, and non-market performance ⁴ 50~100%
Stock granted in 2018		26,572	
Stock granted in 2019		42,273	
Stock granted in 2020		165,810	
Stock granted in 2021		501,365	
Stock granted in 2022		249,267	
		1,007,660	
		2,034,177	

¹ Granted shares represent the total number of shares initially granted to executives and employees who have residual shares as of December 31, 2022 (Deferred grants are residual shares vested as of December 31, 2022).

² Executives and employees were given the right of choice about the timing of the deferred payment (after the date of retirement), payment ratio, and payment period. Accordingly, a certain percentage of the granted shares is deferred for up to five years after the date of retirement after the deferred grant has been confirmed.

³ Relative TSR (Total Shareholder Return): [(Fair value at the end of the contract - Fair value at the beginning of the contract) + (Total amount of dividend per share paid during the contract period)] / Fair value at the beginning of the contract

⁴ Performance results of company and employee

⁵ EPS (Earnings Per Share), Asset Quality, HCROI (Human Capital Return on Investment), Profit from non-banking segments

⁶ EPS, Asset Quality

The stock grant linked to long-term performance is an incentive plan that sets, on grant date, the maximum number of shares that can be awarded. Actual shares to be granted is determined in accordance with achievement of pre-set performance targets over the vesting period.

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24.2.2 Stock grants linked to short-term performance

<i>(In number of shares)</i>	Estimated number of vested shares *	Vesting conditions
KB Financial Group Inc.		
Stock granted in 2015	3,725	Satisfied
Stock granted in 2016	4,223	Satisfied
Stock granted in 2017	1,401	Satisfied
Stock granted in 2018	760	Satisfied
Stock granted in 2019	9,354	Satisfied
Stock granted in 2020	22,586	Satisfied
Stock granted in 2021	35,497	Satisfied
Stock granted in 2022	46,898	Proportional to service period
Kookmin Bank		
Stock granted in 2015	1,292	Satisfied
Stock granted in 2016	4,875	Satisfied
Stock granted in 2017	1,998	Satisfied
Stock granted in 2018	2,109	Satisfied
Stock granted in 2019	41,737	Satisfied
Stock granted in 2020	89,888	Satisfied
Stock granted in 2021	130,331	Satisfied
Stock granted in 2022	134,402	Proportional to service period
Other subsidiaries		
Stock granted in 2015	5,762	Satisfied
Stock granted in 2016	25,831	Satisfied
Stock granted in 2017	46,223	Satisfied
Stock granted in 2018	99,594	Satisfied
Stock granted in 2019	243,130	Satisfied
Stock granted in 2020	433,210	Satisfied
Stock granted in 2021	610,167	Satisfied
Stock granted in 2022	324,412	Proportional to service period
	2,319,405	

* Executives and employees were given the right of choice about the timing of the deferred payment (after the date of retirement), payment ratio, and payment period. Accordingly, a certain percentage of the granted shares is deferred for up to five years after the date of retirement after the deferred grant has been confirmed.

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24.2.3 Stock grants are measured at fair value using the MonteCarlo simulation model and assumptions used in measuring the fair value as of December 31, 2022, are as follows:

<i>(In Korean won)</i>	<u>Risk-free rate (%)</u>	<u>Fair value (market performance condition)</u>	<u>Fair value (non-market performance condition)</u>
Linked to long-term performance			
<i>(KB Financial Group Inc.)</i>			
Series 27	3.78	-	43,157~46,663
Series 28	3.78	35,289~39,662	41,704~46,873
Series 29	3.78	40,757~48,322	43,157~50,973
Series 30	3.78	38,805~43,583	41,548~46,663
Series 33	3.78	37,409~45,666	41,548~50,973
Series 34	3.78	35,486~39,839	39,958~44,859
Series 35	3.78	38,247~42,939	39,958~44,859
Deferred grant in 2015	3.78	-	43,157~50,973
Deferred grant in 2016	3.78	-	46,663~50,973
Deferred grant in 2017	3.78	-	50,973
Deferred grant in 2018	3.78	-	46,663~50,973
Deferred grant in 2019	3.78	-	50,973
Deferred grant in 2020	3.78	-	43,157~50,973
Deferred grant in 2021	3.78	-	44,859~50,973
<i>(Kookmin Bank)</i>			
Series 80	3.78	43,157~50,973	43,157~50,973
Series 81	3.78	35,905~41,289	43,157~50,973
Series 83	3.78	38,660~43,583	41,548~46,663
Series 85	3.78	33,668~37,813	41,548~46,663
Series 86	3.78	35,486~39,839	39,958~44,859
Series 87	3.78	38,957~46,013	43,157~50,973
Series 88	3.78	37,288~41,862	39,958~44,859
Series 89	3.78	40,943~48,358	43,157~50,973
Series 90	3.78	39,554~44,405	39,958~44,859
Series 91	3.78	37,840~42,481	39,958~44,859
Grant deferred in 2016	3.78	-	46,663~50,973
Grant deferred in 2017	3.78	-	46,663~50,973
Grant deferred in 2018	3.78	-	46,663~50,973
Grant deferred in 2019	3.78	-	50,973
Grant deferred in 2020	3.78	-	46,663~50,973
Grant deferred in 2021	3.78	-	44,859~50,973
<i>(Other subsidiaries)</i>			
Stock granted in 2010	3.78	-	44,859
Stock granted in 2011	3.78	-	44,859
Stock granted in 2012	3.78	-	44,859~46,663
Stock granted in 2013	3.78	-	44,859~46,663
Stock granted in 2014	3.78	-	46,663
Stock granted in 2015	3.78	-	41,548~50,973
Stock granted in 2016	3.78	-	44,859~56,379
Stock granted in 2017	3.78	-	41,548~61,294
Stock granted in 2018	3.78	-	39,958~56,379
Stock granted in 2019	3.78	-	38,393~56,379
Stock granted in 2020	3.78	43,157~50,973	39,958~56,379
Stock granted in 2021	3.78	39,042~50,651	41,548~56,379
Stock granted in 2022	3.78	35,286~49,647	39,958~62,269

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24.2.3 Stock grants are measured at fair value using the MonteCarlo simulation model and assumptions used in measuring the fair value as of December 31, 2022, are as follows: (cont'd)

<i>(In Korean won)</i>	<u>Risk-free rate (%)</u>	<u>Fair value (market performance condition)</u>	<u>Fair value (non-market performance condition)</u>
Linked to short-term performance			
<i>(KB Financial Group Inc.)</i>			
Stock granted in 2015	3.78	-	43,157~50,973
Stock granted in 2016	3.78	-	38,393~50,973
Stock granted in 2017	3.78	-	46,663~50,973
Stock granted in 2018	3.78	-	46,663~50,973
Stock granted in 2019	3.78	-	50,973
Stock granted in 2020	3.78	-	43,157~50,973
Stock granted in 2021	3.78	-	44,859~50,973
Stock granted in 2022	3.78	-	43,157~50,973
<i>(Kookmin Bank)</i>			
Stock granted in 2015	3.78	-	46,663~50,973
Stock granted in 2016	3.78	-	44,859~50,973
Stock granted in 2017	3.78	-	46,663~50,973
Stock granted in 2018	3.78	-	0~56,379
Stock granted in 2019	3.78	-	45,096~56,379
Stock granted in 2020	3.78	-	46,663~56,379
Stock granted in 2021	3.78	-	44,859~50,973
Stock granted in 2022	3.78	-	39,958~46,663
<i>(Other subsidiaries)</i>			
Stock granted in 2015	3.78	-	41,548~50,973
Stock granted in 2016	3.78	-	41,548~50,973
Stock granted in 2017	3.78	-	39,958~50,973
Stock granted in 2018	3.78	-	38,393~56,379
Stock granted in 2019	3.78	-	38,393~56,379
Stock granted in 2020	3.78	-	41,548~56,379
Stock granted in 2021	3.78	-	41,548~50,973
Stock granted in 2022	3.78	-	39,958~56,379

The Company use the volatility of the stock price over the previous year as the expected volatility, and uses the arithmetic mean of the price-dividend ratio of one year before, two years before, and three years before the base year as the dividend yield and uses one-year risk-free rate of Korea Treasury Bond in order to measure the fair value.

Share-based payments arrangement for subsidiaries was transferred to the Company in 2010, and the related compensation cost paid to the executives and employees of subsidiaries is reimbursed by subsidiaries. The accrued expenses for share-based payments as of December 31, 2022 and 2021, are ₩ 186,908 million and ₩ 193,023 million, respectively, and the receivables to be reimbursed by subsidiaries for the compensation costs as of December 31, 2022 and 2021, are ₩ 169,918 million and ₩ 176,709 million, respectively. And compensation costs from share-based payments amounting to ₩ 5,801 million and ₩ 9,230 million were recognized for the years ended December 31, 2022 and 2021, respectively.

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25. Net Other Non-Operating Income and Expenses

Details of other non-operating income and expenses for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	2022	2021
Other non-operating income		
Reversal of impairment losses of intangible assets	₩ 2	₩ 11
Others	2,008	2,377
	<u>2,010</u>	<u>2,388</u>
Other non-operating expenses		
Losses on disposal of property and equipment	-	10
Impairment losses of intangible assets	2	3
Donation	1,097	1,028
Others	3	182
	<u>1,102</u>	<u>1,223</u>
Net other non-operating income	<u>₩ 908</u>	<u>₩ 1,165</u>

26. Income Tax Benefit

26.1 Details of income tax benefit for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	2022	2021
Income tax payable	₩ -	₩ -
Changes in deferred tax assets and liabilities *	(14,321)	(2,394)
Origination and reversal of temporary differences	(14,321)	(2,394)
Income tax recognized directly in equity	(942)	113
Remeasurements of net defined benefit liabilities	(942)	113
Income tax benefit	<u>₩ (15,263)</u>	<u>₩ (2,281)</u>

* Due to amendments of tax laws at the end of 2022, the effect of corporate tax rate change is reflected in deferred income tax assets and liabilities that are expected to be realized after 2023. (Corporate tax rates after the amendments: 10% for tax base ₩ 200 million or less, 21% for tax base over ₩ 200 million to ₩ 20,000 million, 23.2% for tax base over ₩ 20,000 million to ₩ 300,000 million, 26.5% for tax base over ₩ 300,000 million)

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26.2 Analysis of the relationship between net profit before income tax expense and income tax benefit for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	2022		2021	
	Tax rate (%)	Amount	Tax rate (%)	Amount
Profit before income tax expense		₩ 1,669,249		₩ 1,436,585
Income tax at the applicable tax rate *	26.88	448,682	26.78	384,699
Non-taxable income	(29.21)	(487,657)	(27.26)	(391,645)
Non-deductible expenses	0.05	882	0.05	774
Tax rate change effect	0.04	751	-	-
Consolidated tax return effect	1.38	23,021	0.26	3,778
Others	(0.06)	(942)	0.01	113
Average effective tax rate and income tax benefit	(0.91)	₩ (15,263)	(0.16)	₩ (2,281)

* Applicable income tax rate for ₩ 200 million and below is 11%, for over ₩ 200 million to ₩ 20,000 million is 22%, for over ₩ 20,000 million to ₩ 300,000 million is 24.2% and for over ₩ 300,000 million is 27.5% for the years ended December 31, 2022 and 2021.

27. Earnings per Share

27.1 Basic Earnings per Share

Basic earnings per share is calculated from the earnings attributable to ordinary shares.

27.1.1 Weighted average number of ordinary shares outstanding

(In number of shares)

	2022		2021	
	Number of shares	Accumulated number of shares	Number of shares	Accumulated number of shares
Number of issued ordinary shares	408,897,068	150,138,929,728	415,807,920	151,769,890,800
Number of treasury shares *	(19,262,733)	(7,922,397,453)	(26,173,585)	(9,553,358,525)
Average number of ordinary shares outstanding	389,634,335	142,216,532,275	389,634,335	142,216,532,275
Number of days		365		365
Weighted average number of ordinary shares outstanding		389,634,335		389,634,335

* The number of treasury shares have excluded the initial redemption of treasury shares from February 14, 2022, and the 2nd redemption from August 1, 2022.

27.1.2 Basic earnings per share

(In Korean won and in number of shares)

	2022	2021
Profit for the period	₩ 1,684,512,284,129	₩ 1,438,865,627,868
Deduction: Dividends on hybrid securities	(126,402,175,000)	(71,537,500,000)
Profit attributable to ordinary equity holders (A)	1,558,110,109,129	1,367,328,127,868
Weighted average number of ordinary shares outstanding (B)	389,634,335	389,634,335
Basic earnings per share (A/B)	₩ 3,999	₩ 3,509

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27.2 Diluted Earnings per Share

Diluted earnings per share is calculated through increasing the weighted average number of ordinary shares outstanding by the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares. The Company has dilutive potential ordinary shares such as stock grants and ordinary share exchange right of exchangeable bonds.

A calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market share price for the year) based on the monetary value of stock grants. The number of shares calculated above is compared with the number of shares that would have been issued assuming the settlement of stock grants.

Exchangeable bonds are included in potential ordinary shares from the exercisable date of the exchange right, and interest expense after tax for the period is added to profit for diluted earnings per share.

27.2.1 Adjusted profit for diluted earnings per share

(In Korean won)

	2022	2021
Profit attributable to the ordinary equity holders *	₩ 1,558,110,109,129	₩ 1,367,328,127,868
Adjustment:		
Interest expense on exchangeable bonds	2,380,953,816	2,347,186,871
Adjusted profit for diluted earnings per share	<u>₩ 1,560,491,062,945</u>	<u>₩ 1,369,675,314,739</u>

* The amount is after deducting dividends on hybrid securities.

27.2.2 Weighted average number of ordinary shares outstanding for diluted earnings per share

(In number of shares)

	2022	2021
Weighted average number of ordinary shares outstanding	389,634,335	389,634,335
Adjustment:		
Stock grants	4,306,711	3,945,208
Exchangeable bonds	5,000,000	5,000,000
Adjusted weighted average number of ordinary shares outstanding for diluted earnings per share	<u>398,941,046</u>	<u>398,579,543</u>

27.2.3 Diluted earnings per share

(In Korean won and in number of shares)

	2022	2021
Adjusted profit for diluted earnings per share	₩ 1,560,491,062,945	₩ 1,369,675,314,739
Adjusted weighted average number of ordinary shares outstanding for diluted earnings per share	398,941,046	398,579,543
Diluted earnings per share	<u>₩ 3,912</u>	<u>₩ 3,436</u>

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28. Statement of Cash Flows

28.1 Details of cash and cash equivalents as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31, 2022		December 31, 2021	
Due from financial institutions	₩	351,056	₩	608,076
Deduction:				
Restricted due from financial institutions		(3)		(3)
Due from financial institutions with original maturities over three months		(120,000)		(90,000)
		<u>(120,003)</u>		<u>(90,003)</u>
	₩	<u>231,053</u>	₩	<u>518,073</u>

28.2 Significant non-cash transactions for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	2022		2021	
Changes in receivables and payables from consolidated tax return	₩	485,720	₩	(125,916)
Changes in receivables and payables related to stock grants		(6,791)		52,912

28.3 Cash inflows and outflows from income tax, interest, and dividends for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	Activity	2022		2021	
Income tax paid	Operating	₩	3,887	₩	1,968
Interest received	Operating		14,229		7,976
Interest paid	Operating		107,924		116,449
Dividends received	Operating		1,904,586		1,637,727
Dividends paid	Financing		1,564,153		1,053,417

28.4 Changes in liabilities arising from financing activities for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	2022			
	Beginning	Net cash flows	Non-cash changes	Ending
Debentures	₩ 5,552,791	₩ (601,102)	₩ 5,260	₩ 4,956,949

(In millions of Korean won)

	2021			
	Beginning	Net cash flows	Non-cash changes	Ending
Borrowings	₩ 100,000	₩ (100,000)	₩ -	₩ -
Debentures	6,128,043	(580,595)	5,343	5,552,791
	<u>₩ 6,228,043</u>	<u>₩ (680,595)</u>	<u>₩ 5,343</u>	<u>₩ 5,552,791</u>

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29. Contingent Liabilities and Commitments

29.1 Commitments made with financial institutions as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

		December 31, 2022				December 31, 2021			
		Amount of commitments		Amount borrowed		Amount of commitments		Amount borrowed	
General loan	Hana Bank	₩	200,000	₩	-	₩	200,000	₩	-

29.2 Other Matters (including litigation)

The Company has 1 pending lawsuit as a defendant with aggregate claims amount of ₩0.1 million, which arose in the normal course of the management activities, as of December 31, 2022.

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30. Related Party Transactions

According to Korean IFRS No.1024, the Company includes subsidiaries and key management personnel (including family members) in the scope of related parties. The Company discloses balances (receivables and payables) and other amounts arising from transactions with related parties in the notes to the financial statements. Refer to Note 9 for details of subsidiaries. Key management personnel include the executives of the Company, their close family members, and the companies where the executives and/or their close family members have control or joint control.

30.1 Details of significant profit or loss arising from transactions with related parties for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

Subsidiaries	Profit or loss	2022	2021
Kookmin Bank	Interest income	₩ 6,247	₩ 1,761
	Fee and commission income	1,262	926
	Net other operating income ¹	1,031,167	917,941
	General and administrative expenses	11,351	8,863
	Net non-operating income ²	-	1,448
KB Securities Co., Ltd.	Interest expense	15	-
	Fee and commission income	119	15
	Net gains on financial assets at fair value through profit or loss	(18,596)	-
	Net other operating income ¹	400,000	200,000
	General and administrative expenses	440	659
KB Insurance Co., Ltd.	Fee and commission income	170	21
	General and administrative expenses	1,631	1,628
KB Kookmin Card Co., Ltd.	Fee and commission income	39	5
	Net other operating income ¹	250,056	200,008
	General and administrative expenses	92	189
	Net non-operating income	6	4
KB Life Insurance Co., Ltd.(former Prudential Life Insurance Company of Korea Ltd.)	Fee and commission income	29	4
	Net other operating income ¹	100,000	200,000
	General and administrative expenses	572	691
KB Asset Management Co., Ltd.	Net other operating income ¹	40,000	55,000
	General and administrative expenses	-	10
KB Capital Co., Ltd	Interest income	487	-
	Fee and commission income	17	2
	Net gains on financial assets at fair value through profit or loss	9,570	20,606
	General and administrative expenses	40	108
	Provision for credit losses	234	-
	Fee and commission income	24	3
	General and administrative expenses	346	452
KB Real Estate Trust. Co., Ltd.	Net other operating income ¹	40,000	35,000
KB Savings Bank Co., Ltd.	Interest income	3,990	2,091
	Fee and commission income	1	-
	Net losses on financial assets at fair value through profit or loss	(9,185)	(356)

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30.1 Details of significant profit or loss arising from transactions with related parties for the years ended December 31, 2022 and 2021, are as follows: (cont'd)

(In millions of Korean won)

Subsidiaries	Profit or loss	2022	2021
KB Investment Co., Ltd.	Interest income	₩ 6,537	₩ 4,045
	Net other operating income ¹	10,000	10,000
	Provision for credit losses	53	417
KB Data Systems Co., Ltd.	General and administrative expenses	2,653	2,022
KB Credit Information Co., Ltd.	Interest income	49	-
	Provision for credit losses	16	-

¹ Net other operating income includes dividend income from subsidiaries.

² Gains on disposal of intangible assets and others to Kookmin Bank for ₩ 3,676 million in 2021.

30.2 Details of significant outstanding balances of receivables and payables arising from transactions with related parties as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

Subsidiaries	Assets or liabilities	December 31, 2022	December 31, 2021
Kookmin Bank	Cash and due from financial institutions	₩ 231,056	₩ 518,076
	Other assets	828,505	462,250
	Other liabilities	97	71
	Property and equipment	357	518
KB Securities Co., Ltd.	Financial assets at fair value through profit or loss	401,732	-
	Other assets	66,162	106,320
	Other liabilities	116,503	85
KB Insurance Co., Ltd.	Other assets	111,433	37,209
	Other liabilities	47	6
KB Kookmin Card Co., Ltd.	Other assets	88,968	88,060
	Other liabilities	755	700
KB Life Insurance Co., Ltd.(former Prudential Life Insurance Company of Korea Ltd.)	Other assets	70,534	2,626
	Other liabilities	67	7,264
KB Asset Management Co., Ltd.	Other assets	21,033	20,502
KB Capital Co., Ltd.	Financial assets at fair value through profit or loss	472,439	389,606
	Loans measured at amortized cost (gross amount)	200,000	-
	Allowances for credit losses	234	-
	Other assets	52,941	40,701
	Other liabilities	9,188	10,877
KB Life Insurance Co., Ltd.	Other assets	4,655	5,196
	Other liabilities	9,188	10,877
KB Real Estate Trust Co., Ltd.	Other assets	8,860	19,360

KB Financial Group Inc.
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30.2 Details of significant outstanding balances of receivables and payables arising from transactions with related parties as of December 31, 2022 and 2021, are as follows: (cont'd)

(In millions of Korean won)

Subsidiaries	Assets or liabilities	December 31, 2022	December 31, 2021
KB Savings Bank Co., Ltd.	Cash and due from financial institutions	₩ 120,000	₩ 90,000
	Financial assets at fair value through profit or loss	43,524	51,154
	Other assets	7,280	7,984
	Other liabilities	67	67
KB Investment Co., Ltd.	Loans measured at amortized cost (gross amount)	310,000	250,000
	Allowances for credit losses	924	872
	Other assets	5,943	9,157
KB Data Systems Co., Ltd.	Property and equipment	-	68
	Intangible assets	1,716	3,341
	Other assets	3,456	2,554
	Other liabilities	208	160
KB Credit Information Co., Ltd.	Loans measured at amortized cost (gross amount)	13,500	-
	Allowances for credit losses	16	-
	Other assets	1,054	1,239
	Other liabilities	61	-

30.3 Right-of-use assets and lease liabilities with related parties as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

			December 31, 2022	December 31, 2021
Subsidiary	Kookmin Bank	Right-of-use assets	₩ 357	₩ 518

30.4 Unused commitments provided from related parties as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

			December 31, 2022	December 31, 2021
Subsidiary	KB Kookmin Card Co., Ltd.	Unused lines of credit for credit card	₩ 2,245	₩ 2,300

30.5 Share transactions with related parties for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

			2022	2021
Subsidiary	KB Capital Co., Ltd.	Paid-in capital increase of ordinary shares	₩ -	₩ 200,000
		Acquisition of hybrid securities	100,000	-
	KB Securities Co., Ltd.	Acquisition of hybrid securities	430,000	-

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30.6 Details of significant lending transactions with related parties for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	2022			
	Beginning	Loan	Collection	Ending
Subsidiary KB Investment Co., Ltd.	₩ 250,000	₩ 60,000	₩ -	₩ 310,000
KB Credit Information Co., Ltd.	-	13,500	-	13,500
KB Capital Co., Ltd.	-	200,000	-	200,000
KB Savings Bank Co., Ltd. *	70,000	-	-	70,000

(In millions of Korean won)

	2021			
	Beginning	Loan	Collection	Ending
Subsidiary KB Investment Co., Ltd.	₩ 180,000	₩ 70,000	₩ -	₩ 250,000
KB Savings Bank Co., Ltd. *	-	70,000	-	70,000

* Par value of subordinated bond issued by KB Savings Bank Co., Ltd. The difference between par value and fair value at the acquisition date was accounted for as investments in subsidiaries.

30.7 Details of compensation to key management personnel for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	2022			
	Short-term employee benefits	Post-employment benefits	Share-based payments	Total
Registered directors (executive)	₩ 1,100	₩ 33	₩ 932	₩ 2,065
Registered directors (non-executive)	638	-	-	638
Non-registered directors	6,955	140	4,869	11,964
	₩ 8,693	₩ 173	₩ 5,801	₩ 14,667

(In millions of Korean won)

	2021			
	Short-term employee benefits	Post-employment benefits	Share-based payments	Total
Registered director (executive)	₩ 871	₩ 29	₩ 1,937	₩ 2,837
Registered director (non-executive)	666	-	-	666
Non-registered director	5,746	61	7,293	13,100
	₩ 7,283	₩ 90	₩ 9,230	₩ 16,603

30.8 The Company paid ₩ 45 million and ₩ 30 million to KB Securities Co., Ltd., a subsidiary, for the underwriting and arrangement of debentures and hybrid securities for the years ended December 31, 2022 and 2021, respectively.

KB Financial Group Inc.
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31. Events after the reporting period

31.1 Merger of subsidiaries

At the board of directors meeting and shareholder's meeting on August 9, 2022, it is determined to merge the Group's subsidiaries, KB Life Insurance Co., Ltd.(former Prudential Life Insurance Company of Korea Ltd.) and KB Life Insurance Co., Ltd.. Accordingly, the merger was completed with KB Life Insurance Co., Ltd.(former Prudential Life Insurance Company of Korea Ltd.) as a surviving corporation on January 1, 2023, and KB Life Insurance Co., Ltd. was dissolved after the merger.

31.2 retirement of treasury shares

The Company plans to acquire 5,385,996 shares(₩ 300,000 million) of its own shares and retire the treasury shares by May 7, 2023 pursuant to board resolutions dated February 7, 2023.

However, the treasury shares were calculated based on the closing price (₩ 55,700) on the day before the board meeting, on February 6, 2023, and the final number of shares to be retired may vary depending on the stock price.

32. Approval of Issuance of the Financial Statements

The issuance of the Company's financial statements as of and for the year ended December 31, 2022, was approved by the board of directors on February 23, 2023.

Independent Auditors' Report on Internal Control over Financial Reporting

Based on a report originally issued in Korean

The Board of Directors and Stockholders
KB Financial Group Inc.:

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting (“ICFR”) of KB Financial Group Inc. (the “Company”) as of December 31, 2022 based on the criteria established in the Conceptual Framework for Designing and Operating ICFR (“ICFR Design and Operation Framework”) issued by the Operating Committee of Internal Control over Financial Reporting in the Republic of Korea (the “ICFR Committee”).

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2022, based on ICFR Design and Operation Framework.

We also have audited, in accordance with Korean Standards on Auditing (KSAs), the separate financial statements of the Company, which comprise the separate statements of financial position as of December 31, 2022 and 2021, the separate statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information, and our report dated March 7, 2023 expressed an unmodified opinion on those separate financial statements.

Basis for Opinion

We conducted our audit in accordance with KSAs. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Internal Control over Financial Reporting section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the internal control over financial reporting in Republic of Korea, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Internal Control over Financial Reporting

The Company’s management is responsible for designing, operating and maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying ‘Operating Status Report of the Internal Control over Financial Reporting.’

Those charged with governance are responsible for overseeing the Company’s internal control over financial reporting.

Auditors’ Responsibilities for the Audit of the Internal Control over Financial Reporting

Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit. We conducted our audit in accordance with KSAs. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk.

Definition and Limitations of Internal Control over Financial Reporting

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Korean International Financial Reporting Standards (“K-IFRS”). A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide



reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with K-IFRS, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The engagement partner on the audit resulting in this independent auditors' report is Young-Min Kwon.

KPMG Samjory Accounting Corp.

Seoul, Korea
March 7, 2023

This report is effective as of March 7, 2023, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the internal control over financial reporting. Accordingly, the readers of the audit report should understand that the above audit report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

Operating Status Report of the Internal Control over Financial Reporting

To the Shareholders, Board of Directors and Audit Committee of KB Financial Group Inc.

We, as the Chief Executive Officer (“CEO”) and the Internal Accounting Manager of KB Financial Group Inc. (“the Company”), assessed operating status of the Company’s Internal Control over Financial Reporting (“ICFR”) for the year ended December 31, 2022.

The Company’s management, including ourselves, is responsible for designing and operating ICFR.

We assessed whether the Company effectively designed and operated its ICFR to prevent and detect errors or frauds which may cause a misstatement in financial statements to ensure preparation and disclosure of reliable financial information.

We used the ‘Conceptual Framework for Designing and Operating Internal Control over Financial Reporting’ established by the Operating Committee of Internal Control over Financial Reporting in Korea (the “ICFR Committee”) as the criteria for design and operation of the Company’s ICFR. We also conducted an assessment of ICFR based on the ‘Management Guideline for Evaluating and Reporting Effectiveness of Internal Control over Financial Reporting’ established by the ICFR Committee.

Based on our assessment, we concluded that the Company’s ICFR is designed and operated effectively as of December 31, 2022, in all material respects, in accordance with the ‘Conceptual Framework for Designing and Operating Internal Control over Financial Reporting’.

We certify that this report does not contain any untrue statement of a fact, or omit to state a fact necessary to be presented herein. We also certify that this report does not contain or present any statements which might cause material misunderstandings of the readers, and we have reviewed and verified this report with sufficient care.

March 2, 2023

Jong Kyoo Yoon,
Chief Executive Officer

Young Ho Seo,
Internal Accounting Manager