

KB Financial Group Inc. and Subsidiaries

Consolidated Interim Financial Statements

June 30, 2023 and 2022
(Unaudited)

KB Financial Group Inc. and Subsidiaries

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Report on Review of Condensed Consolidated Interim Financial Statements

(English Translation of a Report Originally Issued in Korean)

**To the Shareholders and the Board of Directors of
KB Financial Group Inc.**

Reviewed Financial Statements

We have reviewed the accompanying condensed consolidated interim financial statements of KB Financial Group Inc. and its subsidiaries (collectively referred to as the “Group”). These condensed consolidated interim financial statements consist of the consolidated interim statement of financial position of the Group as at June 30, 2023, and the related consolidated interim statements of comprehensive income for the three-month and six-month periods ended June 30, 2023, and consolidated interim statements of changes in equity and cash flows for the six-month period ended June 30, 2023, and a summary of material accounting policies and other selected explanatory notes, expressed in Korean won.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (Korean IFRS) 1034 *Interim Financial Reporting*, and for such internal control as management determines is necessary to enable the preparation of condensed consolidated interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

We conducted our review in accordance with quarterly or semi-annual review standards established by the Securities and Futures Commission of the Republic of Korea. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Korean Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe the accompanying condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with Korean IFRS 1034 *Interim Financial Reporting*.

Other Matters

The consolidated interim statements of comprehensive income for the three-month and six-month periods ended June 30, 2022, changes in equity and cash flows for the six-month period ended June 30, 2022 were reviewed by another auditor who expressed their review conclusion that nothing has come to their attention that causes them to believe the condensed consolidated interim financial statements do not present fairly, in all material respects, in accordance with Korean IFRS 1034 *Interim Financial Reporting*. These condensed consolidated interim financial statements that another auditor had reviewed have not reflected the adjustments described in Note 2 of the accompanying condensed consolidated interim financial statements. The accompanying comparative consolidated interim statements of comprehensive income for the three-month and six-month periods ended June 30, 2022, changes in equity, and cash flows for the six-month period ended June 30, 2022, reflected the adjustments.

The consolidated statement of financial position as of December 31, 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, not presented herein, were audited by another auditor who expressed an unqualified opinion on those statements on March 7, 2023. The consolidated financial statements that another auditor expressed an unqualified opinion were prepared before the adjustments described in Note 2 of Korean IFRS 1117 *Insurance Contract*. The consolidated statement of financial position as of December 31, 2022, presented herein for comparative purposes, has been restated to reflect the adjustments described in Note 2.

Review standards and their application in practice vary among countries. The procedures and practices used in the Republic of Korea to review such financial statements may differ from those generally accepted and applied in other countries.

/s/ Samil PricewaterhouseCoopers
Seoul, Korea
August 14, 2023

<p>This report is effective as of August 14, 2023, the review report date. Certain subsequent events or circumstances, which may occur between the review report date and the time of reading this report, could have a material impact on the accompanying condensed consolidated interim financial statements and notes thereto. Accordingly, the readers of the review report should understand that there is a possibility that the above review report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.</p>

Consolidated Interim Financial Statements

KB Financial Group Inc. and Subsidiaries
Consolidated Interim Statements of Financial Position
June 30, 2023 and December 31, 2022

(in millions of Korean won)

	Notes	June 30, 2023 (Unaudited)	December 31, 2022
Assets			
Cash and due from financial institutions	4,6,7,31	₩ 31,610,850	₩ 32,474,750
Financial assets at fair value through profit or loss	4,6,11	74,604,619	70,092,497
Derivative financial assets	4,6,8	8,195,304	9,446,580
Loans measured at amortized cost	4,6,9,10	434,953,555	433,038,931
Financial investments	4,6,11	116,969,558	115,452,659
Investments in associates and joint ventures	12	666,893	682,670
Insurance contract assets	30	189,214	83,304
Reinsurance contract assets	30	1,529,427	1,495,966
Property and equipment		4,956,129	4,991,467
Investment property		3,505,583	3,148,340
Intangible assets		1,956,545	1,858,470
Net defined benefit assets	19	468,642	478,934
Current income tax assets		242,981	204,690
Deferred income tax assets	13,26	271,776	188,372
Assets held for sale		228,811	211,758
Other assets	4,6	25,967,859	14,815,438
Total assets		₩ 706,317,746	₩ 688,664,826
Liabilities			
Financial liabilities at fair value through profit or loss	4,6,14	₩ 12,044,419	₩ 12,271,604
Derivative financial liabilities	4,6,8	7,999,757	9,509,769
Deposits	4,6,15	396,081,606	393,928,904
Borrowings	4,6,16	69,261,997	71,717,366
Debentures	4,6,17	68,260,644	68,698,203
Insurance contract liabilities	30	46,840,867	45,920,012
Reinsurance contract liabilities	30	33,791	31,728
Provisions	18	978,309	933,701
Net defined benefit liabilities	19	112,351	85,745
Current income tax liabilities		507,874	998,681
Deferred income tax liabilities	13,26	2,044,588	1,574,954
Other liabilities	4,6	44,446,638	28,849,911
Total liabilities		648,612,841	634,520,578
Equity			
Share capital		2,090,558	2,090,558
Hybrid securities		5,032,803	4,434,251
Capital surplus		16,649,233	16,940,731
Accumulated other comprehensive income	28	1,910,088	1,312,522
Retained earnings		30,853,620	28,922,272
Treasury shares		(865,837)	(836,188)
Equity attributable to shareholders of the Parent Company	20	55,670,465	52,864,146
Non-controlling interests		2,034,440	1,280,102
Total equity		57,704,905	54,144,248
Total liabilities and equity		₩ 706,317,746	₩ 688,664,826

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

KB Financial Group Inc. and Subsidiaries
Consolidated Interim Statements of Comprehensive Income
Three-Month and Six-Month Periods Ended June 30, 2023 and 2022

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

	Notes	2023 (Unaudited)		2022 (Unaudited)	
		Three months	Six months	Three months	Six months
Interest income		₩ 7,130,660	₩ 13,997,243	₩ 4,693,448	₩ 8,999,760
Interest income from financial instruments at fair value through other comprehensive income and amortized cost		6,783,763	13,311,319	4,481,783	8,594,390
Interest income from financial instruments at fair value through profit or loss		341,149	674,626	207,412	396,149
Insurance finance interest income		5,748	11,298	4,253	9,221
Interest expense		(4,156,990)	(8,237,980)	(1,872,196)	(3,526,997)
Interest expense		(3,728,417)	(7,368,296)	(1,480,453)	(2,751,154)
Insurance finance interest expense		(428,573)	(869,684)	(391,743)	(775,843)
Net interest income	5,21	<u>2,973,670</u>	<u>5,759,263</u>	<u>2,821,252</u>	<u>5,472,763</u>
Fee and commission income		1,361,714	2,696,416	1,315,304	2,650,233
Fee and commission expense		(410,310)	(831,006)	(380,748)	(758,421)
Net fee and commission income	5,22	<u>951,404</u>	<u>1,865,410</u>	<u>934,556</u>	<u>1,891,812</u>
Insurance income		2,675,387	5,337,499	2,436,539	4,784,118
Insurance income		2,564,452	5,061,978	2,359,648	4,641,295
Reinsurance income		110,935	275,521	76,891	142,823
Insurance expense		(2,243,913)	(4,525,378)	(2,016,844)	(3,968,547)
Insurance service expense		(2,036,905)	(4,120,869)	(1,824,212)	(3,613,984)
Reinsurance expense		(207,008)	(404,509)	(192,632)	(354,563)
Net insurance income	5,30	<u>431,474</u>	<u>812,121</u>	<u>419,695</u>	<u>815,571</u>
Net gains (losses) on financial instruments at fair value through profit or loss	5,23	<u>385,907</u>	<u>1,159,314</u>	<u>(873,267)</u>	<u>(1,198,796)</u>
Other insurance finance income	30	<u>12,881</u>	<u>(221,149)</u>	<u>380,923</u>	<u>655,752</u>
Net other operating expenses	5,24	<u>(458,084)</u>	<u>(718,208)</u>	<u>(337,849)</u>	<u>(754,156)</u>
General and administrative expenses	5,19,25	<u>(1,592,942)</u>	<u>(3,159,228)</u>	<u>(1,552,854)</u>	<u>(3,034,232)</u>
Operating income before provision for credit losses	5	<u>2,704,310</u>	<u>5,497,523</u>	<u>1,792,456</u>	<u>3,848,714</u>
Provision for credit losses	5,7,9,10,18	<u>(651,297)</u>	<u>(1,319,485)</u>	<u>(329,694)</u>	<u>(475,543)</u>
Net operating income	5	<u>2,053,013</u>	<u>4,178,038</u>	<u>1,462,762</u>	<u>3,373,171</u>
Share of profit (loss) of investments in associates and joint ventures	5	6,945	4,449	(27,991)	(19,859)
Net other non-operating income (expenses)	5	(99,298)	(192,963)	220,643	221,787
Net non-operating income (expenses)		<u>(92,353)</u>	<u>(188,514)</u>	<u>192,652</u>	<u>201,928</u>
Profit before income tax expense	5	<u>1,960,660</u>	<u>3,989,524</u>	<u>1,655,414</u>	<u>3,575,099</u>
Income tax expense	5,26	<u>(455,889)</u>	<u>(985,539)</u>	<u>(440,928)</u>	<u>(889,079)</u>
Profit for the period	5	<u>1,504,771</u>	<u>3,003,985</u>	<u>1,214,486</u>	<u>2,686,020</u>

(Continued)

KB Financial Group Inc. and Subsidiaries
Consolidated Interim Statements of Comprehensive Income
Three-Month and Six-Month Periods Ended June 30, 2023 and 2022 (cont'd)

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

	Notes	2023 (Unaudited)		2022 (Unaudited)		
		Three months	Six months	Three months	Six months	
Items that will not be reclassified to profit or loss:						
Remeasurements of net defined benefit liabilities	₩	4,112	9,940	₩	(21,027)	(31,712)
Share of other comprehensive loss of associates and joint ventures		-	(2)	(2)	(2)	
Gains (losses) on equity securities at fair value through other comprehensive income		(13,261)	(13,371)	(499,498)	(717,299)	
Fair value changes of financial liabilities designated at fair value through profit or loss due to own credit risk		(610)	(50,585)	8,048	7,234	
		<u>(9,759)</u>	<u>(54,018)</u>	<u>(512,479)</u>	<u>(741,779)</u>	
Items that may be reclassified subsequently to profit or loss:						
Currency translation differences		(23,861)	91,958	181,849	265,794	
Losses on debt securities at fair value through other comprehensive income		(698,933)	826,524	(2,341,694)	(4,673,299)	
Share of other comprehensive income (loss) of associates and joint ventures		2,977	(1,181)	(54)	23	
Gains (losses) on cash flow hedging instruments	8	21,233	(14,232)	(6,765)	21,231	
Gains (losses) on hedging instruments of net investments in foreign operations	8	(9,263)	(39,396)	(71,817)	(95,983)	
Insurance finance income(expense)	30	865,039	(176,014)	2,429,526	5,115,611	
		<u>157,192</u>	<u>687,659</u>	<u>191,045</u>	<u>633,377</u>	
Other comprehensive income (loss) for the period, net of tax		<u>147,433</u>	<u>633,641</u>	<u>(321,434)</u>	<u>(108,402)</u>	
Total comprehensive income (loss) for the period		<u>₩ 1,652,204</u>	<u>₩ 3,637,626</u>	<u>₩ 893,052</u>	<u>₩ 2,577,618</u>	
Profit attributable to:						
Shareholders of the Parent Company	5	₩ 1,499,056	₩ 2,996,687	₩ 1,209,951	₩ 2,670,523	
Non-controlling interests		5,715	7,298	4,535	15,497	
		<u>₩ 1,504,771</u>	<u>₩ 3,003,985</u>	<u>₩ 1,214,486</u>	<u>₩ 2,686,020</u>	
Total comprehensive income (loss) for the period attributable to:						
Shareholders of the Parent Company		₩ 1,648,002	₩ 3,620,720	₩ 881,276	₩ 2,546,532	
Non-controlling interests		4,202	16,906	11,776	31,086	
		<u>₩ 1,652,204</u>	<u>₩ 3,637,626</u>	<u>₩ 893,052</u>	<u>₩ 2,577,618</u>	
Earnings per share (in Korean won)						
Basic earnings per share	29	₩ 3,776	₩ 7,530	₩ 3,032	₩ 6,723	
Diluted earnings per share		3,694	7,360	2,967	6,572	

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

KB Financial Group Inc. and Subsidiaries
Consolidated Interim Statements of Changes in Equity
Six-Month Periods Ended June 30, 2023 and 2022
(in millions of Korean won)

	Equity attributable to shareholders of the Parent Company									
	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, 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
Changes in accounting policies	-	-	-	367,477	-	748,903	-	-	-	1,116,380
Balance as of January 1, 2022 (After the restatement)	2,090,558	2,838,221	16,940,231	1,414,751	7,671	26,421,718	(1,136,188)	833,338		49,410,300
Comprehensive income for the period										
Profit for the period	-	-	-	-	-	2,670,523	-	15,497		2,686,020
Remeasurements of net defined benefit liabilities	-	-	-	(32,132)	-	-	-	420		(31,712)
Currency translation differences	-	-	-	256,944	(7,671)	-	-	16,521		265,794
Gains (losses) on financial instruments at fair value through other comprehensive income and transfer to retained earnings	-	-	-	(5,388,959)	-	(287)	-	(1,352)		(5,390,598)
Share of other comprehensive income of associates and joint ventures	-	-	-	21	-	-	-	-		21
Gains on cash flow hedging instruments	-	-	-	21,231	-	-	-	-		21,231
Losses on hedging instruments of net investments in foreign operations	-	-	-	(95,983)	-	-	-	-		(95,983)
Insurance finance income	-	-	-	5,115,611	-	-	-	-		5,115,611
Fair value changes of financial liabilities designated at fair value through profit or loss due to own credit risk	-	-	-	7,234	-	-	-	-		7,234
Total comprehensive income for the period	-	-	-	(116,033)	(7,671)	2,670,236	-	31,086		2,577,618
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	-	-	-	-	-	(194,817)	-	-		(194,817)
Issuance of hybrid securities	-	1,097,331	-	-	-	-	-	414,094		1,511,425
Dividends on hybrid securities	-	-	-	-	-	(51,184)	-	(12,950)		(64,134)
Retirement of treasury shares	-	-	-	-	-	(150,000)	150,000	-		-
Others	-	-	500	-	-	-	-	25,372		25,872
Total transactions with shareholders	-	1,097,331	500	-	-	(1,249,300)	150,000	426,516		425,047
Balance as of June 30, 2022 (Unaudited)	₩ 2,090,558	₩ 3,935,552	₩ 16,940,731	₩ 1,298,718	₩ -	₩ 27,842,654	₩ (986,188)	₩ 1,290,940	₩	₩ 52,412,965
Balance as of January 1, 2023	₩ 2,090,558	₩ 4,434,251	₩ 16,940,731	₩ 1,312,521	₩ -	₩ 28,922,273	₩ (836,188)	₩ 1,280,102	₩	₩ 54,144,248
Comprehensive income for the period										
Profit for the period	-	-	-	-	-	2,996,687	-	7,298		3,003,985
Remeasurements of net defined benefit liabilities	-	-	-	9,172	-	-	-	768		9,940
Currency translation differences	-	-	-	84,118	-	-	-	7,840		91,958
Losses on financial instruments at fair value through other comprehensive income and transfer to retained earnings	-	-	-	785,687	-	26,466	-	1,000		813,153
Share of other comprehensive income of associates and joint ventures	-	-	-	(1,183)	-	-	-	-		(1,183)
Gains on cash flow hedging instruments	-	-	-	(14,232)	-	-	-	-		(14,232)
Losses on hedging instruments of net investments in foreign operations	-	-	-	(39,396)	-	-	-	-		(39,396)
Insurance finance income	-	-	-	(176,014)	-	-	-	-		(176,014)
Fair value changes of financial liabilities designated at fair value through profit or loss due to own credit risk	-	-	-	(50,585)	-	-	-	-		(50,585)
Total comprehensive income for the period	-	-	-	597,567	-	3,023,153	-	16,906		3,637,626
Transactions with shareholders										
Annual dividends paid to shareholders of the Parent Company	-	-	-	-	-	(564,970)	-	-		(564,970)
Quarterly dividends paid to shareholders of the Parent Company	-	-	-	-	-	(195,967)	-	-		(195,967)
Issuance of hybrid securities	-	598,552	-	-	-	-	-	429,080		1,027,632
Dividends on hybrid securities	-	-	-	-	-	(88,773)	-	(25,921)		(114,694)
Acquisition of treasury shares	-	-	-	-	-	-	(271,745)	-		(271,745)
Retirement of treasury shares	-	-	-	-	-	(242,096)	242,096	-		-
Others	-	-	(291,498)	-	-	-	-	334,273		42,775
Total transactions with shareholders	-	598,552	(291,498)	-	-	(1,091,806)	(29,649)	737,432		(76,969)
Balance as of June 30, 2023 (Unaudited)	₩ 2,090,558	₩ 5,032,803	₩ 16,649,233	₩ 1,910,088	₩ -	₩ 30,853,620	₩ (865,837)	₩ 2,034,440	₩	₩ 57,704,905

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

KB Financial Group Inc. and Subsidiaries
Consolidated Interim Statements of Cash Flows
Six-Month Periods Ended June 30, 2023 and 2022

(in millions of Korean won)

Notes	2023 (Unaudited)	2022 (Unaudited)
Cash flows from operating activities		
Profit for the period	₩ 3,003,985	₩ 2,686,020
Adjustment for non-cash items		
Net losses (gains) on financial assets at fair value through profit or loss	(654,528)	986,866
Net losses on derivative financial instruments for hedging purposes	39,796	147,532
Provision for credit losses	1,319,485	475,543
Net losses (gains) on financial investments	58,854	84,758
Share of loss (profit) of associates and joint ventures	(4,449)	19,859
Depreciation and amortization expense	416,864	386,944
Other net losses (gains) on property and equipment/intangible assets	129,461	(254,470)
Share-based payments	26,668	23,180
Provision for policy reserves	-	(442)
Post-employment benefits	75,878	109,313
Net interest income	(23,093)	49,732
Losses (gains) on foreign currency translation	(75,977)	(391,409)
Insurance finance income	(4,435,110)	(5,018,994)
Reinsurance finance expense	609,189	580,225
Other expenses	382,765	389,942
	<u>(2,134,197)</u>	<u>(2,411,421)</u>
Changes in operating assets and liabilities		
Financial asset at fair value through profit or loss	(5,031,753)	3,562,503
Derivative financial instruments	(179,662)	483,560
Loans measured at fair value through other comprehensive income	(142,471)	(88,926)
Loans measured at amortized cost	(2,679,952)	(16,582,344)
Current income tax assets	(38,291)	(107,769)
Deferred income tax assets	(81,486)	57,043
Other assets	(10,127,577)	(7,424,202)
Financial liabilities at fair value through profit or loss	(701,456)	1,599,230
Deposits	1,225,865	2,705,696
Current income tax liabilities	(490,808)	269,465
Deferred income tax liabilities	269,162	(214,236)
Other liabilities	15,705,524	7,225,411
Insurance contract assets	(105,909)	(46,365)
Reinsurance contract assets	(639,700)	(437,262)
Insurance contract liabilities	5,086,743	5,210,659
Reinsurance contract liabilities	20,335	(56,151)
	<u>2,088,564</u>	<u>(3,843,688)</u>
Net cash outflow from operating activities	<u>2,958,352</u>	<u>(3,569,089)</u>

(Continued)

KB Financial Group Inc. and Subsidiaries
Consolidated Interim Statements of Cash Flows
Six-Month Periods Ended June 30, 2023 and 2022 (cont'd)

(in millions of Korean won)

	Notes	2023 (Unaudited)	2022 (Unaudited)
Cash flows from investing activities			
Net cash flows from derivative financial instruments for hedging purposes		(42,853)	(51,071)
Disposal of financial asset at fair value through profit or loss		6,292,046	3,059,578
Acquisition of financial asset at fair value through profit or loss		(4,933,456)	(6,951,325)
Disposal of financial investments		24,548,005	9,738,698
Acquisition of financial investments		(23,848,677)	(15,055,290)
Disposal of investments in associates and joint ventures		45,219	77,089
Acquisition of investments in associates and joint ventures		(26,592)	(171,483)
Disposal of property and equipment		2,175	12,311
Acquisition of property and equipment		(105,557)	(90,851)
Acquisition of investment property		(122,749)	(400)
Disposal of intangible assets		388	3,672
Acquisition of intangible assets		(184,574)	(77,629)
Net cash flows from changes in ownership of subsidiaries		470,172	411,985
Others		(368,531)	763,822
Net cash outflow from investing activities		1,725,016	(8,330,894)
Cash flows from financing activities			
Net cash flows from derivative financial instruments for hedging purposes		(17,200)	11,980
Net Increase (decrease) in borrowings		(2,760,981)	8,751,889
Increase in debentures		25,904,214	33,998,941
Decrease in debentures		(27,163,902)	(30,971,862)
Decrease in other payables to trust accounts		(129,072)	(527,367)
Dividends paid		(760,936)	(1,048,116)
Issuance of hybrid securities		598,552	1,097,331
Dividends paid on hybrid securities		(88,773)	(51,184)
Acquisition of treasury shares		(271,745)	-
Redemption of principal elements of lease payments		(127,528)	(135,249)
Increase in non-controlling interests		403,159	401,144
Others		(286,774)	514,637
Net cash inflow from financing activities		(4,700,986)	12,042,144
Effect of exchange rate changes on cash and cash equivalents		39,704	183,350
Net decrease in cash and cash equivalents		22,086	325,511
Cash and cash equivalents at the beginning of the period	31	26,534,798	26,033,162
Cash and cash equivalents at the end of the period	31	₩ 26,556,884	₩ 26,358,673

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

KB Financial Group Inc. and Subsidiaries

Notes to the Consolidated Interim Financial Statements

June 30, 2023 and 2022 (Unaudited), and December 31, 2022

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. Then in January 2023, it merged with another existing KB Life Insurance Co., Ltd. The Parent Company sold 100% shares of KB Credit Information Co., Ltd. to KB Kookmin Card Co., Ltd. on June 30, 2023.

The Parent Company’s share capital as of June 30, 2023, 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.

KB Financial Group Inc. and Subsidiaries

Notes to the Consolidated Interim Financial Statements

June 30, 2023 and 2022 (Unaudited), and December 31, 2022

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.

The Group's condensed consolidated interim financial statements for the six-month period ended June 30, 2023, have been prepared in accordance with Korean IFRS No.1034 *Interim Financial Reporting* and contain less information than is required in annual consolidated financial statements. Selected explanatory notes include descriptions of transactions or events that are significant in understanding change in financial position and financial performance of the Group since the end of the previous annual reporting period. These condensed consolidated interim financial statements have been prepared in accordance with Korean IFRS which is effective or early adopted as of June 30, 2023.

2.1.1 The Group has applied the following new and amended standards for the first time for its annual reporting period commencing January 1, 2023.

- *Amendments to Korean IFRS No.1117 Insurance Contract*

2.1.1.1 Major Accounting Policy Changes

Korean IFRS No.1117, '*Insurance Contracts*', which replaces Korean IFRS No.1104, '*Insurance Contracts*', is effective for fiscal years beginning on or after January 1, 2023. The main features of Korean IFRS No.1117 are the measurement of current value of insurance liabilities, recognition of insurance revenue on an accrual basis, and separation of investment components from host insurance contract. In other words, according to Korean IFRS No.1104, insurance liabilities are measured using past information (interest rates at the time of insurance sales, etc.), and when the company receives premiums, the premiums received are recognized as insurance revenue on a cash basis. On the other hand, according to Korean IFRS No.1117, insurance liabilities are measured at current value using a discount rate that reflects assumptions and risks at the present time (reporting time), and insurance revenue reflects services provided by insurance companies to policyholders for each fiscal year. Therefore, revenue is recognized on an accrual basis, and investment components are separated from host insurance contract. When an insurance company prepares financial statements by applying Korean IFRS No.1117, significant differences from the past financial statements are as follows.

KB Financial Group Inc. and Subsidiaries

Notes to the Consolidated Interim Financial Statements

June 30, 2023 and 2022 (Unaudited), and December 31, 2022

2.1.1 The Group has applied the following new and amended standards for the first time for its annual reporting period commencing January 1, 2023. (cont'd)

(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 detail, the Group identifies a group and portfolio of insurance contracts that are onerous based on the possibility of becoming onerous, similar risks and managed together. The possibility of becoming onerous of insurance contracts is determined by risk adjustment for non-financial risk and the ratio of contractual service margin at the initial recognition of the insurance contract. The Group determines the minimum level of group of insurance contracts at initial recognition as unit of account; and the level of the group determined is not reassessed subsequently. The Group does not include contracts issued more than one year apart within the same group of insurance contracts, except addressed in transition clauses.

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 was introduced, which means unearned profit that would be recognized by providing insurance service in the future.

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.

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 has selected accounting policy whether the insurance finance income or expenses for the periods are disaggregated to profit or loss, or other comprehensive income.

KB Financial Group Inc. and Subsidiaries

Notes to the Consolidated Interim Financial Statements

June 30, 2023 and 2022 (Unaudited), and December 31, 2022

2.1.1 The Group has applied the following new and amended standards for the first time for its annual reporting period commencing January 1, 2023. (cont'd)

(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 (the fully retrospective approach) 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 Life Insurance Co., Ltd. applied the fully retrospective approach for the group of insurance contracts issued within three years before the transition date as of January 1, 2022 (the contracts issued from 2019 to 2021); and applied the fair value approach for the group of insurance contracts issued three years before the transition date (the contracts issued before 2019). Especially, when applying the fully retrospective approach for the group of insurance contracts that former Prudential Life Insurance Company of Korea Ltd. had, the contractual service margin thereof for initial recognition was measured applying the fair value of the business combination in accordance with Korean IFRS No. 1117 paragraph for 'initial recognition of transfers of insurance contracts and business combinations'.

Additionally, KB Insurance Co., Ltd. applied the fully retrospective approach for the group of insurance contracts issued within four years before the transition date (the contracts issued from 2018 to 2021); and applied the fair value approach for the group of insurance contracts issued more than four years before the transition date (the contracts issued before 2018).

Under Korean IFRS No. 1117, the Group measures insurance liabilities at their present value using a discount rate that reflects assumptions and risks at current point in time (the reporting date). Generally, the general model is applied to general life insurance contracts, while the premium allocation approach is used for general non-life insurance contracts with a guaranteed period of one year or less at the initial recognition date.

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Notes to the Consolidated Interim Financial Statements
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2.1.1 The Group has applied the following new and amended standards for the first time for its annual reporting period commencing January 1, 2023. (cont'd)

Changes in major accounting policies following the application of Korean IFRS No.1117 are shown in the table below.

	Korean IFRS No.1104	Korean IFRS No.1117
Insurance liability measurement	Measured at cost using past information	Measured at current value using information at the time of reporting Necessary to select a conversion method that adjusts the past group of insurance contracts to the current value at the date of conversion. (Complete/modified retrospective method or fair value method applied)
Recognition of insurance revenue	Application of the cash basis in which premiums received are recognized as insurance revenue Investment-type items such as cancellation and maturity refunds are also included in insurance income.	Recognition of revenue by reflecting services provided to contractors by the Group for each fiscal year(accrual basis) Investment components (cancellation, maturity refund) are excluded from insurance income
Insurance contract loan	Recognized as a separate asset	Recognition as included in insurance liabilities
Unamortized new contract costs	Unamortized new contract costs are recorded as a separate asset Insurance liabilities are evaluated based on net insurance premiums (excluding business expenses)	Unamortized new contract costs are not separately recognized. Insurance liabilities are evaluated based on operating insurance premiums (including business expenses)

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

The effect of the change in accounting policy following the initial application of Korean IFRS No.1117 to the consolidated statement of financial position as of December 31, 2022 and the consolidated statement of comprehensive income for the six-month period ended June 30, 2022 is as follows.

When applying Korean IFRS No.1117, the Group's assets, liabilities and equity as of December 31, 2022 are ₩ 688,664,826 million, ₩ 634,520,578 million, and ₩ 54,144,248 million, respectively, and profit and total comprehensive income for the six-month period ended June 30, 2022 are ₩ 2,686,020 million and ₩ 2,577,618 million, respectively.

Compared to Korean IFRS No.1104, the Group's assets and liabilities as of December 31, 2022 decreased by ₩ 12,506,022 million and ₩ 17,007,356 million, respectively, and its equity increased by ₩ 4,501,334 million. Both profit and profit attributable to shareholders of the Parent Company decreased by ₩ 86,085 million, and total comprehensive income increased by ₩ 2,912,649 million for the six-month period ended June 30, 2022.

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2.1.1 The Group has applied the following new and amended standards for the first time for its annual reporting period commencing January 1, 2023. (cont'd)

1) Consolidated statement of financial position as of December 31, 2022

(In millions of Korean won)

Korean IFRS No.1104		Korean IFRS No.1117		Net increase (decrease)	
Assets		Assets			
Cash and due from financial institutions	₩ 32,063,421	Cash and due from financial institutions	₩ 32,474,750	₩	411,329
Financial assets at fair value through profit or loss	64,935,344	Financial assets at fair value through profit or loss	70,092,497		5,157,153
Derivative financial assets	9,446,134	Derivative financial assets	9,446,580		446
Loans measured at amortized cost	436,530,502	Loans measured at amortized cost	433,038,931		(3,491,571)
Financial investments	116,588,575	Financial investments	115,452,659		(1,135,916)
Investments in associates and joint ventures	682,670	Investments in associates and joint ventures	682,670		-
		Insurance contract assets	83,304		83,304
		Reinsurance contract assets	1,495,966		1,495,966
Property and equipment	4,991,467	Property and equipment	4,991,467		-
Investment properties	3,148,340	Investment properties	3,148,340		-
Intangible assets	3,200,399	Intangible assets	1,858,470		(1,341,929)
Net defined benefit assets	478,934	Net defined benefit assets	478,934		-
Current income tax assets	204,690	Current income tax assets	204,690		-
Deferred income tax assets	251,085	Deferred income tax assets	188,372		(62,713)
Assets held for sale	211,758	Assets held for sale	211,758		-
Other assets	28,437,529	Other assets	14,815,438		(13,622,091)
Total assets	₩ 701,170,848	Total assets	₩ 688,664,826	₩	(12,506,022)
Liabilities		Liabilities			
Financial liabilities at fair value through profit or loss	₩ 12,271,604	Financial liabilities at fair value through profit or loss	₩ 12,271,604	₩	-
Derivative financial liabilities	9,506,709	Derivative financial liabilities	9,509,769		3,060
Deposits	388,888,452	Deposits	393,928,904		5,040,452
Borrowings	71,717,366	Borrowings	71,717,366		-
Debentures	68,698,203	Debentures	68,698,203		-

KB Financial Group Inc. and Subsidiaries
Notes to the Consolidated Interim Financial Statements
June 30, 2023 and 2022 (Unaudited), and December 31, 2022

2.1.1 The Group has applied the following new and amended standards for the first time for its annual reporting period commencing January 1, 2023. (cont'd)

1) Consolidated statement of financial position as of December 31, 2022 (cont'd)

(In millions of Korean won)

Korean IFRS No.1104		Korean IFRS No.1117		Net increase (decrease)
Liabilities		Liabilities		
Insurance contract liabilities	58,230,303	Insurance contract liabilities	45,920,012	(12,310,291)
		Reinsurance contract liabilities	31,728	31,728
Provisions	968,819	Provisions	933,701	(35,118)
Net defined benefit liabilities	85,745	Net defined benefit liabilities	85,745	-
Current income tax liabilities	997,675	Current income tax liabilities	998,681	1,006
Deferred Income tax liabilities	22,693	Deferred Income tax liabilities	1,574,954	1,552,261
Other liabilities	40,140,365	Other liabilities	28,849,911	(11,290,454)
Total liabilities	₩ 651,527,934	Total liabilities	₩ 634,520,578	₩ (17,007,356)
Equity		Equity		
Share capital	₩ 2,090,558	Share capital	₩ 2,090,558	₩ -
Hybrid securities	4,434,251	Hybrid securities	4,434,251	-
Capital surplus	16,940,731	Capital surplus	16,940,731	-
Accumulated other comprehensive income	(2,713,053)	Accumulated other comprehensive income	1,312,522	4,025,575
Retained earnings	28,446,513	Retained earnings	28,922,272	475,759
Treasury stock	(836,188)	Treasury stock	(836,188)	-
Non-controlling interests	1,280,102	Non-controlling interests	1,280,102	-
Total equity	₩ 49,642,914	Total equity	₩ 54,144,248	₩ 4,501,334

KB Financial Group Inc. and Subsidiaries
Notes to the Consolidated Interim Financial Statements
June 30, 2023 and 2022 (Unaudited), and December 31, 2022

2.1.1 The Group has applied the following new and amended standards for the first time for its annual reporting period commencing January 1, 2023. (cont'd)

2) Consolidated statement of comprehensive income for the six-month period ended June 30, 2022

(In millions of Korean won)

Korean IFRS No.1104		Korean IFRS No.1117		Net increase (decrease)
Net interest income	₩ 6,295,819	Net interest income*	₩ 5,472,763	₩ (823,056)
Interest income	9,004,851	Interest income	8,999,760	(5,091)
Interest income on financial instruments measured at fair value through other comprehensive income and amortized cost	8,633,017	Interest income on financial instruments measured at fair value through other comprehensive income and amortized cost	8,594,390	(38,627)
Interest income on financial instruments measured at fair value through profit or loss	371,834	Interest income on financial instruments measured at fair value through profit or loss	396,149	24,315
Interest expenses	(2,709,032)	Insurance finance interest income	9,221	9,221
Interest expenses	(2,709,032)	Interest expenses	(3,526,997)	(817,965)
		Interest expenses	(2,709,030)	2
		Insurance finance interest expense	(817,967)	(817,967)
Net fee and commission income	1,789,878	Net fee and commission income	1,891,812	101,934
Fee and commission income	2,648,152	Fee and commission income	2,650,233	2,081
Fee and commission expense	(858,274)	Fee and commission expense	(758,421)	99,853
Net insurance income	354,989	Insurance service result	815,571	460,582
Insurance income	8,502,813	Insurance income	4,784,118	(3,718,695)
Insurance income	8,502,813	Insurance income	4,641,295	(3,861,518)
Insurance expense	(8,147,824)	Reinsurance income	142,823	142,823
Insurance expense	(8,147,824)	Insurance expense	(3,968,547)	4,179,277
		Insurance service expense	(3,613,984)	4,533,840
		Reinsurance expense	(354,563)	(354,563)
Net gains (losses) on financial instruments at fair value through profit or loss	(145,993)	Net gains (losses) on financial instruments at fair value through profit or loss	(1,198,796)	(1,052,803)
		Other insurance finance income	655,752	655,752
Net other operating expenses	(885,445)	Net other operating expenses	(754,156)	131,289
General and administrative expenses	(3,445,904)	General and administrative expenses	(3,034,232)	411,672
Operating profit before credit loss allowance	3,963,344	Operating profit before credit loss allowance	3,848,714	(114,630)
Provision for credit losses	(461,341)	Provision for credit losses	(475,543)	(14,202)
Operating income	3,502,003	Operating income	3,373,171	(128,832)

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2.1.1 The Group has applied the following new and amended standards for the first time for its annual reporting period commencing January 1, 2023. (cont'd)

2) Consolidated statement of comprehensive income for the six-month period ended June 30, 2022 (cont'd)

(In millions of Korean won)

Korean IFRS No.1104		Korean IFRS No.1117		Net increase (decrease)
Net non-operating income	₩ 199,429	Net non-operating income	₩ 201,928	₩ 2,499
Share of profit of associates and joint ventures	(19,859)	Share of profit of associates and joint ventures	(19,859)	-
Net other non-operating income (expenses)	219,288	Net other non-operating income (expenses)	221,787	2,499
Profit before income tax expense	3,701,432	Profit before income tax expense	3,575,099	(126,333)
Income tax expense	(929,327)	Income tax expense	(889,079)	40,248
Profit for the period	2,772,105	Profit for the period	2,686,020	(86,085)
Other comprehensive income for the period, net of tax	(3,107,136)	Other comprehensive income for the period, net of tax	(108,402)	2,998,734
Comprehensive income that will not be reclassified to profit or loss	(741,397)	Comprehensive income that will not be reclassified to profit or loss	(741,779)	(382)
Comprehensive income that may be reclassified subsequently to profit or loss	(2,365,739)	Comprehensive income that may be reclassified subsequently to profit or loss	633,377	2,999,116
Total comprehensive income for the period	(335,031)	Total comprehensive income for the period	2,577,618	2,912,649
Profit attributable to:	2,772,105	Profit attributable to:	2,686,020	(86,085)
Shareholders of the Parent Company	2,756,608	Shareholders of the Parent Company	2,670,523	(86,085)
Non-controlling interests	15,497	Non-controlling interests	15,497	-
Total comprehensive income for the period attributable to:	(335,031)	Total comprehensive income for the period attributable to:	2,577,618	2,912,649
Shareholders of the Parent Company	(366,117)	Shareholders of the Parent Company	2,546,532	2,912,649
Non-controlling interests	31,086	Non-controlling interests	31,086	-

* Includes insurance interest expense on insurance contract liabilities.

KB Financial Group Inc. and Subsidiaries

Notes to the Consolidated Interim Financial Statements

June 30, 2023 and 2022 (Unaudited), and December 31, 2022

2.1.1 The Group has applied the following new and amended standards for the first time for its annual reporting period commencing January 1, 2023. (cont'd)

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

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

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Notes to the Consolidated Interim Financial Statements
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2.1.2 Restatement of cash flow statement for the six-month period ended June 30, 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 until September 30, 2022; 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, from October 1, 2022, the Group has retrospectively classified these accounts as cash and cash equivalents. The comparative consolidated statements of cash flows have been restated to reflect the changes made to retrospective application.

The effects on the consolidated statements of cash flows for the six-month period ended June 30, 2022, are as follows:

(In millions of Korean won)

	2022
Increase in changes in other assets	₩ 390,908
Increase in effect of exchange rate changes on cash and cash equivalents in foreign currency	127,227
Increase in beginning balance of cash and cash equivalents	16,164,813
Increase in ending balance of cash and cash equivalents	16,682,948

2.1.3 The following are the accounting standards that have been established or announced but have not yet been implemented, which the Group has not applied.

- Amendment of K-IFRS No.1001 "Presentation of Financial Statements" - Classification of Liabilities into Current and Non-Current, and Non-current Liabilities with Covenants

Liabilities are classified as current or non-current based on their substantive rights existing at the end of the reporting period, without considering the possibility of exercising the right to delay the payment or the management's expectations. Also, even if the transfer of equity instruments is included in the payment of liabilities, it is excluded if the option to pay with equity instruments is recognized separately from the liability in a compound financial instrument and meets the definition of equity instruments. In addition, agreements that the Group must comply with after the end of the reporting period do not affect the classification of the relevant liabilities at the end of the reporting period; further, if liabilities that must comply with agreements within 12 months after the reporting period are classified as non-current liabilities as of the end of the reporting period, the entity should disclose the risk that the liabilities may be repaid within 12 months after the reporting period. This amendment will be applied to the financial statements for the accounting year beginning on or after January 1, 2024. The Group expects that this amendment will not have a significant impact on the consolidated financial statements.

KB Financial Group Inc. and Subsidiaries

Notes to the Consolidated Interim Financial Statements

June 30, 2023 and 2022 (Unaudited), and December 31, 2022

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.

2.4 Critical Accounting Estimates

The preparation of the consolidated financial statements requires the application of accounting policies, certain critical accounting estimates and assumptions that may have a significant impact on the assets (liabilities) and incomes (expenses). Management’s estimates of outcomes may differ from actual outcomes if management’s estimates and assumptions based on management’s best judgment at the reporting date 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.

Significant accounting estimates and assumptions applied in the preparation of these condensed consolidated interim financial statements are the same as those applied to the consolidated financial statements for the year ended December 31, 2022, except for the estimates used to determine income tax expense.

3. Material Accounting Policies

The material accounting policies and calculation methods applied in the preparation of these condensed consolidated interim financial statements are the same as those applied to the consolidated financial statements for the year ended December 31, 2022, except for the impact of changes due to adopting new and amended standards and interpretations described in Note 2.1 and below paragraph.

Income tax expense for the interim period is measured applying the expected average annual income tax rate for the expected total annual income.

KB Financial Group Inc. and Subsidiaries

Notes to the Consolidated Interim Financial Statements

June 30, 2023 and 2022 (Unaudited), and December 31, 2022

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 June 30, 2023 and December 31, 2022, are as follows:

(In millions of Korean won)

	June 30, 2023	December 31, 2022
Financial assets		
Due from financial institutions measured at amortized cost *	₩ 29,033,323	₩ 29,912,097
Financial assets at fair value through profit or loss:		
Due from financial institutions measured at fair value through profit or loss	103,568	69,469
Securities measured at fair value through profit or loss	69,927,581	65,899,397
Loans measured at fair value through profit or loss	176,945	493,562
Financial instruments indexed to the price of gold	89,012	90,006
Derivatives	8,195,304	9,446,580
Loans measured at amortized cost *	434,953,555	433,038,931
Financial investments:		
Securities measured at fair value through other comprehensive income	76,856,309	76,648,353
Securities measured at amortized cost *	36,885,994	35,919,241
Loans measured at fair value through other comprehensive income	691,667	549,272
Other financial assets *	21,470,146	10,718,383
	<u>678,383,404</u>	<u>662,785,291</u>
Off-balance sheet items		
Acceptances and guarantees contracts	14,050,848	12,425,753
Financial guarantee contracts	9,286,273	8,297,042
Commitments	195,746,978	188,295,902
	<u>219,084,099</u>	<u>209,018,697</u>
	<u>₩ 897,467,503</u>	<u>₩ 871,803,988</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 June 30, 2023 and December 31, 2022, are as follows:

(In millions of Korean won)

	June 30, 2023				
	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	₩ 139,381,800	₩ 5,031,235	₩ 3,013	₩ -	₩ 144,416,048
Grade 2	65,940,920	8,214,060	125,497	-	74,280,477
Grade 3	4,110,779	3,521,744	7,400	-	7,639,923
Grade 4	711,715	999,580	18,266	-	1,729,561
Grade 5	88,996	515,377	2,574,280	-	3,178,653
	<u>210,234,210</u>	<u>18,281,996</u>	<u>2,728,456</u>	<u>-</u>	<u>231,244,662</u>
Retail					
Grade 1	161,298,495	4,043,237	10,325	-	165,352,057
Grade 2	8,384,351	3,684,646	35,863	-	12,104,860
Grade 3	5,061,029	1,492,902	26,907	-	6,580,838
Grade 4	220,008	360,067	27,355	-	607,430
Grade 5	45,271	867,572	1,011,662	-	1,924,505
	<u>175,009,154</u>	<u>10,448,424</u>	<u>1,112,112</u>	<u>-</u>	<u>186,569,690</u>
Credit card					
Grade 1	11,569,156	336,983	-	-	11,906,139
Grade 2	4,848,940	817,634	-	-	5,666,574
Grade 3	1,631,656	1,513,257	-	-	3,144,913
Grade 4	7,582	296,138	-	-	303,720
Grade 5	4,059	176,067	750,671	-	930,797
	<u>18,061,393</u>	<u>3,140,079</u>	<u>750,671</u>	<u>-</u>	<u>21,952,143</u>
	<u>403,304,757</u>	<u>31,870,499</u>	<u>4,591,239</u>	<u>-</u>	<u>439,766,495</u>
Loans measured at fair value through other comprehensive income					
Corporate					
Grade1	629,664	-	-	-	629,664
Grade2	62,003	-	-	-	62,003
Grade3	-	-	-	-	-
Grade4	-	-	-	-	-
Grade5	-	-	-	-	-
	<u>691,667</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>691,667</u>
	<u>691,667</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>691,667</u>
	<u>₩ 403,996,424</u>	<u>₩ 31,870,499</u>	<u>₩ 4,591,239</u>	<u>₩ -</u>	<u>₩ 440,458,162</u>

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4.2.4.1 Credit risk exposure (cont'd)

(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	₩ 134,819,382	₩ 5,877,660	₩ 3,372	₩ -	₩ 140,700,414
Grade 2	65,653,118	8,585,346	4,480	-	74,242,944
Grade 3	4,054,714	3,221,267	14,694	-	7,290,675
Grade 4	570,671	922,748	34,298	-	1,527,717
Grade 5	11,909	419,058	1,959,706	-	2,390,673
	<u>205,109,794</u>	<u>19,026,079</u>	<u>2,016,550</u>	<u>-</u>	<u>226,152,423</u>
Retail					
Grade 1	164,125,295	4,240,281	11,287	-	168,376,863
Grade 2	8,100,613	3,846,756	32,878	-	11,980,247
Grade 3	4,320,640	1,477,297	25,600	-	5,823,537
Grade 4	306,655	315,357	32,330	-	654,342
Grade 5	26,013	742,720	834,178	-	1,602,911
	<u>176,879,216</u>	<u>10,622,411</u>	<u>936,273</u>	<u>-</u>	<u>188,437,900</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>399,071,490</u>	<u>34,580,502</u>	<u>3,547,924</u>	<u>-</u>	<u>437,199,916</u>
Loans measured at fair value through other comprehensive income					
Corporate					
Grade1	489,445	-	-	-	489,445
Grade2	59,827	-	-	-	59,827
Grade3	-	-	-	-	-
Grade4	-	-	-	-	-
Grade5	-	-	-	-	-
	<u>549,272</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>549,272</u>
	<u>549,272</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>549,272</u>
	<u>₩ 399,620,762</u>	<u>₩ 34,580,502</u>	<u>₩ 3,547,924</u>	<u>₩ -</u>	<u>₩ 437,749,188</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 June 30, 2023 and December 31, 2022, 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 June 30, 2023 and December 31, 2022, are as follows:

(In millions of Korean won)

	12-month expected credit losses	June 30, 2023		
		Lifetime expected credit losses		
		Non-impaired	Impaired	Total
Guarantees	₩ 104,213,017	₩ 7,079,904	₩ 401,730	₩ 111,694,651
Deposits and savings	1,761,449	114,767	49,857	1,926,073
Property and equipment	14,307,647	996,049	202,577	15,506,273
Real estate	191,087,924	16,099,064	2,051,838	209,238,826
	₩ 311,370,037	₩ 24,289,784	₩ 2,706,002	₩ 338,365,823

(In millions of Korean won)

	12-month expected credit losses	December 31, 2022		
		Lifetime expected credit losses		
		Non-impaired	Impaired	Total
Guarantees	₩ 100,429,157	₩ 7,060,738	₩ 301,688	₩ 107,791,583
Deposits and savings	1,855,720	141,016	46,984	2,043,720
Property and equipment	14,648,523	1,002,291	180,103	15,830,917
Real estate	191,121,014	15,793,644	1,708,145	208,622,803
	₩ 308,054,414	₩ 23,997,689	₩ 2,236,920	₩ 334,289,023

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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 June 30, 2023 and December 31, 2022, are as follows:

(In millions of Korean won)

	June 30, 2023				
	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	₩ 34,023,749	₩ -	₩ -	₩ -	₩ 34,023,749
Grade 2	2,875,034	-	-	-	2,875,034
Grade 3	1,329	-	-	-	1,329
Grade 4	-	-	-	-	-
Grade 5	-	-	-	-	-
	<u>36,900,112</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,900,112</u>
Securities measured at fair value through other comprehensive income					
Grade 1	70,396,925	-	-	-	70,396,925
Grade 2	6,397,799	-	-	-	6,397,799
Grade 3	61,585	-	-	-	61,585
Grade 4	-	-	-	-	-
Grade 5	-	-	-	-	-
	<u>76,856,309</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>76,856,309</u>
	<u>₩ 113,756,421</u>	<u>₩ -</u>	<u>₩ -</u>	<u>₩ -</u>	<u>₩ 113,756,421</u>

(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	₩ 34,211,405	₩ -	₩ -	₩ -	₩ 34,211,405
Grade 2	1,713,414	-	-	-	1,713,414
Grade 3	-	-	-	-	-
Grade 4	-	-	-	-	-
Grade 5	-	-	-	-	-
	<u>35,924,819</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,924,819</u>
Securities measured at fair value through other comprehensive income					
Grade 1	70,830,502	-	-	-	70,830,502
Grade 2	5,669,442	53,861	-	-	5,723,303
Grade 3	66,797	9,169	-	-	75,966
Grade 4	13,942	4,640	-	-	18,582
Grade 5	-	-	-	-	-
	<u>76,580,683</u>	<u>67,670</u>	<u>-</u>	<u>-</u>	<u>76,648,353</u>
	<u>₩ 112,505,502</u>	<u>₩ 67,670</u>	<u>₩ -</u>	<u>₩ -</u>	<u>₩ 112,573,172</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 June 30, 2023 and December 31, 2022, 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 June 30, 2023 and December 31, 2022, are as follows:

(In millions of Korean won)

	June 30, 2023						
	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	₩	27,935,652	₩	-	₩	-	₩ 27,935,652
Grade 2		532,810		-		-	532,810
Grade 3		30		-		-	30
Grade 4		-		-		-	-
Grade 5		566,232		-		-	566,232
	₩	29,034,724	₩	-	₩	-	₩ 29,034,724

(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	₩	28,023,879	₩	-	₩	-	₩ 28,023,879
Grade 2		1,428,663		-		-	1,428,663
Grade 3		-		-		-	-
Grade 4		-		-		-	-
Grade 5		462,298		-		-	462,298
	₩	29,914,840	₩	-	₩	-	₩ 29,914,840

* Before netting of allowance

The classification criteria of the credit qualities of due from financial institutions as of June 30, 2023 and December 31, 2022, are the same as the criteria for securities other than equity securities.

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4.2.7 Credit risk concentration analysis

4.2.7.1 Classifications of corporate loans by industry as of June 30, 2023 and December 31, 2022, are as follows:

(In millions of Korean won)

June 30, 2023					
		Loans	%	Allowances	Carrying amount
Financial institutions	₩	24,278,587	10.46	₩ (51,971)	₩ 24,226,616
Manufacturing		53,072,116	22.86	(688,233)	52,383,883
Service		102,048,916	43.97	(736,088)	101,312,828
Wholesale and retail		30,061,310	12.95	(481,312)	29,579,998
Construction		6,937,562	2.99	(273,531)	6,664,031
Public sector		2,149,446	0.92	(110,055)	2,039,391
Others		13,565,337	5.85	(243,049)	13,322,288
	₩	232,113,274	100.00	₩ (2,584,239)	₩ 229,529,035

(In millions of Korean won)

December 31, 2022					
		Loans	%	Allowances	Carrying amount
Financial institutions	₩	23,832,403	10.49	₩ (52,250)	₩ 23,780,153
Manufacturing		53,293,160	23.46	(575,186)	52,717,974
Service		98,549,099	43.38	(479,709)	98,069,390
Wholesale and retail		29,712,579	13.08	(352,208)	29,360,371
Construction		6,906,750	3.04	(228,782)	6,677,968
Public sector		1,940,133	0.85	(84,436)	1,855,697
Others		12,961,133	5.70	(213,205)	12,747,928
	₩	227,195,257	100.00	₩ (1,985,776)	₩ 225,209,481

4.2.7.2 Classifications of retail loans and credit card receivables as of June 30, 2023 and December 31, 2022, are as follows:

(In millions of Korean won)

June 30, 2023					
		Loans	%	Allowances	Carrying amount
Housing loan	₩	93,408,807	44.80	₩ (195,302)	₩ 93,213,505
General loan		93,160,883	44.68	(1,128,041)	92,032,842
Credit card		21,952,143	10.52	(905,358)	21,046,785
	₩	208,521,833	100.00	₩ (2,228,701)	₩ 206,293,132

(In millions of Korean won)

December 31, 2022					
		Loans	%	Allowances	Carrying amount
Housing loan	₩	94,767,212	44.90	₩ (163,348)	₩ 94,603,864
General loan		93,670,687	44.38	(1,174,018)	92,496,669
Credit card		22,609,593	10.72	(837,842)	21,771,751
	₩	211,047,492	100.00	₩ (2,175,208)	₩ 208,872,284

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4.2.7.3 Classifications of due from financial institutions, securities other than equity securities, and derivative financial assets by industry as of June 30, 2023 and December 31, 2022, are as follows:

(In millions of Korean won)

	June 30, 2023			
	Amount	%	Allowances	Carrying amount
Due from financial institutions measured at amortized cost				
Finance and insurance	₩ 29,034,724	100.00	₩ (1,401)	₩ 29,033,323
	<u>29,034,724</u>	<u>100.00</u>	<u>(1,401)</u>	<u>29,033,323</u>
Due from financial institutions measured at fair value through profit or loss				
Finance and insurance	103,568	100.00	-	103,568
	<u>103,568</u>	<u>100.00</u>	<u>-</u>	<u>103,568</u>
Securities measured at fair value through profit or loss				
Government and government funded institutions	20,786,761	29.73	-	20,786,761
Finance and insurance	35,231,966	50.38	-	35,231,966
Others	13,908,854	19.89	-	13,908,854
	<u>69,927,581</u>	<u>100.00</u>	<u>-</u>	<u>69,927,581</u>
Derivative financial assets				
Government and government funded institutions	49,063	0.60	-	49,063
Finance and insurance	7,746,824	94.53	-	7,746,824
Others	399,417	4.87	-	399,417
	<u>8,195,304</u>	<u>100.00</u>	<u>-</u>	<u>8,195,304</u>
Securities measured at fair value through other comprehensive income				
Government and government funded institutions	41,928,865	54.55	-	41,928,865
Finance and insurance	22,973,192	29.89	-	22,973,192
Others	11,954,252	15.56	-	11,954,252
	<u>76,856,309</u>	<u>100.00</u>	<u>-</u>	<u>76,856,309</u>
Securities measured at amortized cost				
Government and government funded institutions	16,677,725	45.20	(716)	16,677,009
Finance and insurance	19,449,338	52.70	(12,418)	19,436,920
Others	773,049	2.10	(984)	772,065
	<u>36,900,112</u>	<u>100.00</u>	<u>(14,118)</u>	<u>36,885,994</u>
	<u>₩ 221,017,598</u>		<u>₩ (15,519)</u>	<u>₩ 221,002,079</u>

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4.2.7.3 Classifications of due from financial institutions, securities other than equity securities, and derivative financial assets by industry as of June 30, 2023 and December 31, 2022, are as follows: (cont'd)

(In millions of Korean won)

	December 31, 2022			
	Amount	%	Allowances	Carrying amount
Due from financial institutions measured at amortized cost				
Finance and insurance	₩ 29,914,840	100.00	₩ (2,743)	₩ 29,912,097
	<u>29,914,840</u>	<u>100.00</u>	<u>(2,743)</u>	<u>29,912,097</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	16,556,811	25.12	-	16,556,811
Finance and insurance	37,674,363	57.17	-	37,674,363
Others	11,668,223	17.71	-	11,668,223
	<u>65,899,397</u>	<u>100.00</u>	<u>-</u>	<u>65,899,397</u>
Derivative financial assets				
Government and government funded institutions	58,060	0.61	-	58,060
Finance and insurance	8,988,025	95.15	-	8,988,025
Others	400,495	4.24	-	400,495
	<u>9,446,580</u>	<u>100.00</u>	<u>-</u>	<u>9,446,580</u>
Securities measured at fair value through other comprehensive income				
Government and government funded institutions	41,566,376	54.23	-	41,566,376
Finance and insurance	22,463,066	29.31	-	22,463,066
Others	12,618,911	16.46	-	12,618,911
	<u>76,648,353</u>	<u>100.00</u>	<u>-</u>	<u>76,648,353</u>
Securities measured at amortized cost				
Government and government funded institutions	16,984,957	47.28	(3)	16,984,954
Finance and insurance	18,368,966	51.13	(5,212)	18,363,754
Others	570,896	1.59	(363)	570,533
	<u>35,924,819</u>	<u>100.00</u>	<u>(5,578)</u>	<u>35,919,241</u>
	<u>₩ 217,903,458</u>		<u>₩ (8,321)</u>	<u>₩ 217,895,137</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 June 30, 2023 and December 31 2022, are as follows:

(In millions of Korean won)

	June 30, 2023													
	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	₩	2,771,385	₩	-	₩	-	₩	-	₩	-	₩	-	₩	2,771,385
Financial liabilities designated at fair value through profit or loss ¹		9,273,034		-		-		-		-		-		9,273,034
Derivatives held for trading ¹		7,684,748		-		-		-		-		-		7,684,748
Derivatives held for hedging ²		32,520		6,730		10,082		69,813		109,479		4,821		233,445
Deposits ³		167,983,534		27,152,311		45,888,243		144,305,179		15,067,665		1,134,647		401,531,579
Borrowings		10,752,253		17,983,406		7,369,529		21,414,670		12,192,811		1,139,696		70,852,365
Debentures		10,496		5,960,303		7,809,327		16,461,519		36,116,304		6,298,396		72,656,345
Lease liabilities		204		26,666		43,936		166,552		359,431		22,358		619,147
Other financial liabilities		136,205		31,077,481		205,228		288,102		990,366		386,281		33,083,663
	₩	198,644,379	₩	82,206,897	₩	61,326,345	₩	182,705,835	₩	64,836,056	₩	8,986,199	₩	598,705,711
Off-balance sheet items														
Commitments ⁴	₩	195,746,978	₩	-	₩	-	₩	-	₩	-	₩	-	₩	195,746,978
Acceptances and guarantees contracts		14,050,848		-		-		-		-		-		14,050,848
Financial guarantee contracts ⁵		9,286,273		-		-		-		-		-		9,286,273
	₩	219,084,099	₩	-	₩	-	₩	-	₩	-	₩	-	₩	219,084,099

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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 June 30, 2023 and December 31 2022, are as follows: (cont'd)

(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		175,530,178		29,911,835		45,245,496		131,765,097		17,979,299		1,129,024		401,560,929
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
	₩	205,033,315	₩	75,722,810	₩	61,698,415	₩	172,540,066	₩	65,540,274	₩	9,208,243	₩	589,743,123
Off-balance sheet items														
Commitments ⁴	₩	188,295,902	₩	-	₩	-	₩	-	₩	-	₩	-	₩	188,295,902
Acceptances and guarantees contracts		12,425,753		-		-		-		-		-		12,425,753
Financial guarantee contracts ⁵		8,297,042		-		-		-		-		-		8,297,042
	₩	209,018,697	₩	-	₩	-	₩	-	₩	-	₩	-	₩	209,018,697

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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4.4 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 Financial Planning 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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4.5 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.

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 for the six-month periods ended June 30, 2023 and 2022, are as follows:

(In millions of Korean won)

	2023										
	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	₩ 2,757,780	₩ 2,293,457	₩ 22,473	₩ 5,073,710	₩ 987,275	₩ 818,874	₩ 1,001,622	₩ 190,378	₩ 584,892	₩ -	₩ 8,656,751
Intersegment net operating revenues (expenses)	200,313	-	91,765	292,078	(50,393)	(36,182)	(74,976)	10,272	185,890	(326,689)	-
	2,958,093	2,293,457	114,238	5,365,788	936,882	782,692	926,646	200,650	770,782	(326,689)	8,656,751
Net interest income	2,718,847	1,763,845	327,629	4,810,321	289,980	(104,111)	805,090	(235,892)	296,059	(102,184)	5,759,263
Interest income	5,587,376	3,790,618	1,368,463	10,746,457	834,266	388,955	1,142,209	282,804	657,148	(54,596)	13,997,243
Interest expense	(2,868,529)	(2,026,773)	(1,040,834)	(5,936,136)	(544,286)	(493,066)	(337,119)	(518,696)	(361,089)	(47,588)	(8,237,980)
Net fee and commission income (expenses)	215,945	144,649	236,657	597,251	385,680	(13,325)	294,923	(5,722)	590,432	16,171	1,865,410
Fee and commission income	298,478	215,389	295,742	809,609	504,454	13,528	863,163	957	664,939	(160,234)	2,696,416
Fee and commission expense	(82,533)	(70,740)	(59,085)	(212,358)	(118,774)	(26,853)	(568,240)	(6,679)	(74,507)	176,405	(831,006)
Net insurance income	-	-	-	-	-	592,727	4,918	224,142	-	(9,666)	812,121
Insurance income	-	-	-	-	-	4,897,948	10,827	447,165	-	(18,441)	5,337,499
Insurance expense	-	-	-	-	-	(4,305,221)	(5,909)	(223,023)	-	8,775	(4,525,378)
Net gains (losses) on financial instruments at fair value through profit or loss	(2,365)	-	329,842	327,477	211,386	285,474	4,588	433,511	118,893	(222,015)	1,159,314
Net other insurance finance expense	-	-	-	-	-	(2,400)	-	(218,749)	-	-	(221,149)
Net other operating income (expenses)	25,666	384,963	(779,890)	(369,261)	49,836	24,327	(182,873)	3,360	(234,602)	(8,995)	(718,208)

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5.1 Overall Segment Information and Business Segments (cont'd)

(In millions of Korean won)

	2023										
	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	₩ (923,691)	₩ (898,675)	₩ (285,062)	₩ (2,107,428)	₩ (461,160)	₩ (72,413)	₩ (302,602)	₩ (49,630)	₩ (225,990)	₩ 59,995	₩ (3,159,228)
Operating income (expenses) before provision for credit losses	2,034,402	1,394,782	(170,824)	3,258,360	475,722	710,279	624,044	151,020	544,792	(266,694)	5,497,523
Reversal (provision) of credit losses	(804,105)	(14,559)	50,456	(768,208)	(21,223)	140	(363,547)	471	(169,532)	2,414	(1,319,485)
Net operating income (expenses)	1,230,297	1,380,223	(120,368)	2,490,152	454,499	710,419	260,497	151,491	375,260	(264,280)	4,178,038
Share of profit (loss) of associates and joint ventures	-	-	7,685	7,685	(15,097)	1,214	579	-	7,397	2,671	4,449
Net other non-operating income (expenses)	(4,201)	-	(70,385)	(74,586)	(111,576)	2,939	(1,498)	4,620	3,666	(16,528)	(192,963)
Segment profit (loss) before income tax expense	1,226,096	1,380,223	(183,068)	2,423,251	327,826	714,572	259,578	156,111	386,323	(278,137)	3,989,524
Income tax benefit (expense)	(258,869)	(338,685)	16,168	(581,386)	(78,237)	(189,007)	(65,453)	(33,368)	(56,156)	18,068	(985,539)
Profit (loss) for the period	₩ 967,227	₩ 1,041,538	₩ (166,900)	₩ 1,841,865	₩ 249,589	₩ 525,565	₩ 194,125	₩ 122,743	₩ 330,167	₩ (260,069)	₩ 3,003,985
Profit (loss) attributable to shareholders of the Parent Company	986,747	1,041,538	(169,777)	1,858,508	249,574	525,218	192,855	122,743	328,798	(281,009)	2,996,687
Profit (loss) attributable to non-controlling interests	(19,520)	-	2,877	(16,643)	15	347	1,270	-	1,369	20,940	7,298
Total assets *	217,529,545	162,326,927	144,648,043	524,504,515	63,012,587	35,349,569	29,255,855	30,074,809	62,247,415	(38,127,004)	706,317,746
Total liabilities *	202,111,034	192,506,028	94,928,948	489,546,010	56,885,591	29,353,392	24,552,730	25,953,984	24,414,796	(2,093,662)	648,612,841

* Assets and liabilities of the reporting segments are amounts before intersegment transactions.

5.1 Overall Segment Information and Business Segments (cont'd)

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	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 from external customers	₩ 2,159,211	₩ 1,871,347	₩ 156,639	₩ 4,187,197	₩ 663,370	₩ 659,899	₩ 902,792	₩ (14,245)	₩ 483,933	₩ -	₩ 6,882,946
Intersegment net operating revenues (expenses)	7,271	-	322,706	329,977	(931)	(98,305)	(63,304)	(45,708)	70,522	(192,251)	-
	2,166,482	1,871,347	479,345	4,517,174	662,439	561,594	839,488	(59,953)	554,455	(192,251)	6,882,946
Net interest income	2,194,240	1,972,366	273,591	4,440,197	264,754	(44,624)	722,117	(179,737)	271,272	(1,216)	5,472,763
Interest income	3,255,451	2,599,377	634,765	6,489,593	498,618	331,267	937,149	275,340	491,015	(23,222)	8,999,760
Interest expense	(1,061,211)	(627,011)	(361,174)	(2,049,396)	(233,864)	(375,891)	(215,032)	(455,077)	(219,743)	22,006	(3,526,997)
Net fee and commission income (expenses)	191,774	128,275	229,094	549,143	510,793	(14,601)	290,679	(2,994)	553,953	4,839	1,891,812
Fee and commission income	266,331	197,905	288,335	752,571	610,722	10,944	811,148	915	620,917	(156,984)	2,650,233
Fee and commission expense	(74,557)	(69,630)	(59,241)	(203,428)	(99,929)	(25,545)	(520,469)	(3,909)	(66,964)	161,823	(758,421)
Net insurance income	-	-	-	-	-	652,073	5,326	169,637	-	(11,465)	815,571
Insurance income	-	-	-	-	-	4,406,049	10,024	386,474	-	(18,429)	4,784,118
Insurance expense	-	-	-	-	-	(3,753,976)	(4,698)	(216,837)	-	6,964	(3,968,547)
Net gains (losses) on financial instruments at fair value through profit or loss	65,786	-	(59,804)	5,982	(124,030)	(38,353)	1,498	(776,921)	(118,678)	(148,294)	(1,198,796)
Net other insurance finance income	-	-	-	-	-	4,730	-	651,022	-	-	655,752
Net other operating income (expenses)	(285,318)	(229,294)	36,464	(478,148)	10,922	2,369	(180,132)	79,040	(152,092)	(36,115)	(754,156)

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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	₩ (909,018)	₩ (932,842)	₩ (272,983)	₩ (2,114,843)	₩ (415,391)	₩ (64,156)	₩ (274,694)	₩ (20,881)	₩ (205,769)	₩ 61,502	₩ (3,034,232)
Operating income before provision for credit losses	1,257,464	938,505	206,362	2,402,331	247,048	497,438	564,794	(80,834)	348,686	(130,749)	3,848,714
Reversal (provision) of credit losses	17,716	(149,113)	(63,326)	(194,723)	(14,515)	577	(227,266)	276	(40,899)	1,007	(475,543)
Net operating income	1,275,180	789,392	143,036	2,207,608	232,533	498,015	337,528	(80,558)	307,787	(129,742)	3,373,171
Share of profit (loss) of associates and joint ventures	-	-	18,976	18,976	1,834	(129)	1,456	-	2,517	(44,513)	(19,859)
Net other non-operating income (expenses)	(9,960)	-	14,252	4,292	12,294	216,307	(1,627)	3,960	(825)	(12,614)	221,787
Segment profit before income tax expense	1,265,220	789,392	176,264	2,230,876	246,661	714,193	337,357	(76,598)	309,479	(186,869)	3,575,099
Income tax expense	(286,692)	(188,338)	(31,392)	(506,422)	(64,250)	(187,667)	(89,386)	9,041	(74,301)	23,906	(889,079)
Profit for the period	₩ 978,528	₩ 601,054	₩ 144,872	₩ 1,724,454	₩ 182,411	₩ 526,526	₩ 247,971	₩ (67,557)	₩ 235,178	₩ (162,963)	₩ 2,686,020
Profit attributable to shareholders of the Parent Company	978,293	601,054	147,093	1,726,440	182,030	526,202	245,657	(67,557)	232,282	(174,531)	2,670,523
Profit (loss) attributable to non-controlling interests	235	-	(2,221)	(1,986)	381	324	2,314	-	2,896	11,568	15,497
Total assets *	211,989,036	165,273,848	140,506,628	517,769,512	53,824,245	34,743,259	29,721,017	29,989,683	60,219,661	(37,602,551)	688,664,826
Total liabilities *	205,382,625	191,786,626	86,877,002	484,046,253	47,946,933	29,017,685	24,998,214	26,136,081	25,973,897	(3,598,485)	634,520,578

* Assets and liabilities of the reporting segments are amounts before intersegment transactions and as of December 31, 2022.

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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 six-month periods ended June 30, 2023 and 2022, are as follows:

<i>(In millions of Korean won)</i>	2023		2022	
Banking service	₩	5,073,710	₩	4,187,197
Securities service		987,275		663,370
Non-life insurance service		818,874		659,899
Credit card service		1,001,622		902,792
Life insurance service		190,378		(14,245)
Others		584,892		483,933
	₩	<u>8,656,751</u>	₩	<u>6,882,946</u>

5.2.2 Geographical information

Geographical net operating revenues from external for the six-month periods ended June 30, 2023 and 2022, and major non-current assets as of June 30, 2023 and December 31, 2022, are as follows:

<i>(In millions of Korean won)</i>	Net operating revenues from external customers		Major non-current assets	
	2023	2022	June 30, 2023	December 31, 2022
		₩	₩	₩
Domestic	7,912,573	6,309,509	8,501,479	8,699,340
United States	38,055	28,166	55,590	54,415
New Zealand	5,944	6,345	1,260	1,607
China	98,176	72,555	18,945	21,190
Cambodia	281,834	253,758	63,829	44,786
United Kingdom	23,217	11,111	286,519	90,282
Indonesia	168,184	149,851	443,824	461,165
Others	128,768	51,651	468,771	31,821
Consolidation adjustments	-	-	578,040	567,253
	₩	₩	₩	₩
	<u>8,656,751</u>	<u>6,882,946</u>	<u>10,418,257</u>	<u>9,971,859</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 June 30, 2023 and December 31, 2022, are as follows:

(In millions of Korean won)

	June 30, 2023			
	Carrying amount		Fair value	
Financial assets				
Cash and due from financial institutions	₩	31,610,850	₩	31,617,133
Financial assets at fair value through profit or loss:		74,604,619		74,604,619
Due from financial institutions		103,568		103,568
Debt securities		69,927,581		69,927,581
Equity securities		4,307,513		4,307,513
Loans		176,945		176,945
Others		89,012		89,012
Derivatives held for trading		7,772,293		7,772,293
Derivatives held for hedging		423,011		423,011
Loans measured at amortized cost		434,953,555		434,579,619
Securities measured at amortized cost		36,885,994		35,279,630
Financial assets at fair value through other comprehensive income:		80,083,564		80,083,564
Debt securities		76,856,309		76,856,309
Equity securities		2,535,588		2,535,588
Loans		691,667		691,667
Other financial assets		21,470,146		21,470,146
	₩	<u>687,804,032</u>	₩	<u>685,830,015</u>
Financial liabilities				
Financial liabilities at fair value through profit or loss	₩	2,771,385	₩	2,771,385
Financial liabilities designated at fair value through profit or loss		9,273,034		9,273,034
Derivatives held for trading		7,684,748		7,684,748
Derivatives held for hedging		315,009		315,009
Deposits		396,081,606		396,284,160
Borrowings		69,261,997		69,012,534
Debentures		68,260,644		67,510,936
Other financial liabilities		42,512,230		42,512,230
	₩	<u>596,160,653</u>	₩	<u>595,364,036</u>

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6.1.1 Carrying amount and fair value of financial assets and liabilities by category as of June 30, 2023 and December 31, 2022, are as follows: (cont'd)

(In millions of Korean won)

	December 31, 2022			
	Carrying amount		Fair value	
Financial assets				
Cash and due from financial institutions	₩	32,474,750	₩	32,403,730
Financial assets at fair value through profit or loss:		70,092,497		70,092,497
Due from financial institutions		69,469		69,469
Debt securities		65,899,397		65,899,397
Equity securities		3,540,063		3,540,063
Loans		493,562		493,562
Others		90,006		90,006
Derivatives held for trading		8,984,171		8,984,171
Derivatives held for hedging		462,409		462,409
Loans measured at amortized cost		433,038,931		430,396,089
Securities measured at amortized cost		35,919,241		33,593,231
Financial assets at fair value through other comprehensive income:		79,533,418		79,533,418
Debt securities		76,648,353		76,648,353
Equity securities		2,335,793		2,335,793
Loans		549,272		549,272
Other financial assets		10,718,383		10,718,383
	₩	<u>671,223,800</u>	₩	<u>666,183,928</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		10,078,394		10,078,394
Derivatives held for trading		9,209,537		9,209,537
Derivatives held for hedging		300,232		300,232
Deposits		393,928,904		393,458,279
Borrowings		71,717,366		71,187,130
Debentures		68,698,203		67,036,661
Other financial liabilities		26,163,138		26,163,138
	₩	<u>582,288,984</u>	₩	<u>579,626,581</u>

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 June 30, 2023 and December 31, 2022, 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 June 30, 2023 and December 31, 2022, are as follows:

(In millions of Korean won)

	June 30, 2023			
	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	₩ 21,955,428	₩ 34,747,715	₩ 17,901,476	₩ 74,604,619
Debt securities	-	54,538	49,030	103,568
Equity securities	19,968,123	34,084,780	15,874,678	69,927,581
Loans	1,898,293	607,849	1,801,371	4,307,513
Others	-	548	176,397	176,945
Derivatives held for trading	89,012	-	-	89,012
Derivatives held for hedging	70,432	7,602,516	99,345	7,772,293
Financial assets at fair value through other comprehensive income:				
Debt securities	-	423,011	-	423,011
Equity securities	33,813,144	44,774,680	1,495,740	80,083,564
Loans	33,218,104	43,638,205	-	76,856,309
	595,040	444,808	1,495,740	2,535,588
	-	691,667	-	691,667
	<u>₩ 55,839,004</u>	<u>₩ 87,547,922</u>	<u>₩ 19,496,561</u>	<u>₩ 162,883,487</u>
Financial liabilities				
Financial liabilities at fair value through profit or loss	₩ 2,771,385	₩ -	₩ -	₩ 2,771,385
Financial liabilities designated at fair value through profit or loss	52,175	1,150,649	8,070,210	9,273,034
Derivatives held for trading	221,685	6,814,132	648,931	7,684,748
Derivatives held for hedging	-	315,009	-	315,009
	<u>₩ 3,045,245</u>	<u>₩ 8,279,790</u>	<u>₩ 8,719,141</u>	<u>₩ 20,044,176</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, 2022			
	Fair value hierarchy			Total
	Level 1	Level 2	Level 3	
Financial assets				
Financial assets at fair value through profit or loss:	₩ 18,209,969	₩ 35,208,843	₩ 16,673,685	₩ 70,092,497
Due from financial institutions	-	24,444	45,025	69,469
Debt securities	16,240,223	34,425,619	15,233,555	65,899,397
Equity securities	1,879,740	414,291	1,246,032	3,540,063
Loans	-	344,489	149,073	493,562
Others	90,006	-	-	90,006
Derivatives held for trading	182,019	8,678,896	123,256	8,984,171
Derivatives held for hedging	-	462,409	-	462,409
Financial assets at fair value through other comprehensive income:	32,141,450	45,933,688	1,458,280	79,533,418
Debt securities	31,528,524	45,119,829	-	76,648,353
Equity securities	612,926	264,587	1,458,280	2,335,793
Loans	-	549,272	-	549,272
	<u>₩ 50,533,438</u>	<u>₩ 90,283,836</u>	<u>₩ 18,255,221</u>	<u>₩ 159,072,495</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	-	300,232	-	300,232
	<u>₩ 2,670,939</u>	<u>₩ 10,096,060</u>	<u>₩ 9,014,374</u>	<u>₩ 21,781,373</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)

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 June 30, 2023 and December 31, 2022, are as follows:

(In millions of Korean won)

		June 30, 2023		
		Fair value	Valuation techniques	Inputs
Financial assets				
Financial assets at fair value through profit or loss:	₩	34,747,715		
Due from financial institutions		54,538	DCF Model, Hull-white Model	Projected cash flow, Discount rate, Volatility, Correlation coefficient
Debt securities		34,084,780	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		607,849	DCF Model	Interest rate, Discount rate, and others
Loans		548	DCF Model	Interest rate, Discount rate, and others
Derivatives held for trading		7,602,516	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		423,011	DCF Model, Closed Form, FDM	Projected cash flow, Discount rate, Forward exchange rate, Volatility, Foreign exchange rate, CRS interest rate, and others
Financial assets at fair value through other comprehensive income:		44,774,680		
Debt securities		43,638,205	DCF Model, Option Model	Underlying asset index, Discount rate, and others
Equity securities		444,808	DCF Model	Discount rate
Loans		691,667	DCF Model	Discount rate
	₩	<u>87,547,922</u>		
Financial liabilities				
Financial liabilities designated at fair value through profit or loss	₩	1,150,649	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
Derivatives held for trading		6,814,132	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		315,009	DCF Model, Closed Form, FDM	Projected cash flow, Discount rate, Forward exchange rate, Volatility, Foreign exchange rate, risk-free interest rate and others
	₩	<u>8,279,790</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, 2022		
	Fair value	Valuation techniques	Inputs
Financial assets			
Financial assets at fair value through profit or loss:	₩ 35,208,843		
Due from financial institutions	24,444	DCF Model, Hull-white Model	Projected cash flow, Discount rate, Volatility, Correlation coefficient
Debt securities	34,425,619	DCF Model, Closed Form, MonteCarlo Simulation Model, Black-Scholes Model, Hull-white Model, Net Asset Value Method, Binomial Model, and others	Projected cash flow, Fair value of transferred 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	462,409	DCF Model, Closed Form, FDM	Projected cash flow, Discount rate, Forward exchange rate, Volatility, Foreign exchange rate, CRS interest rate and others
Financial assets at fair value through other comprehensive income:	45,933,688		
Debt securities	45,119,829	DCF Model, Option Model	Underlying asset index, Discount rate, and others
Equity securities	264,587	DCF Model	Discount rate
Loans	549,272	DCF Model	Discount rate
	<u>₩ 90,283,836</u>		
Financial liabilities			
Financial liabilities designated at fair value through profit or loss	₩ 1,811,404	DCF Model, Closed Form, MonteCarlo Simulation Model, Black-Scholes Model, Hull-white Model, Binomial Model, Net Asset Value Model	Price of underlying asset, Interest rate, Dividend yield, Volatility, Discount rate
Derivatives held for trading	7,984,424	DCF Model, Closed Form, MonteCarlo Simulation Model, 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	300,232	DCF Model, Closed Form, FDM	Projected cash flow, Discount rate, Forward exchange rate, Volatility, Foreign exchange rate, risk-free interest rate and others
	<u>₩ 10,096,060</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 June 30, 2023 and December 31, 2022, are as follows:

(In millions of Korean won)

	June 30, 2023			
	Fair value hierarchy			
	Level 1	Level 2	Level 3	Total
Financial assets				
Cash and due from financial institutions ¹	₩ 3,162,618	₩ 26,364,236	₩ 2,090,279	₩ 31,617,133
Loans measured at amortized cost	-	302,735	434,276,884	434,579,619
Securities measured at amortized cost ²	4,568,820	30,691,190	19,620	35,279,630
Other financial assets ²	-	-	21,470,146	21,470,146
	<u>₩ 7,731,438</u>	<u>₩ 57,358,161</u>	<u>₩ 457,856,929</u>	<u>₩ 522,946,528</u>
Financial liabilities				
Deposits ¹	₩ -	₩ 167,561,687	₩ 228,722,473	₩ 396,284,160
Borrowings ³	-	5,460,407	63,552,127	69,012,534
Debentures	-	58,527,460	8,983,476	67,510,936
Other financial liabilities ²	-	-	42,512,230	42,512,230
	<u>₩ -</u>	<u>₩ 231,549,554</u>	<u>₩ 343,770,306</u>	<u>₩ 575,319,860</u>

(In millions of Korean won)

	December 31, 2022			
	Fair value hierarchy			
	Level 1	Level 2	Level 3	Total
Financial assets				
Cash and due from financial institutions ¹	₩ 2,517,470	₩ 27,145,486	₩ 2,740,774	₩ 32,403,730
Loans measured at amortized cost	-	63,784	430,332,305	430,396,089
Securities measured at amortized cost ²	5,253,835	28,320,106	19,290	33,593,231
Other financial assets ²	-	-	10,718,383	10,718,383
	<u>₩ 7,771,305</u>	<u>₩ 55,529,376</u>	<u>₩ 443,810,752</u>	<u>₩ 507,111,433</u>
Financial liabilities				
Deposits ¹	₩ -	₩ 168,920,439	₩ 224,537,840	₩ 393,458,279
Borrowings ³	-	6,088,123	65,099,007	71,187,130
Debentures	-	59,272,727	7,763,934	67,036,661
Other financial liabilities ²	-	-	26,163,138	26,163,138
	<u>₩ -</u>	<u>₩ 234,281,289</u>	<u>₩ 323,563,919</u>	<u>₩ 557,845,208</u>

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 ₩ 11,479 million and ₩ 18,266 million included in Level 2 are the carrying amounts which are reasonable approximations of fair value as of June 30, 2023 and December 31, 2022, 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 June 30, 2023 and December 31, 2022, are as follows:

(In millions of Korean won)

	June 30, 2023		
	Fair value	Valuation techniques	Inputs
Financial assets			
Loans measured at amortized cost	₩ 302,735	DCF Model	Discount rate
Securities measured at amortized cost	30,691,190	DCF Model, MonteCarlo Simulation	Discount rate, Interest rate
	<u>₩ 30,993,925</u>		
Financial liabilities			
Borrowings	₩ 5,448,928	DCF Model	Discount rate
Debentures	58,527,460	DCF Model	Discount rate
	<u>₩ 63,976,388</u>		

(In millions of Korean won)

	December 31, 2022		
	Fair value	Valuation techniques	Inputs
Financial assets			
Loans measured at amortized cost	₩ 63,784	DCF Model	Discount rate
Securities measured at amortized cost	28,320,106	DCF Model, MonteCarlo Simulation	Discount rate, Interest rate
	<u>₩ 28,383,890</u>		
Financial liabilities			
Borrowings	₩ 6,069,857	DCF Model	Discount rate
Debentures	59,272,727	DCF Model	Discount rate
	<u>₩ 65,342,584</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 June 30, 2023 and December 31, 2022 are as follows:

(In millions of Korean won)

		June 30, 2023		
		Fair value	Valuation techniques	Inputs
Financial assets				
Cash and due from financial institutions	₩	2,090,279	DCF Model	Credit spread, Other spread, Interest rate
Loans measured at amortized cost		434,276,884	DCF Model	Credit spread, Other spread, Prepayment rate, Interest rate
	₩	<u>436,367,163</u>		
Financial liabilities				
Deposits	₩	228,722,473	DCF Model	Other spread, Prepayment rate, Interest rate
Borrowings		63,552,127	DCF Model	Other spread, Interest rate
Debentures		8,983,476	DCF Model	Other spread, Interest rate
	₩	<u>301,258,076</u>		

(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		430,332,305	DCF Model	Credit spread, Other spread, Prepayment rate, Interest rate
	₩	<u>433,073,079</u>		
Financial liabilities				
Deposits	₩	224,537,840	DCF Model	Other spread, Prepayment rate, Interest rate
Borrowings		65,099,007	DCF Model	Other spread, Interest rate
Debentures		7,763,934	DCF Model	Other spread, Interest rate
	₩	<u>297,400,781</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 six-month periods ended June 30, 2023 and 2022, are as follows:

(In millions of Korean won)

	2023							
	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	₩ 45,025	₩ 16,479,588	₩ 149,074	₩ 1,458,280	₩ -	₩ (8,231,303)	₩ (659,816)	
Total gains or losses:								
Profit or loss	4,005	583,672	27,323	-	-	(523,798)	89,520	
Other comprehensive income (loss)	-	1	-	(45,595)	-	(39,140)	-	
Purchases	-	1,808,949	-	83,055	-	-	5,669	
Sales	-	(1,180,510)	-	-	-	-	(13,935)	
Issues	-	-	-	-	-	(1,903,231)	(3,920)	
Settlements	-	-	-	-	-	2,627,262	32,896	
Transfers into Level 3 *	-	-	-	-	-	-	-	
Transfers out of Level 3 *	-	(15,651)	-	-	-	-	-	
Ending	₩ 49,030	₩ 17,676,049	₩ 176,397	₩ 1,495,740	₩ -	₩ (8,070,210)	₩ (549,586)	

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6.2.2.1 Changes in financial instruments classified as Level 3 of the fair value hierarchy for the six-month periods ended June 30, 2023 and 2022, are as follows: (cont'd)

(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	₩ 13,677,260	₩ 93,929	₩ 1,434,567	₩ 13,970	₩ (7,817,514)	₩ 35,405
Total gains or losses:							
Profit or loss	(2,963)	48,683	(574)	-	-	581,553	(582,996)
Other comprehensive income (loss)	-	(24,351)	-	144,223	6	15,531	-
Purchases	12,887	3,310,540	34,726	22,452	-	-	12,809
Sales	(33,843)	(1,531,143)	-	(20,000)	(4,100)	-	(57,718)
Issues	-	42,853	-	-	-	(2,779,750)	(11,391)
Settlements	-	(61,055)	-	-	-	1,426,472	16,028
Transfers into Level 3 *	-	7,556	-	-	-	-	-
Transfers out of Level 3 *	-	(15,317)	-	-	-	-	-
Ending	₩ 48,097	₩ 15,455,026	₩ 128,081	₩ 1,581,242	₩ 9,876	₩ (8,573,708)	₩ (587,863)

* 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 six-month periods ended June 30, 2023 and 2022, are as follows:

(In millions of Korean won)

	2023			2022		
	Net gains on financial instruments at fair value through profit or loss	Other operating income	Net interest income	Net losses 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	₩ 65,762	₩ 114,960	₩ -	₩ (183,784)	₩ 227,487	₩ -
Total gains (losses) recognized in profit or loss from financial instruments held at the end of the reporting period	196,695	111,282	-	(166,897)	222,075	-

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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 June 30, 2023 and December 31, 2022, are as follows:

(In millions of Korean won)

		June 30, 2023				
		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	₩ 49,030		Hull-white Model	Interest rate	2.40	The lower the interest rate, the higher the fair value
Debt securities	15,874,678		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	1.00 ~ 3.00	The higher the growth rate, the higher the fair value
				Volatility	0.17 ~ 43.00	The higher the volatility, the higher the fair value fluctuation
				Discount rate	1.44 ~ 12.64	The lower the discount rate, the higher the fair value
				Volatility of stock price	22.02 ~ 32.96	The higher the volatility, the higher the fair value
				Correlation coefficient between underlying assets	-60.21 ~ 89.33	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	1,801,371		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 ~ 3.00	The higher the growth rate, the higher the fair value
				Discount rate	2.15 ~ 23.00	The lower the discount rate, the higher the fair value
				Volatility	0.54 ~ 47.00	The higher the volatility, the higher the fair value fluctuation
Loans	176,397		DCF Model	Discount rate	9.60	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 June 30, 2023 and December 31, 2022, are as follows: (cont'd)

(In millions of Korean won)

		June 30, 2023			
	Fair value	Valuation techniques	Unobservable inputs	Range of unobservable inputs (%)	Relationship of unobservable inputs to fair value
Derivatives held for trading:					
Stock and index	₩ 75,111	DCF Model, Closed Form, FDM, MonteCarlo Simulation, Hull-white Model, Black-Scholes Model, Binomial Model, Net Asset Value Method	Volatility of underlying asset	15.48 ~ 59.50	The higher the volatility, the higher the fair value fluctuation
			Correlation coefficient	-60.21 ~ 77.92	The higher the correlation coefficient, the higher the fair value fluctuation
Currency, interest rate, and others	24,234	DCF Model, Hull-white Model, MonteCarlo Simulation, Closed Form	Volatility	9.33 ~ 31.22	The higher the volatility, the higher the fair value fluctuation
			Correlation coefficient	60.81 ~ 83.30	The higher the correlation coefficient, the higher the fair value fluctuation
Financial assets at fair value through other comprehensive income:					
Equity securities	1,495,740	DCF Model, Comparable Company Analysis, Risk Adjusted Discount Rate Method, IMV Model, Income Approach, Net Asset Value Method, Market Value Approach, Tree Model, MonteCarlo Simulation, and others	Growth rate	0.00 ~ 2.00	The higher the growth rate, the higher the fair value
			Discount rate	8.17 ~ 20.02	The lower the discount rate, the higher the fair value
			Volatility	17.37 ~ 24.12	The higher the volatility, the higher the fair value fluctuation
	<u>₩ 19,496,561</u>				

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6.2.3.1 Information about fair value measurements using unobservable inputs as of June 30, 2023 and December 31, 2022, are as follows: (cont'd)

(In millions of Korean won)

		June 30, 2023			
	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	₩ 8,070,210	DCF Model, Closed Form, MonteCarlo Simulation, Black-Scholes Model, Hull-white Model, Net Asset Value Method, and others	Volatility of underlying asset Correlation coefficient	7.00 ~ 116.38 -60.21 ~ 89.33	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	282,846	DCF Model, Closed Form, MonteCarlo Simulation, Black-Scholes Model, Hull-white Model, Net Asset Value Method, and others	Volatility of underlying asset Correlation coefficient	15.48 ~ 59.50 -60.21 ~ 77.92	The higher the volatility, the higher the fair value fluctuation The higher the correlation coefficient, the higher the fair value fluctuation
Others	366,085	DCF Model, Hull-white Model, MonteCarlo Simulation, Closed Form	Discount rate Volatility of underlying asset Correlation coefficient between underlying assets	4.98 ~ 5.85 7.23 ~ 116.38 -48.96 ~ 83.30	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>₩ 8,719,141</u>				

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6.2.3.1 Information about fair value measurements using unobservable inputs as of June 30, 2023 and December 31, 2022, 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 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		15,233,555	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		1,246,032	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 of stock price	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 June 30, 2023 and December 31, 2022, 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, FDM, MonteCarlo Simulation, Hull-white Model, Black-Scholes Model, Binomial Model, Net Asset Value	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	1,458,280	Risk Adjusted Discount Rate Method, IMV Model, DCF Model, Comparable Company Analysis, Dividend Discount Model, Net Asset Value Method, Market Value Approach, Income Approach and others	Growth rate Discount rate Volatility 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>₩ 18,255,221</u>					

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6.2.3.1 Information about fair value measurements using unobservable inputs as of June 30, 2023 and December 31, 2022, 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, FDM, MonteCarlo Simulation, Hull-white Model, Black-Scholes Model, Net Asset Valuation	Volatility of underlying asset Correlation coefficient between underlying assets	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, Hull-white Model, Black-Scholes Model, Net Asset Valuation	Volatility of underlying asset Correlation coefficient between underlying assets	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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6.2.3.2 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.

Results of the sensitivity analysis of changes in unobservable inputs as of June 30, 2023 and December 31, 2022, are as follows:

(In millions of Korean won)

	June 30, 2023			
	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	₩ 176	₩ (184)	₩ -	₩ -
Debt securities ⁴	87,025	(87,824)	-	-
Equity securities ³	39,844	(30,944)	-	-
Loans ⁵	2,277	(2,058)	-	-
Derivatives held for trading ²	12,078	(12,737)	-	-
Financial assets at fair value through other comprehensive income:				
Equity securities ³	-	-	139,024	(76,215)
	<u>₩ 141,400</u>	<u>₩ (133,747)</u>	<u>₩ 139,024</u>	<u>₩ (76,215)</u>
Financial liabilities				
Financial liabilities designated at fair value through profit or loss ¹				
Derivatives held for trading ²	₩ 46,915	₩ (44,230)	₩ -	₩ -
	17,759	(19,545)	-	-
	<u>₩ 64,674</u>	<u>₩ (63,775)</u>	<u>₩ -</u>	<u>₩ -</u>

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6.2.3.2 Sensitivity analysis of changes in unobservable inputs (cont'd)

(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	19,034	(19,765)	-	-
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)
	<u>₩ 74,171</u>	<u>₩ (66,687)</u>	<u>₩ 179,307</u>	<u>₩ (82,595)</u>
Financial liabilities				
Financial liabilities designated at fair value through profit or loss ¹				
Derivatives held for trading ²	₩ 94,001	₩ (97,663)	₩ -	₩ -
	48,768	(46,427)	-	-
	<u>₩ 142,769</u>	<u>₩ (144,090)</u>	<u>₩ -</u>	<u>₩ -</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 discount rate (-1% p~ 1% p) and growth rate (-1% 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.

⁵ For loans, changes in fair value are calculated by shifting principal unobservable input parameters such as discount rate by -1% p~ 1% p.

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6.2.4 Valuation gains and losses on transaction day

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 valuation gains and losses on transaction day for the six-month periods ended June 30, 2023 and 2022, are as follows:

<i>(In millions of Korean won)</i>	<u>2023</u>	<u>2022</u>
Balance at the beginning of the period	₩ 71,504	₩ 77,208
New transactions	62,086	106,425
Changes during the period	(80,002)	(43,831)
Balance at the end of the period	<u>₩ 53,588</u>	<u>₩ 139,802</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 June 30, 2023 and December 31, 2022, are as follows:

(In millions of Korean won)

	June 30, 2023					
	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	₩ -	₩ -	₩ -	₩ 31,610,850	₩ -	₩ 31,610,850
Financial assets at fair value through profit or loss	74,604,619	-	-	-	-	74,604,619
Derivative financial assets	7,772,293	-	-	-	423,011	8,195,304
Loans measured at amortized cost	-	-	-	434,953,555	-	434,953,555
Financial investments	-	77,547,975	2,535,589	36,885,994	-	116,969,558
Other financial assets	-	-	-	21,470,146	-	21,470,146
	<u>₩ 82,376,912</u>	<u>₩ 77,547,975</u>	<u>₩ 2,535,589</u>	<u>₩ 524,920,545</u>	<u>₩ 423,011</u>	<u>₩ 687,804,032</u>

(In millions of Korean won)

	June 30, 2023					
	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	₩ 2,771,385	₩ 9,273,034	₩ -	₩ -	₩ 12,044,419	
Derivative financial liabilities	7,684,748	-	-	315,009	7,999,757	
Deposits	-	-	396,081,606	-	396,081,606	
Borrowings	-	-	69,261,997	-	69,261,997	
Debentures	-	-	68,260,644	-	68,260,644	
Other financial liabilities *	-	-	42,512,230	-	42,512,230	
	<u>₩ 10,456,133</u>	<u>₩ 9,273,034</u>	<u>₩ 576,116,477</u>	<u>₩ 315,009</u>	<u>₩ 596,160,653</u>	

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6.3 Carrying Amount of Financial Instruments by Category (cont'd)

(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	₩ -	₩ -	₩ -	₩ 32,474,750	₩ -	₩ 32,474,750
Financial assets at fair value through profit or loss	70,092,497	-	-	-	-	70,092,497
Derivative financial assets	8,984,171	-	-	-	462,409	9,446,580
Loans measured at amortized cost	-	-	-	433,038,931	-	433,038,931
Financial investments	-	77,197,625	2,335,793	35,919,241	-	115,452,659
Other financial assets	-	-	-	10,718,383	-	10,718,383
	<u>₩ 79,076,668</u>	<u>₩ 77,197,625</u>	<u>₩ 2,335,793</u>	<u>₩ 512,151,305</u>	<u>₩ 462,409</u>	<u>₩ 671,223,800</u>

(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	₩ -	₩ -	₩ 12,271,604	
Derivative financial liabilities	9,209,537	-	-	300,232	9,509,769	
Deposits	-	-	393,928,904	-	393,928,904	
Borrowings	-	-	71,717,366	-	71,717,366	
Debentures	-	-	68,698,203	-	68,698,203	
Other financial liabilities *	-	-	26,163,138	-	26,163,138	
	<u>₩ 11,402,747</u>	<u>₩ 10,078,394</u>	<u>₩ 560,507,611</u>	<u>₩ 300,232</u>	<u>₩ 582,288,984</u>	

* Other financial liabilities include lease liabilities that are not included in the category of financial instruments measured at amortized cost.

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7. Due from Financial Institutions Measured at Amortized Cost

7.1 Details of due from financial institutions as of June 30, 2023 and December 31, 2022, are as follows:

(In millions of Korean won)

		Financial institutions	Interest rate (%) as of June 30, 2023	June 30, 2023	December 31, 2022
Due from financial institutions in Korean won	Due from the Bank of Korea	The Bank of Korea	-	₩ 15,992,621	₩ 15,169,704
	Due from banks	Hana Bank and others	0.00 ~ 5.60	2,808,010	3,941,987
	Due from others	NH Investment & Securities Co., Ltd. and others	0.00 ~ 4.65	1,301,758	1,509,698
				20,102,389	20,621,389
Due from financial institutions in foreign currencies	Due from banks in foreign currencies	The Bank of Korea and others	0.00 ~ 5.16	5,962,677	5,653,587
	Time deposits in foreign currencies	Bank of Communications Co., Ltd.(New York) and others	0.00 ~ 9.50	496,885	573,493
	Due from others	State Steet Bank and Trust Company(Seoul) and others	0.00 ~ 10.70	2,472,771	3,066,370
				8,932,333	9,293,450
				₩ 29,034,722	₩ 29,914,839

* Before netting of allowance

7.2 Details of restricted due from financial institutions as of June 30, 2023 and December 31, 2022, are as follows:

(In millions of Korean won)

		Financial institutions	June 30, 2023	December 31, 2022	Reasons of restriction
Due from financial institutions in Korean won	Due from the Bank of Korea	The Bank of Korea	₩ 15,992,621	₩ 15,169,704	Bank of Korea Act
	Due from banks	Shinhan Bank and others	621,398	522,306	Net settlement and others
	Due from others	NH Investment & Securities Co., Ltd. and others	1,133,050	1,113,712	Derivatives margin account and others
			17,747,069	16,805,722	
Due from financial institutions in foreign currencies	Due from banks in foreign currencies	The Bank of Korea and others	1,378,376	2,350,933	Bank of Korea Act and others
	Time deposits in foreign currencies	Bank of Communications Co., Ltd.(New York) and others	95,705	72,437	Bank Act of the State of New York and others
	Due from others	State Steet Bank and Trust Company(Seoul) and others	1,821,993	2,092,655	Derivatives margin account and others
			3,296,074	4,516,025	
			₩ 21,043,143	₩ 21,321,747	

* Before netting of allowance

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7.3 Changes in allowances for credit losses of due from financial institutions for the six-month periods ended June 30, 2023 and 2022, are as follows:

(In millions of Korean won)

	2023			
	12-month	Lifetime expected credit losses		
	expected credit	Non-impaired	Impaired	
	losses			
Beginning	₩ 2,743	₩ -	₩ -	-
Transfer between stages:				
Transfer to 12-month expected credit losses	-	-		-
Transfer to lifetime expected credit losses	-	-		-
Impairment	-	-		-
Sales	-	-		-
Reversal of credit losses	(1,321)	-		-
Business combination	6	-		-
Others	(27)	-		-
Ending	₩ 1,401	₩ -	₩ -	-

(In millions of Korean won)

	2022			
	12-month	Lifetime expected credit losses		
	expected credit	Non-impaired	Impaired	
	losses			
Beginning	₩ 2,969	₩ -	₩ -	-
Transfer between stages:				
Transfer to 12-month expected credit losses	-	-		-
Transfer to lifetime expected credit losses	-	-		-
Impairment	-	-		-
Sales	-	-		-
Provision for credit losses	934	-		-
Others	207	-		-
Ending	₩ 4,110	₩ -	₩ -	-

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8. 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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8.1 Details of derivative financial instruments held for trading as of June 30, 2023 and December 31, 2022, are as follows:

(In millions of Korean won)

	June 30, 2023			December 31, 2022		
	Notional amount	Assets	Liabilities	Notional amount	Assets	Liabilities
Interest rate						
Forwards	₩ 14,883,655	₩ 879,208	₩ 486,098	₩ 8,261,663	₩ 821,603	₩ 431,002
Futures *	7,437,541	2,320	1,145	4,450,505	765	256
Swaps	435,997,241	846,098	714,552	359,581,194	859,670	694,713
Options	9,704,000	259,536	255,532	10,508,000	274,596	272,284
	<u>468,022,437</u>	<u>1,987,162</u>	<u>1,457,327</u>	<u>382,801,362</u>	<u>1,956,634</u>	<u>1,398,255</u>
Currency						
Forwards	118,028,418	1,778,211	1,283,619	115,682,577	2,813,603	2,472,119
Futures *	730,163	731	1,820	413,960	36	2,364
Swaps	92,867,797	3,434,909	4,004,688	91,646,725	3,525,458	4,049,390
Options	1,396,448	11,827	6,256	1,852,065	27,258	13,025
	<u>213,022,826</u>	<u>5,225,678</u>	<u>5,296,383</u>	<u>209,595,327</u>	<u>6,366,355</u>	<u>6,536,898</u>
Stock and index						
Futures *	2,035,518	10,748	13,962	1,828,302	37,455	89,624
Swaps	5,698,689	337,608	342,624	6,649,735	377,840	492,275
Options	6,533,524	141,412	280,475	7,257,715	168,311	359,274
	<u>14,267,731</u>	<u>489,768</u>	<u>637,061</u>	<u>15,735,752</u>	<u>583,606</u>	<u>941,173</u>
Credit						
Swaps	3,116,945	20,557	9,500	3,006,114	32,860	17,468
	<u>3,116,945</u>	<u>20,557</u>	<u>9,500</u>	<u>3,006,114</u>	<u>32,860</u>	<u>17,468</u>
Commodity						
Futures *	22,160	2,252	201	28,577	1,970	941
Swaps	32,210	1,318	1,316	-	-	-
Options	56,759	675	680	131,500	887	885
	<u>111,129</u>	<u>4,245</u>	<u>2,197</u>	<u>160,077</u>	<u>2,857</u>	<u>1,826</u>
Others	<u>1,289,067</u>	<u>44,882</u>	<u>282,281</u>	<u>1,003,301</u>	<u>41,859</u>	<u>313,917</u>
	<u>₩ 699,830,135</u>	<u>₩ 7,772,292</u>	<u>₩ 7,684,749</u>	<u>₩ 612,301,933</u>	<u>₩ 8,984,171</u>	<u>₩ 9,209,537</u>

* Gains or losses arising from some daily mark-to-market futures are reflected in the margin accounts.

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8.2 Average price conditions of future nominal cash flows by type of hedge accounting as of June 30, 2023 and December 31, 2022, are as follows:

(In millions of Korean won)

	June 30, 2023						
	1 year	2 years	3 years	4 years	5 years	Over 5 years	Total
Fair value hedge							
Nominal amount of the hedging instrument	₩ 4,854,008	₩ 3,645,106	₩ 1,549,207	₩ 1,058,747	₩ 172,239	₩ 2,213,239	₩ 13,492,546
Average price condition (%)	4.09	4.96	4.83	4.78	5.86	4.81	4.60
Average price condition (KRW/USD)	1,312.78	1,312.79	1,312.80	-	-	-	1,312.79
Average price condition (KRW/EUR)	1,360.93	1,426.53	-	1,426.55	-	-	1,426.52
Average price condition (KRW/AUD)	869.01	869.01	-	-	-	-	869.01
Average price condition (KRW/GBP)	1,655.51	-	1,655.51	-	-	-	1,655.51
Cash flow hedge							
Nominal amount of the hedging instrument	₩ 1,775,668	₩ 1,719,741	₩ 2,154,977	₩ 736,267	₩ 1,137,562	₩ 210,000	₩ 7,734,215
Average price condition (%)	3.80	7.91	9.12	3.96	6.15	3.99	7.08
Average price condition (KRW/USD)	1,179.69	1,198.52	1,230.22	1,243.07	1,148.76	-	1,205.48
Average price condition (KRW/EUR)	-	1,369.14	-	-	1,392.00	-	1,372.29
Average price condition (KRW/AUD)	-	853.40	889.00	-	-	-	866.92
Average price condition (KRW/SGD)	866.14	-	-	-	-	-	866.14
Hedge of net investments in foreign operations							
Nominal amount of the hedging instrument	₩ 60,427	₩ -	₩ -	₩ 211,361	₩ -	₩ -	₩ 271,788
Average price condition (KRW/USD)	1,071.00	-	-	1,178.91	-	-	1,165.26
Average price condition (KRW/GBP)	1,465.26	-	-	-	-	-	1,465.26

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8.2 Average price conditions of future nominal cash flows by type of hedge accounting as of June 30, 2023 and December 31, 2022, are as follows: (cont'd)

(In millions of Korean won)

	December 31, 2022						
	1 year	2 years	3 years	4 years	5 years	Over 5 years	Total
Fair value hedge							
Nominal amount of the hedging instrument	₩ 5,677,321	₩ 1,921,072	₩ 2,701,675	₩ 1,883,332	₩ 426,551	₩ 2,147,845	₩ 14,757,796
Average price condition (%)	4.17	4.52	4.64	4.56	4.36	4.64	4.43
Average price condition (KRW/USD)	1,197.01	1,262.56	1,276.70	-	-	-	1,240.59
Average price condition (KRW/EUR)	1,363.42	1,373.32	-	1,436.86	-	-	1,387.71
Average price condition (KRW/AUD)	886.23	895.76	-	-	-	-	890.17
Average price condition (KRW/GBP)	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 (KRW/USD)	1,178.13	1,196.80	1,166.24	1,225.35	1,252.61	-	1,202.02
Average price condition (KRW/EUR)	1,321.00	1,364.00	1,374.73	-	-	-	1,362.51
Average price condition (KRW/AUD)	-	856.40	851.50	-	-	-	853.40
Average price condition (KRW/SGD)	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 (KRW/USD)	1,071.00	-	-	-	-	-	1,071.00
Average price condition (KRW/GBP)	-	1,465.26	-	-	-	-	1,465.26

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8.3 Fair Value Hedge

8.3.1 Details of fair value hedged items as of June 30, 2023 and December 31, 2022 and changes in fair value for the six-month periods ended June 30, 2023 and 2022, are as follows:

(In millions of Korean won)

		June 30, 2023				2023
		Carrying amount		Accumulated amount of hedge adjustments		Changes in fair value
		Assets	Liabilities	Assets	Liabilities	
Hedge accounting						
Interest rate	Debt securities in Korean won	₩ 1,936,246	₩ -	₩ (81,756)	₩ -	₩ 18,313
	Debt securities in foreign currencies	2,715,487	-	(190,718)	-	14,940
	Deposits in Korean won	-	49,233	-	(767)	767
	Deposits in foreign currencies	-	30,530	-	(8,855)	263
	Debentures in Korean won	-	5,435,524	-	(204,476)	(38,732)
	Debentures in foreign currencies	-	1,250,651	-	(88,405)	(7,459)
			<u>4,651,733</u>	<u>6,765,938</u>	<u>(272,474)</u>	<u>(302,503)</u>
Currency	Debt securities in foreign currencies	1,662,003	-	33,368	-	4,507
		<u>1,662,003</u>	<u>-</u>	<u>33,368</u>	<u>-</u>	<u>4,507</u>
		<u>₩ 6,313,736</u>	<u>₩ 6,765,938</u>	<u>₩ (239,106)</u>	<u>₩ (302,503)</u>	<u>₩ (7,401)</u>

(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)	₩ -	₩ (90,879)
	Debt securities in foreign currencies	3,142,973	-	(232,085)	-	(173,298)
	Deposits in foreign currencies	-	29,429	-	(8,591)	6,064
	Debentures in Korean won	-	5,690,371	-	(249,629)	168,913
	Debentures in foreign currencies	-	1,196,781	-	(95,865)	91,409
			<u>5,610,144</u>	<u>6,916,581</u>	<u>(339,529)</u>	<u>(354,085)</u>
Currency	Debt securities in foreign currencies	1,602,384	-	(79,616)	-	202,031
		<u>1,602,384</u>	<u>-</u>	<u>(79,616)</u>	<u>-</u>	<u>202,031</u>
		<u>₩ 7,212,528</u>	<u>₩ 6,916,581</u>	<u>₩ (419,145)</u>	<u>₩ (354,085)</u>	<u>₩ 204,240</u>

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8.3.2 Details of derivative instruments designated as fair value hedge as of June 30, 2023 and December 31, 2022 and changes in fair value for the six-month periods ended June 30, 2023 and 2022, are as follows:

(In millions of Korean won)

	June 30, 2023				2023
	Notional amount	Carrying amount		Changes in fair value	
		Assets	Liabilities		
Interest rate					
Swaps	₩ 11,992,305	₩ 145,231	₩ 109,135	₩	12,607
Currency					
Forwards	1,500,241	21,487	30,468		(39,167)
	₩ 13,492,546	₩ 166,718	₩ 139,603	₩	(26,560)

(In millions of Korean won)

	December 31, 2022				2022
	Notional amount	Carrying amount		Changes in fair value	
		Assets	Liabilities		
Interest rate					
Swaps	₩ 13,290,183	₩ 186,258	₩ 104,856	₩	15,790
Currency					
Forwards	1,467,613	37,015	29,069		(147,693)
	₩ 14,757,796	₩ 223,273	₩ 133,925	₩	(131,903)

8.3.3 Details of hedge ineffectiveness recognized in profit or loss on derivative instruments designated as fair value hedge for the six-month periods ended June 30, 2023 and 2022, are as follows:

(In millions of Korean won)

	2023	2022
Hedge accounting		
Interest rate	₩ 699	₩ 17,999
Currency	(34,660)	54,338
	₩ (33,961)	₩ 72,337

8.3.4 Gains or losses on fair value hedging instruments and hedged items attributable to the hedged for the six-month periods ended June 30, 2023 and 2022, are as follows:

(In millions of Korean won)

	2023	2022
Losses on hedging instruments	₩ (32,370)	₩ (132,336)
Gains (losses) on hedged items attributable to the hedged risk	(7,278)	187,963
	₩ (39,648)	₩ 55,627

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8.4 Cash Flow Hedge

8.4.1 Details of cash flow hedged items as of June 30, 2023 and December 31, 2022 and changes in fair value for the six-month periods ended June 30, 2023 and 2022, are as follows:

(In millions of Korean won)

	Cash flow hedge reserve		Changes in fair value	
	June 30, 2023	December 31, 2022	2023	2022
Hedge accounting				
Interest rate risk	₩ 40,992	₩ 46,234	₩ 15,824	₩ (53,772)
Currency risk	(35,592)	(26,602)	(17,038)	20,352
	₩ 5,400	₩ 19,632	₩ (1,214)	₩ (33,420)

8.4.2 Details of derivative instruments designated as cash flow hedge as of June 30, 2023 and December 31, 2022 and changes in fair value for the six-month periods ended June 30, 2023 and 2022, are as follows:

(In millions of Korean won)

	June 30, 2023			2023	
	Notional amount	Assets	Liabilities	Changes in fair value	
Interest rate					
Forwards	₩ 603,767	₩ 14,880	₩ 57,766	₩	4,671
Swaps	3,535,701	95,544	221	₩	(1,498)
Currency					
Swaps	3,594,747	145,870	108,352		(4,874)
	₩ 7,734,215	₩ 256,294	₩ 166,339	₩	(1,701)

(In millions of Korean won)

	December 31, 2022			2022	
	Notional amount	Assets	Liabilities	Changes in fair value	
Interest rate					
Forwards	₩ 1,079,652	₩ 20,200	₩ 56,753	₩	(4,038)
Swaps	3,231,288	101,975	124	₩	54,028
Currency					
Swaps	3,521,600	116,961	98,237		22,737
	₩ 7,832,540	₩ 239,136	₩ 155,114	₩	72,727

8.4.3 Gains or losses on cash flow hedging instruments and hedged items attributable to the hedged risk for the six-month periods ended June 30, 2023 and 2022, are as follows:

(In millions of Korean won)

	2023		2022	
Gains (losses) on hedging instruments:	₩	(1,701)	₩	72,727
Effective portion of gains (losses) on cash flow hedging instruments (recognized in other comprehensive income or loss)		(2,940)		68,090
Ineffective portion of gains on cash flow hedging instruments (recognized in profit or loss)		1,239		4,637

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8.4.4 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 six-month periods ended June 30, 2023 and 2022, are as follows:

(In millions of Korean won)

	2023		2022	
Other comprehensive income (loss)	₩	(2,940)	₩	68,090
Reclassification to profit or loss		(10,417)		(26,882)
Income tax effect		(875)		(19,977)
	₩	(14,232)	₩	21,231

8.5 Hedge of Net Investments in Foreign Operations

8.5.1 Details of net investments in foreign operations hedged items as of June 30, 2023 and December 31, 2022 and changes in fair value for the six-month periods ended June 30, 2023 and 2022, are as follows:

(In millions of Korean won)

	Foreign currency translation reserve		Changes in fair value	
	June 30, 2023	December 31, 2022	2023	2022
Hedge accounting				
Currency risk	₩ (154,138)	₩ (114,742)	₩ 53,535	₩ 129,271

8.5.2 Details of financial instruments designated as hedge of net investments in foreign operations as of June 30, 2023 and December 31, 2022 and changes in fair value for the six-month periods ended June 30, 2023 and 2022, are as follows:

(In millions of Korean won)

	June 30, 2023			2023
	Notional amount	Assets	Liabilities	Changes in fair value
Currency				
Forwards	₩ 271,788	₩ -	₩ 9,066	₩ (4,946)
Swaps	-	-	-	512
Debentures in foreign currencies	1,444,080	-	1,444,080	(49,101)
	₩ 1,715,868	₩ -	₩ 1,453,146	₩ (53,535)

(In millions of Korean won)

	December 31, 2022			2022
	Notional amount	Assets	Liabilities	Changes in fair value
Currency				
Forwards	₩ 92,511	₩ -	₩ 11,193	₩ (13,923)
Debentures in foreign currencies	1,361,080	-	1,361,080	(115,348)
	₩ 1,453,591	₩ -	₩ 1,372,273	₩ (129,271)

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8.5.3 Fair value of non-derivative financial instruments designated as hedge of net investments in foreign operations as of June 30, 2023 and December 31, 2022, are as follows:

<i>(In millions of Korean won)</i>	June 30, 2023	December 31, 2022
Debentures in foreign currencies	₩ 1,290,364	₩ 1,211,215

8.5.4 Gains or losses on net investments in foreign operations hedging instruments and hedged items attributable to the hedged risk for the six-month periods ended June 30, 2023 and 2022, are as follows:

<i>(In millions of Korean won)</i>	2023	2022
Losses on hedging instruments:	₩ (53,535)	₩ (129,271)
Effective portion of losses on hedge of net investments in foreign operations (recognized in other comprehensive income or loss)	(53,535)	(129,271)
Ineffective portion of losses on hedge of net investments in foreign operations (recognized in profit or loss)	-	-

8.5.5 Effective portion of gains or losses on net investments in foreign operations hedging instruments recognized in other comprehensive income (loss) for the six-month periods ended June 30, 2023 and 2022, are as follows:

<i>(In millions of Korean won)</i>	2023	2022
Other comprehensive loss	₩ (53,535)	₩ (129,271)
Reclassification to profit or loss	-	-
Income tax effect	14,139	33,288
	<u>₩ (39,396)</u>	<u>₩ (95,983)</u>

8.6 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.

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9. Loans Measured at Amortized Cost

9.1 Details of loans as of June 30, 2023 and December 31, 2022, are as follows:

(In millions of Korean won)

	June 30, 2023	December 31, 2022
Loans measured at amortized cost	₩ 439,209,573	₩ 436,647,081
Deferred loan origination fees and costs	556,922	552,834
Less: Allowances for credit losses	(4,812,940)	(4,160,984)
	₩ 434,953,555	₩ 433,038,931

9.2 Details of loans to banks as of June 30, 2023 and December 31, 2022, are as follows:

(In millions of Korean won)

	June 30, 2023	December 31, 2022
Loans measured at amortized cost	₩ 11,607,107	₩ 9,751,737
Less: Allowances for credit losses	(3,030)	(1,951)
	₩ 11,604,077	₩ 9,749,786

9.3 Details of loan types and customer types of loans to customers other than banks as of June 30, 2023 and December 31, 2022, are as follows:

(In millions of Korean won)

	June 30, 2023			
	Retail	Corporate	Credit card	Total
Loans in Korean won	₩ 174,952,159	₩ 182,161,157	₩ -	₩ 357,113,316
Loans in foreign currencies	5,099,185	25,822,458	-	30,921,643
Domestic import usance bills	-	4,679,873	-	4,679,873
Off-shore funding loans	-	758,380	-	758,380
Call loans	-	249,405	-	249,405
Bills bought in Korean won	-	1,953	-	1,953
Bills bought in foreign currencies	-	1,618,186	-	1,618,186
Guarantee payments under acceptances and guarantees	1	27,447	-	27,448
Credit card receivables in Korean won	-	-	21,903,826	21,903,826
Credit card receivables in foreign currencies	-	-	48,317	48,317
Bonds purchased under repurchase agreements	-	2,364,172	-	2,364,172
Privately placed bonds	-	966,832	-	966,832
Factored receivables	117	4	-	121
Lease receivables	489,357	434,148	-	923,505
Loans for installment credit	6,028,871	553,540	-	6,582,411
	186,569,690	219,637,555	21,952,143	428,159,388
Proportion (%)	43.57	51.30	5.13	100.00
Less: Allowances for credit losses	(1,323,343)	(2,581,209)	(905,358)	(4,809,910)
	₩ 185,246,347	₩ 217,056,346	₩ 21,046,785	₩ 423,349,478

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9.3 Details of loan types and customer types of loans to customers other than banks as of June 30, 2023 and December 31, 2022, are as follows: (cont'd)

(In millions of Korean won)

	December 31, 2022			
	Retail	Corporate	Credit card	Total
Loans in Korean won	₩ 177,278,504	₩ 177,766,170	₩ -	₩ 355,044,674
Loans in foreign currencies	4,667,895	26,052,080	-	30,719,975
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	-	1,780,874	-	1,780,874
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	-	3,151,157	-	3,151,157
Privately placed bonds	-	719,079	-	719,079
Factored receivables	111	5	-	116
Lease receivables	576,165	558,318	-	1,134,483
Loans for installment credit	5,915,223	542,413	-	6,457,636
	<u>188,437,899</u>	<u>216,400,686</u>	<u>22,609,593</u>	<u>427,448,178</u>
Proportion (%)	44.08	50.63	5.29	100.00
Less: Allowances for credit losses	(1,337,366)	(1,983,825)	(837,842)	(4,159,033)
	<u>₩ 187,100,533</u>	<u>₩ 214,416,861</u>	<u>₩ 21,771,751</u>	<u>₩ 423,289,145</u>

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10. Allowances for Credit Losses

10.1 Changes in allowances for credit losses of loans measured at amortized cost for the six-month periods ended June 30, 2023 and 2022, are as follows:

(In millions of Korean won)

	2023								
	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	₩ 602,037	₩ 284,816	₩ 450,513	₩ 522,552	₩ 561,936	₩ 901,288	₩ 163,185	₩ 354,315	₩ 320,342
Transfer between stages:									
Transfer to 12-month expected credit losses	91,029	(88,463)	(2,566)	83,929	(75,845)	(8,084)	80,201	(77,860)	(2,341)
Transfer to lifetime expected credit losses	(70,118)	92,841	(22,723)	(66,347)	99,663	(33,316)	(20,326)	21,768	(1,442)
Impairment	(7,827)	(62,218)	70,045	(4,705)	(75,483)	80,188	(2,039)	(32,746)	34,785
Write-offs	-	-	(337,062)	-	(1)	(113,211)	-	-	(275,640)
Sales	(837)	(460)	(11,418)	-	(229)	(14,223)	-	-	-
Provision (reversal) for credit losses ^{1,2}	(50,598)	61,578	313,799	259,077	163,069	255,571	(20,723)	33,341	349,565
Others (exchange differences, etc.)	1,467	681	8,827	(1,972)	2,029	48,353	172	-	(19,199)
Ending	₩ 565,153	₩ 288,775	₩ 469,415	₩ 792,534	₩ 675,139	₩ 1,116,566	₩ 200,470	₩ 298,818	₩ 406,070

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10.1 Changes in allowances for credit losses of loans measured at amortized cost for the six-month periods ended June 30, 2023 and 2022, are as follows: (cont'd)

(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	₩ 474,475	₩ 242,819	₩ 288,912	₩ 448,084	₩ 477,993	₩ 960,964	₩ 175,168	₩ 322,649	₩ 294,327
Transfer between stages:									
Transfer to 12-month expected credit losses	78,655	(77,075)	(1,580)	82,540	(81,219)	(1,321)	49,553	(46,065)	(3,488)
Transfer to lifetime expected credit losses	(57,507)	72,432	(14,925)	(48,245)	64,055	(15,810)	(23,534)	24,852	(1,318)
Impairment	(19,129)	(53,535)	72,664	(39,582)	(37,354)	76,936	(1,354)	(24,800)	26,154
Write-offs	-	(1)	(222,085)	-	(2)	(324,339)	-	-	(213,076)
Sales	(778)	(77)	(6,474)	-	-	(10,365)	-	-	-
Provision (reversal) for credit losses ^{1,2}	52,248	61,075	194,870	49,501	61,471	15,186	(17,833)	55,220	209,936
Others (exchange differences, etc.)	386	795	1,210	4,687	6,038	(5,305)	(116)	-	(7,285)
Ending	₩ 528,350	₩ 246,433	₩ 312,592	₩ 496,985	₩ 490,982	₩ 695,946	₩ 181,884	₩ 331,856	₩ 305,250

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 11.5), provision (reversal) for credit losses of unused commitments, acceptances and guarantees (Note 18.2), provision (reversal) for credit losses of financial guarantee contracts (Note 18.3), and provision (reversal) for credit losses of other financial assets.

² Includes ₩ 163,118 million and ₩ 259,952 million of collections from written-off loans for the six-month periods ended June 30, 2023 and 2022, 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 ₩ 9,762,167 million and ₩ 9,830,171 million as of June 30, 2023 and December 31, 2022, respectively.

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10.2 Changes in gross carrying amount of loans for the six-month periods ended June 30, 2023 and 2022, are as follows:

(In millions of Korean won)

	2023		
	12-month expected credit losses	Lifetime expected credit losses	
		Non-impaired	Impaired
Beginning	₩ 399,089,134	₩ 34,563,171	₩ 3,547,610
Transfer between stages:			
Transfer to 12-month expected credit losses	20,088,610	(19,796,574)	(292,036)
Transfer to lifetime expected credit losses (non-impaired)	(21,573,449)	22,021,948	(448,499)
Transfer to lifetime expected credit losses (impaired)	(1,051,748)	(1,558,627)	2,610,375
Write-offs	-	(1)	(725,913)
Sales	(3,010,965)	(35,026)	(145,781)
Net increase (decrease) (execution, repayment, and others)	9,757,813	(3,319,032)	45,485
Ending	₩ 403,299,395	₩ 31,875,859	₩ 4,591,241

(In millions of Korean won)

	2022		
	12-month expected credit losses	Lifetime expected credit losses	
		Non-impaired	Impaired
Beginning	₩ 381,796,028	₩ 32,788,361	₩ 3,485,825
Transfer between stages:			
Transfer to 12-month expected credit losses	18,330,222	(18,228,519)	(101,703)
Transfer to lifetime expected credit losses (non-impaired)	(20,415,488)	20,622,132	(206,644)
Transfer to lifetime expected credit losses (impaired)	(412,514)	(824,372)	1,236,886
Write-offs	-	(3)	(759,500)
Sales	(3,098,796)	(13,868)	(72,338)
Net increase (decrease) (execution, repayment, and others)	22,444,356	(1,648,362)	(138,021)
Ending	₩ 398,643,808	₩ 32,695,369	₩ 3,444,505

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11. Financial Assets at Fair Value through Profit or Loss and Financial Investments

11.1 Details of financial assets at fair value through profit or loss and financial investments as of June 30, 2023 and December 31, 2022, are as follows:

(In millions of Korean won)

	June 30, 2023	December 31, 2022
Financial assets at fair value through profit or loss		
Debt securities:		
Government and public bonds	₩ 11,585,723	₩ 9,310,991
Financial bonds	11,279,702	12,509,496
Corporate bonds	6,146,998	4,983,552
Asset-backed securities	126,908	164,543
Beneficiary certificates	19,753,452	19,838,465
Derivative-linked securities	1,859,193	1,625,950
Other debt securities	19,175,605	17,466,400
Equity securities:		
Stocks	3,652,283	2,926,094
Other equity securities	655,230	613,969
Loans:		
Privately placed bonds	142,929	158,731
Other loans	34,016	334,831
Due from financial institutions:		
Other due from financial institutions	103,568	69,469
Others	89,012	90,006
	<u>₩ 74,604,619</u>	<u>₩ 70,092,497</u>
Financial investments		
Financial assets at fair value through other comprehensive income		
Debt securities:		
Government and public bonds	₩ 30,630,084	₩ 29,556,711
Financial bonds	22,129,814	22,009,492
Corporate bonds	22,233,931	24,134,382
Asset-backed securities	1,578,723	662,791
Other debt securities	283,757	284,977
Equity securities:		
Stocks	1,873,521	1,907,737
Equity investments	9,559	17,096
Other equity securities	652,508	410,960
Loans:		
Privately placed bonds	691,667	549,272
	<u>80,083,564</u>	<u>79,533,418</u>
Financial assets at amortized cost		
Debt securities:		
Government and public bonds	6,235,202	6,520,633
Financial bonds	12,328,245	10,965,141
Corporate bonds	9,822,398	10,642,200
Asset-backed securities	8,059,889	7,432,860
Other debt securities	454,378	363,985
Less: Allowances for credit losses	(14,118)	(5,578)
	<u>36,885,994</u>	<u>35,919,241</u>
	<u>₩ 116,969,558</u>	<u>₩ 115,452,659</u>

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11.2 Dividend income from equity securities designated at fair value through other comprehensive income for the six-month periods ended June 30, 2023 and 2022, are as follows:

(In millions of Korean won)

		2023		2022	
		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	₩ -	₩ 1,999	₩ -	₩ 409
	Unlisted	-	14,406	-	22,140
Other equity securities		-	13,147	-	5,231
		₩ -	₩ 29,552	₩ -	₩ 27,780

11.3 Derecognized equity securities measured at fair value through other comprehensive income for the six-month periods ended June 30, 2023 and 2022, are as follows:

(In millions of Korean won)

		2023		2022	
		Disposal price	Accumulated other comprehensive income as of disposal date	Disposal price	Accumulated other comprehensive loss as of disposal date
Equity securities measured at fair value through other comprehensive income:					
Stocks	Listed	₩ 37,295	₩ 35,961	₩ 2,175	₩ (396)
	Unlisted	-	-	-	-
		₩ 37,295	₩ 35,961	₩ 2,175	₩ (396)

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11.4 Provision (reversal) for credit losses of financial investments for the six-month periods ended June 30, 2023 and 2022, are as follows:

(In millions of Korean won)

	2023		
	Provision	Reversal	Total
Securities measured at fair value through other comprehensive income	₩ 9,812	₩ (1,959)	₩ 7,853
Loans measured at fair value through other comprehensive income	78	(3)	75
Securities measured at amortized cost	9,186	(659)	8,527
	₩ 19,076	₩ (2,621)	₩ 16,455

(In millions of Korean won)

	2022		
	Provision	Reversal	Total
Securities measured at fair value through other comprehensive income	₩ 2,802	₩ (1,025)	₩ 1,777
Loans measured at fair value through other comprehensive income	156	(140)	16
Securities measured at amortized cost	1,085	(321)	764
	₩ 4,043	₩ (1,486)	₩ 2,557

11.5 Changes in allowances for credit losses of financial investments for the six-month periods ended June 30, 2023 and 2022, are as follows:

(In millions of Korean won)

	2023		
	12-month expected credit losses	Lifetime expected credit losses	
		Non-impaired	Impaired
Beginning	₩ 16,343	₩ 270	₩ 76
Transfer between stages:			
Transfer to 12-month expected credit losses	-	-	-
Transfer to lifetime expected credit losses	-	-	-
Sales	(442)	(270)	-
Provision for credit losses	16,455	-	-
Others	(227)	-	-
Ending	₩ 32,129	₩ -	₩ 76

(In millions of Korean won)

	2022		
	12-month expected credit losses	Lifetime expected credit losses	
		Non-impaired	Impaired
Beginning	₩ 18,373	₩ 28	₩ 76
Transfer between stages:			
Transfer to 12-month expected credit losses	-	-	-
Transfer to lifetime expected credit losses	-	-	-
Sales	(387)	(8)	-
Provision for credit losses	2,142	415	-
Others	701	-	-
Ending	₩ 20,829	₩ 435	₩ 76

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12. Investments in Associates and Joint Ventures

12.1 Details of investments in associates and joint ventures as of June 30, 2023 and December 31, 2022, are as follows:

(In millions of Korean won)

	June 30, 2023				Industry	Location
	Ownership (%)	Acquisition cost	Share of net asset amount	Carrying amount		
KB-KDBC Pre-IPO New Technology Business Investment Fund ²	66.66	₩ 3,601	₩ 6,069	₩ 6,069	Investment finance	Korea
Balhae Infrastructure Company ¹	12.61	96,516	91,678	88,705	Investment finance	Korea
Hahn & Company No. 4-3 Private Equity Fund	24.82	6,947	6,416	6,427	Investment finance	Korea
Aju Good Technology Venture Fund	38.47	343	18,899	18,896	Investment finance	Korea
Incheon Bridge Co., Ltd. ¹	14.99	9,158	(10,865)	-	Operation of highways and related facilities	Korea
Big Dipper Co., Ltd. ¹	17.86	440	102	102	Research, consulting, and big data	Korea
Paycoms Co., Ltd. ³	12.24	800	155	156	System software publishing	Korea
Food Factory Co., Ltd. ⁴	22.22	1,000	652	1,440	Farm product distribution	Korea
KBSP Private Equity Fund No.4 ¹	14.95	6,100	2,491	2,491	Investment finance	Korea
Korea Credit Bureau Co., Ltd. ¹	9.00	4,500	6,043	6,043	Credit information	Korea
KB Social Impact Investment Fund	30.00	4,500	5,036	5,036	Investment finance	Korea
KB-Solidus Global Healthcare Fund ²	43.33	25,927	32,135	32,832	Investment finance	Korea
POSCO-KB Shipbuilding Fund	31.25	1,826	4,500	4,500	Investment finance	Korea
KB-TS Technology Venture Private Equity Fund ²	56.00	9,072	12,442	12,442	Investment finance	Korea
KB-Brain KOSDAQ Scale-up New Technology Business Investment Fund ²	42.55	10,050	15,510	14,760	Investment finance	Korea
KB-SJ Tourism Venture Fund ¹	18.52	4,599	3,721	3,722	Investment finance	Korea
UNION Media Commerce Fund	28.99	1,000	952	953	Investment finance	Korea
KB-Stonebridge Secondary Private Equity Fund ¹	14.56	23,801	26,876	26,876	Investment finance	Korea
KB SPROTT Renewable Private Equity Fund No.1 ²	37.69	17,565	15,981	16,044	Investment finance	Korea
KB-UTC Inno-Tech Venture Fund ²	44.29	19,575	16,592	16,606	Investment finance	Korea

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12.1 Details of investments in associates and joint ventures as of June 30, 2023 and December 31, 2022, are as follows: (cont'd)

(In millions of Korean won)

	June 30, 2023					
	Ownership (%)	Acquisition cost	Share of net asset amount	Carrying amount	Industry	Location
WJ Private Equity Fund No.1	26.95	₩ 10,000	₩ 9,569	₩ 9,569	Investment finance	Korea
All Together Korea Fund No.2 ⁵	99.99	10,000	10,386	10,386	Asset management	Korea
KB-NAU Special Situation Corporate Restructuring Private Equity Fund ¹	12.00	8,691	10,636	10,637	Asset management	Korea
December & Company Inc. ¹	16.78	29,951	1,777	1,778	Investment finance	Korea
2020 KB Fintech Renaissance Fund ¹	5.05	550	1,086	1,086	Investment finance	Korea
KB Material and Parts No.1 PEF ¹	14.47	3,400	3,325	3,325	Investment finance	Korea
FineKB Private Equity Fund No.1	25.00	10,650	8,127	8,127	Investment finance	Korea
G payment Joint Stock Company	43.84	9,374	3,486	9,465	Investment advisory and securities trading	Vietnam
KB-GeneN Medical Venture Fund No.1	22.52	2,000	1,943	1,943	Investment finance	Korea
KB-BridgePole Venture Investment Fund ¹	6.30	850	826	826	Investment finance	Korea
KB-Kyobo New Mobility Power Fund	28.57	3,000	2,797	2,797	Investment finance	Korea
DA-Friend New Technology Investment Fund No.2	27.06	988	938	938	Investment finance	Korea
Cornerstone Pentastone Fund No.4	21.52	818	784	784	Investment finance	Korea
SKS-VLP New Technology Investment Fund No.2	23.11	1,156	1,109	1,109	Investment finance	Korea
Star-Lord General Investors Private Real Estate Investment Company No.10	26.24	46,700	46,273	-	Real estate investment	Korea
KB-Badgers Future Mobility ESG Fund No.1	40.91	4,890	3,753	3,753	Investment finance	Korea
JS Private Equity Fund No.3	20.48	1,700	1,646	1,646	Investment finance	Korea
Mirae Asset Mobility Investment Fund No.1	22.99	2,000	1,964	1,964	Investment finance	Korea
KB-FT 1st Green Growth Investment Fund ¹	10.34	2,000	1,949	1,949	Investment finance	Korea
Glenwood Credit Private Equity Fund No.2	29.89	42,000	42,471	42,471	Investment finance	Korea
THE CHAEUL FUND NO.1	31.25	1,000	981	981	Investment finance	Korea
Smart Korea KB Future9-Sejong Venture Fund	38.46	3,000	2,844	2,844	Investment finance	Korea

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12.1 Details of investments in associates and joint ventures as of June 30, 2023 and December 31, 2022, are as follows: (cont'd)

(In millions of Korean won)

	June 30, 2023					
	Ownership (%)	Acquisition cost	Share of net asset amount	Carrying amount	Industry	Location
KB-KTB Technology Venture Fund ²	50.90	₩ 16,800	₩ 16,147	₩ 16,147	Investment finance	Korea
KB-SOLIDUS Healthcare Investment Fund ²	88.23	19,800	18,057	18,057	Investment finance	Korea
Paramark KB Fund No.1 ¹	17.34	13,789	12,545	12,545	Investment finance	Korea
KB Co-Investment Private Equity Fund No.1 ¹	7.12	9,476	9,477	9,412	Investment finance	Korea
POSITIVE Sobujang Venture Fund No.1	43.96	2,000	1,987	1,987	Investment finance	Korea
History 2022 Fintech Fund	34.78	2,000	1,960	1,960	Investment finance	Korea
PEBBLES-MW M.C.E New Technology Investment Fund ^{1st}	23.26	1,671	1,640	1,640	Investment finance	Korea
KB-NP Green ESG New Technology Venture Capital Fund	29.85	13,700	13,036	13,036	Investment finance	Korea
TMAP Mobility Co., Ltd. ¹	8.25	200,000	56,116	188,444	Application software development and supply	Korea
Nextrade Co., Ltd. ¹	6.64	9,700	9,492	9,492	Investment finance	Korea
Shinhan Global Mobility Fund No.1	24.56	1,345	1,338	1,338	Investment finance	Korea
SKB Next Unicorn K-Battery Fund No.1	24.84	1,995	1,961	1,961	Investment finance	Korea
Lakewood-AVES Fund No.1	39.06	2,000	1,980	1,980	Investment finance	Korea
MW-Pyco NewWave New Technology Investment Fund 4th ²	51.30	2,000	1,986	1,986	Investment finance	Korea
Bitgoeul Cheomdan Green 1st Co., Ltd.	19.00	190	189	189	Electricity	Korea
KB-SUSUNG 1st Inverstment Fund	10.00	2,000	1,990	1,990	Investment finance	Korea
Friend 55 New Technology Business Investment Fund	53.30	1,200	1,195	1,195	Investment finance	Korea
Others		1,742	217	1,056		
		₩ 743,446	₩ 565,368	₩ 666,893		

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12.1 Details of investments in associates and joint ventures as of June 30, 2023 and December 31, 2022, 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-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
KG 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

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12.1 Details of investments in associates and joint ventures as of June 30, 2023 and December 31, 2022, 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

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12.1 Details of investments in associates and joint ventures as of June 30, 2023 and December 31, 2022, 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 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 Fund No.1	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		

¹ As of June 30, 2023 and December 31, 2022, 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 21.68% as of June 30, 2023 and December 31, 2022, 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 June 30, 2023 and December 31, 2022, respectively, considering the potential voting rights of convertible bonds.

⁵ As of June 30, 2023 and December 31, 2022, 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 June 30, 2023.

In accordance with Korean IFRS No.1028 *Investments in Associates and Joint Ventures*, the Group elected an exemption from applying the equity method for 47 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.

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13. Deferred Income Tax Assets and Liabilities

Details of deferred income tax assets and liabilities as of June 30, 2023 and December 31, 2022, are as follows:

(In millions of Korean won)

	June 30, 2023		
	Assets	Liabilities	Net amount
Other provisions	₩ 192,440	₩ -	₩ 192,440
Allowances for credit losses	31,412	-	31,412
Impairment losses of property and equipment	10,075	(1,410)	8,665
Stock index-linked deposit interest	-	-	-
Share-based payments	18,200	-	18,200
Provisions for acceptances and guarantees	52,090	-	52,090
Gains or losses on valuation of derivatives	168,262	(268,211)	(99,949)
Present value discount	14,874	(13)	14,861
Gains or losses on fair value hedge	-	(79,861)	(79,861)
Accrued interest	-	(182,743)	(182,743)
Deferred loan origination fees and costs	15,005	(184,059)	(169,054)
Advanced depreciation provision	-	(4,009)	(4,009)
Gains or losses on revaluation	313	(291,292)	(290,979)
Investments in subsidiaries and others	52,555	(336,291)	(283,736)
Gains or losses on valuation of security investment	1,705,224	(61,007)	1,644,217
Defined benefit liabilities	519,410	(1,483)	517,927
Accrued expenses	182,722	-	182,722
Retirement insurance expense	-	(620,640)	(620,640)
Adjustments to the prepaid contributions	-	(31,542)	(31,542)
Derivative-linked securities	7,000	(145,354)	(138,354)
Others	960,713	(3,495,190)	(2,534,477)
	<u>3,930,295</u>	<u>(5,703,105)</u>	<u>(1,772,810)</u>
Offsetting of deferred income tax assets and liabilities	(3,658,519)	3,658,517	(2)
	<u>₩ 271,776</u>	<u>₩ (2,044,588)</u>	<u>₩ (1,772,812)</u>

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13. Deferred Income Tax Assets and Liabilities (cont'd)

(In millions of Korean won)

	December 31, 2022		
	Assets	Liabilities	Net amount
Other provisions	₩ 195,191	₩ -	₩ 195,191
Allowances for credit losses	2,139	(12,259)	(10,120)
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	1,951,876	(46,551)	1,905,325
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	2,534,543	(3,404,605)	(870,062)
	<u>5,746,558</u>	<u>(5,518,166)</u>	<u>228,392</u>
Offsetting of deferred income tax assets and liabilities	(5,558,186)	3,943,212	(1,614,974)
	<u>₩ 188,372</u>	<u>₩ (1,574,954)</u>	<u>₩ (1,386,582)</u>

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14. Financial Liabilities at Fair Value through Profit or Loss

14.1 Details of financial liabilities at fair value through profit or loss and financial liabilities designated at fair value through profit or loss as of June 30, 2023 and December 31, 2022, are as follows:

(In millions of Korean won)

	June 30, 2023	December 31, 2022
Financial liabilities at fair value through profit or loss		
Borrowed securities sold	₩ 2,682,215	₩ 2,102,537
Others	89,171	90,673
	<u>2,771,386</u>	<u>2,193,210</u>
Financial liabilities designated at fair value through profit or loss		
Derivative-linked securities	9,273,033	10,078,394
	<u>9,273,033</u>	<u>10,078,394</u>
	<u>₩ 12,044,419</u>	<u>₩ 12,271,604</u>

14.2 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 June 30, 2023 and December 31, 2022 are as follows:

(In millions of Korean won)

	June 30, 2023	December 31, 2022
Amount contractually required to pay at maturity	₩ 9,132,381	₩ 9,973,340
Carrying amount	9,273,033	10,078,394
Difference	<u>₩ (140,652)</u>	<u>₩ (105,054)</u>

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15. Deposits

Details of deposits as of June 30, 2023 and December 31, 2022 are as follows:

(In millions of Korean won)

	June 30, 2023	December 31, 2022
Demand deposits		
Demand deposits in Korean won	₩ 150,972,799	₩ 152,079,457
Demand deposits in foreign currencies	11,619,738	12,844,385
	<u>162,592,537</u>	<u>164,923,842</u>
Time deposits		
Time deposits in Korean won	194,173,095	194,117,692
Fair value adjustments of fair value hedged time deposits in Korean won	(767)	-
	<u>194,172,328</u>	<u>194,117,692</u>
Time deposits in foreign currencies	24,685,867	23,529,633
Fair value adjustments of fair value hedged time deposits in foreign currencies	(8,855)	(8,591)
	<u>24,677,012</u>	<u>23,521,042</u>
	<u>218,849,340</u>	<u>217,638,734</u>
Certificates of deposits	9,788,372	6,325,876
Investment contract liabilities	4,851,357	5,040,452
	<u>₩ 396,081,606</u>	<u>₩ 393,928,904</u>

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16. Borrowings

16.1 Details of borrowings as of June 30, 2023 and December 31, 2022, are as follows:

(In millions of Korean won)

	June 30, 2023	December 31, 2022
General borrowings	₩ 54,492,441	₩ 55,789,869
Bonds sold under repurchase agreements and others	11,010,409	11,773,494
Call money	3,759,147	4,154,003
	<u>₩ 69,261,997</u>	<u>₩ 71,717,366</u>

16.2 Details of general borrowings as of June 30, 2023 and December 31, 2022, are as follows:

(In millions of Korean won)

		Interest rate (%) as of June 30, 2023	June 30, 2023	December 31, 2022
	Lenders			
Borrowings in Korean won	Borrowings from the Bank of Korea	0.25~2.00	₩ 6,813,964	₩ 8,282,289
	Borrowings from the government	0.00~3.17	2,611,941	2,670,867
	Borrowings from banks	0.00~6.96	917,300	914,360
	Borrowings from non-banking financial institutions	1.46~6.96	2,209,224	2,189,510
	Other borrowings	0.00~7.65	20,856,746	19,806,869
			<u>33,409,175</u>	<u>33,863,895</u>
Borrowings in foreign currencies	Due to banks	-	11,479	18,266
	Borrowings from banks	0.00~13.50	16,466,442	16,296,725
	Borrowings from other financial institutions	5.58~6.27	30,033	38,249
	Other borrowings	0.00~12.00	4,575,312	5,572,734
			<u>21,083,266</u>	<u>21,925,974</u>
			<u>₩ 54,492,441</u>	<u>₩ 55,789,869</u>

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17. Debentures

17.1 Details of debentures as of June 30, 2023 and December 31, 2022, are as follows:

<i>(In millions of Korean won)</i>	Interest rate (%) as of June 30, 2023	June 30, 2023	December 31, 2022
Debentures in Korean won			
Structured debentures	5.86~8.62	₩ 680	₩ 710
Exchangeable bonds *	-	240,000	240,000
Subordinated fixed rate debentures	2.02~7.86	4,454,320	5,354,890
Fixed rate debentures	1.02~13.70	47,768,995	45,424,094
Floating rate debentures	3.41~6.03	3,300,000	5,455,000
		<u>55,763,995</u>	<u>56,474,694</u>
Fair value adjustments of fair value hedged debentures in Korean won		(204,476)	(249,629)
Less: Discount on debentures in Korean won		(30,502)	(29,166)
Less: Adjustment for exchange right of exchangeable bonds in Korean won		(6,783)	(8,435)
		<u>55,522,234</u>	<u>56,187,464</u>
Debentures in foreign currencies			
Floating rate debentures	3.56~6.68	1,790,599	2,168,341
Fixed rate debentures	0.05~12.00	11,077,994	10,482,244
		<u>12,868,593</u>	<u>12,650,585</u>
Fair value adjustments of fair value hedged debentures in foreign currencies		(88,405)	(95,865)
Less: Discount on debentures in foreign currencies		(41,778)	(43,981)
		<u>12,738,410</u>	<u>12,510,739</u>
		<u>₩ 68,260,644</u>	<u>₩ 68,698,203</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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18. Provisions

18.1 Details of provisions as of June 30, 2023 and December 31, 2022, are as follows:

(In millions of Korean won)

	June 30, 2023		December 31, 2022	
Provisions for credit losses of unused loan commitments	₩	364,359	₩	342,182
Provisions for credit losses of acceptances and guarantees		195,518		153,529
Provisions for credit losses of financial guarantee contracts		6,341		2,955
Provisions for restoration costs		155,122		159,033
Others		256,969		276,002
	₩	978,309	₩	933,701

18.2 Changes in provisions for credit losses of unused loan commitments, and acceptances and guarantees for the six-month periods ended June 30, 2023 and 2022, are as follows:

(In millions of Korean won)

	2023					
	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	₩ 179,885	₩ 151,067	₩ 11,230	₩ 26,906	₩ 118,724	₩ 7,899
Transfer between stages:						
Transfer to 12-month expected credit losses	54,901	(52,872)	(2,029)	(3,620)	(374)	3,994
Transfer to lifetime expected credit losses	(10,944)	11,227	(283)	(205)	306	(101)
Impairment	(312)	(1,581)	1,893	-	(113)	113
Provision (reversal) for credit losses	6,292	14,953	(830)	8,718	35,055	(5,102)
Others (exchange differences, etc.)	1,160	598	4	404	2,715	199
Ending	₩ 230,982	₩ 123,392	₩ 9,985	₩ 32,203	₩ 156,313	₩ 7,002

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18.2 Changes in provisions for credit losses of unused loan commitments, and acceptances and guarantees for the six-month periods ended June 30, 2023 and 2022, are as follows: (cont'd)

(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	29,231	(28,437)	(794)	1,104	(1,104)	-
Transfer to lifetime expected credit losses	(8,405)	8,749	(344)	(304)	965	(661)
Impairment	(136)	(1,140)	1,276	(9)	(138)	147
Provision (reversal) for credit losses	(8,237)	7,406	206	(4,471)	53,525	(3,852)
Others (exchange differences, etc.)	1,493	622	-	2,025	5,217	20
Ending	₩ 167,943	₩ 133,819	₩ 8,368	₩ 25,742	₩ 140,635	₩ 7,191

18.3 Changes in provisions for credit losses of financial guarantee contracts for the six-month periods ended June 30, 2023 and 2022, are as follows:

(In millions of Korean won)

	2023		2022	
Beginning	₩	2,955	₩	5,351
Provision		3,386		2,285
Others		-		(819)
Ending	₩	6,341	₩	6,817

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18.4 Changes in provisions for restoration costs for the six-month periods ended June 30, 2023 and 2022, are as follows:

(In millions of Korean won)

	2023		2022	
Beginning	₩	159,033	₩	152,186
Provision		3,933		6,101
Reversal		(1,586)		(1,559)
Used		(9,551)		(9,640)
Unwinding of discount		3,141		1,372
Effect of changes in discount rate		152		68
Ending	₩	155,122	₩	148,528

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.

18.5 Changes in other provisions for the six-month periods ended June 30, 2023 and 2022, are as follows:

(In millions of Korean won)

	2023				
	Membership rewards program	Dormant accounts	Litigations	Others	Total
Beginning	₩ 46	₩ 2,794	₩ 113,527	₩ 159,635	₩ 276,002
Increase	36	1,969	1,504	13,602	17,111
Decrease	(33)	(1,758)	(32,658)	(9,681)	(44,130)
Others	-	-	3,542	4,444	7,986
Ending	₩ 49	₩ 3,005	₩ 85,915	₩ 168,000	₩ 256,969

(In millions of Korean won)

	2022				
	Membership rewards program	Dormant accounts	Litigations	Others	Total
Beginning	₩ 22,902	₩ 3,062	₩ 55,168	₩ 109,174	₩ 190,306
Increase	39,302	1,358	1,618	13,600	55,878
Decrease	(38,491)	(1,510)	(816)	(11,681)	(52,498)
Others	-	-	120	-	120
Ending	₩ 23,713	₩ 2,910	₩ 56,090	₩ 111,093	₩ 193,806

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19. Net Defined Benefit Liabilities

19.1 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.

19.2 Details of net defined benefit liabilities as of June 30, 2023 and December 31, 2022, are as follows:

(In millions of Korean won)

	June 30, 2023	December 31, 2022
Present value of defined benefit obligation	₩ 2,143,690	₩ 2,215,330
Fair value of plan assets	(2,499,981)	(2,608,519)
Net defined benefit liabilities (asset) *	₩ (356,291)	₩ (393,189)

* As of June 30, 2023, the net defined benefit asset of ₩ 356,291 million is the amount obtained by subtracting the net defined benefit liability of ₩ 112,351 million from the net defined benefit asset of ₩ 468,642 million. Similarly, as of December 31, 2022, the net defined benefit asset of ₩ 393,189 million is the amount obtained by subtracting the net defined benefit liability of ₩ 85,745 million from the net defined benefit asset of ₩ 478,934 million.

19.3 Details of post-employment benefits recognized in profit or loss for the six-month periods ended June 30, 2023 and 2022, are as follows:

(In millions of Korean won)

	2023	2022
Current service cost	₩ 98,367	₩ 123,917
Net interest expense(income) on net defined benefit liabilities	(11,467)	991
Post-employment benefits *	₩ 86,900	₩ 124,908

* Includes post-employment benefits amounting to ₩ 9,602 million recognized as insurance service expenses, ₩ 1,412 million recognized as other operating expenses and ₩ 69 million recognized as advanced payments for the six-month period ended June 30, 2023, and ₩ 14,086 million recognized as insurance service expenses and ₩ 1,509 million recognized as other operating expenses for the six-month period ended June 30, 2022.

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20. Equity

20.1 Share Capital

20.1.1 Details of share capital as of June 30, 2023 and December 31, 2022, are as follows:

(In millions of Korean won and in number of shares)

	June 30, 2023	December 31, 2022
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	403,511,072	408,897,068
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.

20.1.2 Changes in outstanding shares for the six-month periods ended June 30, 2023 and 2022, are as follows:

(In number of shares)

	2023	2022
Beginning	389,634,335	389,634,335
Increase	-	-
Decrease	(5,385,996)	-
Ending	<u>384,248,339</u>	<u>389,634,335</u>

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20.2 Hybrid Securities

Details of hybrid securities classified as equity as of June 30, 2023 and December 31, 2022, are as follows:

(In millions of Korean won)

Hybrid securities	Issuance date	Maturity	Interest rate (%)	June 30, 2023	December 31, 2022
			as of June 30, 2023		
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	442,970
The 8-2 nd	Feb. 16, 2022	Perpetual bond	4.30	155,626	155,626
The 9-1 st	May 12, 2022	Perpetual bond	4.68	478,829	478,829
The 9-2 nd	May 12, 2022	Perpetual bond	4.97	19,906	19,906
The 10-1 st	Aug. 26, 2022	Perpetual bond	4.90	407,936	407,936
The 10-2 nd	Aug. 26, 2022	Perpetual bond	5.15	70,819	70,819
The 10-3 rd	Aug. 26, 2022	Perpetual bond	5.30	19,944	19,944
The 11-1 st	Feb. 3, 2023	Perpetual bond	4.90	548,681	-
The 11-2 nd	Feb. 3, 2023	Perpetual bond	5.03	49,871	-
				₩ 5,032,803	₩ 4,434,251

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 ₩ 1,282,993 million issued by Kookmin Bank, hybrid securities of ₩ 102,673 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.

20.3 Capital Surplus

Details of capital surplus as of June 30, 2023 and December 31, 2022, are as follows:

(In millions of Korean won)

	June 30, 2023	December 31, 2022
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	3,928,359	4,219,856
Consideration for exchange right of exchangeable bonds	11,932	11,933
	₩ 16,649,233	₩ 16,940,731

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20.4 Accumulated Other Comprehensive Income

Details of accumulated other comprehensive income as of June 30, 2023 and December 31, 2022, are as follows:

(In millions of Korean won)

	June 30, 2023	December 31, 2022
Remeasurements of net defined benefit liabilities	₩ (79,598)	₩ (88,770)
Currency translation differences	338,564	254,446
Losses on financial instruments at fair value through other comprehensive income	(5,295,873)	(6,081,560)
Share of other comprehensive loss of associates and joint ventures	(4,525)	(3,342)
Gains on cash flow hedging instruments	5,400	19,632
Losses on hedging instruments of net investments in foreign operations	(154,138)	(114,742)
Fair value changes of financial liabilities designated at fair value through profit or loss due to own credit risk	(9,522)	41,063
Insurance finance income	7,109,780	7,285,794
	<u>₩ 1,910,088</u>	<u>₩ 1,312,521</u>

20.5 Retained Earnings

20.5.1 Details of retained earnings as of June 30, 2023 and December 31, 2022, are as follows:

(In millions of Korean won)

	June 30, 2023	December 31, 2022
Legal reserves *	₩ 1,007,685	₩ 839,235
Voluntary reserves	982,000	982,000
Unappropriated retained earnings	28,863,935	27,101,037
	<u>₩ 30,853,620</u>	<u>₩ 28,922,272</u>

* 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.

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20.5.2 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.

20.5.2.1 Details of regulatory reserve for credit losses as of June 30, 2023 and December 31, 2022, are as follows:

<i>(In millions of Korean won)</i>	<u>June 30, 2023</u>		<u>December 31, 2022</u>	
Regulatory reserve for credit losses attributable to:				
Shareholders of the Parent Company	₩	3,934,939	₩	4,355,734
Non-controlling interests		168,931		89,214
	<u>₩</u>	<u>4,103,870</u>	<u>₩</u>	<u>4,444,948</u>

20.5.2.2 Regulatory reserve for credit losses estimated to be appropriated and adjusted profit after provision of regulatory reserve for credit losses for the three-month and six-month periods ended June 30, 2023 and 2022, are as follows:

<i>(In millions of Korean won, except for per share amounts)</i>	<u>2023</u>		<u>2022</u>	
	<u>Three months</u>	<u>Six months</u>	<u>Three months</u>	<u>Six months</u>
Provision (reversal) of regulatory reserve for credit losses	₩ (107,158)	₩ (420,795)	₩ 131,953	₩ 209,943
Adjusted profit after provision of regulatory reserve for credit losses ^{1,2}	1,558,144	3,328,708	1,049,348	2,409,397
Adjusted basic earnings per share after provision of regulatory reserve for credit losses ¹	4,055	8,620	2,693	6,184
Adjusted diluted earnings per share after provision of regulatory reserve for credit losses ¹	3,967	8,424	2,636	6,045

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

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20.6 Treasury Shares

Changes in treasury shares for the six-month periods ended June 30, 2023 and 2022, are as follows:

(In millions of Korean won and in number of shares)

	2023			
	Beginning	Acquisition	Retirement	Ending
Number of treasury shares *	19,262,733	5,385,996	(5,385,996)	19,262,733
Carrying amount	₩ 836,188	₩ 271,745	₩ (242,096)	₩ 865,837

(In millions of Korean won and in number of shares)

	2022			
	Beginning	Acquisition	Retirement	Ending
Number of treasury shares *	26,173,585	-	(3,455,426)	22,718,159
Carrying amount	₩ 1,136,188	-	₩ (150,000)	₩ 986,188

* 5 million treasury shares are deposited at the Korea Securities Depository for the exchange of exchangeable bonds.

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21. Net Interest Income

Details of interest income, interest expense, and net interest income for the three-month and six-month periods ended June 30, 2023 and 2022, are as follows:

(In millions of Korean won)

	2023		2022	
	Three months	Six months	Three months	Six months
Interest income				
Due from financial institutions measured at fair value through profit or loss	₩ 514	₩ 999	₩ 751	₩ 1,601
Securities measured at fair value through profit or loss	337,366	667,458	203,648	389,305
Loans measured at fair value through profit or loss	3,269	6,169	3,013	5,243
Securities measured at fair value through other comprehensive income	532,805	1,044,541	425,279	698,290
Loans measured at fair value through other comprehensive income	9,033	16,608	3,433	6,350
Due from financial institutions measured at amortized cost	88,205	164,089	27,080	47,859
Securities measured at amortized cost	272,049	527,131	74,203	256,828
Loans measured at amortized cost	5,762,190	11,314,216	3,869,793	7,423,423
Insurance finance income	5,748	11,298	4,253	9,221
Others	119,481	244,734	81,995	161,640
	<u>7,130,660</u>	<u>13,997,243</u>	<u>4,693,448</u>	<u>8,999,760</u>
Interest expense				
Deposits	2,423,201	4,766,124	844,270	1,575,588
Borrowings	627,183	1,209,494	245,363	423,973
Debentures	477,976	1,107,182	349,766	675,653
Insurance finance expense	428,573	869,684	391,744	775,843
Others	200,057	285,496	41,053	75,940
	<u>4,156,990</u>	<u>8,237,980</u>	<u>1,872,196</u>	<u>3,526,997</u>
Net interest income	<u>₩ 2,973,670</u>	<u>₩ 5,759,263</u>	<u>₩ 2,821,252</u>	<u>₩ 5,472,763</u>

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22. Net Fee and Commission Income

Details of fee and commission income, fee and commission expense, and net fee and commission income for the three-month and six-month periods ended June 30, 2023 and 2022, are as follows:

(In millions of Korean won)

	2023		2022	
	Three months	Six months	Three months	Six months
Fee and commission income				
Banking activity fees	₩ 45,236	₩ 91,164	₩ 45,519	₩ 89,716
Lending activity fees	26,125	51,452	21,365	40,627
Credit card and debit card related fees	394,943	797,531	380,041	750,414
Agent activity fees	49,089	103,624	46,855	90,754
Trust and other fiduciary fees	100,700	189,405	86,703	170,180
Fund management related fees	32,042	65,112	28,334	70,275
Acceptances and guarantees fees	18,756	34,487	18,255	33,315
Foreign currency related fees	77,980	152,985	71,380	136,933
Securities agency fees	28,899	59,117	34,920	66,702
Other business account commission on consignment	8,329	21,035	8,663	21,216
Commissions received on securities business	202,359	340,011	181,255	399,726
Lease fees	272,593	536,156	240,051	481,981
Others	104,663	254,337	151,963	298,394
	<u>1,361,714</u>	<u>2,696,416</u>	<u>1,315,304</u>	<u>2,650,233</u>
Fee and commission expense				
Trading activity related fees *	14,501	26,261	10,837	21,693
Lending activity fees	7,939	17,012	10,928	21,734
Credit card and debit card related fees	221,458	428,910	189,572	384,551
Outsourcing related fees	39,726	83,035	42,162	76,337
Foreign currency related fees	20,774	41,309	14,868	29,089
Others	105,912	234,479	112,381	225,017
	<u>410,310</u>	<u>831,006</u>	<u>380,748</u>	<u>758,421</u>
Net fee and commission income	<u>₩ 951,404</u>	<u>₩ 1,865,410</u>	<u>₩ 934,556</u>	<u>₩ 1,891,812</u>

* Fees from financial instruments at fair value through profit or loss

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23. Net Gains or Losses on Financial Instruments at Fair Value through Profit or Loss

23.1 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 three-month and six-month periods ended June 30, 2023 and 2022, are as follows:

(In millions of Korean won)	2023		2022	
	Three months	Six months	Three months	Six months
Gains on financial instruments at fair value through profit or loss				
Financial assets at fair value through profit or loss:				
Debt securities	₩ 487,684	₩ 1,977,155	₩ 613,373	₩ 1,125,233
Equity securities	204,288	523,954	112,884	294,579
	<u>691,972</u>	<u>2,501,109</u>	<u>726,257</u>	<u>1,419,812</u>
Derivatives held for trading:				
Interest rate	(104,886)	3,193,824	4,276,043	9,516,285
Currency	1,942,399	5,957,222	5,790,016	8,077,841
Stock or stock index	460,017	1,382,063	445,631	1,028,906
Credit	13,742	24,600	39,637	52,911
Commodity	9,705	19,208	8,308	16,897
Others	48,719	116,979	37,365	109,496
	<u>2,369,696</u>	<u>10,693,896</u>	<u>10,597,000</u>	<u>18,802,336</u>
Financial liabilities at fair value through profit or loss	80,383	118,545	21,701	143,550
Other financial instruments	(253)	403	16	91
	<u>3,141,798</u>	<u>13,313,953</u>	<u>11,344,974</u>	<u>20,365,789</u>
Losses on financial instruments at fair value through profit or loss				
Financial assets at fair value through profit or loss:				
Debt securities	301,941	588,402	1,412,026	2,624,780
Equity securities	119,568	185,368	408,016	639,408
	<u>421,509</u>	<u>773,770</u>	<u>1,820,042</u>	<u>3,264,188</u>
Derivatives held for trading:				
Interest rate	(425,935)	3,071,500	3,967,216	8,814,240
Currency	2,137,888	6,236,181	5,871,723	8,257,453
Stock or stock index	497,435	1,175,056	751,137	1,573,020
Credit	14,121	27,935	30,311	43,061
Commodity	10,190	25,721	8,271	15,146
Others	28,273	96,714	94,754	283,130
	<u>2,261,972</u>	<u>10,633,107</u>	<u>10,723,412</u>	<u>18,986,050</u>
Financial liabilities at fair value through profit or loss	61,851	214,536	793	34,187
Other financial instruments	(261)	210	52	60
	<u>2,745,071</u>	<u>11,621,623</u>	<u>12,544,299</u>	<u>22,284,485</u>
Net gains (losses) on financial instruments at fair value through profit or loss	<u>₩ 396,727</u>	<u>₩ 1,692,330</u>	<u>₩ (1,199,325)</u>	<u>₩ (1,918,696)</u>

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23.2 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 three-month and six-month periods ended June 30, 2023 and 2022, are as follows:

(In millions of Korean won)

	2023		2022	
	Three months	Six months	Three months	Six months
Gains on financial instruments designated at fair value through profit or loss				
Financial liabilities designated at fair value through profit or loss	₩ 134,470	₩ 287,427	₩ 356,260	₩ 847,762
	<u>134,470</u>	<u>287,427</u>	<u>356,260</u>	<u>847,762</u>
Losses on financial instruments designated at fair value through profit or loss				
Financial liabilities designated at fair value through profit or loss	145,290	820,443	30,202	127,862
	<u>145,290</u>	<u>820,443</u>	<u>30,202</u>	<u>127,862</u>
Net gains (losses) on financial instruments designated at fair value through profit or loss	₩ (10,820)	₩ (533,016)	₩ 326,058	₩ 719,900

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24. Net Other Operating Income and Expenses

Details of other operating income and expenses for the three-month and six-month periods ended June 30, 2023 and 2022, are as follows:

(In millions of Korean won)	2023		2022	
	Three months	Six months	Three months	Six months
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	₩ 2,118	₩ 2,650	₩ -	₩ 3
Gains on disposal of financial instruments at fair value through other comprehensive income	8,675	55,044	2,111	8,657
	10,793	57,694	2,111	8,660
Gains on financial assets at amortized cost:				
Gains on sale of loans measured at amortized cost	54,086	73,441	45,716	58,325
Gains on disposal of securities measured at amortized cost	3	118	-	-
	54,089	73,559	45,716	58,325
Gains on hedge accounting	(34,950)	129,513	370,598	763,811
Gains on foreign exchange transactions	1,245,891	4,356,123	3,345,269	4,231,946
Dividend income	9,171	29,552	4,847	27,780
Others	153,792	286,228	108,837	216,533
	1,438,786	4,932,669	3,877,378	5,307,055
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	-	2	1,227	1,553
Losses on disposal of financial instruments at fair value through other comprehensive income	88,114	116,664	66,194	91,865
	88,114	116,666	67,421	93,418
Losses on financial assets at amortized cost:				
Losses on sale of loans measured at amortized cost	11,123	15,896	3,586	6,468
	11,123	15,896	3,586	6,468
Losses on hedge accounting	(14,602)	176,586	384,634	723,380
Losses on foreign exchanges transactions	1,046,755	3,849,957	3,056,798	3,860,057
Deposit insurance fee	141,787	284,483	134,726	263,747
Credit guarantee fund fee	75,638	149,411	68,917	134,701
Depreciation expenses of operating lease assets	177,103	350,486	166,502	329,188
Others	370,952	707,392	332,643	650,252
	1,896,870	5,650,877	4,215,227	6,061,211
Net other operating expenses	₩ (458,084)	₩ (718,208)	₩ (337,849)	₩ (754,156)

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25. General and Administrative Expenses

25.1 Details of general and administrative expenses for the three-month and six-month periods ended June 30, 2023 and 2022, are as follows:

(In millions of Korean won)

	2023		2022	
	Three months	Six months	Three months	Six months
Expenses related to employee				
Employee benefits - salaries	₩ 675,869	₩ 1,338,347	₩ 673,833	₩ 1,308,920
Employee benefits - others	204,843	435,253	216,337	433,014
Post-employment benefits - defined benefit plans	39,099	75,886	55,487	109,313
Post-employment benefits - defined contribution plans	6,392	14,087	8,922	15,378
Termination benefits	3,263	4,219	21	428
Share-based payments	15,307	26,668	(17,518)	23,180
	<u>944,773</u>	<u>1,894,460</u>	<u>937,082</u>	<u>1,890,233</u>
Depreciation and amortization	<u>211,331</u>	<u>416,864</u>	<u>197,195</u>	<u>386,944</u>
Other general and administrative expenses	<u>23,367</u>	<u>48,342</u>	<u>22,316</u>	<u>46,398</u>
Rental expense	101,115	169,892	72,103	130,928
Tax and dues	10,992	22,405	12,522	24,193
Communication	8,752	18,610	6,776	15,127
Electricity and utilities	2,496	4,488	2,491	4,825
Publication	10,464	21,652	11,435	20,535
Repairs and maintenance	4,304	8,514	4,444	8,253
Vehicle	5,077	8,906	4,718	6,846
Travel	10,900	19,732	9,257	16,883
Training	57,354	109,784	56,470	105,837
Service fees	82,139	177,498	73,002	139,158
Electronic data processing expenses	56,499	100,491	66,751	98,156
Advertising	63,379	137,590	76,292	139,916
Others	436,838	847,904	418,577	757,055
	<u>₩ 1,592,942</u>	<u>₩ 3,159,228</u>	<u>₩ 1,552,854</u>	<u>₩ 3,034,232</u>

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25.2 Share-based Payments

25.2.1 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.

25.2.1.1 Details of stock grants linked to long-term performance as of June 30, 2023, are as follows:

<i>(In number of shares)</i>	Grant date	Number of granted shares ¹	Vesting conditions ²
KB Financial Group Inc.			
Series 28	Nov. 21, 2020	68,135	Services fulfillment, market performance ³ 35%, and non-market performance ⁵ 65%
Series 30	Apr. 1, 2021	3,070	Services fulfillment, market performance ³ 30%, and non-market performance ⁴ 70%
Series 33	Jan. 1, 2022	57,464	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	6,364	Services fulfillment, market performance ³ 30%, and non-market performance ⁴ 70%
Series 36	Jan. 1, 2023	83,561	Services fulfillment, market performance ³ 0~30%, and non-market performance ⁴ 70~100%
Deferred grant in 2015		3,183	Satisfied
Deferred grant in 2016		943	Satisfied
Deferred grant in 2018		884	Satisfied
Deferred grant in 2020		18,871	Satisfied
Deferred grant in 2021		18,105	Satisfied
Deferred grant in 2022		38,277	Satisfied
		299,511	
Kookmin Bank			
Series 83	Apr. 1, 2021	14,972	Services fulfillment, market performance ³ 0~30%, and non-market performance ⁴ 70~100%
Series 85	Jan. 1, 2022	259,724	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 88	Mar. 14, 2022	5,884	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%
Series 92	Jan. 1, 2023	216,811	Services fulfillment, market performance ³ 0~30%, and non-market performance ⁴ 70~100%
Series 93	Apr. 1, 2023	13,422	Services fulfillment, market performance ³ 0~30%, and non-market performance ⁴ 70~100%

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25.2.1.1 Details of stock grants linked to long-term performance as of June 30, 2023, are as follows: (cont'd)

<i>(In number of shares)</i>	Grant date	Number of granted shares ¹	Vesting conditions ²
Deferred grant in 2016		799	Satisfied
Deferred grant in 2017		893	Satisfied
Deferred grant in 2018		1,145	Satisfied
Deferred grant in 2020		26,763	Satisfied
Deferred grant in 2021		104,643	Satisfied
Deferred grant in 2022		87,342	Satisfied
Deferred grant in 2023		1,289	Satisfied
		<u>746,620</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		2,014	
Stock granted in 2016		3,048	
Stock granted in 2017		9,548	
Stock granted in 2018		19,861	
Stock granted in 2019		23,788	
Stock granted in 2020		94,348	
Stock granted in 2021		120,615	
Stock granted in 2022		389,083	
Stock granted in 2023		374,944	
		<u>1,039,493</u>	
		<u>2,085,624</u>	

Services fulfillment,
market performance ³ 0~50%,
and non-market performance ⁴ 50~100%

¹ Granted shares represent the total number of shares initially granted to executives and employees who have residual shares as of June 30, 2023 (Deferred grants are residual shares vested as of June 30, 2023).

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

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25.2.1.2 Details of stock grants linked to short-term performance as of June 30, 2023, are as follows:

<i>(In number of shares)</i>	Estimated number of vested shares *	Vesting conditions
KB Financial Group Inc.		
Stock granted in 2015	2,097	Satisfied
Stock granted in 2016	3,034	Satisfied
Stock granted in 2017	306	Satisfied
Stock granted in 2018	380	Satisfied
Stock granted in 2020	12,336	Satisfied
Stock granted in 2021	23,677	Satisfied
Stock granted in 2022	45,115	Satisfied
Stock granted in 2023	26,578	Proportional to service period
Kookmin Bank		
Stock granted in 2015	419	Satisfied
Stock granted in 2016	2,135	Satisfied
Stock granted in 2017	535	Satisfied
Stock granted in 2018	739	Satisfied
Stock granted in 2020	44,890	Satisfied
Stock granted in 2021	86,235	Satisfied
Stock granted in 2022	164,595	Satisfied
Stock granted in 2023	74,281	Proportional to service period
Other subsidiaries		
Stock granted in 2015	4,048	Satisfied
Stock granted in 2016	18,144	Satisfied
Stock granted in 2017	35,359	Satisfied
Stock granted in 2018	82,096	Satisfied
Stock granted in 2019	91,957	Satisfied
Stock granted in 2020	262,400	Satisfied
Stock granted in 2021	464,576	Satisfied
Stock granted in 2022	511,024	Satisfied
Stock granted in 2023	171,784	Proportional to service period
	<u>2,128,740</u>	

* 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.

25.2.1.3 The accrued expenses for share-based payments related to stock grants are ₩ 154,984 million and ₩ 186,908 million as of June 30, 2023 and December 31, 2022, respectively, and the compensation costs amounting to ₩ 27,771 million and ₩ 23,664 million were recognized for the six-month periods ended June 30, 2023 and 2022, respectively.

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25.2.2 Mileage stock

25.2.2.1 Details of mileage stock as of June 30, 2023, 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	0.00~1.34	48
Nov. 8, 2019	14	0.00~1.36	6
Dec. 5, 2019	56	0.00~1.43	39
Dec. 6, 2019	84	0.00~1.43	39
Dec. 31, 2019	87	0.00~1.50	22
<i>Stock granted in 2020</i>			
Jan. 18, 2020	28,645	0.00~1.55	14,301
May 12, 2020	46	0.00~1.87	43
Jun. 30, 2020	206	0.00~2.00	147
Aug. 26, 2020	40	0.00~2.16	27
Oct. 29, 2020	160	0.00~2.33	107
Nov. 6, 2020	45	0.00~2.35	37
Nov. 30, 2020	35	0.00~2.42	34
Dec. 2, 2020	57	0.00~2.42	33
Dec. 4, 2020	154	0.00~2.43	95
Dec. 30, 2020	88	0.00~2.50	64
<i>Stock granted in 2021</i>			
Jan. 15, 2021	28,156	0.00~2.55	16,597
Apr. 5, 2021	89	0.00~2.76	53
Jul. 1, 2021	54	0.00~3.00	54
Jul. 2, 2021	11	0.00~3.01	11
Jul. 27, 2021	70	0.00~3.07	63
Nov. 1, 2021	71	0.00~3.34	71
Nov. 16, 2021	53	0.00~3.38	13
Dec. 3, 2021	91	0.00~3.43	79
Dec. 6, 2021	87	0.00~3.44	79
Dec. 30, 2021	76	0.00~3.50	76

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25.2.2.1 Details of mileage stock as of June 30, 2023, 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	0.00~3.54	17,473
Apr. 4, 2022	65	0.00~3.76	65
Apr. 19, 2022	33	0.00~3.80	33
Jul. 1, 2022	62	0.00~4.00	62
Aug. 3, 2022	62	0.00~4.09	62
Aug. 9, 2022	80	0.00~4.11	76
Oct. 19, 2022	55	0.00~4.30	55
Nov. 1, 2022	177	0.00~4.34	177
Dec. 1, 2022	49	0.00~4.42	49
Dec. 2, 2022	42	0.00~4.42	42
Dec. 6, 2022	88	0.00~4.44	88
Dec. 12, 2022	114	0.00~4.45	114
Dec. 15, 2022	42	0.00~4.46	42
Dec. 30, 2022	114	0.00~4.50	114
<i>Stock granted in 2023</i>			
Jan. 9, 2023	23,071	0.00~4.53	22,146
Jan. 14, 2023	742	0.00~4.54	688
Mar. 7, 2023	58	0.00~4.68	58
Mar. 27, 2023	58	0.00~4.74	58
Mar. 31, 2023	97	0.00~4.75	97
May 4, 2023	106	0.00~4.84	105
	104,618		73,742

¹ Mileage stock is exercisable for four 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 June 30, 2023. These shares are vested immediately at grant date.

25.2.2.2 The accrued expenses for share-based payments related to mileage stock are ₩ 3,521 million and ₩ 2,738 million as of June 30, 2023 and December 31, 2022, respectively. The compensation costs amounting to ₩ 1,654 million and ₩ 809 million were recognized as expenses for the six-month periods ended June 30, 2023 and 2022, respectively.

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25.2.3 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.

25.2.3.1 Details of long-term share-based payments as of June 30, 2023, are as follows:

(In number of shares)

	<u>Grant date</u>	<u>Vested shares</u>	<u>Expected exercise period (years)</u>	<u>Vesting condition</u>
Granted in 2020	2020	13,402	0.50	Services fulfillment

25.2.3.2 The accrued expenses for long-term share-based payments amount to ₩ 625 million as of June 30, 2023 and December 31, 2022. The reversal compensation costs amounting to ₩ 87 million were recognized for the six-month period ended June 30, 2022.

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26. Income Tax Expense

26.1 Details of income tax expense for the six-month periods ended June 30, 2023 and 2022, are as follows:

(In millions of Korean won)

	<u>2023</u>	<u>2022</u>
Income tax payable		
Current income tax expense	₩ 789,392	₩ 1,127,562
Adjustments of income tax of prior years recognized in current tax	(11,287)	(101,851)
	<u>778,105</u>	<u>1,025,711</u>
Changes in deferred income tax assets and liabilities *	<u>386,230</u>	<u>(270,959)</u>
Income tax recognized directly in equity and others	(187,230)	113,415
Remeasurements of net defined benefit liabilities	(3,312)	12,456
Currency translation differences	514	(21,076)
Net gains or losses on financial assets at fair value through other comprehensive income	(286,626)	2,044,803
Share of other comprehensive income or loss of associates and joint ventures	414	(80)
Gains or losses on cash flow hedging instruments	(875)	(19,977)
Gains or losses on hedging instruments of net investments in foreign operations	14,139	33,288
Gain on revaluation of property, plant and equipment	84	7,149
Fair value changes of financial liabilities designated at fair value through profit or loss due to own credit risk	18,220	(2,744)
Insurance finance income	<u>70,212</u>	<u>(1,940,404)</u>
Others	<u>8,434</u>	<u>20,912</u>
Income tax expense	<u>₩ 985,539</u>	<u>₩ 889,079</u>

27. Dividends

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) were declared at the annual general shareholders' meeting on March 24, 2023 and paid in April 10, 2023. According to the resolution of the Board of Directors on April 27, 2023, the interim dividends per share of ₩ 510 (total dividends: ₩ 195,967 million) with dividend record date of March 31, 2023 were paid on May 11, 2023. Meanwhile, the annual dividends and interim dividends paid in 2022 were ₩ 853,299 million (₩ 2,190 per share) and ₩ 584,452 million (₩ 500 per share), respectively.

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28. Accumulated Other Comprehensive Income (Loss)

Changes in accumulated other comprehensive income (loss) for the six-month periods ended June 30, 2023 and 2022, are as follows:

(In millions of Korean won)

	2023					
	Beginning	Changes except for reclassifi- cation	Reclassification to profit or loss	Transfer within equity	Tax effect	Ending
Remeasurements of net defined benefit liabilities	₩ (88,770)	₩ 12,484	₩ -	₩ -	₩ (3,312)	₩ (79,598)
Currency translation differences	254,446	107,357	(23,753)	-	514	338,564
Losses on financial instruments at fair value through other comprehensive income	(6,081,560)	1,016,064	92,210	(35,961)	(286,626)	(5,295,873)
Share of other comprehensive loss of associates and joint ventures	(3,342)	(1,597)	-	-	414	(4,525)
Gains (losses) on cash flow hedging instruments	19,632	(2,940)	(10,417)	-	(875)	5,400
Losses on hedging instruments of net investments in foreign operations	(114,742)	(53,535)	-	-	14,139	(154,138)
Fair value changes of financial liabilities designated at fair value through profit or loss due to own credit risk	41,063	(68,805)	-	-	18,220	(9,522)
Gains on revaluation of property and equipment	-	(84)	-	-	84	-
Insurance finance income	7,285,794	(246,226)	-	-	70,212	7,109,780
	<u>₩ 1,312,521</u>	<u>₩ 762,718</u>	<u>₩ 58,040</u>	<u>₩ (35,961)</u>	<u>₩ (187,230)</u>	<u>₩ 1,910,088</u>

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28. Accumulated Other Comprehensive Income (Loss) (cont'd)

Changes in accumulated other comprehensive income (loss) for the six-month periods ended June 30, 2023 and 2022, 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)	₩ (44,588)	₩ -	₩ -	₩ 12,456	₩ (360,524)
Currency translation differences	96,129	278,020	-	-	(21,076)	353,073
Gains (losses) on financial instruments at fair value through other comprehensive income	434,956	(7,702,841)	268,683	396	2,044,803	(4,954,003)
Share of other comprehensive loss of associates and joint ventures	(2,980)	101	-	-	(80)	(2,959)
Gains (losses) on cash flow hedging instruments	(6,535)	68,090	(26,882)	-	(19,977)	14,696
Losses on hedging instruments of net investments in foreign operations	(35,658)	(129,271)	-	-	33,288	(131,641)
Fair value changes of financial liabilities designated at fair value through profit or loss due to own credit risk	2,208	9,978	-	-	(2,744)	9,442
Gain on revaluation of tangible assets	-	18,845	-	(25,994)	7,149	-
Assets of a disposal group held for sale	7,671	(7,671)	-	-	-	-
Insurance finance income	1,255,023	7,056,015	-	-	(1,940,404)	6,370,634
	<u>₩ 1,422,422</u>	<u>₩ (453,322)</u>	<u>₩ 241,801</u>	<u>₩ (25,598)</u>	<u>₩ 113,415</u>	<u>₩ 1,298,718</u>

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29. Earnings per Share

29.1 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.

29.1.1 Weighted average number of ordinary shares outstanding

<i>(In number of shares)</i>	2023		2022	
	Three months	Six months	Three months	Six months
Number of issued ordinary shares	403,511,072	403,511,072	412,352,494	412,352,494
Number of treasury shares*	(19,262,733)	(19,262,733)	(22,718,159)	(22,718,159)
Weighted average number of ordinary shares outstanding	384,248,339	386,170,890	389,634,335	389,634,335

* Initial dates of treasury stock that were deducted by the retirement for the six-month periods ended June 30, 2023 and 2022 were April 4, 2023 and February 14, 2022, respectively.

29.1.2 Basic earnings per share

<i>(In Korean won and in number of shares)</i>	2023	
	Three months	Six months
Profit attributable to shareholders of the Parent Company	₩ 1,499,055,844,747	₩ 2,996,686,806,722
Deduction: Dividends on hybrid securities	(48,070,325,000)	(88,774,400,000)
Profit attributable to the ordinary equity holders of the Parent Company (A)	1,450,985,519,747	2,907,912,406,722
Weighted average number of ordinary shares outstanding (B)	384,248,339	386,170,890
Basic earnings per share (A/B)	₩ 3,776	₩ 7,530

<i>(In Korean won and in number of shares)</i>	2022	
	Three months	Six months
Profit attributable to shareholders of the Parent Company	₩ 1,209,950,428,355	₩ 2,670,522,873,044
Deduction: Dividends on hybrid securities	(28,650,200,000)	(51,183,400,000)
Profit attributable to the ordinary equity holders of the Parent Company (A)	1,181,300,228,355	2,619,339,473,044
Weighted average number of ordinary shares outstanding (B)	389,634,335	389,634,335
Basic earnings per share (A/B)	₩ 3,032	₩ 6,723

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29.2 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 during the period) 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.

29.2.1 Adjusted profit for diluted earnings per share

(In Korean won)

	2023	
	Three months	Six months
Profit attributable to shareholders of the Parent Company	₩ 1,499,055,844,747	₩ 2,996,686,806,722
Deduction: Dividends on hybrid securities	(48,070,325,000)	(88,774,400,000)
Profit attributable to ordinary equity holders of the Parent Company	1,450,985,519,747	2,907,912,406,722
Adjustments: Interest expense on exchangeable bonds	611,283,413	1,215,849,425
Adjusted profit for diluted earnings per share	₩ 1,451,596,803,160	₩ 2,909,128,256,147

(In Korean won)

	2022	
	Three months	Six months
Profit attributable to shareholders of the Parent Company	₩ 1,209,950,428,355	₩ 2,670,522,873,044
Deduction: Dividends on hybrid securities	(28,650,200,000)	(51,183,400,000)
Profit attributable to ordinary equity holders of the Parent Company	1,181,300,228,355	2,619,339,473,044
Adjustments: Interest expense on exchangeable bonds	593,607,663	1,180,692,166
Adjusted profit for diluted earnings per share	₩ 1,181,893,836,018	₩ 2,620,520,165,210

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29.2.2 Weighted average number of ordinary shares outstanding for diluted earnings per share

(In number of shares)

	2023		2022	
	Three months	Six months	Three months	Six months
Weighted average number of ordinary shares outstanding	384,248,339	386,170,890	389,634,335	389,634,335
Adjustment:				
Stock grants	3,686,627	4,099,113	3,676,844	4,135,955
Exchangeable bonds	5,000,000	5,000,000	5,000,000	5,000,000
Adjusted weighted average number of ordinary shares outstanding for diluted earnings per share	392,934,966	395,270,003	398,311,179	398,770,290

29.2.3 Diluted earnings per share

(In Korean won and in number of shares)

	2023	
	Three months	Six months
Adjusted profit for diluted earnings per share	₩ 1,451,596,803,160	₩ 2,909,128,256,147
Adjusted weighted average number of ordinary shares outstanding for diluted earnings per share	392,934,966	395,270,003
Diluted earnings per share	₩ 3,694	₩ 7,360

(In Korean won and in number of shares)

	2022	
	Three months	Six months
Adjusted profit for diluted earnings per share	₩ 1,181,893,836,018	₩ 2,620,520,165,210
Adjusted weighted average number of ordinary shares outstanding for diluted earnings per share	398,311,179	398,770,290
Diluted earnings per share	₩ 2,967	₩ 6,572

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30. Insurance Contracts

30.1 Details of insurance contract assets and insurance contract liabilities as of June 30, 2023 and December 31, 2022, are as follows:

(In millions of Korean won)

	June 30, 2023									
	Life insurance					Non-life insurance				
	Death	Health	Pension	Variables	Compound	Long-term	General	Automobile	Overseas	
Insurance contract assets	₩ -	₩ -	₩ -	₩ -	₩ -	₩ 171,091	₩ 18,123	₩ -	₩ -	
Insurance contract liabilities	10,932,254	356,749	6,897,999	6,020,310	-	18,567,015	1,596,760	2,209,187	260,593	
Net insurance contract liabilities	₩ 10,932,254	₩ 356,749	₩ 6,897,999	₩ 6,020,310	₩ -	₩ 18,395,924	₩ 1,578,637	₩ 2,209,187	₩ 260,593	
Reinsurance contract assets	₩ 66	₩ (90)	₩ -	₩ -	₩ 3,968	₩ 389,543	₩ 1,008,288	₩ 15,236	₩ 112,416	
Reinsurance contract liabilities	13,629	16,783	-	-	-	-	3,379	-	-	
Net reinsurance contract assets	₩ (13,563)	₩ (16,873)	₩ -	₩ -	₩ 3,968	₩ 389,543	₩ 1,004,909	₩ 15,236	₩ 112,416	

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June 30, 2023 and 2022 (Unaudited), and December 31, 2022

30.1 Details of insurance contract assets and insurance contract liabilities as of June 30, 2023 and December 31, 2022, are as follows: (cont'd)

(In millions of Korean won)

	December 31, 2022									
	Life insurance					Non-life insurance				
	Death	Health	Pension	Variables	Compound	Long-term	General	Automobile	Overseas	
Insurance contract assets	₩ -	₩ -	₩ -	₩ -	₩ -	₩ 78,687	₩ 4,617	₩ -	₩ -	
Insurance contract liabilities	10,518,422	327,144	7,315,863	5,698,737	-	18,195,275	1,469,824	2,172,574	222,173	
Net insurance contract liabilities	₩ 10,518,422	₩ 327,144	₩ 7,315,863	₩ 5,698,737	₩ -	₩ 18,116,588	₩ 1,465,207	₩ 2,172,574	₩ 222,173	
Reinsurance contract assets	₩ 837	₩ -	₩ -	₩ -	₩ 3,827	₩ 381,733	₩ 1,014,266	₩ 31,750	₩ 63,553	
Reinsurance contract liabilities	12,008	16,572	-	-	-	-	3,148	-	-	
Net reinsurance contract assets	₩ (11,171)	₩ (16,572)	₩ -	₩ -	₩ 3,827	₩ 381,733	₩ 1,011,118	₩ 31,750	₩ 63,553	

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30.2 Details of insurance service results for the six-month periods ended June 30, 2023 and 2022, are as follows:

(In millions of Korean won)

2023

	Life insurance					Non-life insurance				Total									
	Death	Health	Pension	Variables	Compound	Long-term	General	Automobile	Overseas										
Insurance revenue:																			
Insurance contracts not applying the premium allocation approach:																			
Expected insurance claims and expenses	₩ 125,491	₩ 16,304	₩ 18,487	₩ 42,805	₩ -	₩ 2,036,205	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	₩ 2,239,292
Changes in risk adjustment due to release of risk	8,673	1,433	2,502	2,481	-	91,225	-	-	-	-	-	-	-	-	-	-	-	-	106,314
Contractual service margin recognized in profit or loss for the services provided	144,253	9,686	16,509	44,581	-	398,749	-	-	-	-	-	-	-	-	-	-	-	-	613,778
Experience adjustments on premium related to current and past services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Recovery of insurance acquisition cash flows	6,416	1,335	2,713	2,427	-	80,341	-	-	-	-	-	-	-	-	-	-	-	-	93,232
Other insurance revenues	(505)	(141)	(200)	(545)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,391)
	₩ 284,328	₩ 28,617	₩ 40,011	₩ 91,749	₩ -	₩ 2,606,520	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	₩ 3,051,225
Insurance revenue for insurance contracts applying the premium allocation approach	-	-	-	-	-	-	-	632,959	1,328,275	49,519	-	-	-	-	-	-	-	-	2,010,753
Total insurance revenue	₩ 284,328	₩ 28,617	₩ 40,011	₩ 91,749	₩ -	₩ 2,606,520	₩ 632,959	₩ 1,328,275	₩ 49,519	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	₩ 5,061,978

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30.2 Details of insurance service results for the six-month periods ended June 30, 2023 and 2022, are as follows: (cont'd)

(In millions of Korean won)

	2023									
	Life insurance					Non-life insurance				Total
	Death	Health	Pension	Variables	Compound	Long-term	General	Automobile	Overseas	
Insurance service expenses:										
Incurred claims and expenses	₩ (109,647)	₩ (16,647)	₩ (16,113)	₩ (40,400)	₩ -	₩ (2,023,570)	₩ (650,915)	₩ (1,111,436)	₩ (91,271)	₩ (4,059,999)
Amortization of insurance acquisition cash flows	(6,416)	(1,335)	(2,713)	(2,427)	-	(73,403)	(62,801)	(151,542)	(1,323)	(301,960)
Changes in fulfilment cash flows relating to incurred claims	(4,595)	(2,776)	(1,999)	(2,407)	-	5,049	247,029	14,842	-	255,143
Losses on onerous contracts and reversals	(1,450)	1,027	(2,375)	(4,604)	-	(6,412)	1,090	-	-	(12,724)
Other insurance service expenses	288	81	(1,313)	(385)	-	-	-	-	-	(1,329)
Insurance service expenses for insurance contracts not applying the premium allocation approach	(121,820)	(19,650)	(24,513)	(50,223)	-	(2,098,336)	-	-	-	(2,314,542)
Insurance service expenses for insurance contracts applying the premium allocation approach	-	-	-	-	-	-	(465,597)	(1,248,136)	(92,594)	(1,806,327)
Total insurance service expenses	₩ (121,820)	₩ (19,650)	₩ (24,513)	₩ (50,223)	₩ -	₩ (2,098,336)	₩ (465,597)	₩ (1,248,136)	₩ (92,594)	₩ (4,120,869)
Reinsurance income:										
Recovery of incurred reinsurance claims and expenses	154	803	-	-	652	60,766	374,205	385	54,441	491,406
Changes in fulfilment cash flows relating to incurred claims	(155)	(147)	-	-	486	8,693	(226,982)	1,811	-	(216,294)
Recognition and reversal of loss-recovery component	1	(3)	-	-	189	429	(207)	-	-	409
Other reinsurance income	-	-	-	-	-	-	-	-	-	-
Reinsurance income for reinsurance contracts not applying the premium allocation approach	-	653	-	-	1,327	68,672	-	-	-	70,652
Reinsurance income for reinsurance contracts applying the premium allocation approach	-	-	-	-	-	1,216	147,016	2,196	54,441	204,869
Total reinsurance income	₩ -	₩ 653	₩ -	₩ -	₩ 1,327	₩ 69,888	₩ 147,016	₩ 2,196	₩ 54,441	₩ 275,521

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30.2 Details of insurance service results for the six-month periods ended June 30, 2023 and 2022, are as follows: (cont'd)

(In millions of Korean won)

	2023																			
	Life insurance					Non-life insurance				Total										
	Death	Health	Pension	Variables	Compound	Long-term	General	Automobile	Overseas											
Reinsurance expense:																				
Reinsurance contracts not applying the premium allocation approach:																				
Expected recovery of incurred claims and expenses	₩	(448)	₩	(1,146)	₩	-	₩	-	₩	(661)	₩	(73,408)	₩	-	₩	-	₩	-	₩	(75,663)
Changes in risk adjustment due to release of risk		(61)		(74)		-		-		(25)		(4,099)		-		-		-		(4,259)
Contractual service margin recognized in profit or loss for the services received		(522)		(410)		-		-		(527)		2,240		-		-		-		781
Experience adjustments on reinsurance premium related to current and past services		-		-		-		-		-		-		-		-		-		-
Other reinsurance expenses		7		4		-		-		99		-		-		-		-		110
	₩	(1,024)	₩	(1,626)	₩	-	₩	-	₩	(1,114)	₩	(75,267)	₩	-	₩	-	₩	-	₩	(79,031)
Reinsurance expenses for reinsurance contracts applying the premium allocation approach		-		-		-		-		-		(837)		(297,413)		(5,322)		(21,906)		(325,478)
Total reinsurance expense		(1,024)		(1,626)		-		-		(1,114)		(76,104)		(297,413)		(5,322)		(21,906)		(404,509)
Total insurance service result	₩	161,484	₩	7,994	₩	15,498	₩	41,526	₩	213	₩	501,968	₩	16,965	₩	77,013	₩	(10,540)	₩	812,121

KB Financial Group Inc. and Subsidiaries
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30.2 Details of insurance service results for the six-month periods ended June 30, 2023 and 2022, are as follows: (cont'd)

(In millions of Korean won)

	2022													
	Life insurance					Non-life insurance				Total				
	Death	Health	Pension	Variables	Compound	Long-term	General	Automobile	Overseas					
Insurance revenue:														
Insurance contracts not applying the premium allocation approach:														
Expected insurance claims and expenses	₩ 122,356	₩ 14,469	₩ 18,454	₩ 40,195	₩ -	₩ 1,828,523	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	₩ 2,023,997
Changes in risk adjustment due to release of risk	8,165	829	2,338	1,353	-	82,428	-	-	-	-	-	-	-	95,113
Contractual service margin recognized in profit or loss for the services provided	106,376	8,273	12,732	39,183	-	353,167	-	-	-	-	-	-	-	519,731
Experience adjustments on premium related to current and past services	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Recovery of insurance acquisition cash flows	5,335	606	1,762	2,323	-	63,464	-	-	-	-	-	-	-	73,490
Other insurance revenues	(281)	(128)	(98)	(185)	-	-	-	-	-	-	-	-	-	(692)
	₩ 241,951	₩ 24,049	₩ 35,188	₩ 82,869	₩ -	₩ 2,327,582	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	₩ 2,711,639
Insurance revenue for insurance contracts applying the premium allocation approach	-	-	-	-	-	-	-	-	-	618,693	1,260,321	50,642	-	1,929,656
Total insurance revenue	₩ 241,951	₩ 24,049	₩ 35,188	₩ 82,869	₩ -	₩ 2,327,582	₩ 618,693	₩ 1,260,321	₩ 50,642	₩ -	₩ -	₩ -	₩ -	₩ 4,641,295

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30.2 Details of insurance service results for the six-month periods ended June 30, 2023 and 2022, are as follows: (cont'd)

(In millions of Korean won)

	2022									
	Life insurance					Non-life insurance				Total
	Death	Health	Pension	Variables	Compound	Long-term	General	Automobile	Overseas	
Insurance service expenses:										
Incurred claims and expenses	₩ (117,831)	₩ (14,151)	₩ (18,685)	₩ (39,529)	₩ -	₩ (1,785,306)	₩ (497,749)	₩ (1,018,294)	₩ (39,499)	₩ (3,531,044)
Amortization of insurance acquisition cash flows	(5,335)	(606)	(1,762)	(2,323)	-	(86,493)	(58,642)	(145,124)	(1,057)	(301,342)
Changes in fulfilment cash flows relating to incurred claims	(3,446)	(25)	2,635	796	-	97,638	132,479	16,546	-	246,623
Losses on onerous contracts and reversals	(946)	(554)	4,135	(16,176)	-	(14,574)	1	-	-	(28,114)
Other insurance service expenses	(822)	(162)	1,157	(280)	-	-	-	-	-	(107)
Insurance service expenses for insurance contracts not applying the premium allocation approach	(128,380)	(15,498)	(12,520)	(57,512)	-	(1,788,735)	-	-	-	(2,002,645)
Insurance service expenses for insurance contracts applying the premium allocation approach	-	-	-	-	-	-	(423,911)	(1,146,872)	(40,556)	(1,611,339)
Total insurance service expenses	₩ (128,380)	₩ (15,498)	₩ (12,520)	₩ (57,512)	₩ -	₩ (1,788,735)	₩ (423,911)	₩ (1,146,872)	₩ (40,556)	₩ (3,613,984)
Reinsurance income:										
Recovery of incurred reinsurance claims and expenses	676	703	-	-	1,554	35,828	233,677	3,245	(28,072)	247,611
Changes in fulfilment cash flows relating to incurred claims	15	(125)	-	-	(454)	(10,392)	(95,811)	530	-	(106,237)
Recognition and reversal of loss-recovery component	(398)	13	-	-	35	1,890	(40)	-	-	1,500
Other reinsurance income	(2)	(4)	-	-	(45)	-	-	-	-	(51)
Reinsurance income for reinsurance contracts not applying the premium allocation approach	291	587	-	-	1,090	27,042	1,518	-	-	30,528
Reinsurance income for reinsurance contracts applying the premium allocation approach	-	-	-	-	-	284	136,308	3,775	(28,072)	112,295
Total reinsurance income	₩ 291	₩ 587	₩ -	₩ -	₩ 1,090	₩ 27,326	₩ 137,826	₩ 3,775	₩ (28,072)	₩ 142,823

30.2 Details of insurance service results for the six-month periods ended June 30, 2023 and 2022, are as follows: (cont'd)

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(In millions of Korean won)

2022

	Life insurance					Non-life insurance				Total
	Death	Health	Pension	Variables	Compound	Long-term	General	Automobile	Overseas	
Reinsurance expense:										
Reinsurance contracts not applying the premium allocation approach:										
Expected recovery of incurred claims and expenses	₩ (454)	₩ (734)	₩ -	₩ -	₩ (618)	₩ (57,053)	₩ -	₩ -	₩ -	₩ (58,859)
Changes in risk adjustment due to release of risk	(33)	(80)	-	-	(25)	(2,831)	-	-	-	(2,969)
Contractual service margin recognized in profit or loss for the services received	208	(122)	-	-	(420)	(3,472)	-	-	-	(3,806)
Experience adjustments on reinsurance premium related to current and past services	-	-	-	-	-	-	-	-	-	-
Other reinsurance expenses	433	4	-	-	45	-	-	-	-	482
	₩ 154	₩ (932)	₩ -	₩ -	₩ (1,018)	₩ (63,356)	₩ -	₩ -	₩ -	₩ (65,152)
Reinsurance expenses for reinsurance contracts applying the premium allocation approach	-	-	-	-	-	(420)	(284,723)	(5,653)	1,385	(289,411)
Total reinsurance expense	154	(932)	-	-	(1,018)	(63,776)	(284,723)	(5,653)	1,385	(354,563)
Total insurance service result	₩ 114,016	₩ 8,206	₩ 22,668	₩ 25,357	₩ 72	₩ 502,397	₩ 47,885	₩ 111,571	₩ (16,601)	₩ 815,571

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30.3 Details of other insurance finance income and expenses for the six-month periods ended June 30, 2023 and 2022, are as follows:

(In millions of Korean won)

	2023															
	Life insurance			Non-life insurance				Total								
	Retirement	Variables	Others	Long-term	General and Automobile	Overseas	Others									
Insurance finance income (expenses)																
Insurance finance income (expenses) recognized in profit or loss:																
Effect of changes in discount rates and financial assumptions	₩	-	₩	(228,644)	₩	39,029	₩	-	₩	-	₩	(189,615)				
Effect of exchange rate fluctuations		-		(23,196)		(5,816)		(15,468)		-		(44,480)				
Other insurance finance income (expenses)		-		-		44		(1,201)		(17)		(1,174)				
		-		(251,840)		33,213		(16,669)		(17)		(235,269)				
Insurance finance income (expenses) recognized in other comprehensive income		-		28,163		(74,835)		(212,521)		(8,784)		-	(267,977)			
Total insurance finance income (expenses)	₩	-	₩	(223,677)	₩	(41,622)	₩	(212,477)	₩	(25,453)	₩	(17)	₩	(503,246)		
Reinsurance finance income (expenses)																
Reinsurance finance income (expenses) recognized in profit or loss:																
Effect of changes in discount rates and financial assumptions		-		-		(100)		-		-		-		(100)		
Effect of exchange rate fluctuations		-		-		(23)		-		12,563		-		12,540		
Other reinsurance finance income (expenses)		-		-		-		650		1,042		(12)		1,680		
	₩	-	₩	-	₩	(123)	₩	650	₩	13,605	₩	(12)	₩	-	₩	14,120
Reinsurance finance income (expenses) recognized in other comprehensive income		-		-		(640)		12,781		8,834		-		-		20,975
Total reinsurance finance income (expenses)	₩	-	₩	-	₩	(763)	₩	13,431	₩	22,439	₩	(12)	₩	-	₩	35,095
Total	₩	-	₩	(223,677)	₩	(42,385)	₩	(199,046)	₩	(3,014)	₩	(29)	₩	-	₩	(468,151)

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30.3 Details of other insurance finance income and expenses for the six-month periods ended June 30, 2023 and 2022, are as follows: (cont'd)

(In millions of Korean won)

	2022									
	Life insurance			Non-life insurance				Total		
	Retirement	Variables	Others	Long-term	General and Automobile	Overseas	Others			
Insurance finance income (expenses)										
Insurance finance income (expenses) recognized in profit or loss:										
Effect of changes in discount rates and financial assumptions	₩ -	₩ 710,284	₩ 10,599	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	₩ 720,883
Effect of exchange rate fluctuations	-	(59,807)	(9,745)	-	(29,188)	-	-	-	-	(98,740)
Other insurance finance income (expenses)	-	-	-	(6,655)	645	(1,927)	-	-	-	(7,937)
	-	650,477	854	(6,655)	(28,543)	(1,927)	-	-	-	614,206
Insurance finance income (expenses) recognized in other comprehensive income	-	273,345	3,358,387	3,474,204	4,104	-	-	-	-	7,110,040
Total insurance finance income (expenses)	₩ -	₩ 923,822	₩ 3,359,241	₩ 3,467,549	₩ (24,439)	₩ (1,927)	₩ -	₩ -	₩ -	₩ 7,724,246
Reinsurance finance income (expenses)										
Reinsurance finance income (expenses) recognized in profit or loss:										
Effect of changes in discount rates and financial assumptions	-	-	(251)	-	-	-	-	-	-	(251)
Effect of exchange rate fluctuations	-	-	(48)	-	25,495	-	-	-	-	25,447
Other reinsurance finance income (expenses)	-	-	(10)	4,676	9,904	1,780	-	-	-	16,350
	₩ -	₩ -	₩ (309)	₩ 4,676	₩ 35,399	₩ 1,780	₩ -	₩ -	₩ -	₩ 41,546
Reinsurance finance income (expenses) recognized in other comprehensive income	-	-	3,554	(53,482)	(2,705)	-	-	-	-	(52,633)
Total reinsurance finance income (expenses)	₩ -	₩ -	₩ 3,245	₩ (48,806)	₩ 32,694	₩ 1,780	₩ -	₩ -	₩ -	₩ (11,087)
Total	₩ -	₩ 923,822	₩ 3,362,486	₩ 3,418,743	₩ 8,255	₩ (147)	₩ -	₩ -	₩ -	₩ 7,713,159

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31. Statement of Cash Flows

31.1 Details of cash and cash equivalents as of June 30, 2023 and December 31, 2022, are as follows:

(In millions of Korean won)

	June 30, 2023	December 31, 2022
Cash	₩ 2,334,860	₩ 2,439,490
Checks issued by other banks	242,668	123,163
Due from the Bank of Korea	17,370,997	17,520,636
Due from other financial institutions	11,662,325	12,391,461
	<u>31,610,850</u>	<u>32,474,750</u>
Due from financial institutions measured at fair value through profit or loss	103,567	69,469
	<u>31,714,417</u>	<u>32,544,219</u>
Deduction:		
Restricted due from financial institutions	(4,221,185)	(4,893,839)
Due from financial institutions with original maturities over three months	(936,349)	(1,115,582)
	<u>(5,157,534)</u>	<u>(6,009,421)</u>
	<u>₩ 26,556,883</u>	<u>₩ 26,534,798</u>

31.2 Cash inflows and outflows from income tax, interest, and dividends for the six-month periods ended June 30, 2023 and 2022, are as follows:

(In millions of Korean won)

	Activities	2023	2022
Income tax paid	Operating	₩ 1,278,850	₩ 820,791
Interest received	Operating	13,736,683	8,401,269
Interest paid	Operating	5,313,053	2,227,189
Dividends received	Operating	156,371	174,296
Dividends paid	Financing	849,711	1,099,300

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32. Contingent Liabilities and Commitments

32.1 Details of acceptances and guarantees as of June 30, 2023 and December 31, 2022, are as follows:

<i>(In millions of Korean won)</i>	June 30, 2023	December 31, 2022
Confirmed acceptances and guarantees		
Confirmed acceptances and guarantees in Korean won:		
Acceptances and guarantees for KB purchasing loan	₩ 159,227	₩ 167,538
Others	918,549	918,670
	<u>1,077,776</u>	<u>1,086,208</u>
Confirmed acceptances and guarantees in foreign currencies:		
Acceptances of letter of credit	409,353	502,217
Letter of guarantees	69,957	78,414
Bid bond	17,510	19,998
Performance bond	1,129,267	976,008
Refund guarantees	3,313,130	1,705,796
Others	3,580,690	3,485,842
	<u>8,519,907</u>	<u>6,768,275</u>
Financial guarantee contracts:		
Acceptances and guarantees for issuance of debentures	5,040	5,040
Acceptances and guarantees for mortgage	95,217	94,861
Overseas debt guarantees	595,113	509,157
International financing guarantees in foreign currencies	641,711	181,241
	<u>1,337,081</u>	<u>790,299</u>
	<u>10,934,764</u>	<u>8,644,782</u>
Unconfirmed acceptances and guarantees		
Guarantees of letter of credit	2,941,942	3,042,911
Refund guarantees	1,511,223	1,528,359
	<u>4,453,165</u>	<u>4,571,270</u>
	<u>₩ 15,387,929</u>	<u>₩ 13,216,052</u>

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32.2 Details of commitments as of June 30, 2023 and December 31, 2022, are as follows:

(In millions of Korean won)

	June 30, 2023		December 31, 2022
Commitments			
Corporate loan commitments	₩ 52,538,753	₩	51,871,280
Retail loan commitments	54,377,913		51,241,471
Credit line of credit cards	81,297,800		77,825,953
Purchase of other securities	7,532,512		7,357,198
	<u>195,746,978</u>		<u>188,295,902</u>
Financial guarantee contracts			
Credit line	7,058,192		7,135,542
Purchase of securities	891,000		371,201
	<u>7,949,192</u>		<u>7,506,743</u>
	<u>₩ 203,696,170</u>	<u>₩</u>	<u>195,802,645</u>

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32.3 Other Matters

a) The Group has 359 pending lawsuits as a plaintiff (excluding simple lawsuits related to the collection or management of loans), with aggregate claims amount of ₩ 1,497,946 million, and 329 pending lawsuits as a defendant (excluding simple lawsuits related to the collection or management of loans) with aggregate claims amount of ₩ 1,048,269 million, which arose in the normal course of the business, as of June 30, 2023. 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	₩ 55,151	Kookmin Bank invested the assets entrusted by OO Asset Management and OO Investment Trust Management in the Fairfield Sentry Limited(the Fairfield Sentry Limited reinvested the assets in Bernard L. Madoff Investment Securities LLC managed by Bernard Madoff) and then redeemed them and returned them to the beneficiaries. 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]
	Expropriation of long-term leasehold rights	1	328,200	Kookmin Bank invested assets entrusted by OO Asset Management Co., Ltd. in loans that are directly or indirectly collateralized by long-term leasehold rights of 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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32.3 Other Matters (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
Kookmin Bank	Claim for damages	1	₩ 92,466	PT Bank KB Bukopin Tbk requested an auction of TMJ's shares in order to collect the loan to TMJ (a distressed company); NKLI won the auction and then received a loan from the bank for the purpose of purchasing TMJ shares. NKLI's intention was to take control over TMJ and launch mining business; however, NKLI was unable to take control and launch the business due to legal disputes with the bankruptcy trustee of TMJ and court-appointed mine management company, and also lost a lawsuit against the mine management company. As a result, NKLI filed a legal suit to PT Bank KB Bukopin Tbk stating that the bank's recommendation to purchase TMJ's shares was inappropriate since the bank did not intentionally share the legal issues and associated risks thereof.	A legal representative has been appointed to handle the case, and the legal proceedings will proceed.
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 April 11, 2023, and the 9th pleading is scheduled on September 20, 2023).

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32.3 Other Matters (cont'd)

b) On April 7, 2023, Kookmin Bank entered into a new share subscription agreement with STIC Eugene Star Holdings Inc.(hereinafter referred to as STIC"), under which STIC will acquire 31,900,000,000 shares at a price of IDR 3.19 trillion, of which Kookmin Bank's subsidiary, PT Bank KB Bukopin Tbk, will issue. As a result of the agreement, Kookmin Bank will hold a call option to purchase the shares held by the STIC, starting from 2 years and 6 months after the date of acquisition, for a period of 6 months. If Kookmin Bank does not exercise the call option during the designated period, STIC will have the right to sell the acquired shares back to the bank, also known as holding a put option right, within 1 year after the expiration of the call option period.

c) 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 legal claims filed as a defendant, with an aggregate claim amount of ₩ 51 million as of December 31, 2022.

d) As of June 30, 2023, 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.

e) As of June 30, 2023, 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.

f) 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 KB Securities Co., Ltd., is a defendant as of June 30, 2023. One of the cases was ruled in 2023, ordering the payment of ₩ 29,800 million 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.

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32.3 Other Matters (cont'd)

g) In relation to Lime Asset Management, KB Securities Co., Ltd. has a PIS (Portfolio Index Swap) contract, as of June 30, 2023, 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 ₩ 152,100 million. Meanwhile, the KB Securities Co., Ltd., 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 June 30, 2023. 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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33. Subsidiaries

33.1 Details of major consolidated subsidiaries as of June 30, 2023, are as follows:

Investor	Investee	Ownership (%)	Location	Date of financial statements	Industry	
KB Financial Group Inc.	Kookmin Bank	100.00	Korea	Jun. 30	Banking and foreign exchange transaction	
	KB Securities Co., Ltd.	100.00	Korea	Jun. 30	Financial investment	
	KB Insurance Co., Ltd.	100.00	Korea	Jun. 30	Non-life insurance	
	KB Kookmin Card Co., Ltd.	100.00	Korea	Jun. 30	Credit card and installment financing	
	KB Life Insurance Co., Ltd. ¹	100.00	Korea	Jun. 30	Life insurance	
	KB Asset Management Co., Ltd.	100.00	Korea	Jun. 30	Collective investment and advisory	
	KB Capital Co., Ltd.	100.00	Korea	Jun. 30	Financial Leasing	
	KB Real Estate Trust Co., Ltd.	100.00	Korea	Jun. 30	Real estate trust management	
	KB Savings Bank Co., Ltd.	100.00	Korea	Jun. 30	Savings banking	
	KB Investment Co., Ltd.	100.00	Korea	Jun. 30	Capital investment	
	KB Data System Co., Ltd.	100.00	Korea	Jun. 30	Software advisory, development, and supply	
	Kookmin Bank	Kookmin Bank Cambodia Plc. ³	100.00	Cambodia	Jun. 30	Banking and foreign exchange transaction
		Kookmin Bank (China) Ltd.	100.00	China	Jun. 30	Banking and foreign exchange transaction
KB Microfinance Myanmar Co., Ltd.		100.00	Myanmar	Jun. 30	Microfinance services	
PRASAC Microfinance Institution PLC. ³		100.00	Cambodia	Jun. 30	Microfinance services	
PT Bank Syariah Bukopin		92.78	Indonesia	Jun. 30	Banking	
PT Bukopin Finance		97.03	Indonesia	Jun. 30	Installment financing	
KB Bank Myanmar Co., Ltd.		100.00	Myanmar	Jun. 30	Banking and foreign exchange transaction	

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33.1 Details of major consolidated subsidiaries as of June 30, 2023, are as follows: (cont'd)

Investor	Investee	Ownership (%)	Location	Date of financial statements	Industry
Kookmin Bank , KB Kookmin Card Co., Ltd, KB Securities Co., Ltd., KB Insurance Co., Ltd., KB Capital Co., Ltd	PT Bank KB Bukopin, Tbk. ²	67.57 ²	Indonesia	Jun. 30	Banking and foreign exchange transaction
KB Securities Co., Ltd.	KBFG Securities America Inc.	100.00	United States	Jun. 30	Investment advisory and securities trading
	KB Securities Hong Kong Ltd.	100.00	China	Jun. 30	Investment advisory and securities trading
	KB Securities Vietnam Joint Stock Company	99.81	Vietnam	Jun. 30	Investment advisory and securities trading
	KB FINA Joint Stock Company	77.82	Vietnam	Jun. 30	Investment advisory and securities trading
	PT KB VALBURY SEKURITAS	65.00	Indonesia	Jun. 30	Investment advisory and securities trading
	PT.KB Valbury Capital Management	79.00	Indonesia	Jun. 30	Financial investment
KB Insurance Co., Ltd.	Leading Insurance Services, Inc.	100.00	United States	Jun. 30	Management service
	KBFG Insurance(China) Co., Ltd.	100.00	China	Jun. 30	Non-life insurance
	PT. KB Insurance Indonesia	70.00	Indonesia	Jun. 30	Non-life insurance
	KB Claims Survey & Adjusting	100.00	Korea	Jun. 30	Claim service
	KB Sonbo CNS	100.00	Korea	Jun. 30	Management service
	KB Golden Life Care Co., Ltd.	100.00	Korea	Jun. 30	Service
	KB Healthcare Co., Ltd.	100.00	Korea	Jun. 30	Information and communication
KB Life Insurance Co., Ltd.	KB Life Partners Co., Ltd.	100.00	Korea	Jun. 30	Insurance agent
KB Kookmin Card Co., Ltd.	KB Credit Information	100.00	Korea	Jun. 30	Collection of receivables or credit
	KB Daehan Specialized Bank Plc.	97.50	Cambodia	Jun. 30	Auto Installment finance
	PT. KB Finansia Multi Finance	80.00	Indonesia	Jun. 30	Auto Installment finance
	KB J Capital Co., Ltd.	50.99	Thailand	Jun. 30	Service
	i-Finance Leasing Plc.	100.00	Cambodia	Jun. 30	Leasing

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33.1 Details of major consolidated subsidiaries as of June 30, 2023, are as follows: (cont'd)

Investor	Investee	Ownership (%)	Location	Date of financial statements	Industry
KB Capital Co., Ltd.	PT Sunindo Kookmin Best Finance	85.00	Indonesia	Jun. 30	Auto Installment finance
KB Kookmin Card Co., Ltd. KB Capital Co., Ltd.	KB KOLAO Leasing Co., Ltd.	80.00	Laos	Jun. 30	Auto Installment finance
Kookmin Bank, KB Data System Co., Ltd.	PT KB Data Systems Indonesia	100.00	Indonesia	Jun. 30	Service
KB Asset Management Co., Ltd.	KBAM Shanghai Advisory Services Co., Ltd.	100.00	China	Jun. 30	General advisory
	KB Asset Management Singapore PTE. LTD.	100.00	Singapore	Jun. 30	Collective investment

¹ Prudential Life Insurance Company of Korea Ltd. has changed its name into KB Life Insurance Co., Ltd.

² Among the ownership in PT Bank KB Bukopin, Tbk., 0.05% (100,000,000 shares) is no-voting shares with no-dividends.

³ As of the reporting date, the merger between PRASAC Microfinance Institution PLC.(merging entity) and Kookmin Bank Cambodia PLC.(merged entity) is on the process. The agreement for the merger is engaged as of July 10, 2023, and approved by the Ministry of Commence of Cambodia as of August 4, 2023; the official name of PRASAC Microfinance Institution PLC.(merging entity) has changed to KB PRASAC BANK PLC.

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33.2 Details of consolidated structured entities as of June 30, 2023, 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 116 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 No.2 and 201 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.

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33.3 Condensed financial information of major subsidiaries as of June 30, 2023 and December 31, 2022 and for the six-month periods ended June 30, 2023 and 2022, are as follows:

(In millions of Korean won)

	June 30, 2023			2023		
	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	₩ 524,504,515	₩ 489,546,010	₩ 34,958,505	₩ 23,736,807	₩ 1,858,508	₩ 1,281,320
KB Securities Co., Ltd. ^{1,2}	63,012,588	56,885,591	6,126,997	6,126,291	249,574	240,616
KB Insurance Co., Ltd. ^{1,2}	35,349,569	29,353,391	5,996,178	5,948,834	525,218	619,817
KB Kookmin Card Co., Ltd. ¹	29,255,854	24,552,729	4,703,125	2,077,637	192,855	188,900
KB Life Insurance Co., Ltd. ^{1,2,3,4}	30,074,809	25,953,985	4,120,824	1,532,657	122,743	39,916
KB Asset Management Co., Ltd. ¹	316,187	77,967	238,220	101,185	31,583	31,703
KB Capital Co., Ltd. ^{1,2}	16,018,070	13,822,130	2,195,940	1,102,390	105,360	102,610
KB Real Estate Trust Co., Ltd. ¹	560,634	154,728	405,906	71,665	35,370	35,369
KB Savings Bank Co., Ltd.	2,950,374	2,677,602	272,772	116,131	(11,171)	(11,222)
KB Investment Co., Ltd. ¹	1,435,791	1,149,912	285,879	88,693	15,592	15,592
KB Data System Co., Ltd. ¹	59,226	34,127	25,099	116,150	2,476	2,598

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33.3 Condensed financial information of major subsidiaries as of June 30, 2023 and December 31, 2022 and for the six-month periods ended June 30, 2023 and 2022, are as follows: (cont'd)

(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	₩ 24,877,552	₩ 1,726,440	₩ 537,774
KB Securities Co., Ltd. ^{1,2}	53,824,246	47,946,933	5,877,313	8,987,763	182,030	251,926
KB Insurance Co., Ltd. ^{1,2}	34,743,259	29,017,684	5,725,576	5,493,118	526,202	934,090
KB Kookmin Card Co., Ltd. ¹	29,721,017	24,998,215	4,722,802	1,802,096	245,657	279,513
KB Life Insurance Co., Ltd. (former Prudential Life Insurance Company of Korea Ltd.) ^{1,2,3,4}	20,924,583	17,705,417	3,219,166	1,318,402	(39,256)	515,432
KB Life Insurance Co., Ltd.	9,065,100	8,430,665	634,435	498,447	(28,301)	(69,273)
KB Asset Management Co., Ltd. ¹	369,488	102,970	266,518	102,624	21,310	21,298
KB Capital Co., Ltd. ^{1,2}	16,053,026	13,946,800	2,106,226	925,580	147,318	140,275
KB Real Estate Trust Co., Ltd.	518,980	113,444	405,536	71,469	35,052	35,052
KB Savings Bank Co., Ltd.	3,138,543	2,854,549	283,994	91,744	15,429	15,391
KB Investment Co., Ltd. ¹	1,378,550	1,108,264	270,286	71,109	3,413	3,410
KB Data System Co., Ltd. ¹	63,645	40,570	23,075	100,326	1,241	1,278
KB Credit Information Co., Ltd. ⁵	42,219	24,923	17,296	17,057	(943)	(954)

¹ Financial information is based on its consolidated financial statements.

² Includes fair value adjustments arising from the acquisition.

³ Prudential Life Insurance Company of Korea Ltd. and KB Life Insurance Co., Ltd, which were subsidiary companies, have merged in January 2023.

⁴ Prudential Life Insurance Company of Korea Ltd. changed the name to KB Life Insurance Co., Ltd.

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33.3 Condensed financial information of major subsidiaries as of June 30, 2023 and December 31, 2022 and for the six-month periods ended June 30, 2023 and 2022, are as follows: (cont'd)

⁵ The Parent Company sold 100% shares of KB Credit Information Co., Ltd. to KB Kookmin Card Co., Ltd. on June 30, 2023.

33.4 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:

33.4.1 The Group has provided payment guarantees of ₩ 4,603,836 million to K plus 1st LLC and other consolidated structured entities.

33.4.2 The Group has provided capital commitment to 56 consolidated structured entities including KB Sinansan Line Private Special Asset Fund (SOC). The unexecuted amount of the capital commitment is ₩ 1,954,645 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.

33.4.3 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.

33.5 Changes in Subsidiaries

33.5.1 Subsidiaries newly included in consolidation for the six-month period ended June 30, 2023, are as follows:

Company	Reasons of obtaining control
Star road Alpha PFL General Asset Management Real Estate Investment Trust No.11 and 3 other	Holds more than half of the ownership interests
New star Copper 2nd Co., Ltd. and 17 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 Overseas Investment General Asset Management Real Estate Investment Trust and 10 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 Global Platform Fund No.2 and 1 other	Holds the power as a general partner and is exposed to variable returns by holding significant amount of ownership interests

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33.5.2 Subsidiaries excluded from consolidation for the six-month period ended June 30, 2023, are as follows:

Company	Reasons of losing control
KB Cheongra Hill Co., Ltd. and 19 others	Termination of the commitments
KB Life Insurance Co., Ltd. and 7 others	Liquidation
KB KBSTAR Treasury Futures 3 Year ETF Trust (Bond-Derivative) and 4 others	Disposal
KB Global Dynamic Securities Master Investment Trust (Equity-Indirect Type) and 5 others	Decrease in ownership interests to less than majority

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34. 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 12 for details of investments in associates and joint ventures.

34.1 Details of significant profit or loss arising from transactions with related parties for the six-month periods ended June 30, 2023 and 2022, are as follows:

(In millions of Korean won)

		<u>2023</u>	<u>2022</u>
Associates and joint ventures			
Balhae Infrastructure Company	Fee and commission income	₩ 2,526	₩ 2,608
Korea Credit Bureau Co., Ltd.	Fee and commission income	395	424
	Fee and commission expense	4,021	2,009
	Insurance income	2	2
	Other operating expenses	8	9
	Incheon Bridge Co., Ltd.	Interest income	4,331
	Interest expense	381	184
	Fee and commission income	13	2
	Fee and commission expense	3	3
	Insurance income	110	101
	Gains on financial instruments at fair value through profit or loss	521	-
	Losses on financial instruments at fair value through profit or loss	-	2,289
	Provision of credit losses	57	3
Aju Good Technology Venture Fund	Interest expense	107	30
KB Star Office Private Real Estate Master Fund No.1*	Interest income	-	183
	Interest expense	-	2
	Fee and commission income	-	216
Star-Lord General Investors Private Real Estate Investment Company No.10	Insurance income	69	25
	Interest income	2,944	140
	Interest expense	306	84
	General and administrative expenses	4,834	797
	Provision of credit losses	1	-
KG Capital Co., Ltd. *	Interest income	293	443
	Fee and commission income	18	25
	Fee and commission expense	1	6
	Insurance income	13	21
	Other operating income	-	269
	Other operating expenses	11	10
	Reversal of credit losses	55	-
	Provision for credit losses	-	4

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34.1 Details of significant profit or loss arising from transactions with related parties for the six-month periods ended June 30, 2023 and 2022, are as follows: (cont'd)

(In millions of Korean won)

		2023	2022
Food Factory Co., Ltd.	Interest income	₩ 38	₩ 41
	Interest expense	-	4
	Insurance income	5	5
	Fee and commission income	-	1
	Profit or loss-fair value measurement of financial instrument revenue	25	-
	Reversal of credit losses	2	1
KB Pre IPO Secondary Venture Fund No.1 *	Fee and commission income	-	8
Acts Co., Ltd.	Insurance income	-	1
DongJo Co., Ltd.	Interest income	10	-
POSCO-KB Shipbuilding Fund	Fee and commission income	(18)	91
Paycoms Co., Ltd.	Interest income	4	5
	Profit or loss-fair value measurement of financial instrument revenue	78	-
Big Dipper Co., Ltd.	Fee and commission expense	152	259
KB-KDBC Pre-IPO New Technology Business Investment Fund	Interest expense	-	1
	Fee and commission income	-	72
KB-TS Technology Venture Private Equity Fund	Fee and commission income	218	126
KB-SJ Tourism Venture Fund	Fee and commission income	195	140
Banksalad Co., Ltd.	Fee and commission income	18	18
	Fee and commission expense	6	11
	Insurance income	1	1
Iwon Alloy Co., Ltd.	Insurance income	1	1
RMGP Bio-Pharma Investment Fund, L.P.	Fee and commission income	21	26
KB-MDI Centauri Fund LP	Fee and commission income	242	230
Hibiscus Fund LP	Fee and commission income	669	258
RMG-KB BioAccess Fund L.P.	Fee and commission income	163	158
S&E Bio Co., Ltd.	Interest expense	11	-
Contents First Inc.	Interest income	113	-
	Interest expense	52	(7)
	Provision for credit losses	3	-
December & Company Inc. GENINUS Inc. *	Insurance income	94	99
	Interest expense	-	13
	Provision for credit losses	-	3
Pin Therapeutics Inc.	Interest expense	84	64
Wyatt Co., Ltd.	Insurance income	61	75
	Interest expense	2	2
KB-Brain KOSDAQ Scale-up New Technology Business Investment Fund	Fee and commission income	142	-
	Interest expense	254	76
Spark Biopharma Inc.	Interest expense	254	76
Skydigital Inc.	Fee and commission income	1	1

KB Financial Group Inc. and Subsidiaries
Notes to the Consolidated Interim Financial Statements
June 30, 2023 and 2022 (Unaudited), and December 31, 2022

34.1 Details of significant profit or loss arising from transactions with related parties for the six-month periods ended June 30, 2023 and 2022, are as follows: (cont'd)

(In millions of Korean won)

		2023	2022
		₩	₩
Ilkwang Electronic Materials Co., Ltd.	Other non-operating expenses	-	1
KB No.17 Special Purpose Acquisition Company *	Interest expense	-	1
KB No.18 Special Purpose Acquisition Company *	Interest expense	-	5
KB No.19 Special Purpose Acquisition Company *	Losses on financial instruments at fair value through profit or loss	-	1,092
	Interest expense	-	5
KB No.20 Special Purpose Acquisition Company *	Gains on financial instruments at fair value through profit or loss	-	297
	Interest expense	-	12
KB No.21 Special Purpose Acquisition Company	Gains on financial instruments at fair value through profit or loss	1,135	1,654
	Interest expense	29	1
KB No.22 Special Purpose Acquisition Company	Gains on financial instruments at fair value through profit or loss	177	-
	Interest expense	1	-
KB No.23 Special Purpose Acquisition Company	Gains on financial instruments at fair value through profit or loss	213	-
	Interest expense	33	-
KB No.24 Special Purpose Acquisition Company	Interest expense	5	-
	Gains on financial instruments at fair value through profit or loss	247	-
KB No.25 Special Purpose Acquisition Company	Interest expense	13	-
KB No.26 Special Purpose Acquisition Company	Interest expense	7	-
KB SPROTT Renewable Private Equity Fund No.1	Fee and commission income	158	173
KB-Stonebridge Secondary Private Equity Fund	Fee and commission income	336	346
COSES GT Co., Ltd.	Losses on financial instruments at fair value through profit or loss	4,910	-
	Interest income	25	10
	Interest expense	-	1
SuperNGine Co., Ltd.	Interest income	5	-
	Provision for credit losses	6	-
Desilo Inc.	Interest income	6	4
	Provision for credit losses	3	-
Turing Co., Ltd.	Interest expense	1	-
IGGYMOB Co., Ltd.	Interest expense	-	1

KB Financial Group Inc. and Subsidiaries
Notes to the Consolidated Interim Financial Statements
June 30, 2023 and 2022 (Unaudited), and December 31, 2022

34.1 Details of significant profit or loss arising from transactions with related parties for the six-month periods ended June 30, 2023 and 2022, are as follows: (cont'd)

(In millions of Korean won)

		<u>2023</u>	<u>2022</u>
Kukka Co., Ltd.	Interest expense	₩ -	₩ 2
Grinergy Co., Ltd.	Provision for credit losses	1	-
TeamSparta Inc.	Interest expense	141	5
	Provision for credit losses	1	-
Chabot Mobility Co., Ltd.	Fee and commission expense	932	104
	Interest expense	-	1
Wemade Connect Co., Ltd.	Insurance income	1	1
	Interest expense	164	9
	Provision for credit losses	13	-
TMAP Mobility Co., Ltd.	Interest expense	256	-
	Fee and commission expense	539	-
	Provision for credit losses	11	-
Nextrade Co., Ltd.	Interest expense	1,444	-
WJ Private Equity Fund No.1	Fee and commission income	3	4
UPRISE, Inc.	Interest expense	-	2
Channel Corporation	Interest expense	37	-
CWhy Inc.	Insurance income	1	1
KB Social Impact Investment Fund	Fee and commission income	128	150
KB-UTC Inno-Tech Venture Fund	Fee and commission income	235	241
KBSP Private Equity Fund No.4	Fee and commission income	-	189
KB-NAU Special Situation Corporate Restructuring Private Equity Fund	Fee and commission income	711	397
2020 KB Fintech Renaissance Fund	Fee and commission income	73	73
KB Material and Parts No.1 PEF	Fee and commission income	527	175
FineKB Private Equity Fund No.1	Fee and commission income	240	316
	Gains on financial instruments at fair value through profit or loss	16	-
Paramark KB Fund No.1	Fee and commission income	32	211
KB-Badgers Future Mobility ESG Fund No.1	Fee and commission income	645	249
KB Bio Private Equity No.3 Ltd. *	Fee and commission income	-	99
KB-KTB Technology Venture Fund	Fee and commission income	413	325
THE CHAEUL FUND NO.1	Fee and commission income	-	13
KB-Solidus Global Healthcare Fund	Fee and commission income	158	189
SwatchOn Inc. *	Fee and commission income	-	5
	Interest expense	-	5

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34.1 Details of significant profit or loss arising from transactions with related parties for the six-month periods ended June 30, 2023 and 2022, are as follows: (cont'd)

(In millions of Korean won)

		<u>2023</u>	<u>2022</u>
Gomi corporation Inc.	Interest income	₩ 38	₩ 26
	Interest expense	-	2
	Fee and commission income	1	1
	Provision for credit losses	23	1
KB Cape No.1 Private Equity Fund	Fee and commission income	73	72
	Gains on financial instruments at fair value through profit or loss	-	314
	Losses on financial instruments at fair value through profit or loss	89	-
KB-GeneN Medical Venture Fund No.1	Fee and commission income	44	32
KB-BridgePole Venture Investment Fund	Fee and commission income	67	50
KB-Kyobo New Mobility Power Fund	Fee and commission income	39	29
KB Co-Investment Private Equity Fund No.1	Fee and commission income	383	101
KB-NP Green ESG New Technology Venture Capital Fund	Fee and commission income	584	-
KB-FT 1st Green Growth Investment Fund	Fee and commission income	67	-
	Interest expense	1	-
KB-SUSUNG 1st Investment Fund	Fee and commission income	31	-
Others			
Retirement pension	Fee and commission income	775	684
	Interest expense	17	8

* Excluded from the Group's related party as of June 30, 2023.

Meanwhile, the Group purchased installment financial assets, etc. from KG Capital Co., Ltd. amounting to ₩ 373,044 million and ₩ 319,047 million for the six-month periods ended June 30, 2023 and 2022, respectively.

KB Financial Group Inc. and Subsidiaries
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34.2 Details of significant outstanding balances of receivables and payables arising from transactions with related parties as of June 30, 2023 and December 31, 2022, are as follows:

(In millions of Korean won)

		June 30, 2023	December 31, 2022
Associates and joint ventures			
Balhae Infrastructure Company	Other assets	₩ 1,285	₩ 1,306
Korea Credit Bureau Co., Ltd.	Loans measured at amortized cost (gross amount)	36	38
	Deposits	1,747	27,889
	Provisions	1	2
	Insurance contract liabilities	3	1
Incheon Bridge Co., Ltd.	Financial assets at fair value through profit or loss	33,468	32,948
	Loans measured at amortized cost (gross amount)	87,860	95,211
	Allowances for credit losses	42	12
	Other assets	567	615
	Deposits	68,560	48,639
	Provisions	45	18
	Insurance contract liabilities	169	89
	Other liabilities	226	446
Jungdo Co., Ltd.	Deposits	4	4
Dae-A Leisure Co., Ltd.	Deposits	149	154
Aju Good Technology Venture Fund	Deposits	7,023	7,222
	Other liabilities	1	73
Star-Lord General Investors Private Real Estate Investment Company No.10	Loans measured at amortized cost (gross amount)	149,439	149,294
	Allowances for credit losses	1	1
	Property and equipment	8,033	9,915
	Other assets	8,670	8,591
	Insurance contract liabilities	112	46
	Other liabilities	11,532	14,227
KB-Brain KOSDAQ Scale-up New Technology Business Investment Fund	Deposits	462	1,526
	Other liabilities	-	1
WJ Private Equity Fund No.1	Other assets	2	2
	Deposits	220	221
KB Cape No.1 Private Equity Fund	Financial assets at fair value through profit or loss	1,861	2,017
RAND Bio Science Co., Ltd.	Deposits	8	3
	Loans measured at amortized cost (gross amount)	1	-
KG Capital Co., Ltd. *	Loans measured at amortized cost (gross amount)	-	40,040
	Allowances for credit losses	-	55
	Other assets	-	63
	Deposits	-	10
	Insurance contract liabilities	-	14
	Other liabilities	-	5

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Notes to the Consolidated Interim Financial Statements
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34.2 Details of significant outstanding balances of receivables and payables arising from transactions with related parties as of June 30, 2023 and December 31, 2022, are as follows: (cont'd)

(In millions of Korean won)

		June 30, 2023	December 31, 2022
Food Factory Co., Ltd.	Financial assets at fair value through profit or loss	₩ 721	₩ 696
	Loans measured at amortized cost (gross amount)	2,212	3,345
	Allowances for credit losses	2	4
	Other assets	6	4
	Deposits	907	664
	Insurance contract liabilities	3	8
	Other liabilities	-	1
POSCO-KB Shipbuilding Fund	Other assets	760	177
Paycoms Co., Ltd.	Financial assets at fair value through profit or loss	1,250	1,172
	Deposits	1	1
Big Dipper Co., Ltd.	Loans measured at amortized cost (gross amount)	12	18
	Deposits	16	19
KB-KDBC Pre-IPO New Technology Business Investment Fund	Deposits	56	317
Iwon Alloy Co., Ltd.	Deposits	-	1
	Insurance contract liabilities	-	1
Computerlife Co., Ltd.	Deposits	-	3
RMGP Bio-Pharma Investment Fund, L.P.	Financial assets at fair value through profit or loss	6,572	6,384
	Other liabilities	81	36
RMGP Bio-Pharma Investment, L.P.	Financial assets at fair value through profit or loss	20	17
Wyatt Corp.	Financial assets at fair value through profit or loss	6,000	6,000
	Deposits	1	1
	Insurance contract liabilities	15	75
Skydigital Inc.	Deposits	25	10
Banksalad Co., Ltd.	Financial assets at fair value through profit or loss	9,414	10,470
Spark Biopharma Inc.	Financial assets at fair value through profit or loss	7,450	7,450
	Loans measured at amortized cost (gross amount)	15	17
	Deposits	11,156	17,534
	Other liabilities	54	91
UPRISE, Inc.	Financial assets at fair value through profit or loss	5,676	5,248
	Deposits	-	27
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

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34.2 Details of significant outstanding balances of receivables and payables arising from transactions with related parties as of June 30, 2023 and December 31, 2022, are as follows: (cont'd)

<i>(In millions of Korean won)</i>		June 30,	December 31,
		2023	2022
CellinCells Co., Ltd.	Financial assets at fair value through profit or loss	₩ 2,000	₩ 2,000
	Loans measured at amortized cost (gross amount)	3	7
	Deposits	33	37
Channel Corporation	Financial assets at fair value through profit or loss	16,093	18,099
	Deposits	-	3,000
	Other liabilities	-	21
KB No.21 Special Purpose Acquisition Company	Financial assets at fair value through profit or loss	3,136	2,959
	Deposits	2,239	2,263
	Other liabilities	59	29
KB No.22 Special Purpose Acquisition Company	Financial assets at fair value through profit or loss	2,186	1,972
	Deposits	1,877	1,948
	Other liabilities	54	22
KB No.23 Special Purpose Acquisition Company	Financial assets at fair value through profit or loss	3,218	2,971
	Deposits	2,112	2,205
	Other liabilities	1	1
KB No.24 Special Purpose Acquisition Company	Financial assets at fair value through profit or loss	7,475	6,975
	Deposits	9,967	9,983
	Other liabilities	1	1
KB No.25 Special Purpose Acquisition Company	Financial assets at fair value through profit or loss	2,030	-
	Deposits	1,599	-
	Other liabilities	12	-
KB No.26 Special Purpose Acquisition Company	Financial assets at fair value through profit or loss	995	-
	Deposits	1,974	-
	Other liabilities	7	-
COSES GT Co., Ltd.	Financial assets at fair value through profit or loss	-	4,930
	Loans measured at amortized cost (gross amount)	503	506
	Allowances for credit losses	5	4
	Other assets	2	2
	Deposits	198	1,213
	Insurance contract liabilities	1	-
CWhy Inc.	Deposits	-	1
Bomapp Inc. *	Deposits	-	1
Mitolmmune Therapeutics	Financial assets at fair value through profit or loss	7,000	7,000
KB-Solidus Global Healthcare Fund	Other assets	158	350

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34.2 Details of significant outstanding balances of receivables and payables arising from transactions with related parties as of June 30, 2023 and December 31, 2022, are as follows: (cont'd)

<i>(In millions of Korean won)</i>		June 30, 2023	December 31, 2022
Bioprotect Ltd.	Financial assets at fair value through profit or loss	₩ 4,555	₩ 3,802
Gomi corporation Inc.	Financial assets at fair value through profit or loss	4,000	4,000
	Loans measured at amortized cost (gross amount)	2,212	2,234
	Allowances for credit losses	38	17
	Other assets	5	5
	Deposits	9	915
	Other liabilities	1	1
SO-MYUNG RECYCLING Co., Ltd.	Insurance contract liabilities	1	-
Go2joy Co., Ltd.	Financial assets at fair value through profit or loss	1,200	1,200
	Deposits	79	-
ClavisTherapeutics, Inc.	Financial assets at fair value through profit or loss	2,000	2,000
S&E Bio Co., Ltd.	Financial assets at fair value through profit or loss	4,000	4,000
	Loans measured at amortized cost (gross amount)	7	10
	Deposits	3,821	6,419
	Other liabilities	9	-
Bluepointpartners Inc.	Financial assets at fair value through profit or loss	2,203	2,133
4N Inc.	Financial assets at fair value through profit or loss	200	200
	Deposits	2	5
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)	10,002	10,017
	Allowances for credit losses	5	1
	Other assets	1	2
	Deposits	1,203	5,010
	Other liabilities	7	21
KB-MDI Centauri Fund LP	Financial assets at fair value through profit or loss	16,724	17,471
	Other assets	215	470
2020 KB Fintech Renaissance Fund	Other assets	37	37
OKXE Inc.	Financial assets at fair value through profit or loss	800	800

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34.2 Details of significant outstanding balances of receivables and payables arising from transactions with related parties as of June 30, 2023 and December 31, 2022, are as follows: (cont'd)

(In millions of Korean won)

		June 30, 2023	December 31, 2022
Mantisco Co., Ltd.	Loans measured at amortized cost (gross amount)	₩ 15	₩ 15
	Financial assets at fair value through profit or loss	3,000	3,000
	Deposits	93	623
Pin Therapeutics Inc.	Loans measured at amortized cost (gross amount)	34	13
	Financial assets at fair value through profit or loss	5,000	5,000
	Deposits	5,292	6,033
	Other liabilities	4	18
IMBiologics Corp.	Loans measured at amortized cost (gross amount)	8	4
	Financial assets at fair value through profit or loss	7,000	5,000
SuperNGine Co., Ltd.	Loans measured at amortized cost (gross amount)	600	6
	Deposits	139	17
	Allowances for credit losses	6	-
	Other assets	1	-
	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	300
	Allowances for credit losses	5	2
	Deposits	5	1
Turing Co., Ltd.	Financial assets at fair value through profit or loss	3,000	3,000
	Deposits	1,236	2,788
IGGYMOB Co., Ltd.	Financial assets at fair value through profit or loss	5,000	5,000
	Loans measured at amortized cost (gross amount)	15	15
	Deposits	629	254
Kukka Co., Ltd.	Financial assets at fair value through profit or loss	2,490	2,490
	Deposits	5	-
ZIPDOC Inc.	Financial assets at fair value through profit or loss	2,000	2,000
	Deposits	350	915
TeamSparta Inc.	Financial assets at fair value through profit or loss	4,001	4,001
	Deposits	9,819	12,502
	Provisions	1	-
	Other liabilities	37	6

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34.2 Details of significant outstanding balances of receivables and payables arising from transactions with related parties as of June 30, 2023 and December 31, 2022, are as follows: (cont'd)

<i>(In millions of Korean won)</i>		June 30, 2023	December 31, 2022
Chabot Mobility Co., Ltd.	Financial assets at fair value through profit or loss	₩ 2,000	₩ 2,000
	Deposits	58	86
	Insurance contract liabilities	1	-
Wemade Connect Co., Ltd.	Financial assets at fair value through profit or loss	12,261	12,000
	Loans measured at amortized cost (gross amount)	46	52
	Allowances for credit losses	8	-
	Provisions	10	2
	Deposits	9,575	10,370
	Insurance contract liabilities	1	2
	Other liabilities	24	28
Nextrade Co., Ltd.	Deposits	56,205	56,202
	Other liabilities	1,707	263
TMAP Mobility Co., Ltd.	Loans measured at amortized cost (gross amount)	99	-
	Deposits	80,000	30,000
	Other liabilities	230	76
Taeyoungjungkong Co.,Ltd.	Loans measured at amortized cost (gross amount)	48	-
FutureConnect Co., Ltd.	Financial assets at fair value through profit or loss	1,499	1,499
Gushcloud Talent Agency	Financial assets at fair value through profit or loss	4,314	4,165
Grinergy	Loans measured at amortized cost (gross amount)	1	-
	Financial assets at fair value through profit or loss	4,178	2,500
	Provisions	1	-
NexThera Co., Ltd.	Financial assets at fair value through profit or loss	2,000	2,000
FineKB Private Equity Fund No.1	Other assets	124	160
Paramark KB Fund No.1	Other liabilities	67	34
December & Company Inc.	Deposits	1	1
	Insurance contract liabilities	103	9
KB Social Impact Investment Fund	Other assets	128	436
Checkmate Therapeutics Inc.	Financial assets at fair value through profit or loss	3,200	3,200
	Insurance contract liabilities	-	3
G1 Playground Co., Ltd.	Financial assets at fair value through profit or loss	1,000	1,000
	Deposits	15	-
Hibiscus Fund LP	Financial assets at fair value through profit or loss	8,506	10,221
	Other liabilities	2	257

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34.2 Details of significant outstanding balances of receivables and payables arising from transactions with related parties as of June 30, 2023 and December 31, 2022, are as follows: (cont'd)

(In millions of Korean won)

		June 30, 2023	December 31, 2022
RMG-KB BioAccess Fund L.P.	Financial assets at fair value through profit or loss	₩ 2,130	₩ 2,753
	Other assets	81	-
RMG-KB BP Management Ltd.	Financial assets at fair value through profit or loss	93	77
KB Co-Investment Private Equity Fund No.1	Other assets	196	191
Spoon Radio Inc.	Financial assets at fair value through profit or loss	20,413	-
Neuroptika Inc.	Financial assets at fair value through profit or loss	5,879	-
Bitgoeul Cheomdan Green 1st Co., Ltd.	Deposits	949	-
Glenwood Credit Private Equity Fund No.2	Deposits	662	-
KBFT Green Growth No.1 New Technology Business Investment Association	Deposits	700	-
	Other liabilities	1	-
Key management personnel			
Key management personnel	Loans measured at amortized cost (gross amount)	6,512	6,299
	Allowances for credit losses	4	3
	Other assets	6	7
	Deposits	17,627	17,618
	Provisions	3	1
	Insurance contract liabilities	3,003	2,374
	Other liabilities	467	387
Others			
Retirement pension	Other assets	780	778
	Other liabilities	11	10,141

* Excluded from the Group's related party as of June 30, 2023, therefore, the remaining outstanding balances with those entities are not disclosed.

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34.3 Details of significant lending transactions with related parties for the six-month periods ended June 30, 2023 and 2022, are as follows:

(In millions of Korean won)

	2023			
	Beginning	Loan	Collection	Ending
Associates and joint ventures				
Korea Credit Bureau Co., Ltd.	₩ 38	₩ 36	₩ (38)	₩ 36
Incheon Bridge Co., Ltd.	128,159	530	(7,361)	121,328
Star-Lord General Investors Private Real Estate Investment Company No.10	149,294	145	-	149,439
KB Cape No.1 Private Equity Fund	2,017	-	(156)	1,861
RAND Bio Science Co., Ltd.	-	1	-	1
KG Capital Co., Ltd. *	40,040	-	(40,040)	-
Food Factory Co., Ltd.	4,041	434	(1,542)	2,933
Paycoms Co., Ltd.	1,172	78	-	1,250
Big Dipper Co., Ltd.	18	12	(18)	12
RMGP Bio-Pharma Investment Fund, L.P.	6,384	188	-	6,572
RMGP Bio-Pharma Investment, L.P.	17	3	-	20
Wyatt Corp.	6,000	-	-	6,000
Banksalad Co., Ltd.	10,470	-	(1,056)	9,414
UPRISE, Inc.	5,248	428	-	5,676
Stratio, Inc.	1,000	-	-	1,000
Honest Fund, Inc.	3,999	-	-	3,999
CellinCells Co., Ltd.	2,007	3	(7)	2,003
KB No.21 Special Purpose Acquisition Company	2,959	177	-	3,136
KB No.22 Special Purpose Acquisition Company	1,972	214	-	2,186
KB No.23 Special Purpose Acquisition Company	2,971	247	-	3,218
KB No.24 Special Purpose Acquisition Company	6,975	500	-	7,475
KB No.25 Special Purpose Acquisition Company	-	2,030	-	2,030
KB No.26 Special Purpose Acquisition Company	-	995	-	995
COSES GT Co., Ltd.	5,436	3	(4,936)	503
Channel Corporation	18,099	-	(2,006)	16,093
MitoImmune Therapeutics	7,000	-	-	7,000
Bioprotect Ltd.	3,802	753	-	4,555
Gomi corporation Inc.	6,234	12	(34)	6,212
Go2joy Co., Ltd.	1,200	-	-	1,200
ClavisTherapeutics, Inc.	2,000	-	-	2,000
S&E Bio Co., Ltd.	4,010	7	(10)	4,007
Bluepointpartners Inc.	2,133	70	-	2,203
4N Inc.	200	-	-	200
Xenohelix Co., Ltd.	2,100	-	-	2,100
Contents First Inc.	17,294	-	(15)	17,279
KB-MDI Centauri Fund LP	17,471	-	(747)	16,724
OKXE Inc.	800	-	-	800

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34.3 Details of significant lending transactions with related parties for the six-month periods ended June 30, 2023 and 2022, are as follows: (cont'd)

(In millions of Korean won)

	2023			
	Beginning	Loan	Collection	Ending
Checkmate Therapeutics Inc.	₩ 3,200	₩ -	₩ -	₩ 3,200
Mantisco Co., Ltd.	3,015	15	(15)	3,015
IMBiologics Corp.	5,004	2,008	(4)	7,008
Spark Biopharma Inc.	7,467	15	(17)	7,465
G1 Playground Co., Ltd.	1,000	-	-	1,000
Pin Therapeutics Inc.	5,013	34	(13)	5,034
Hibiscus Fund LP	10,221	-	(1,715)	8,506
SuperNGine Co., Ltd.	2,002	600	(6)	2,596
Desilo Inc.	3,468	-	-	3,468
RMG-KB BioAccess Fund L.P.	2,753	-	(623)	2,130
RMG-KB BP Management Ltd.	77	16	-	93
IGGYMOB Co., Ltd.	5,015	15	(15)	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	149	-	4,314
Grinergy	2,500	1,679	-	4,179
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	307	(52)	12,307
TMAP Mobility Co., Ltd	-	99	-	99
Taeyoungjungkong Co., Ltd.	-	55	(7)	48
Spoon Radio Co., Ltd	-	20,413	-	20,413
Neuroptika Inc.	-	5,879	-	5,879
Key management personnel	6,299	1,930	(1,717)	6,512

KB Financial Group Inc. and Subsidiaries
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34.3 Details of significant lending transactions with related parties for the six-month periods ended June 30, 2023 and 2022, are as follows: (cont'd)

(In millions of Korean won)

	2022			
	Beginning	Loan	Collection	Ending
Associates and joint ventures				
Korea Credit Bureau Co., Ltd.	₩ 36	₩ 119	₩ (36)	₩ 119
Incheon Bridge Co., Ltd.	151,489	13	(11,746)	139,756
Star-Lord General Investors Private Real Estate Investment Company No.10	-	150,000	(851)	149,149
KB Star Office Private Real Estate Master Fund No.1 *	10,000	-	-	10,000
KB Cape No.1 Private Equity Fund	1,591	314	-	1,905
RAND Bio Science Co., Ltd.	1	1	(1)	1
KG Capital Co., Ltd. *	40,074	28	(74)	40,028
Food Factory Co., Ltd.	4,216	1,527	(1,552)	4,191
Paycoms Co., Ltd.	1,269	64	-	1,333
Big Dipper Co., Ltd.	17	13	(17)	13
RMGP Bio-Pharma Investment Fund, L.P.	5,423	839	-	6,262
RMGP Bio-Pharma Investment, L.P.	14	4	-	18
Wyatt Corp.	6,000	-	-	6,000
Banksalad Co., Ltd.	9,090	845	-	9,935
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	13	(6)	2,013
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	-	(1,092)	999
KB No.20 Special Purpose Acquisition Company *	3,135	298	-	3,433
KB No.21 Special Purpose Acquisition Company	-	3,144	-	3,144
KB No.22 Special Purpose Acquisition Company	-	990	-	990
COSES GT Co., Ltd.	5,445	8	(15)	5,438
Bomapp Inc. *	19	-	(19)	-
Channel Corporation	14,551	-	-	14,551
MitoImmune Therapeutics	7,000	-	-	7,000
Bioprotect Ltd.	3,557	322	-	3,879
Gomi corporation Inc.	4,733	1,536	(33)	6,236
Copin Communications, Inc. *	4,801	-	(4,801)	-

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34.3 Details of significant lending transactions with related parties for the six-month periods ended June 30, 2023 and 2022, are as follows: (cont'd)

(In millions of Korean won)

	2022			
	Beginning	Loan	Collection	Ending
Go2joy Co., Ltd.	₩ 1,200	₩ -	₩ -	₩ 1,200
ClavisTherapeutics, Inc.	2,000	-	-	2,000
S&E Bio Co., Ltd.	2,000	-	-	2,000
Bluepointpartners Inc.	2,278	-	(118)	2,160
4N Inc.	200	-	-	200
Xenohelix Co., Ltd.	2,100	-	-	2,100
Contents First Inc.	7,277	-	-	7,277
KB-MDI Centauri Fund LP	9,633	7,796	-	17,429
SwatchOn Inc. *	3,418	68	(3,418)	68
OKXE Inc.	800	-	-	800
GENINUS Inc.	5,872	28	(339)	5,561
Checkmate Therapeutics Inc.	2,200	-	-	2,200
Mantisco Co., Ltd.	3,001	7	(1)	3,007
IMBiologics Corp.	5,004	4	(4)	5,004
Spark Biopharma Inc.	4,967	2,527	(17)	7,477
G1 Playground Co., Ltd.	1,000	-	-	1,000
Pin Therapeutics Inc.	3,000	2,008	-	5,008
Hibiscus Fund LP	4,731	5,806	-	10,537
SuperNGine Co., Ltd.	1,998	4	(2)	2,000
Desilo Inc.	3,469	-	(1)	3,468
RMG-KB BioAccess Fund L.P.	353	640	-	993
RMG-KB BP Management Ltd.	7	17	-	24
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	-	4,249	-	4,249
Grinergy	-	2,501	-	2,501
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.	-	12,000	-	12,000
Key management personnel	4,591	2,804	(1,708)	5,687

* Excluded from the Group's related party as of June 30, 2023.

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34.4 Details of significant borrowing transactions with related parties for the six-month periods ended June 30, 2023 and 2022, are as follows:

(In millions of Korean won)

	2023				
	Beginning	Borrowing	Repayment	Others ¹	Ending
Associates and joint ventures					
Korea Credit Bureau Co., Ltd.	₩ 27,889	₩ -	₩ -	₩ (26,142)	₩ 1,747
Incheon Bridge Co., Ltd.	48,639	25,100	(28,000)	22,821	68,560
Jungdo Co., Ltd.	4	-	-	-	4
Dae-A Leisure Co., Ltd.	154	-	-	(5)	149
Iwon Alloy Co., Ltd.	1	-	-	(1)	-
Computerlife Co., Ltd.	3	-	-	(3)	-
Skydigital Inc.	10	-	-	15	25
Aju Good Technology Venture Fund	7,222	1,323	(7,900)	6,378	7,023
KB-KDBC Pre-IPO New Technology Business Investment Fund	317	-	-	(261)	56
KB-Brain KOSDAQ Scale-up New Technology Business Investment Fund	1,526	-	-	(1,064)	462
WJ Private Equity Fund No.1	221	-	-	(1)	220
KG Capital Co., Ltd. ²	10	-	-	(10)	-
KB No.21 Special Purpose Acquisition Company	2,263	-	-	(24)	2,239
KB No.22 Special Purpose Acquisition Company	1,948	-	-	(71)	1,877
KB No.23 Special Purpose Acquisition Company	2,205	-	(100)	7	2,112
KB No.24 Special Purpose Acquisition Company	9,983	-	-	(16)	9,967
KB No.25 Special Purpose Acquisition Company	-	1,500	-	99	1,599
KB No.26 Special Purpose Acquisition Company	-	1,670	-	304	1,974
RAND Bio Science Co., Ltd.	3	-	-	5	8
Food Factory Co., Ltd.	664	-	-	243	907
Paycoms Co., Ltd.	1	-	-	-	1
Big Dipper Co., Ltd.	19	-	-	(3)	16
Wyatt Corp.	1	-	-	-	1
UPRISE, Inc.	27	-	-	(27)	-
CellinCells Co., Ltd.	37	-	-	(4)	33

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34.4 Details of significant borrowing transactions with related parties for the six-month periods ended June 30, 2023 and 2022, are as follows: (cont'd)

(In millions of Korean won)

	2023				
	Beginning	Borrowing	Repayment	Others ¹	Ending
COSES GT Co., Ltd.	₩ 1,213	₩ -	₩ -	₩ (1,015)	₩ 198
Gomi corporation Inc.	915	-	-	(906)	9
S&E Bio Co., Ltd.	6,419	2,500	-	(5,098)	3,821
4N Inc.	5	-	-	(3)	2
Contents First Inc.	5,010	5,000	(8,000)	(807)	1,203
December & Company Inc.	1	-	-	-	1
Mantisco Co., Ltd.	623	-	-	(530)	93
Pin Therapeutics Inc.	6,033	7,217	(9,801)	1,843	5,292
Spark Biopharma Inc.	17,534	9,612	(16,675)	685	11,156
G1 Playground Co., Ltd.	-	-	-	15	15
SuperNGine Co., Ltd.	17	-	-	122	139
Desilo Inc.	1	1	-	3	5
Turing Co., Ltd.	2,788	-	-	(1,552)	1,236
IGGYMOB Co., Ltd.	254	-	-	375	629
TMAP Mobility Co., Ltd.	30,000	30,000	(30,000)	50,000	80,000
Nextrade Co., Ltd.	56,202	-	-	3	56,205
Kukka Co., Ltd.	-	-	-	5	5
ZIPDOC Inc.	915	-	-	(565)	350
TeamSparta Inc.	12,502	5,000	(5,000)	(2,683)	9,819
Chabot Mobility Co., Ltd.	86	-	-	(28)	58
Wemade Connect Co., Ltd.	10,370	18,000	(17,217)	(1,578)	9,575
Channel Corporation	3,000	3,000	(6,000)	-	-
Go2joy Co., Ltd.	-	-	-	79	79
Bitgoeul Cheomdan Green 1st Co., Ltd.	-	-	-	949	949
Glenwood Credit Private Equity Fund No.2	-	-	-	662	662
KBFT Green Growth No.1 New Technology Business Investment Association	-	700	-	-	700
Key management personnel	17,619	11,366	(9,581)	(1,776)	17,628

KB Financial Group Inc. and Subsidiaries
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34.4 Details of significant borrowing transactions with related parties for the six-month periods ended June 30, 2023 and 2022, are as follows: (cont'd)

(In millions of Korean won)

	2022				
	Beginning	Borrowing	Repayment	Others ¹	Ending
Associates and joint ventures					
Korea Credit Bureau Co., Ltd.	₩ 10,200	₩ -	₩ -	₩ (8,723)	₩ 1,477
Incheon Bridge Co., Ltd.	35,487	28,000	(15,000)	7,180	55,667
Jungdo Co., Ltd.	4	-	-	-	4
Dae-A Leisure Co., Ltd.	17	-	-	140	157
Computerlife Co., Ltd.	-	-	-	1	1
Skydigital Inc.	85	-	-	(83)	2
Jo Yang Industrial Co., Ltd.	1	-	-	-	1
Aju Good Technology Venture Fund	6,286	3,059	(2,440)	(1,192)	5,713
KB-KDBC Pre-IPO New Technology Business Investment Fund	904	-	-	(402)	502
KB-Brain KOSDAQ Scale-up New Technology Business Investment Fund	1,524	-	-	251	1,775
WJ Private Equity Fund No.1	260	-	-	-	260
KB Star Office Private Real Estate Master Fund No.1 ²	2,578	-	-	(193)	2,385
KG Capital Co., Ltd. ²	17	-	-	(12)	5
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	-	(30)	(1)	982
KB No.20 Special Purpose Acquisition Company ²	1,681	-	-	(7)	1,674
KB No.21 Special Purpose Acquisition Company	-	-	-	2,289	2,289
KB No.22 Special Purpose Acquisition Company	-	-	-	2,196	2,196
RAND Bio Science Co., Ltd.	443	-	-	(406)	37
Food Factory Co., Ltd.	839	511	(507)	440	1,283
Acts Co., Ltd. ²	154	-	-	(110)	44
Paycoms Co., Ltd.	1	-	-	-	1
Big Dipper Co., Ltd.	-	-	-	8	8
Wyatt Corp.	1	-	-	-	1

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34.4 Details of significant borrowing transactions with related parties for the six-month periods ended June 30, 2023 and 2022, are as follows: (cont'd)

(In millions of Korean won)

	2022				
	Beginning	Borrowing	Repayment	Others ¹	Ending
UPRISE, Inc.	₩ 4,001	₩ -	₩ -	₩ -	₩ 4,001
CellinCells Co., Ltd.	38	-	-	123	161
COSES GT Co., Ltd.	1,939	-	-	(611)	1,328
SwatchOn Inc. ²	686	-	-	(686)	-
Gomi corporation Inc.	3,188	-	-	(1,356)	1,832
S&E Bio Co., Ltd.	263	50	-	(262)	51
KB Pre IPO Secondary Venture Fund No.1 ²	103	-	-	(103)	-
4N Inc.	39	-	-	(33)	6
Contents First Inc.	12,650	-	(10,000)	(2,352)	298
December & Company Inc.	1	-	-	-	1
GENINUS Inc. ²	34,415	-	-	(14,485)	19,930
Mantisco Co., Ltd.	386	-	-	(245)	141
Pin Therapeutics Inc.	-	15,000	(2,000)	390	13,390
Spark Biopharma Inc.	6,015	24,539	(12,500)	(3,412)	14,642
G1 Playground Co., Ltd.	354	-	-	(289)	65
SuperNGine Co., Ltd.	944	-	-	(585)	359
Desilo Inc.	168	-	-	(168)	-
Turing Co., Ltd.	1,054	-	-	(437)	617
IGGYMOB Co., Ltd.	2,938	-	-	(2,525)	413
Kukka Co., Ltd.	-	-	-	7	7
ZIPDOC Inc.	-	-	-	2,159	2,159
TeamSparta Inc.	-	-	-	13,799	13,799
Chabot Mobility Co., Ltd.	-	-	-	62	62
Wemade Connect Co.,Ltd.	-	1,294	-	8,217	9,511
Key management personnel	16,996	9,529	(8,090)	1,889	20,324

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 June 30, 2023.

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34.5 Details of significant investment and withdrawal transactions with related parties for the six-month periods ended June 30, 2023 and 2022, are as follows:

	2023		2022	
	Equity investment and others	Withdrawal and others	Equity investment and others	Withdrawal and others
(In millions of Korean won)				
Balhae Infrastructure Company	₩ -	₩ 5,820	₩ -	₩ 14,231
KoFC POSCO Hanwha KB Shared Growth Private Equity Fund No.2 *	-	-	-	5
KB Pre IPO Secondary Venture Fund No.1 *	-	-	-	2,625
KB-KDBC Pre-IPO New Technology Business Investment Fund	-	-	-	1,400
KB-SJ Tourism Venture Fund	-	-	-	400
Korea Credit Bureau Co., Ltd.	-	90	-	-
KB-UTC Inno-Tech Venture Fund	-	1,800	-	-
KB-Solidus Global Healthcare Fund	-	-	-	19,630
KB Star Office Private Real Estate Master Fund No.1 *	-	-	-	681
KB SPROTT Renewable Private Equity Fund No.1	-	476	12,247	-
KB-NAU Special Situation Corporate Restructuring Private Equity Fund	-	1,515	-	3,628
KB Bio Private Equity No.3 Ltd. *	-	-	-	7,808
December & Company Inc.	-	19,171	-	-
KB-TS Technology Venture Private Equity Fund	-	672	-	1,400
KB Brain KOSDAQ Scaleup New Technology Business Investment Fund	-	2,400	-	1,200
Aju Good Technology Venture Fund	-	7,800	-	1,200
G payment Joint Stock Company	344	-	-	262
498/7 Owners LLC *	-	-	-	166,851
KB-KTB Technology Venture Fund	-	-	5,600	-
KB-SOLIDUS Healthcare Investment Fund	-	-	9,000	-
Paramark KB Fund No.1	1,590	-	4,050	-
FineKB Private Equity Fund No.1	-	2,125	7,500	3,100
KB-GeneN Medical Venture Fund No.1	-	-	2,000	-
KB-BridgePole Venture Investment Fund	-	-	850	-
KB-Kyobo New Mobility Power Fund	-	-	3,000	-
JS Private Equity Fund No.3	-	-	1,700	-
Mirae Asset Mobility Investment Fund No.1	-	-	2,000	-
KB-FT 1st Green Growth Investment Fund 1	-	-	2,000	-
THE CHAEUL FUND NO.1	-	-	1,000	-
Star-Lord General Investors Private Real Estate Investment Company No.10	-	-	46,700	-
KB Co-Investment Private Equity Fund No.1	1,920	-	7,268	-
Glenwood Credit Private Equity Fund No.2	-	-	42,000	-
Apollo REIT PropCo LLC *	-	-	19,968	19,968
PEBBLES-MW M.C.E New Technology Investment Fund 1 st	-	329	-	-
KB-NP Green ESG New Technology Venture Capital Fund	4,350	-	-	-
KB-Badgers Future Mobility ESG Fund No.1	2,754	-	-	-
Lakewood-AVES Fund No.1	2,000	-	-	-

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34.5 Details of significant investment and withdrawal transactions with related parties for the six-month periods ended June 30, 2023 and 2022, are as follows: (cont'd)

(In millions of Korean won)	2023		2022	
	Equity investment and others	Withdrawal and others	Equity investment and others	Withdrawal and others
MW-Pyco NewWave New Technology Investment Fund 4th	₩ 2,000	₩ -	₩ -	₩ -
KB No.25 Special Purpose Acquisition Company	5	-	-	-
KB No.26 Special Purpose Acquisition Company	5	-	-	-
Bitgoeul Cheomdan Green 1st Co., Ltd.	2,000	-	-	-
KB-SUSUNG 1st Investment Fund	1,200	-	-	-
Friend 55 New Technology Business Investment Fund	190	-	-	-
Hahn & Company No. 4-3 Private Equity Fund	5,557	-	-	-

* Excluded from the Group's related party as of June 30, 2023.

34.6 Unused commitments provided to related parties as of June 30, 2023 and December 31, 2022, are as follows:

(In millions of Korean won or in a US Dollar or Malaysian ringgit)		June 30, 2023	December 31, 2022
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	564	562
Incheon Bridge Co., Ltd.	Loan commitments in Korean won	20,000	20,000
	Unused lines of credit for credit card	90	89
TeamSparta Inc.	Loan commitments in Korean won	1,000	-
KG Capital Co., Ltd. *	Unused lines of credit for credit card	125	110
Food Factory Co., Ltd.	Unused lines of credit for credit card	50	52
KB No.23 Special Purpose Acquisition Company	Unused lines of credit for credit card	12	12
CellinCells Co., Ltd.	Unused lines of credit for credit card	21	17
RAND Bio Science Co., Ltd.	Unused lines of credit for credit card	24	25
Big Dipper Co., Ltd.	Unused lines of credit for credit card	33	27
Gomi corporation Inc.	Unused lines of credit for credit card	38	16
COSES GT Co., Ltd.	Unused lines of credit for credit card	27	24
Spark Biopharma Inc.	Unused lines of credit for credit card	35	33
Mantisco Co., Ltd.	Unused lines of credit for credit card	15	15
IMBiologics Corp.	Unused lines of credit for credit card	15	18
SuperNGine Co., Ltd.	Unused lines of credit for credit card	40	14
IGGYMOB Co., Ltd.	Unused lines of credit for credit card	35	35
Pin Therapeutics Inc.	Unused lines of credit for credit card	16	37
Grinergy	Unused lines of credit for credit card	9	10
S&E Bio Co., Ltd.	Unused lines of credit for credit card	43	40

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34.6 Unused commitments provided to related parties as of June 30, 2023 and December 31, 2022, are as follows: (cont'd)

<i>(In millions of Korean won or in a US Dollar or Malaysian ringgit)</i>		June 30, 2023	December 31, 2022
Wemade Connect Co., Ltd.	Unused lines of credit for credit card	₩ 154	₩ 148
TMAP Mobility Co., Ltd.	Unused lines of credit for credit card	717	-
Contents First Inc.	Unused lines of credit for credit card	50	-
KB-TS Technology Venture Private Equity Fund	Purchase of securities	110	110
KB SPROTT Renewable Private Equity Fund No.1	Purchase of securities	5,140	5,140
KB-Stonebridge Secondary Private Equity Fund	Purchase of securities	864	864
KB-NAU Special Situation Corporate Restructuring Private Equity Fund	Purchase of securities	15,288	15,288
All Together Korea Fund No.2	Purchase of securities	990,000	990,000
KB-KTB Technology Venture Fund	Purchase of securities	12,614	11,200
KB-SOLIDUS Healthcare Investment Fund	Purchase of securities	70,200	70,200
KB Co-Investment Private Equity Fund No.1	Purchase of securities	13,524	15,732
KB-Badgers Future Mobility ESG Fund No.1	Purchase of securities	40,109	42,863
KB-NP Green ESG New Technology Venture Capital Fund	Purchase of securities	36,300	40,650
FineKB Private Equity Fund No.1	Purchase of securities	9,125	9,125
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	13,534	17,832
Smart Korea KB Future9-Sejong Venture Fund	Purchase of securities	2,000	3,000
Hahn & Company No. 4-3 Private Equity Fund	Purchase of securities	46,527	-
RMGP Bio-Pharma Investment Fund, L.P.	Purchase of securities	USD 3,868,166	USD 4,094,487
RMGP Bio-Pharma Investment, L.P.	Purchase of securities	USD 10,424	USD 10,731
KB-MDI Centauri Fund LP	Purchase of securities	USD 1,447,518	USD 1,744,518
Hibiscus Fund LP	Purchase of securities	MYR 16,666,667	MYR 16,666,667
RMG-KB BP Management Ltd.	Purchase of securities	USD 694,196	USD 699,733
RMG-KB BioAccess Fund L.P.	Purchase of securities	USD 27,211,854	USD 27,428,899
Key management personnel	Loan commitments in Korean won	2,991	2,354

* Excluded from the Group's related party as of June 30, 2023.

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34.7 Details of compensation to key management personnel for the six-month periods ended June 30, 2023 and 2022, are as follows:

(In millions of Korean won)

	2023			
	Short-term employee benefits	Post- employment benefits	Share-based payments	Total
Registered directors (executive)	₩ 4,151	₩ 512	₩ 2,753	₩ 7,416
Registered directors (non-executive)	536	-	-	536
Non-registered directors	8,840	347	5,636	14,823
	₩ 13,527	₩ 859	₩ 8,389	₩ 22,775

(In millions of Korean won)

	2022			
	Short-term employee benefits	Post- employment benefits	Share-based payments	Total
Registered directors (executive)	₩ 4,373	₩ 457	₩ 2,074	₩ 6,904
Registered directors (non-executive)	542	-	-	542
Non-registered directors	7,844	258	4,545	12,647
	₩ 12,759	₩ 715	₩ 6,619	₩ 20,093

34.8 Details of collateral provided by related parties as of June 30, 2023 and December 31, 2022, are as follows:

(In millions of Korean won)

Key management personnel	Assets held as collateral	June 30, 2023	December 31, 2022
	Time deposits and others		₩ 797
Real estate		8,839	7,483

As of June 30, 2023, 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.

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35. Events after the reporting period

According to the resolution of the Board of Directors on July 25, 2023, the interim dividends per share of ₩ 510 (total dividends: ₩ 195,966 million) with dividend record date of June 30, 2023 were paid on August 8, 2023. The Group's consolidated financial statements as of June 30, 2023, do not reflect this dividends payable.

In accordance with the resolution of the Board of Directors on July 25, 2023, the Parent Company plans to acquire and retire 6,295,907 shares (₩ 300,000 million) of treasury stocks on the market by July 31, 2024. However, the above number of stocks were computed based on the closing price (₩ 47,650) as of July 24, 2023, the day before the Board of Directors meeting; as such, the final number of treasury stocks to be retired may change according to stock price.