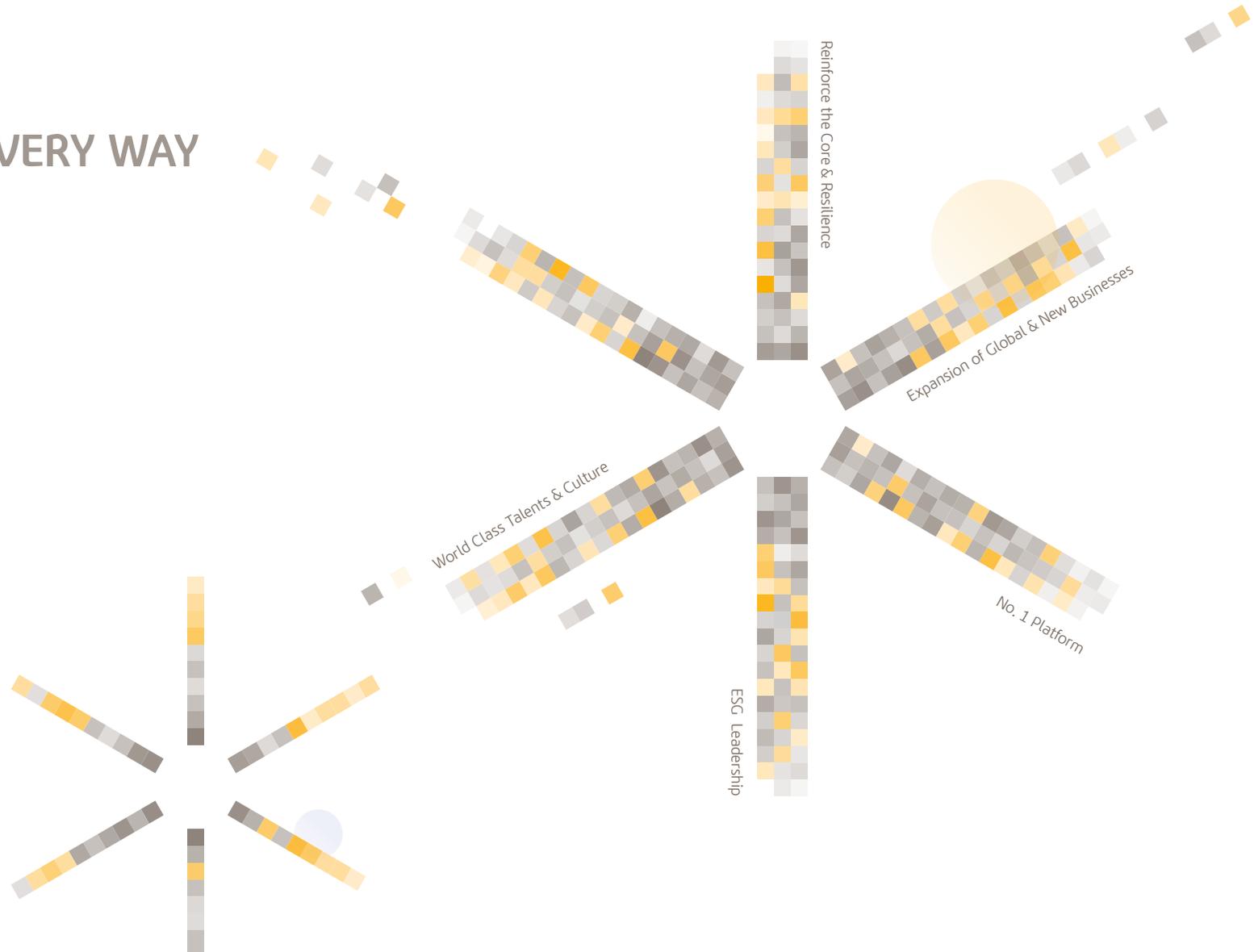
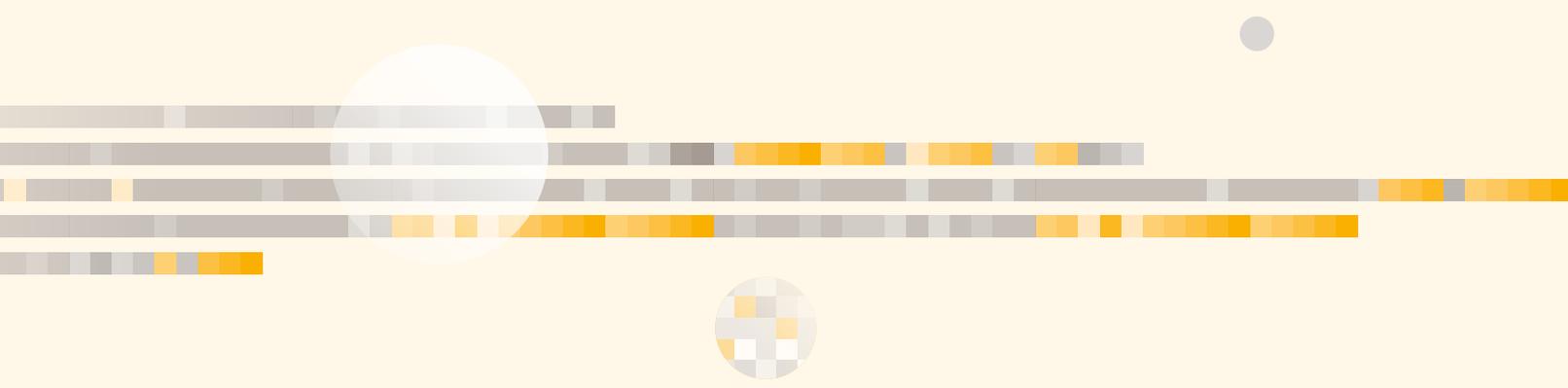


Annual Report 2022

# BETTER <sup>to</sup> BEST

EVERY DAY, EVERY WAY





**BETTER** to  
**BEST**  
EVERY DAY, EVERY WAY

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

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

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

KB Financial Group  
Annual Report 2022

# Contents

## Introduction

- 04 CEO Message
- 07 Better to Best
- 16 Vision & Strategy



## Group Review

- 19 Company Profile
- 21 Year in Review
- 23 Financial Highlights
- 25 Shareholder Information
- 28 Board of Directors



## Special Report

- 30 ESG Leadership
- 39 Digital Transformation
- 45 Global Business
- 48 Risk Management



## MD&A

- 54 Management's  
Discussion & Analysis



## Operations Review

- 62 Overview
- 63 Bank
- 68 Financial Investments
- 73 Insurance
- 77 Credit Finance



## Appendix

- 80 Company Directory
- 80 Global Network
- 83 Disclaimer



- Home
- Contents
- Previous page
- Print
- Website link
- Download
- Reference page

### Navigating the Report

To use this interactive PDF edition, click on any of the icons on the navigation bar at the top of each page. Access relevant websites, YouTube clips, and download linked documents with just one click. Navigate through the pages to find additional images or more details about the content. Also, feel free to go back and forth through the pages in any order you desire and print any of the pages according to your needs.

# CEO Message

## Esteemed shareholders, investors, and customers,

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

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

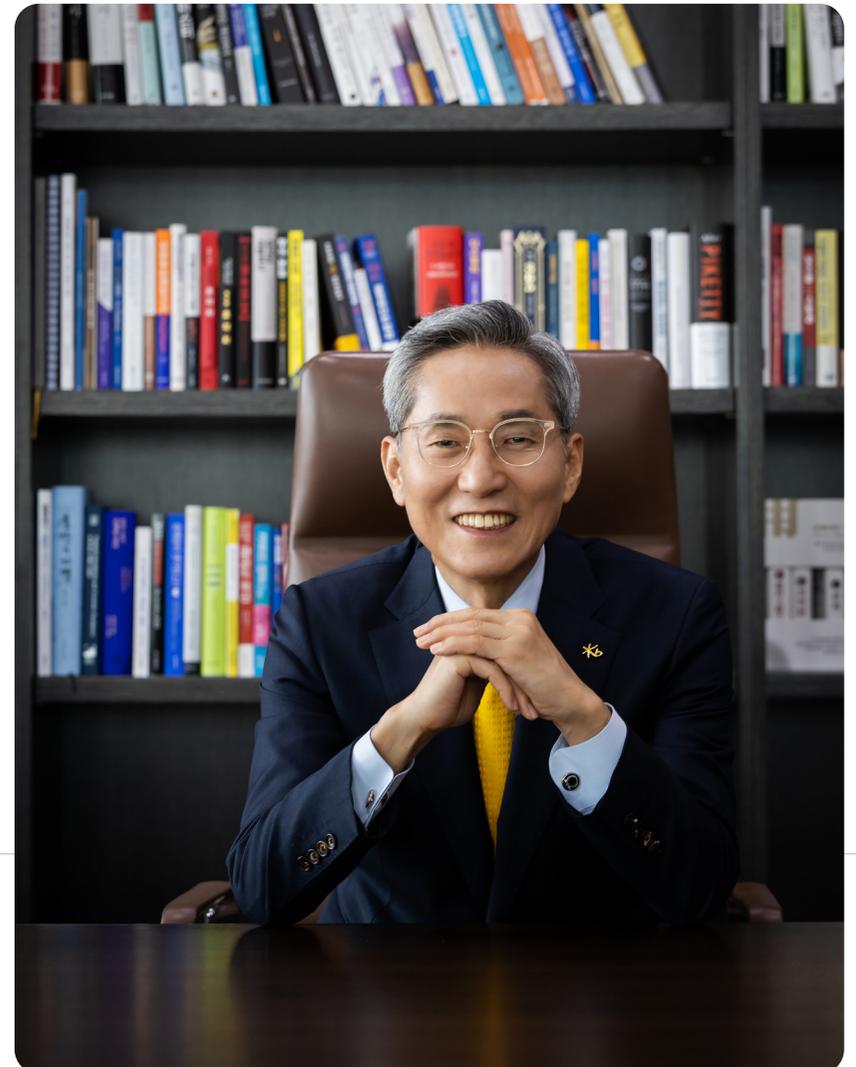
KB Financial Group’s subsidiaries are continuously strengthening their core

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Thank you.

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

**Yoon Jong-kyoo**

Chairman & CEO  
KB Financial Group Inc.

# From the Basic

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

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



[Click to view](#)

# IB Quadruple Crown

# WM Investment Advisory Services

# Capital Markets Singapore Branch

# Finance

# Building Greater

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



# Insurance 34.8

## Key Figures

Click to view

Capital Markets

## Singapore Branch



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

### Building Core Competencies

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

IB

## Quadruple Crown



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

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

WM

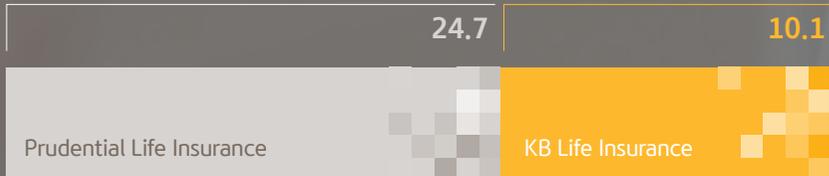
## Business License for Investment Advisory Services



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

Insurance

## 34.8



**Launch of an Integrated Life Insurance Company**

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

\* Based on the IFRS 9 (tn won)

Healthcare  
**O'Care**

Telecom  
**KB Liiv M**

Mobility  
**KB ChaChaCha**

Real Estate  
**KB Real Estate**

Lifestyle Services

# Expanding Broader

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

Nursing Business

**KB Golden Life Care**

Key Figures



Click to view

## Healthcare O'Care

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

# 1<sup>st</sup>

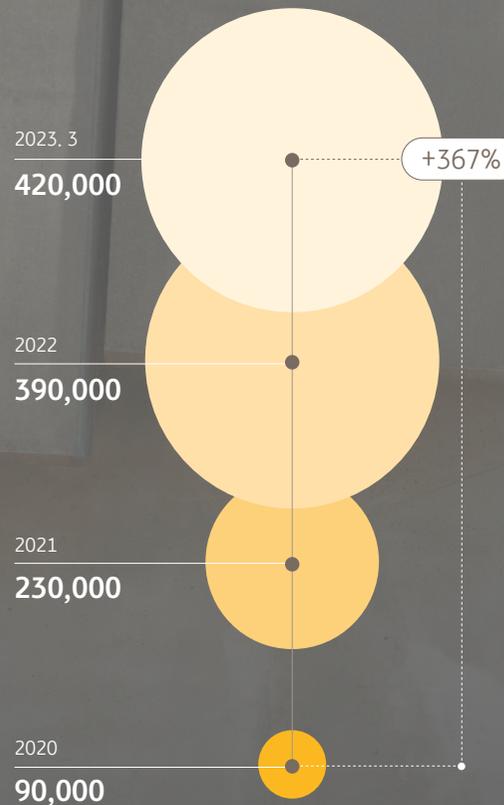
## Delivering Life-Embedded Finance

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

## Telecom KB Liiv M

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

### MVNO Subscribers Growth



## Mobility KB ChaChaCha

Korea's longest list of used cars registered for sale

150,000

## Real Estate KB Real Estate

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

Data Hub

## Nursing Business KB Golden Life Care

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

2  
Scheduled to Open  
(one each of Daycare Center and Nursing Home)

● Daycare Centers  
● Nursing Homes

2  
Daycare Centers

2  
Nursing Homes

Digital & Channel

# Connecting Closer

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

Platform  
**11,060**

Platform  
**22,610**

Platform  
**+28.4%**

Infrastructure  
**418.7**

Marketing  
**57%**

## Key Figures

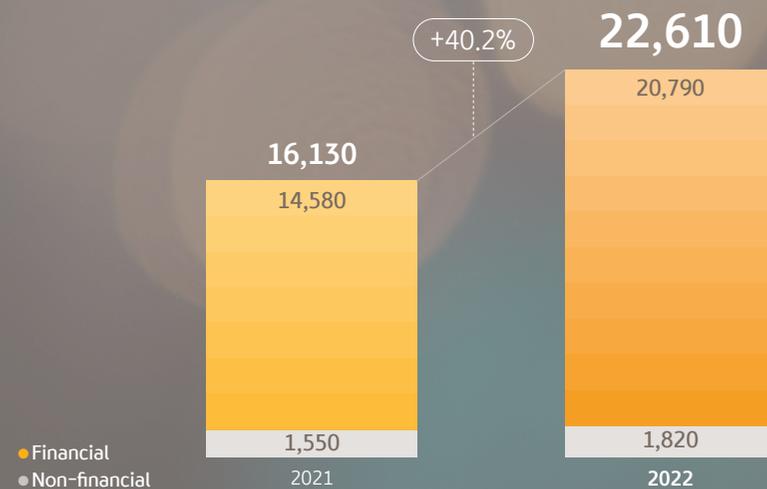


[Click to view](#)

## Platform

**Total MAUs** (1k users)

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



## Platform

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

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

## Platform

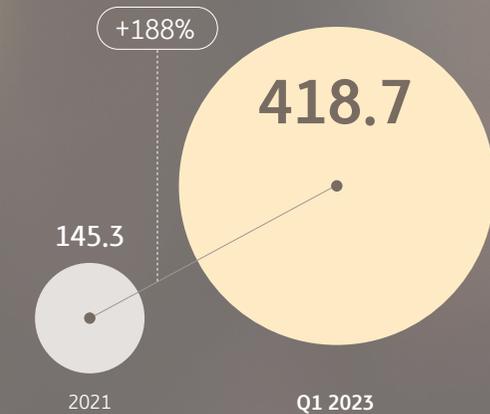
**+28.4%****KB Kookmin Certificate Users**

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

## Infrastructure

**Investment Partnerships in Digital New Businesses** (bn won)

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

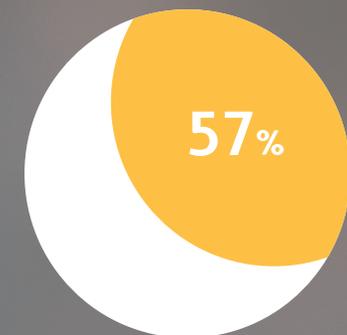
**Life-Embedded Financial Platform**

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

## Marketing

**Share of New Product Sales in Digital Channel Sales**

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



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

ESG Project  
**120,000**

KB Green Wave  
**28.1**

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

KB Diversity **7.5**

ESG Management Support  
**ESG Consulting Services**

ESG

# Reaching Farther

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

## Key Figures



[Click to view](#)

KB Green Wave

### 2022 ESG Finance (balance) (tn won)

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

	<b>28.1</b>
Products	6.5
Investments	8.2
Loans	13.4

### Leadership for a Better World

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

ESG Project

### K-Bee Project 120,000

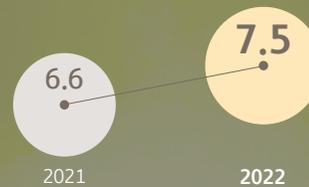
A project to preserve the bee population by creating an apiary with 120,000 honeybees and a forest of 100,000 honey plants

KB Diversity

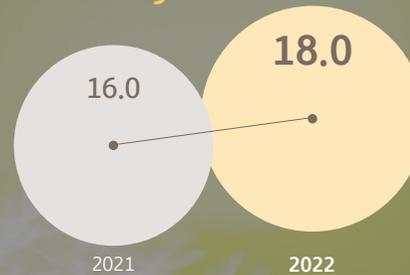
### Fostering Female Leaders (%)

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

#### Executives



#### Head managers

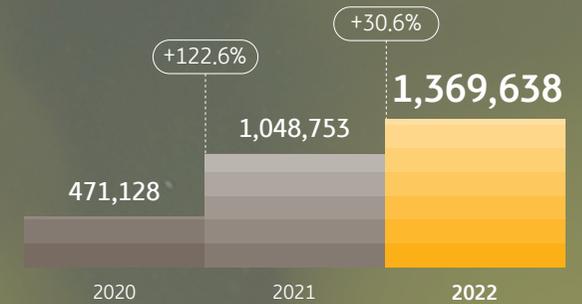


\* Combined figures of KB Kookmin Bank, KB Securities, KB Insurance, and KB Kookmin Card

Net Zero S.T.A.R.

### Renewable Energy Consumption (kWh)

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



ESG Management Support

### ESG Consulting Services

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



# Vision & Strategy



## Mission

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

Financial service delivering changes  
happier life & better world

## Vision

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

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

## Mid-term Strategy

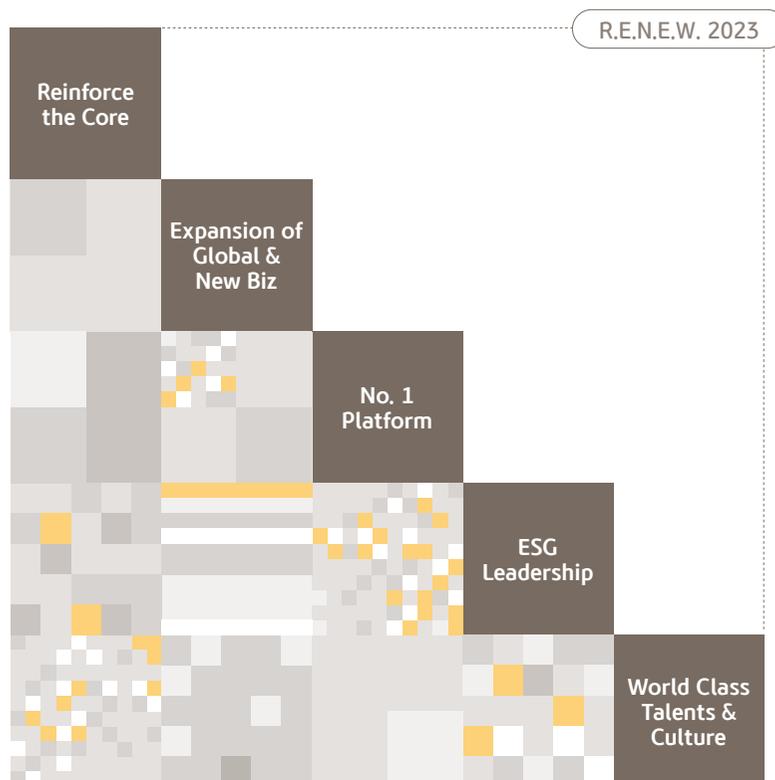
The most beloved No.1 financial platform,  
a lifetime financial partner

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

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

## Management Goals for 2023

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



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

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

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

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

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

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

# GROUP REVIEW



19 Company Profile

21 Year in Review

25 Shareholder Information

23 Financial Highlights

28 Board of Directors

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

# Company Profile

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

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 Retail Customers
 

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 WM/Pensions
 

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 Small & Medium Enterprise
 

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 Global
 

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 Insurance
 

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 Digital
 

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 IT
 

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 Capital markets
 

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 Corporate & Investment Banking
 

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 Asset Management
 

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**Business Units**

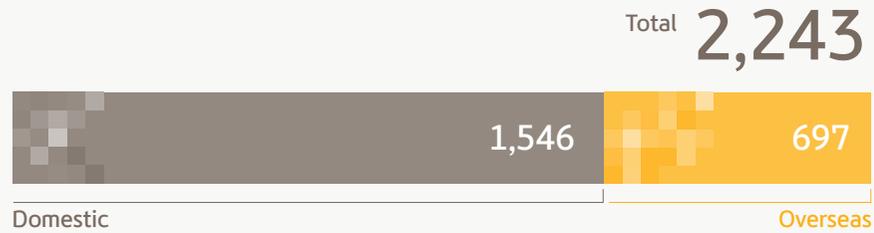
 KB Financial Group

**Subsidiaries**

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

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

### Group Network



### Group Customers

37.1 million



### Group Employees

24,462



### Credit Ratings



### ESG



#### Morgan Stanley Capital International (MSCI)

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



#### DJSI

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



#### KCGS

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



#### Bloomberg Gender-Equality Index

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



#### Carbon Disclosure Project (CDP)

CDP's A List leader in addressing climate change

# Year in Review

## KB Kookmin Bank Singapore Branch Opens

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

### Singapore



2022

January

February

April

June

## KB Financial Group Establishes Quarterly Dividend Policy

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

### Quarterly



## KB Securities Acquires PT Valbury Sekuritas Indonesia

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

65%



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

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

S&P  
Global

## Prudential Life Launches KB Life Partners

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

### KB Life Partners



## KB Kookmin Certificate Wins All Three Identification Licenses Available

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

3 licenses



**Strategic Investment in TMAP Mobility**

200 bn won

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



June

August

September

October

November

December

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

First

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



**KB Star Banking Surpasses 11 Million MAU**

+ 11,000,000

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



**KB Diversity 2027 Strategy**

2027

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



**First Korean Financial Group to Adopt AI Ethical Standards**

AI Ethical Standards

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



**KB Kookmin Certificate Subscribers Surpasses 12 Million**

12,000,000

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



**KB Securities Sweeps IB Market Quadruple Crown**

Quadruple Crown

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



# Financial Highlights

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

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

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

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

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

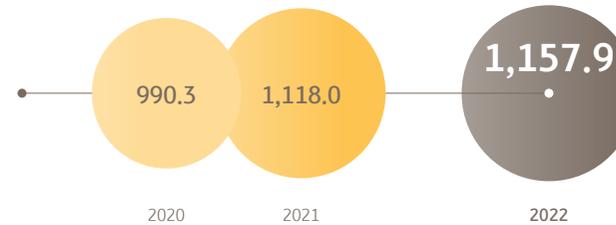
\*ERP: early retirement program

## Key Financial Metrics

### Total Assets (incl. AUM)

**1,157.9**

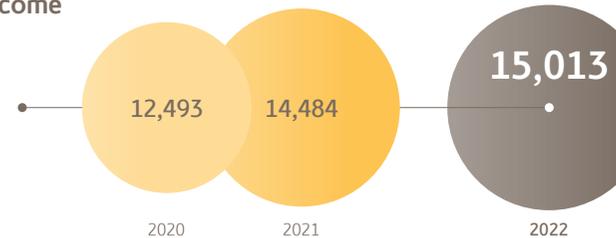
(tn won)



### Gross Operating Income

**15,013**

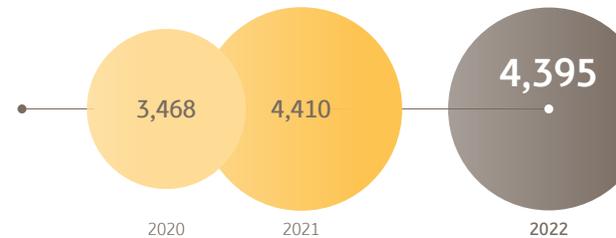
(bn won)



### Net Profit

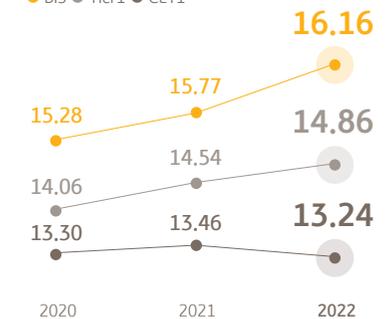
**4,395**

(bn won)



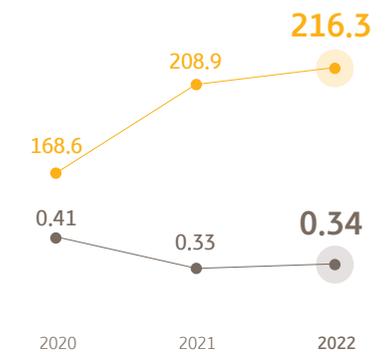
### BIS Ratio (%)

● BIS ● Tier1 ● CET1



### NPL/NPL Coverage Ratio (%)

● NPL coverage ratio ● NPL ratio



### Non-banking Contribution

Bank

**64%**

Non-bank

**36%**

2022

### Key Financial Figures

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

1) Net Profit for Fiscal Year 2020 have been restated retrospectively as Won 3,468 billion to reflect the accounting policy changes in connection with the IFRIC decision regarding K-IFRS No. 1019.

2) Based on profit attributable to controlling interests

3) Based on return on common equity

4) Based on simple arithmetic sum of each subsidiary's figures (excl. overseas local subsidiaries, overseas equity investments, SPCs for consolidation, etc.)

# Shareholder Information

## Shareholders

Foreign investors  
**70.9%**

Domestic investors  
**29.1%**

2022

## Stock Information

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

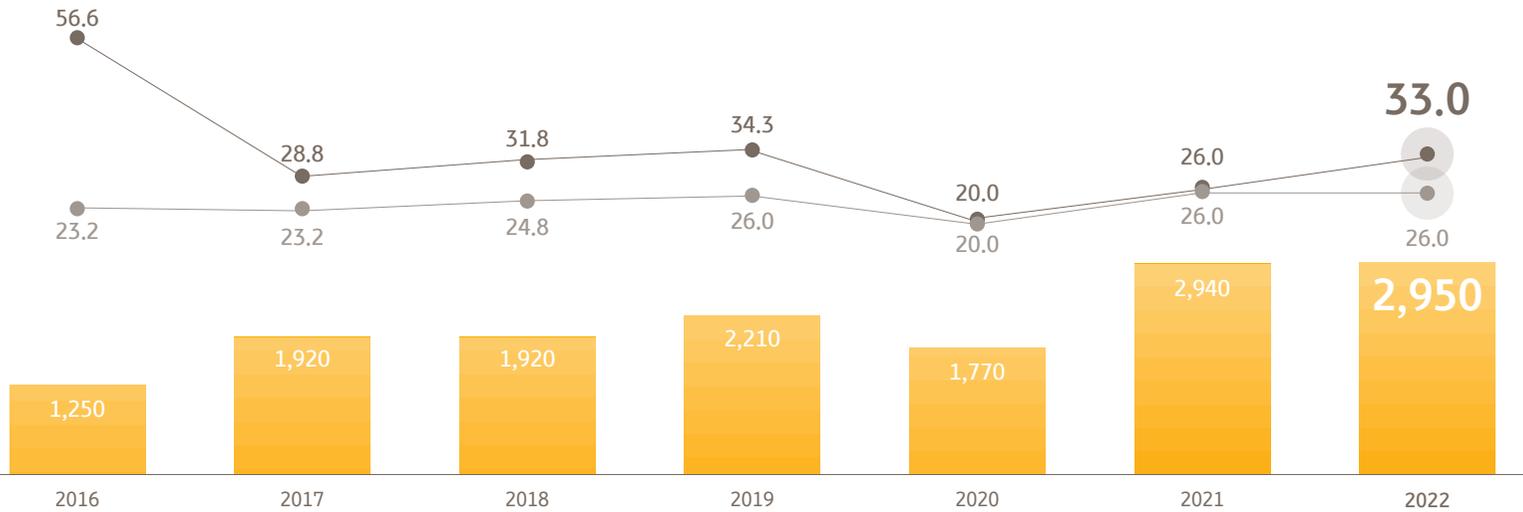
## Share Ownership

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

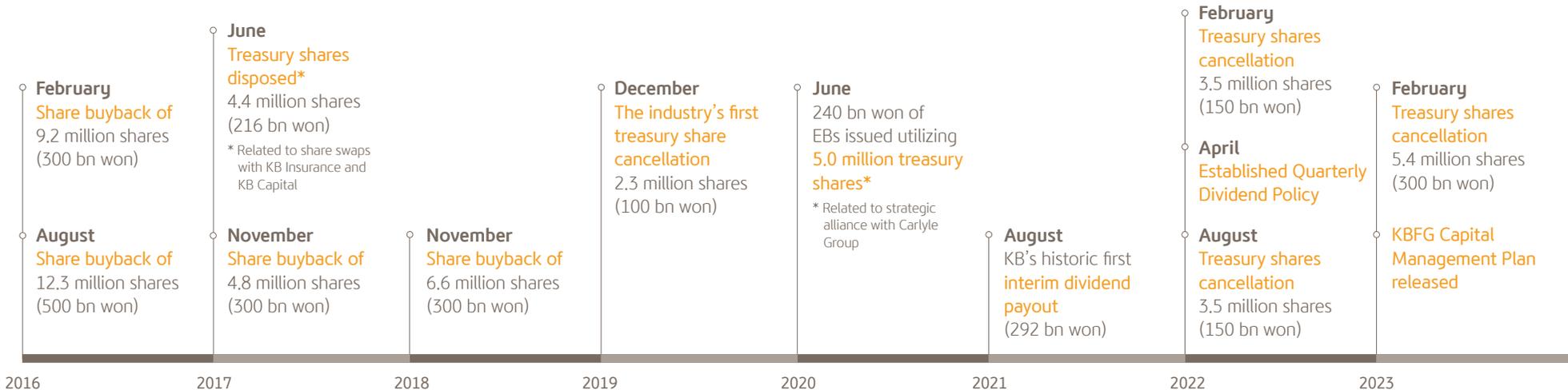
1) Depository under the ADR program

### Gross Shareholder Return

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

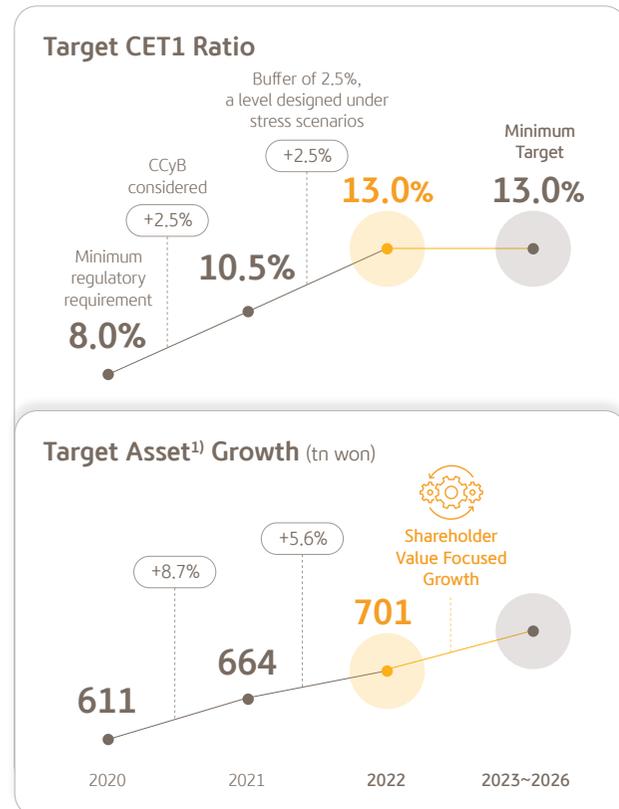


### Key Takeaways



## KBFG Capital Management Plan

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



1) Based on consolidated financial statements

## Mid-to-Long Term Capital Management Plan

### 1 Target CET1 ratio

13%

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

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

### 2 Asset growth plan

#### Shareholder value-focused growth

Shareholder value-focused mid-term growth strategy

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

### 3 Excess capital

#### Returning excess capital to shareholders

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

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

### 4 Payout ratio & total shareholder return

#### Stable dividend policy

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

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

### 5 Social responsibility & shareholder return

#### Balance

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

- Expand shareholder interest derived from sustainable growth

# Board of Directors

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

## Kyung Ho Kim | Non-executive Director (Male)

Former Professor, School of Business Administration, Hongik University

## Seon Joo Kwon | Non-executive Director (Female)

Former Chairman & CEO, Industrial Bank of Korea

## Wha Joon Cho | Non-executive Director (Female)

Former KT Capital CEO

## Gyu Taeg Oh | Non-executive Director (Male)

Professor, School of Business Administration, Chung-Ang University

## Jung Sung Yeo | Non-executive Director (Female)

Professor, Department of Consumer Science, Seoul National University

## Jae Hong Choi | Non-executive Director (Male)

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

## Sung Yong Kim | Non-executive Director (Male)

Professor, Law School, Sungkyunkwan University

## Jong Kyo Yoon | Executive Director (Male)

Chairman & CEO, KB Financial Group

## Jae Keun Lee | Non-Standing Director (Male)

President & CEO, KB Kookmin Bank

## Independence

Non-executive Directors

78%

Executive Directors

22%

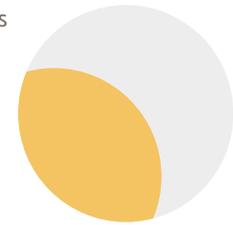


## Diversity

Female Non-executive Directors

42.9%

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



## Expertise

### Finance/Risk management

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

### Accounting

Kyung Ho Kim  
Wha Joon Cho  
Gyu Taeg Oh

### Finance

Seon Joo Kwon  
Wha Joon Cho

### Laws/Regulations

Sung Yong Kim

### ESG/Consumer protection

Gyu Taeg Oh  
Jung Sung Yeo  
Sung Yong Kim

### Business management

Seon Joo Kwon  
Wha Joon Cho

### Digital/IT

Jae Hong Choi

Board Skills  
Matrix

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

30 ESG Leadership

39 Digital Transformation

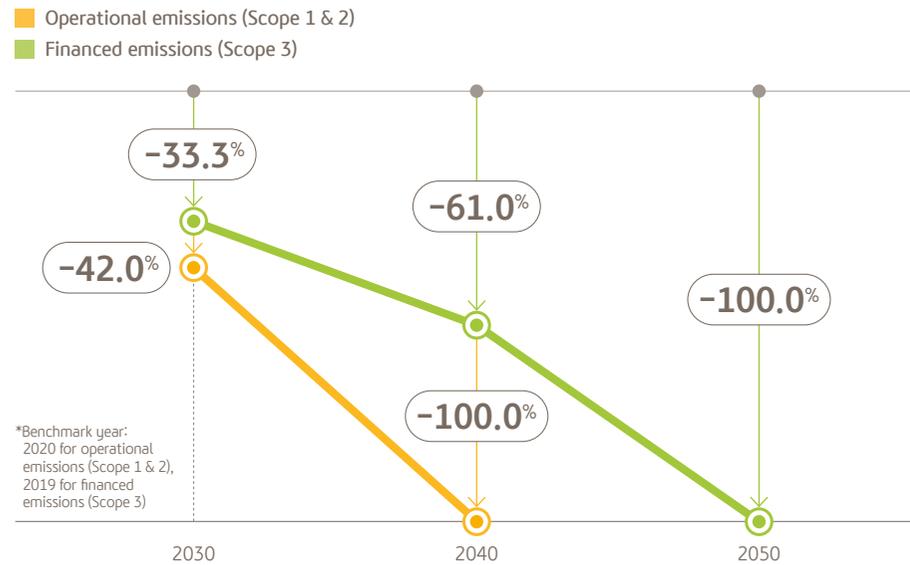


# SPECIAL REPORT

45 Global Business

48 Risk Management

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



## ESG Leadership

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

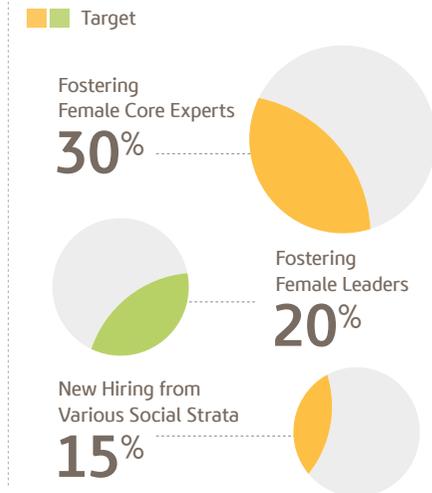
Under the strategic goal to “create sustainable value and enhance customer trust by promoting responsible management for the environment and society, while also disseminating healthy corporate governance,” KB Financial Group now has a three-pronged ESG strategy in place. First, we will advance our climate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

## KB GREEN WAVE 2030



In line with KB Net Zero S.T.A.R., we will support eco-friendly companies to expedite transformation into a low-carbon economy and align our strategies with the Paris Agreement to help restore the environment. To that end, our goal is to achieve carbon neutrality in operational emissions by 2040 and for our Group’s financed emissions by 2050. KB GREEN WAVE 2030, our mid- to long-term ESG roadmap, set forth our intentions to expand the balance of ESG products, investments, and loans to KRW 50 trillion by 2030. This is just one of the ways we are making a positive impact on society through sustainable finance, and how we do our part in adding environmental and social value while securing green leadership in the green financial ecosystem. Further to that, in 2022 we established KB Diversity 2027, committing ourselves to class and gender diversity across the board. Specifically, KB Diversity 2027 represents our commitment to bringing about a harmony between all social strata and accomplishing gender equality through a pledge to increase the proportion of new hires from various walks of life. This includes people with disabilities, veterans, multicultural backgrounds, and government subsidy recipients, making up as much as 15% of new hiring. Our gender equality goal dictates that the percentage of female employees be raised up to 20% of the managerial level for branches or the management board and up to 30% of our core expert group.

## KB Diversity 2027



# ESG Governance

## Advancing Our ESG Governance System and Implementation

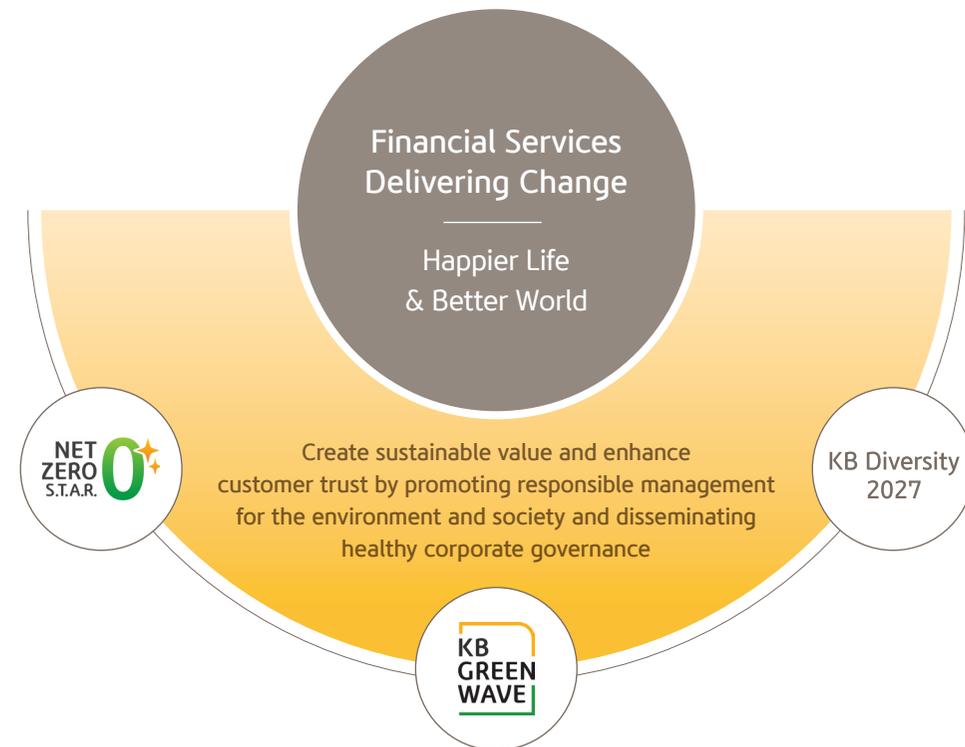
In March 2020, KB Financial Group became the first Korean financial group to establish an ESG Committee within its Board of Directors. Comprised of all directors—both executive and non-executive, as well as non-standing directors—the committee performs a significant role in Groupwide ESG management practices.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

In addition, each subsidiary operates their own level-appropriate ESG committee and consultation body, in which they set their respective ESG strategic directions, expand green finance products and investments, and establish a risk management system for addressing climate change.

### ESG Management Strategic Scheme

Mission

Strategic goal



Strategic directions

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

# Environment

## Advancing Climate Change Response Strategies

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

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

In June 2021, KB Financial Group established KB Net Zero S.T.A.R., a Group-level mid- to long-term carbon neutrality initiative to lend our financial acumen to expediting the transition to a low-carbon economy. The purpose of KB Net Zero S.T.A.R. is to foster and support eco-friendly businesses to accelerate the transformation to a low-carbon economy and restore the environment by aligning ourselves with the Paris Agreement. As such, we have measured carbon emissions Groupwide by applying the methodologies recommended by the notable global initiatives SBTi (Science-Based Targets initiative) and PCAF (Partnership for Carbon Accounting Financials)

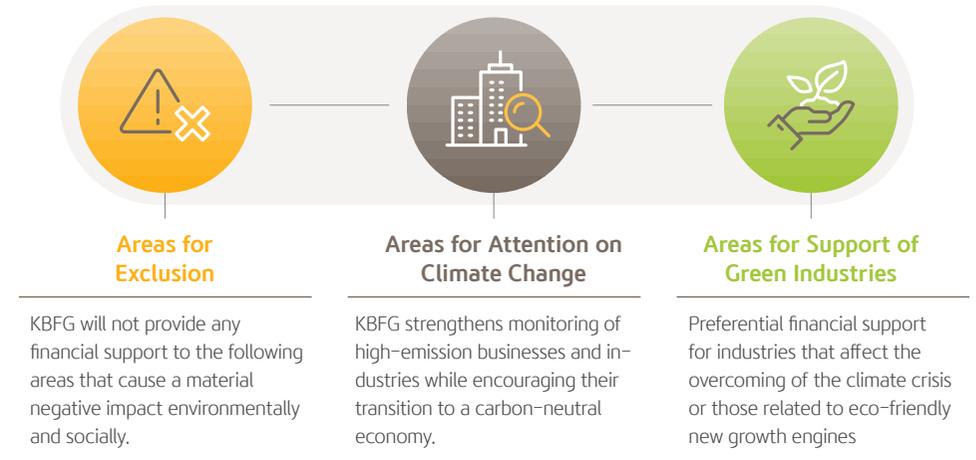
in order to calculate and disclose our financed emissions from our investments in and loans to companies.

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

## Establishing an Effective Climate Risk Management System

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

## Environmental and Social Risk Management (ESRM) Framework



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



## A Proud Member of the RE100

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

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

## Green Buildings and a Green Corporate Culture

KB Financial Group is committed to constructing renewable energy facilities to mitigate climate change. Our Groupwide energy conservation initiative includes installing fuel cell facilities and energy-efficient air conditioning systems at our new office building in Yeouido, Seoul, as well as at the integrated IT Center in Gimpo, and promoting the use of eco-friendly vehicles for the reduction of carbon emissions.

In April 2021, KB Kookmin Bank enrolled in the K-EV100 (100% future vehicles by 2030) declaration organized by the Korean Ministry of Environment. Under the K-EV100, the bank pledged to replace all its business vehicles with electric cars and hydrogen-powered vehicles by 2030, and will grow the number of its zero-emission vehicles and chargers on its premises each year.

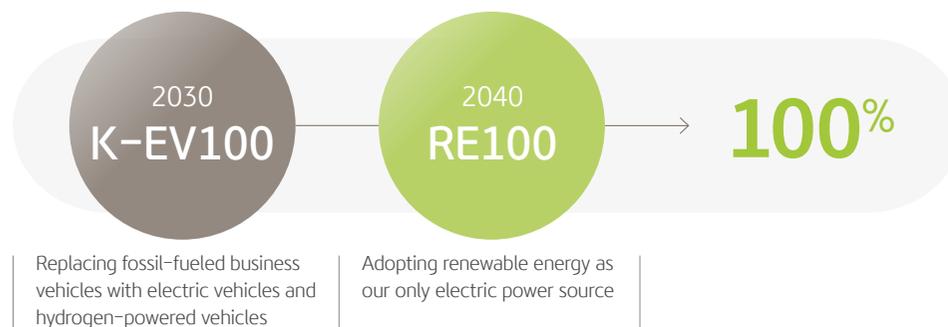
KB Financial Group is also engaging in several ESG campaigns to promote an eco-friendly

### | ESG Projects

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

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

### Eco Energy Transition Plan



## ESG Global Leadership

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

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

### | KB Financial Group TV

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

# Social Responsibility

## Internalizing Responsible Management for Society

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

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

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

### Social Contribution Framework

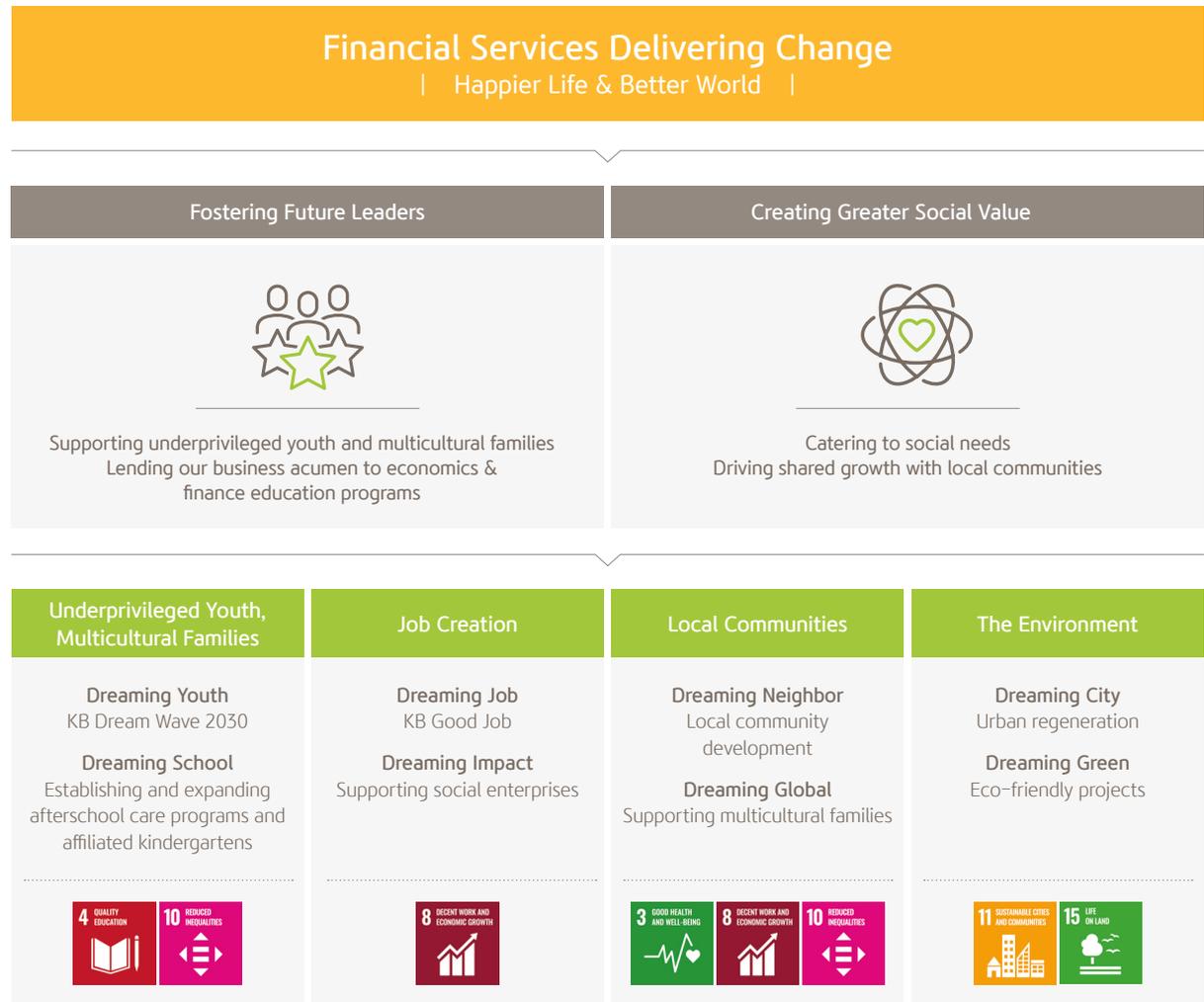
Mission

Basic directions

Business domains

Our domains

UN SDGs



## Educational and Environmental Support for Future Generations

### Educational Support for Teens

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

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

### Social Enterprise Investment Fund

(KRW 100 million)



Socially Responsible Investment Fund

1,000



KB Social Impact Fund

150

### Economic & Finance Education Programs

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

### Startup Incubation Programs

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

### Investing in Social Enterprises

#### Developing a Social Finance Ecosystem

KB Financial Group has created a social investment fund in alliance with Korea Growth Investment Corp. to contribute to a social investment ecosystem that fosters social enterprises to thrive and prosper. The KRW 100 billion fund takes into consideration the UN Sustainable Development Goals (UN SDGs) to invest in social enterprises that positively address social and environmental issues. The Group's venture capital subsidiary, KB Investment, has also contributed to the KRW 15 billion KB Social Impact Fund, partnering with the Korea Fund of Funds (KFoF) to finance the social finance ecosystem and social enterprises.

### Discovering and Incubating Startups

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

## Inclusive Finance and Social Responsibility

### Inclusive Finance

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

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

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

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

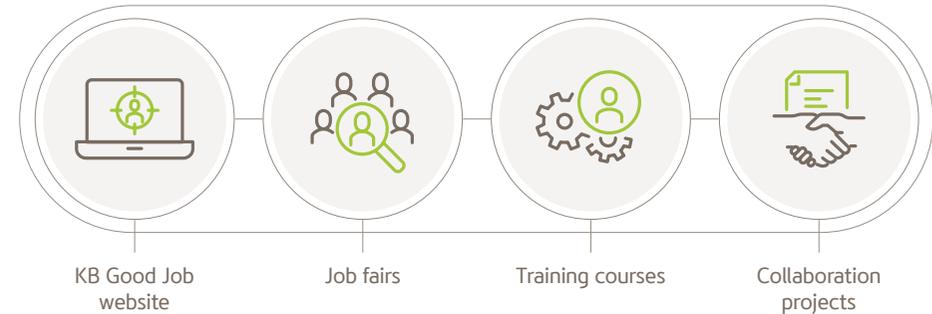
### KB Microfinance Channels

KB  
Microfinance  
Foundation



KB  
Hope Financial  
Plaza

### KB Good Job Programs



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

### Job Creation

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

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

# Corporate Governance

## Spreading the Culture of Transparent Governance

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

## Promoting Stakeholder Communication on our ESG Management

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

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



## Aligning with the Stewardship Code

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

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

## Corporate Governance at KB Financial Group

As the top decision-making body of the Group, the Board of Directors deliberates and decides on material business management issues of KB Financial Group and its subsidiaries. As of the end of 2022, non-executive directors made up the majority of the BOD (7 non-executive, 1 executive, and 1 non-standing), which ensures that the BOD remains independent and keeps management in check.

Moreover, the Group has in place several institutional aids to maintain the BOD's independence and authority in holding management accountable. All the subcommittees, except the Subsidiaries' CEO Director Nominating Committee and the ESG Committee, are made up solely of non-executive

directors in an effort to protect the independence of subcommittee operations while simultaneously keeping management in check. Non-executive directors' powers and duties, independent from management, are guaranteed by the Group's BOD Regulations. At the same time, the BOD is supported by the Office of the Board of Directors, which attends to its affairs autonomously. KB Financial Group transparently publicizes the standards, procedures, and progress of all its business activities on its website to ensure transparency in its corporate governance. All BOD and subcommittee activities, along with other governance issues, are published annually in the Annual Report on Governance & Compensation.

## Principles of Director Appointment

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

The BOD of KB Financial Group has defined the core principles of appointing non-executive directors as 'shareholder representative ness, expertise, and diversity.' In line with the principles, we manage a year-round pool of non-executive director candidates in the fields of finances, management, accounting, finance & risk

## Stewardship Code

**Followed by six subsidiaries:**  
KB Kookmin Bank, KB Securities,  
KB Insurance, KB Asset Management,  
KB Life Insurance and KB Investment.

# 6

Overview BOD

management, law & regulations, digital & IT and ESG & consumer protection. The non-executive director candidate nominating process involves three steps—pooling, evaluating, and nominating. Each step is carried out by different entities—the pooling by shareholders & external search firms, the evaluation by external advisory panels and nominating by the committee.

A long list of non-executive director candidates is updated and scrutinized semi-annually through recommendations from shareholders and external search firms. In particular, any shareholder possessing at least one or more shares in the Group can recommend candidates, and KB Financial Group is the first in the industry to adopt such a practice. To ensure objectivity in candidate evaluations, we hire advisory panels from

outside the Group. The Non-executive Director Nominating Committee finalizes the shortlist based on the results and following reference check. The committee then reviews the qualifications of the shortlisted candidates as per the criteria set by relevant regulations and the Articles of Incorporation before nominating them to the GSM. In compliance with the Articles of Incorporation, the Chairman of the BoD is appointed from among non-executive directors: the chairman presides over BoD meetings and ensures that it operates in accordance with the principles of checks and balances.

### Subcommittees of the Board

BoD committees are delegated with specific functions of the BoD as stipulated in the laws

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

### 2022 Major BOD Achievements

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

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

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

### BOD Subcommittees

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

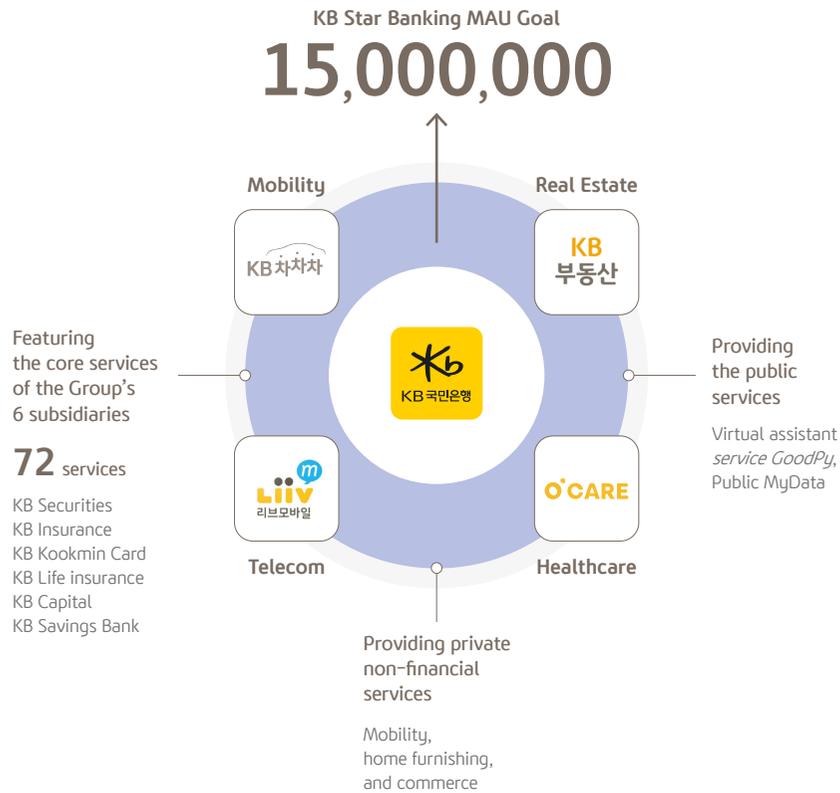
### Composition of the Board of Directors

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

	Kyung Ho Kim	Seon Joo Kwon	Wha Joon Cho	Gyu Taeg Oh	Jung Sung Yeo	Jae Hong Choi	Sung Yong Kim	Jong Kyoo Yoon	Jae Keun Lee
Audit Committee	○	○	●				○		
Risk Management Committee		●	○	○	○				
Evaluation & Compensation Committee	○		○		●		○		
Non-Executive Director Nominating Committee	○	○		○		●			
CEO Nominating Committee	●	○	○	○	○	○	○		
Subsidiaries' CEO Director Nominating Committee				○	○	○		●	○
ESG Committee	○	○	○	●	○	○	○	○	○

### KB Star Banking Super App Strategy

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



### MyData Service Subscribers

**7,115,000**

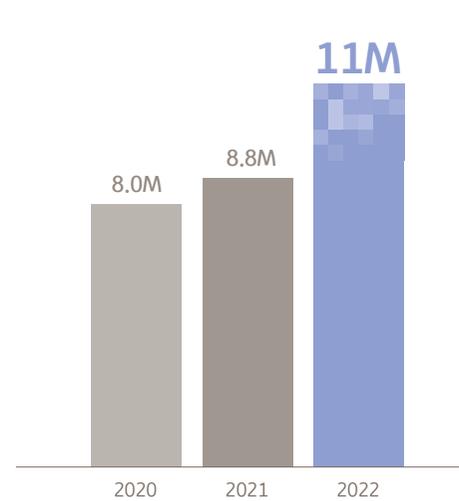
(as of Dec. 2022, Group total)

### KB Kookmin Bank's AI-chatbot service MAU

**1,100,000**

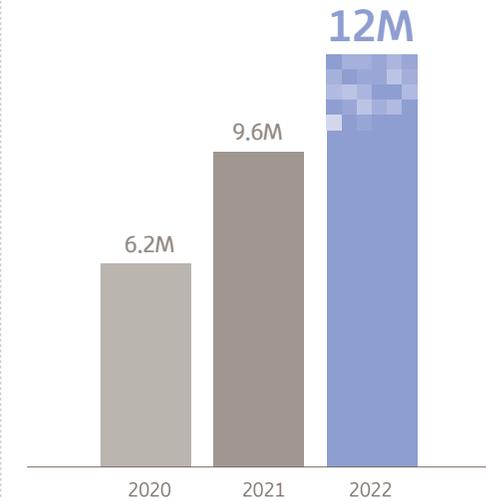
### KB Star Banking App MAU

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



### KB Kookmin Certificate Subscribers

\* KB Kookmin Certificate renamed from the formerly KB Mobile Certification



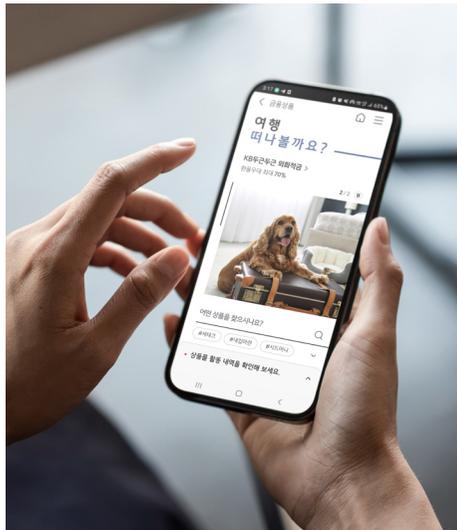
## Digital Transformation

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

## Platform · Content · Marketing

### KB Star Banking: The Group's Hub Platform

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



| Financial Product Mall

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

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

### Reinforcing Non-financial Services for Better Financial Services

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

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

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

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

- **[Healthcare] O-Care**

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

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

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

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

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

- **[Telecom] KB Liiv M**

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

### KB Certification Ecosystem Scalability

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

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



### MyData-Based Marketing Tailored to Each Customer's Journey

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

### Infrastructure · Organization

#### Future Contact Center

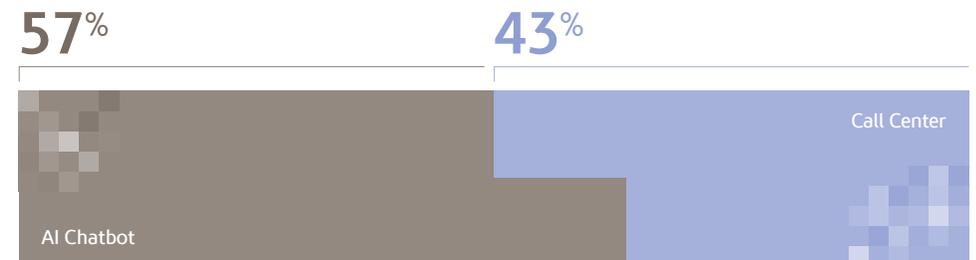
KB Financial Group is building a Groupwide KB Future Contact Center to ensure high-quality customer consultation services featuring higher cost efficiency. The initiative entails migrating the individual customer center IT infrastructures of subsidiaries to a standardized system that employs innovative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

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

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



### KB Kookmin Bank Digital Customer Contact Channel Usage Rate



### Collaborations with Startups

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

### API Platform for BaaS

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

### KB Core Next Project

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

### Agile/DevOps and Human Resource Development

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

## Infusing Innovation from Outside

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

# KB Innovation HUB

KB Starters

**202** companies

KB Starters Collaborations

**264** partnerships

Cumulative investments in KB Starters

**141.8** bn won

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



## Digital Finance with Artificial Intelligence

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

### First Korean Financial Institution to Adopt AI Ethical Standards

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

### KB's Focus on AI Technology

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

### KB-STA

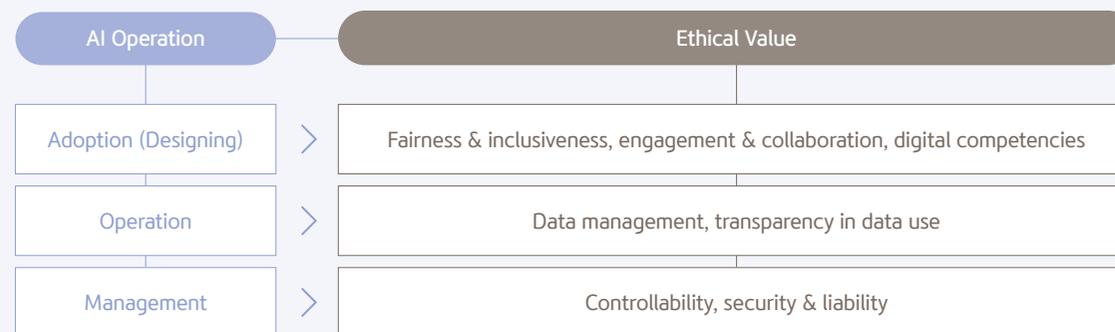
KB-STA (KB State-of-the-Art Text Analytics) is an AI-engineered Korean natural language processing (NLP) engine that specializes in the financial industry. Developed in-house by the KB Financial AI Center, its conspicuous strength

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

### KB AI-OCR

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

### AI Ethical Standards



### Structured Data Analysis Modeling

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

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

### AI Financial Assistant

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

### KB State-of-the-Art Text Analytics



### AI Financial Assistant





# Global Business

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

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

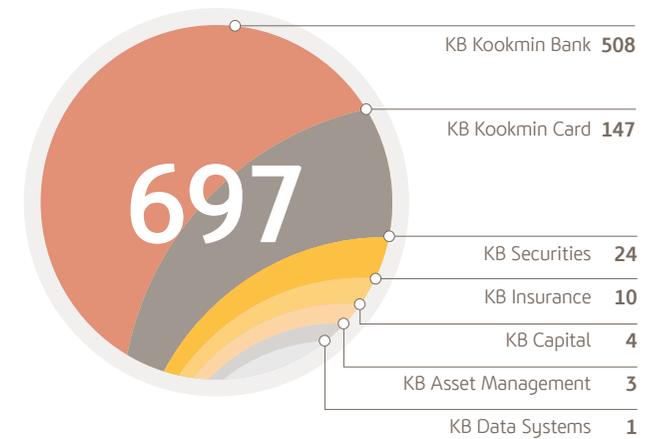
## Global Business Strategy

### Two-track Strategy

- **2nd Mother Market**  
 Indonesia, Vietnam, Cambodia
- **OtoD & Wholesale Banking**  
 New York, London, Hong Kong, Singapore
- **First Mover Strategy**  
 South America, Africa, the Middle East, CIS/Eastern Europe
- **Opportunistic Approach**  
 China, Thailand, India, Bangladesh, the Philippines

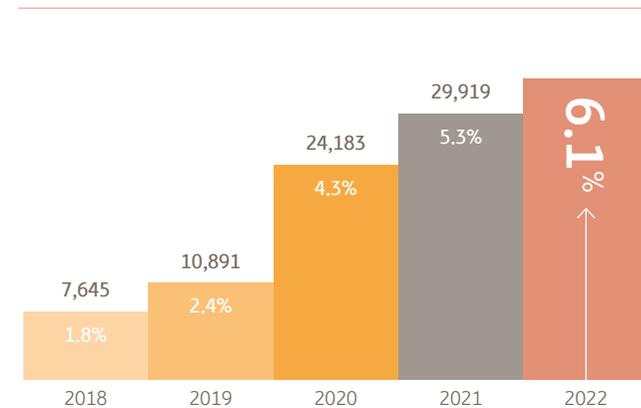


## Overseas Network



## Total Assets of global operations

**33,917** (USD million)



## Emerging Markets

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

### Indonesia

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

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

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

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

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

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

### Cambodia

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



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

### Vietnam

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

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

### Thailand

KB Kookmin Card has increased its stake in KB J Capital to 50.99% in 2022, up from 49.99% in 2021. This made KB Kookmin Card the first Korean credit card issuer to enter the Thai market since the 1997 Asian Financial Crisis. KB J Capital makes full use of the sales channels of its local partners and is maintaining stable growth with reduced funding costs thanks to the payment guarantee ensured by KB Kookmin Card. In the future, KB Kookmin Card will take advantage of KB’s core financial capabilities to reinforce its product lineup and channel network to secure a strong customer base and diversify its revenue sources.

### **Advanced Markets**

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

network with local large corporations and multinational companies.

### Singapore

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

### **2023 Plans**

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

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

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

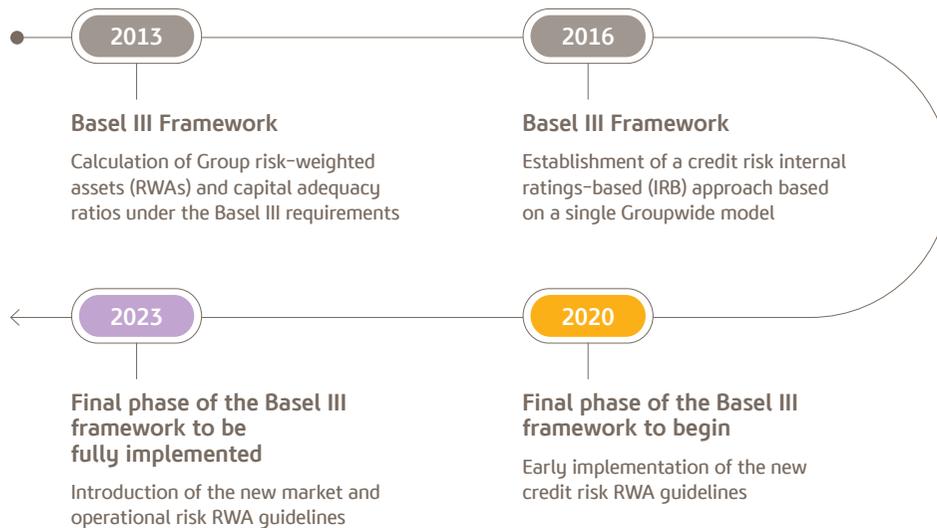
Meanwhile, we are embarking on a full-scale project of transforming Prasac Microfinance Corporation into a commercial bank as quickly as we can. To that end, we will transfer our business know-how and value to Prasac Microfinance to help it bolster the product lineup of deposits and loans, advance its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

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

# Risk Management

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

## Basel III Timeline at KB Financial Group



## Risk Management System



### Risk Governance

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

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

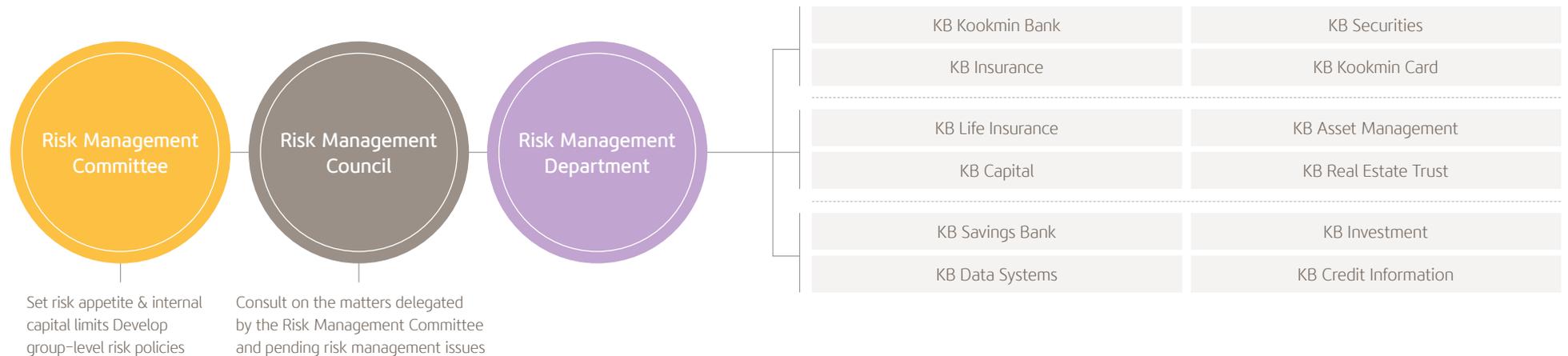
The Risk Management Council, which consists of risk management officers from the holding company and subsidiaries, deliberates on matters as delegated by the Risk Management Committee and consults on the details of all Group risk management issues.

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

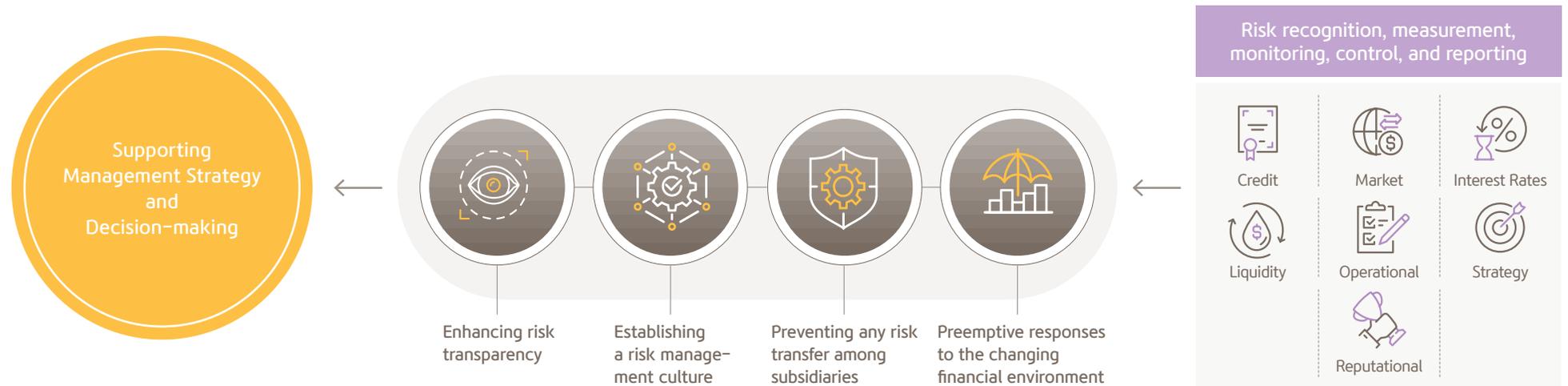
### Risk Management Strategies

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

### Group Risk Governance



## Risk Management Strategies



## Groupwide Stress Testing Process



## Stress Testing

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

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

## Basel III Framework at KB Financial Group

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

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

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

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

## 2022 Achievements

### Refining the Group's Portfolio Risk Management Practices

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

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

### Laying the Foundation for Net Zero

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



### Enhancing Capital Efficiency and Strengthening Complex Risk Management

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

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

## 2023 Plans

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

## Emerging Risk Management

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

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

#### Definition

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

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

#### Business Impact

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

#### Countermeasures

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

## Digital Financial Innovation Accelerating the Upheaval in the Financial World

### Definition

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

### Business Impact

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

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

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

### Countermeasures

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



#### Strengthening KB Financial Group's platform competitiveness

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

#### Expansion of MyData-based services and marketing

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

#### Untact channel operation expanded

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

# Management's Discussion & Analysis

## Group Overview

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

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

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

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

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

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

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

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

With respect to asset quality, the Group's NPL

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

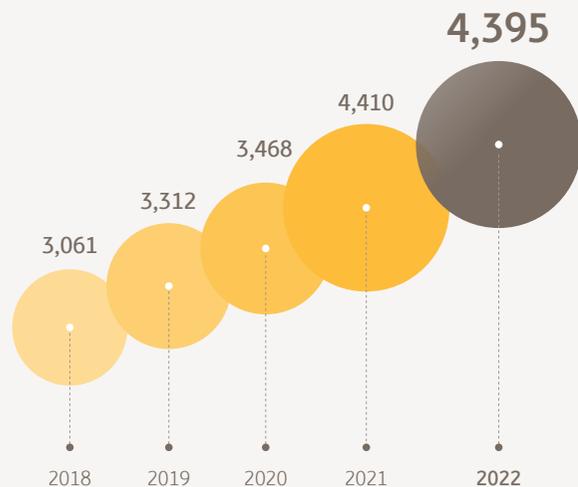
The Group's BIS and CET1 ratios under Basel III stood at 16.16% and 13.24%, respectively, maintaining the highest level of capital adequacy in the financial sector thanks to substantial earning power and strategic capital management capacity.

## Key Financial Indicator

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

1) Based on return on common equity

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

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

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

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

**Group Financial Position**

(tn won, %)

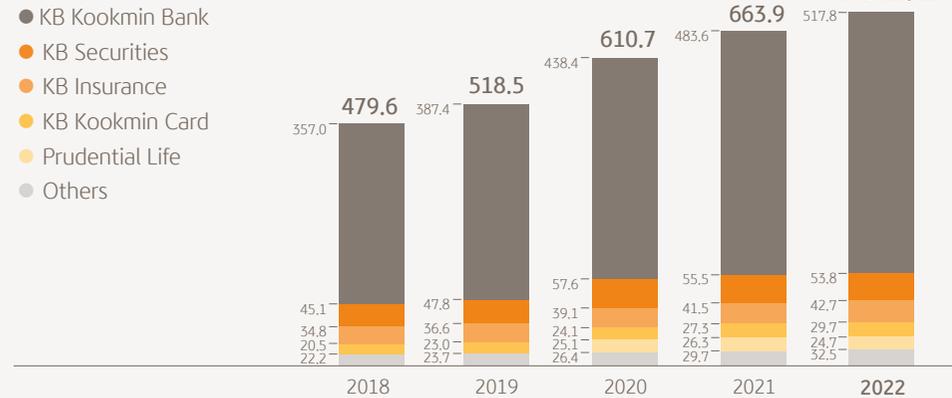
	2022	2021	YTD
<b>Assets</b>	<b>701.2</b>	663.9	5.6
Cash & Due from Financial Institutions	32.1	31.0	3.5
FVTPL <sup>1)</sup> Assets	64.9	66.0	(1.7)
Financial Investments	116.6	104.8	11.3
Loans	436.5	417.9	4.5
Property & Equipment	8.4	8.2	2.4
Other Assets	42.7	36.0	18.6
<b>Liabilities</b>	<b>651.5</b>	615.6	5.8
FVTPL <sup>1)</sup> Liabilities	12.3	12.1	1.7
Deposits	388.9	372.0	4.5
Debts	71.7	56.9	26.0
Debentures	68.7	67.4	1.9
Other Liabilities	109.9	107.2	2.5
<b>Shareholder's Equity</b>	<b>49.6</b>	48.3	2.7
Share Capital	2.1	2.1	0.0
Hybrid Securities	4.4	2.8	57.1
Capital Surplus	16.9	16.9	0.0
Accumulated Other Comprehensive Income	(2.7)	1.1	N.A
Retained Earnings	28.4	25.7	10.5
Treasury Shares	(0.8)	(1.1)	-
Non-Controlling Interests	1.3	0.8	62.5
<b>Group Total Assets<sup>2)</sup></b>	<b>1,157.9</b>	1,118.0	3.6
<b>AUM<sup>3)</sup></b>	<b>456.8</b>	454.1	0.6

1) Fair value through profit or loss

2) Sum of assets of consolidated financial Statement and AUM

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

### Group Total Assets (tn won)



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

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

### KB Kookmin Bank Loans in Won

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

### Profitability

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

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

### Group Profitability Overview

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

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

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

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

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

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

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

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

#### **KB Kookmin Bank**

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

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

#### **KB Kookmin Bank Profitability Overview**

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

### KB Securities

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

### KB Insurance

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

### KB Kookmin Card

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

### Prudential Life Insurance

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

### Net Profit by Subsidiaries

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

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

### Asset Quality

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

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

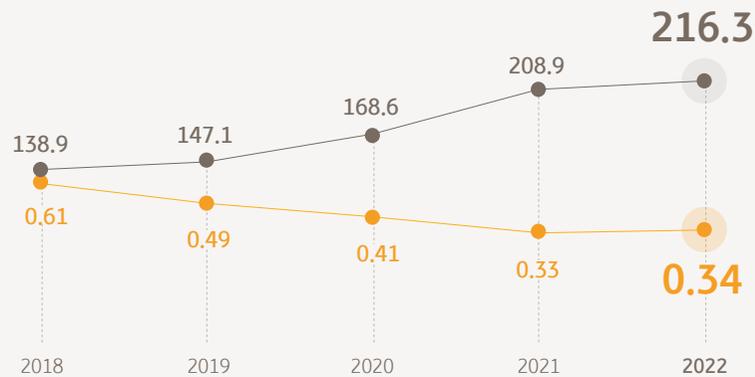
### Group Asset Quality<sup>1)</sup>

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

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

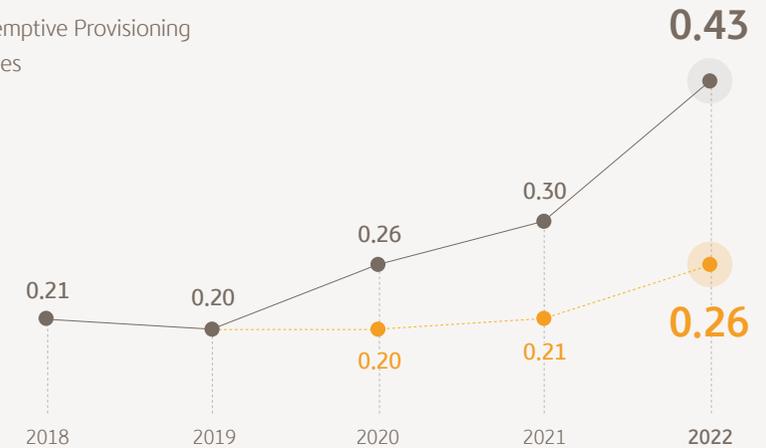
### Group NPL & NPL Coverage Ratios (%)

- NPL Coverage Ratio
- NPL Ratio



### Group Credit Cost Ratio (%)

- Group CCR
- Excluding Preemptive Provisioning for Credit Losses

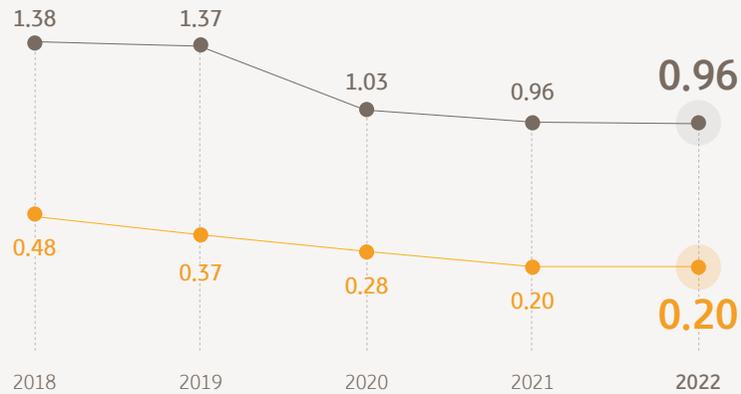


KB Kookmin Bank's delinquency rate was 0.16%, up by 0.04%p from the previous year. The NPL ratio remained the same as the previous year at 0.20%. The NPL coverage ratio was maintained at a sound 259.4%, high enough to secure a loss-absorbing capacity against macroeconomic uncertainties.

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

**NPL Ratio (%)**

- KB Kookmin Card
- KB Kookmin Bank

**Delinquency Ratio (%)**

- KB Kookmin Card
- KB Kookmin Bank

**Capital Adequacy**

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

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

**Group Capital Position**

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

**KB Kookmin Bank BIS Ratio**

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

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

62 Overview

63 Bank

68 Financial Investments

# OPERATIONS REVIEW

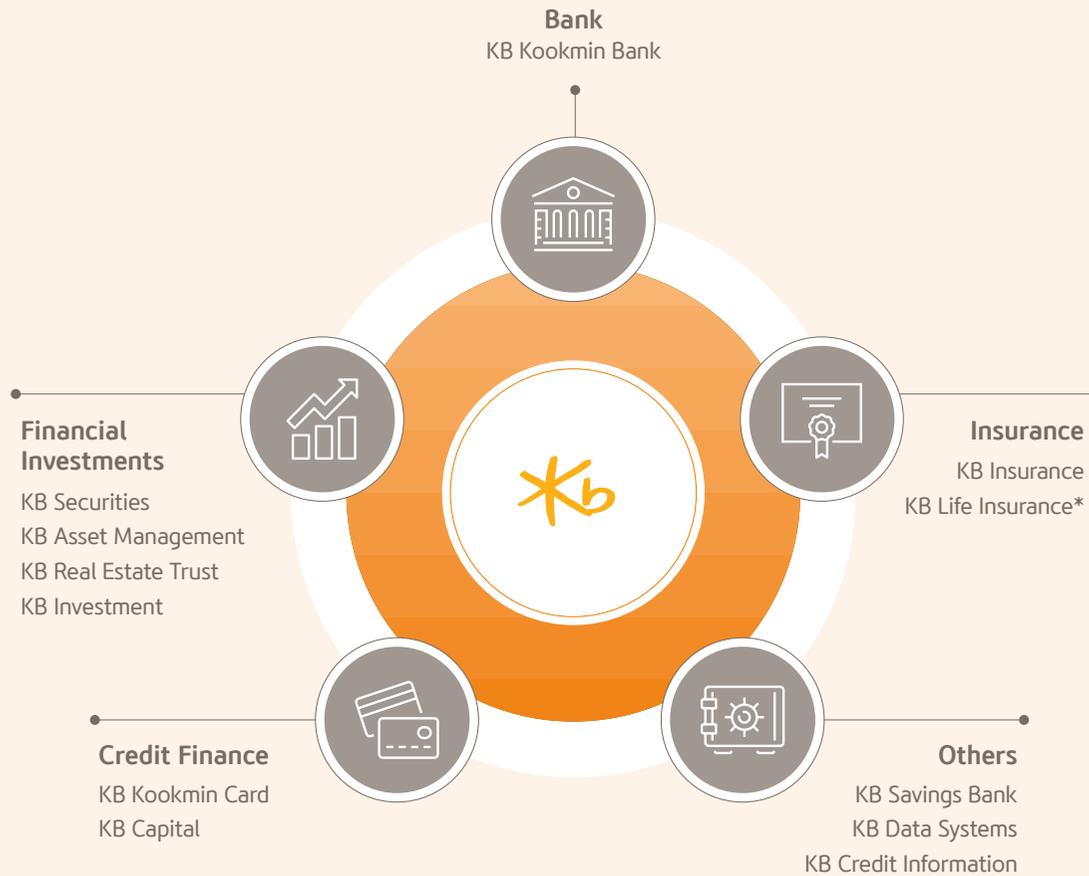


73 Insurance

77 Credit Finance

# Overview

## Subsidiaries



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

## Net Profit Contribution

Bank

**64.0%**

Non-bank

**36.0%**

Insurance  
**15.9%**

Credit Finance  
**12.7%**

Financial Investments  
**6.8%**

Others  
**0.6%**

# Bank



## KB Kookmin Bank

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

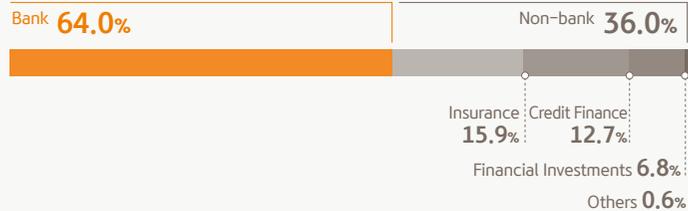
Bank

Financial Investments

Insurance

Credit Finance

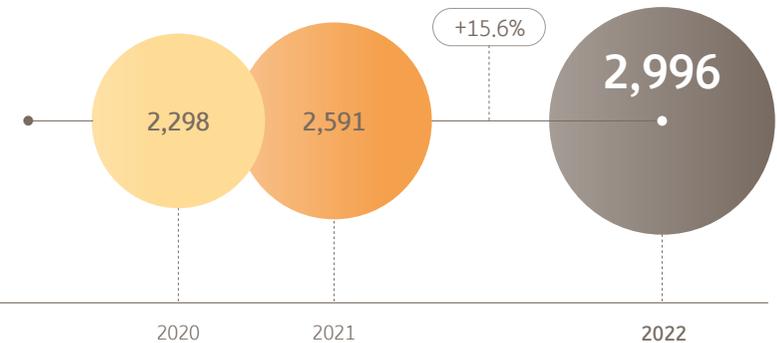
### Net Profit Contribution



## KB Kookmin Bank

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

### Net Profit (bn won)



## Digital Finance

### Strengthening Our Platform Organization

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

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

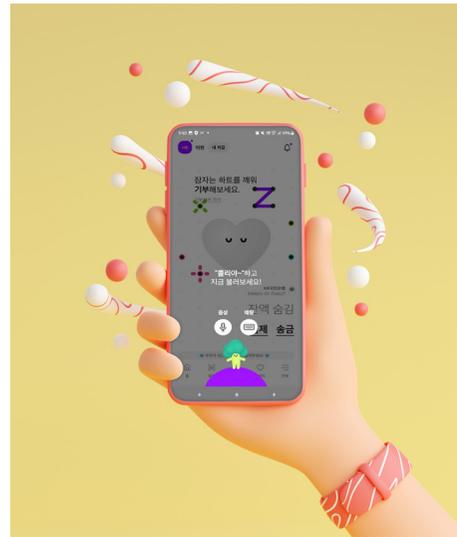
### KB Star Banking App Revamp

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

### Liiv Next: Catering to Gen Z's Daily Needs

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

### Talk to Collie: KB's AI Banking Service



### KB MyData Service

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

Reduced sign-up procedures  
for KB MyData Service

**-26%**



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

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

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

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

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

### KB Kookmin Certification Scale-up

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

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



**6**

## Retail Banking

### Enhancing Business Competitiveness

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

### Expanding Our UHNW Customer Base

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

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

## Investment Banking

### Developing CIB Business Models for Sustainable Growth

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

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

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

## SME Banking

### No. 1 Corporate Finance Platform

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

### Reinforcing Trade Finance Competitiveness

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

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



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

# 2.21

## Capital Markets

### Successful Issuance of Sustainability Bonds

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

### | Sustainability Bonds Issuance

# 700

Senior Sustainability Bonds (mn dollar)

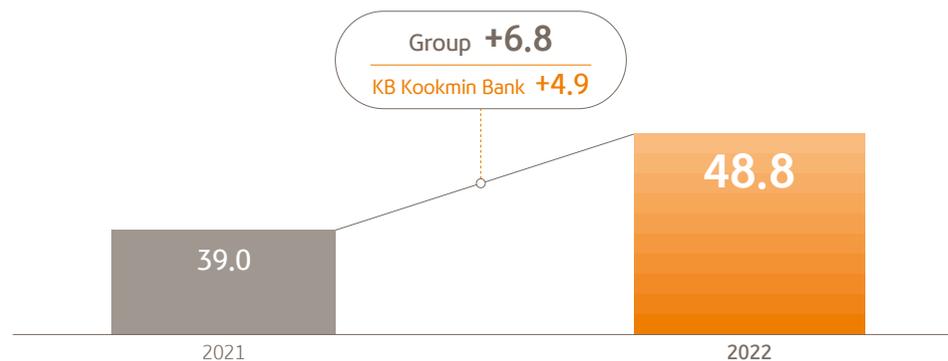


# 500

Euro-Covered Bonds (mn euro)

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

### | Retirement Pension Fund (tn won)



### Pensions

#### Top Bank in Pension Services

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

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

ELT

# 12.4

Money Trust

# 30.9

40.4%

20.2%

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

### Trust

#### Customer-Oriented Product Supply

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

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

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

## Global Operations

### Stepping up Our Global Expansion Drive

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

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

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

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

### 2023 PLANS

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

#### Reinforcing Fundamental Business Competitiveness

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

#### Advancing Customer Touchpoint Capabilities

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

#### Internalizing Our Sustainable Management System

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

#### Promoting a Future-Oriented Culture

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



Indonesia  
**NGBS**

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

Cambodia  
**One Bank**

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

Singapore  
**Jan. 2022**

Singapore branch established

U.S.  
**North and South America**

A New North American Credit Review Center Established

# Financial Investments

Bank

Financial Investments

Insurance

Credit Finance



**KB Securities**

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

**KB Asset Management**

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

**KB Real Estate Trust**

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

**KB Investment**

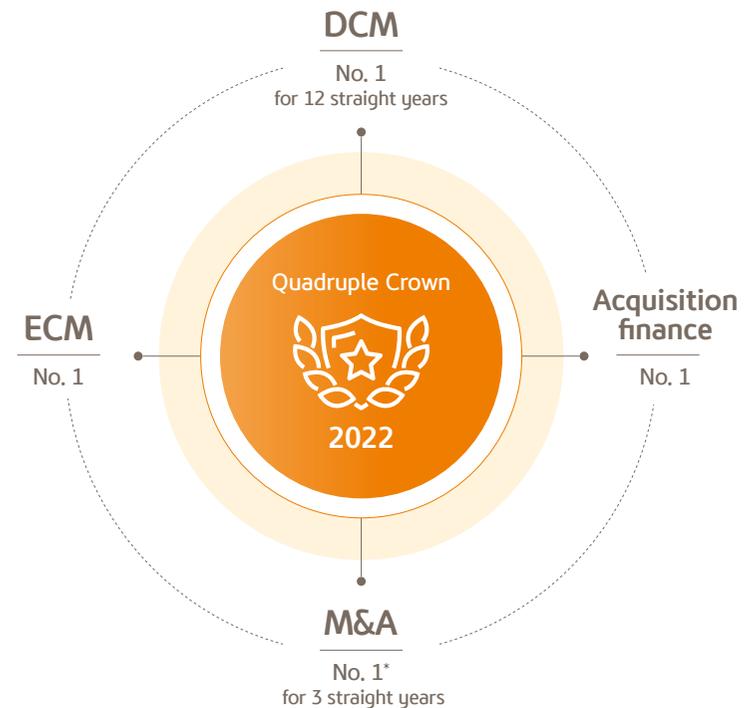
The company is Korea's leading venture investment firm that specializes in corporate investment, inducing the sustainable growth of its investee firms as a trusted investment partner.

**Net Profit Contribution**

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

## KB Securities

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



\*Among Korean securities firms

## Quadruple Crown in IB League Tables

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

## Stronger Personal Finance Management Platform

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

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

# 4,000,000

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



## Global Business Expansion

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

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

## Excellent ESG Ratings

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

## 2023 Plans

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

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

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

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

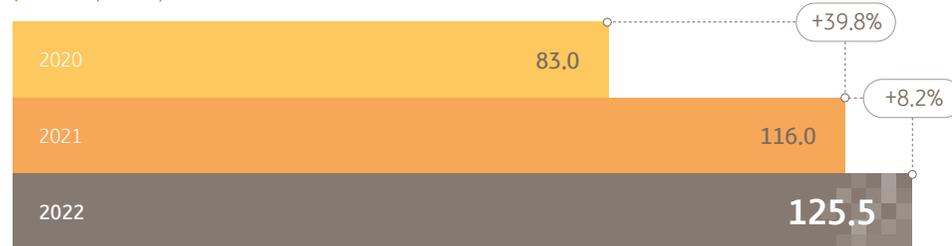
Fourth, KB Securities will expand its online platform-based business operations. As such, we will fortify our digital platform-based asset management services and promote the commercialization of securities-based token products. Furthermore, we will take full advantage of our MyData service for our target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

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

## KB Asset Management

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

### AUM (tn won)



### Solidifying KBAM as Top 3 in the Industry

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

### Expanding Offshore Investments

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

### Laying the Foundation for the Personalized Solutions Business

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

### Confirming Our ESG Leadership

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

### ESG Fund Size

3.4 tn won



### 2023 Plans

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

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

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

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

## KB Real Estate Trust

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

### AUM (tn won)



### Focusing on What Matters Most

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

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

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

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

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

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

### Net profit

**68** bn won



### 2023 Plans

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

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

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

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

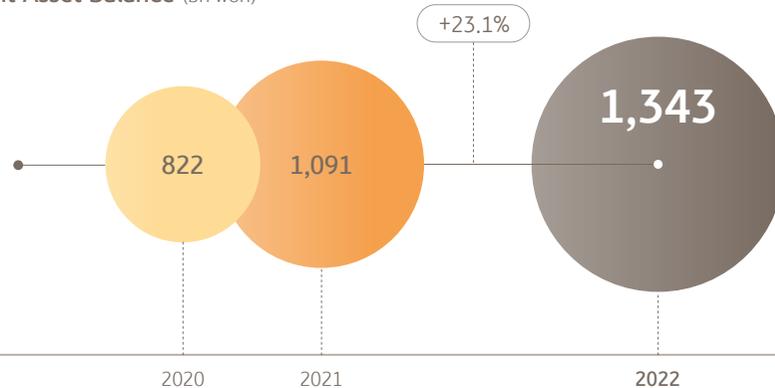
Fourth, in terms of risk management, we will double-check the stability in the structure of our core products while upgrading it to facilitate selective order-taking, mainly on profitable assets.

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

## KB Investment

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

### Investment Asset Balance (bn won)



### Funding Strategy Segmentation

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

### Fundraising

**496** bn won



### Prudent Investments

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

### Upgrading Global Growth Strategies

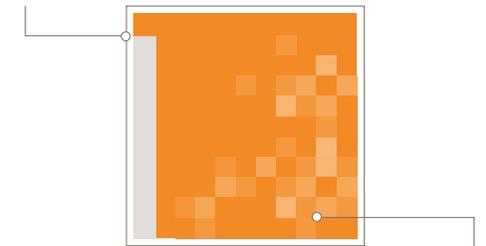
KB Investment is building partnerships with global heavyweights in local markets and CO-GP fund management, while also reinforcing our own investment competencies in local markets to build a leading position there. In 2022, we broadened our offshore fund size through the multi-closing of both the Hibiscus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

### Continued Expansion of Investments in New Growth Drivers

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

### New Investments

**344** bn won



Fourth Industrial Revolution Investments

**91%**

### 2023 Plans

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

# Insurance

Bank



## KB Insurance

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

## KB Life Insurance

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

Financial Investments

### New Growth Engines

#### Healthcare | \* KB Healthcare

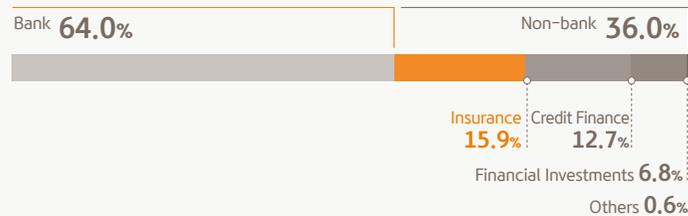
KB Insurance was the first Korean insurer to establish a healthcare subsidiary, KB Healthcare, in 2021. Based on its digital healthcare platform, KB Healthcare offers total life-embedded finance services that integrate financial services into healthcare.

#### Senior Care | \* KB Golden Life Care

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

Insurance

### Net Profit Contribution

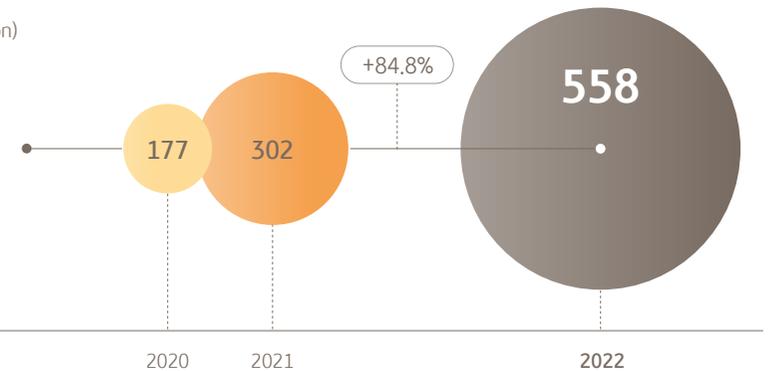


Credit Finance

## KB Insurance

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

### Net Profit (bn won)



### Direct Premiums Written (bn won)



## | KB Golden Life Care Nursing Business

①② Premium elderly day care facilities

### Long-Term Insurance

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

each new contract at the subscription stage.

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

### Automobile Insurance

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

### Commercial Lines

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

### Portfolio Management

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

### Enhanced Customer Convenience

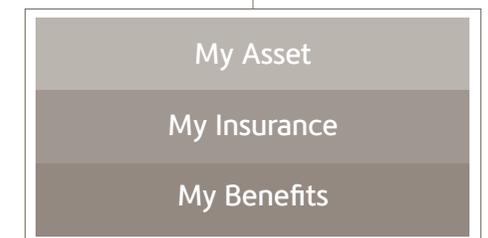
KB Insurance's digital innovation facilitates a wholly differentiated customer experience. In fact, we were the first nonlife insurer to launch a MyData (personal credit information management) service, offering insurance-specific services that guarantee premium levels of health and security. Key features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

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

## | MyData Service

# 1st

First non-life insurer to launch a MyData service



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

### 2023 Plans

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

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

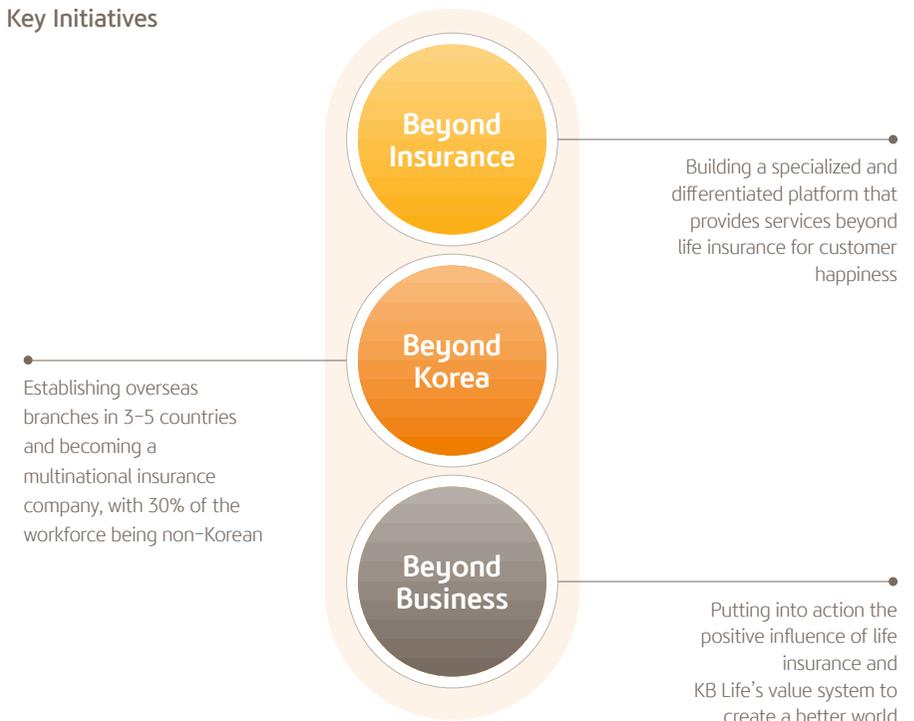
For its part, long-term insurance will increase profits by maximizing its CSM to secure its market position under the new IFRS17 accounting standards, establishing a profit-generating virtuous cycle, as well as a cash flow-based stable revenue source of insurance operating income. To that end, KB Insurance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

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

## KB Life Insurance

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

### Key Initiatives



## Prudential Life Insurance's 2022 Achievements

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

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

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

## KB Life Insurance's 2022 Achievements

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

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

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

## 2023 Plans

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

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

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

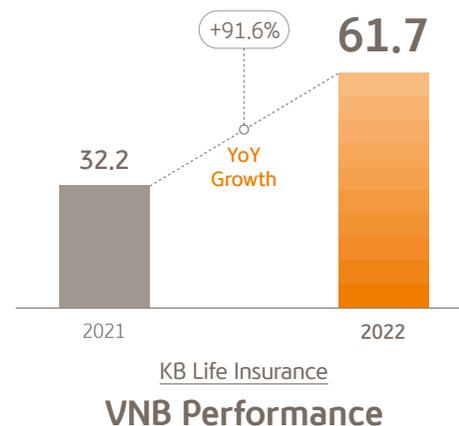
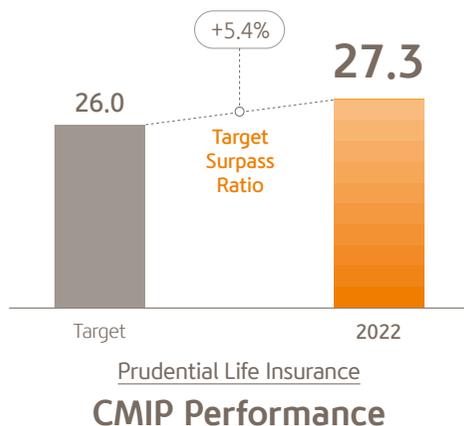
considering advancing into Southeast Asian markets, such as Indonesia and Vietnam, which have shown high market growth potential. In conjunction with the Group's subsidiaries—and leveraging the Group customer data infrastructure—we will come up with a variety of customer life care services through synergies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

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

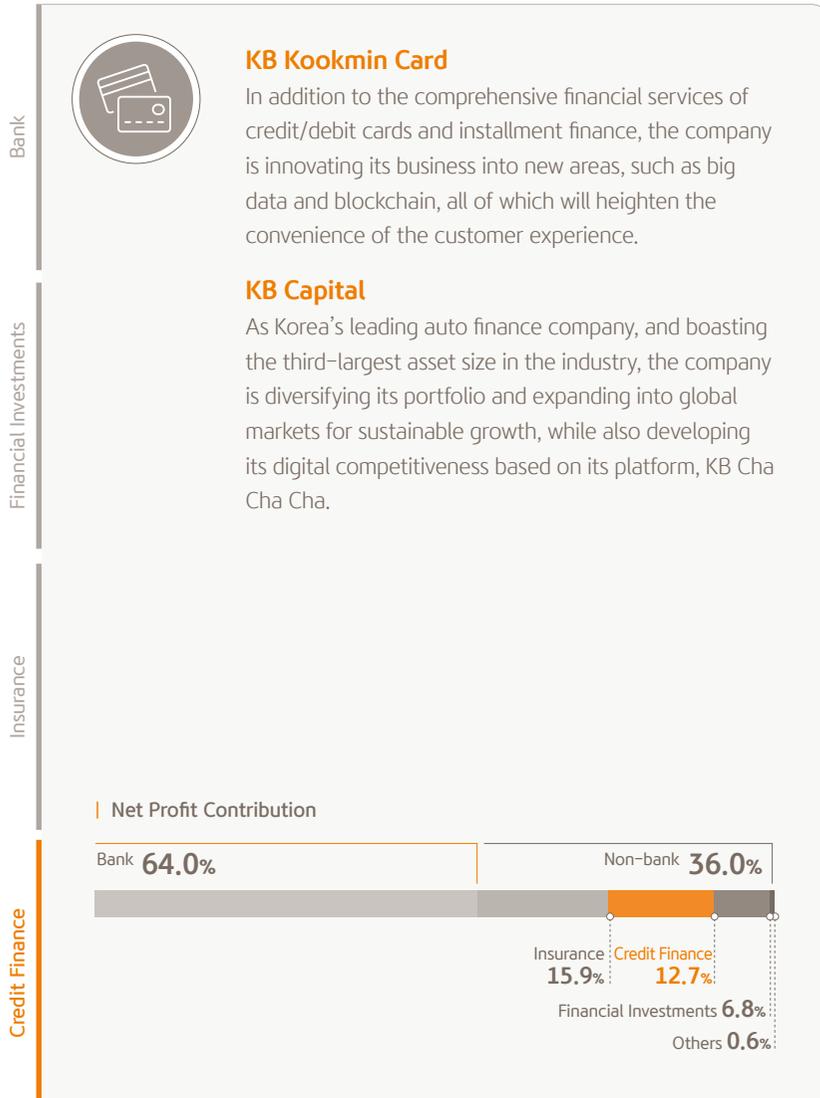
Fourth is a complete post-merger integration. Built on the management policy of fairness, harmony, and communication, we are in the midst of building a unified corporate culture as one single entity—KB Life Insurance.

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

### | 2022 Key Performance Highlights (bn won)



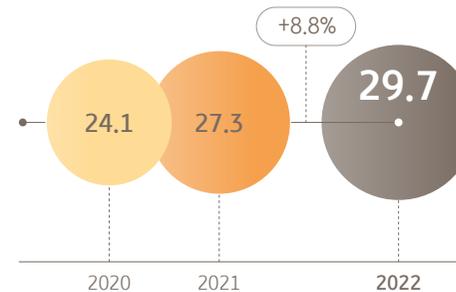
# Credit Finance



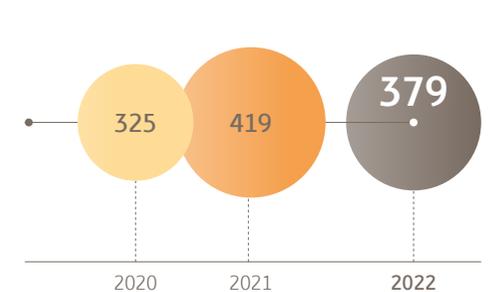
## KB Kookmin Card

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

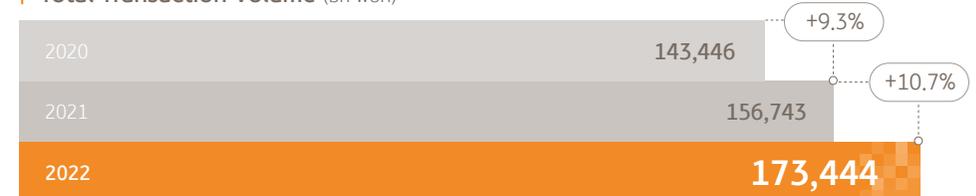
### Total Assets (tn won)



### Net Profit (bn won)



### Total Transaction Volume (bn won)



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

### App Integration into KB Pay

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

### Credit Card Processing Agency for Jeonbuk Bank

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

### Acquisition of Cambodian Leasing Company

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

Solidifying the local business foundation through the acquisition of IFL

# 100%



### Top ESG Evaluation Rating for Two Straight Years

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

### No. 1 Rank on NCSI for Two Straight Years

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

### 2023 PLANS

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

### Customer-Centric Management Based on Stronger Core Competitiveness

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

### Strengthening the Profit Base through New Business Upgrades

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

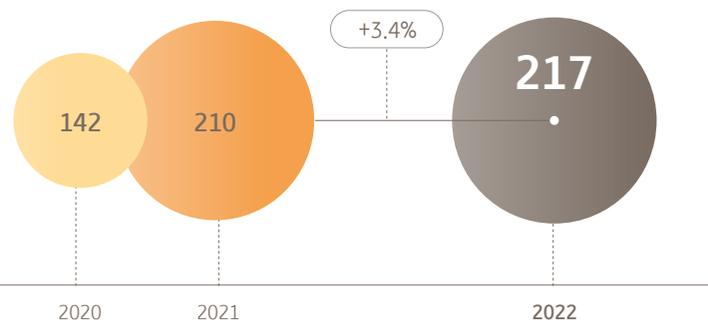
### ESG Management for Sustainable Management

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

## KB Capital

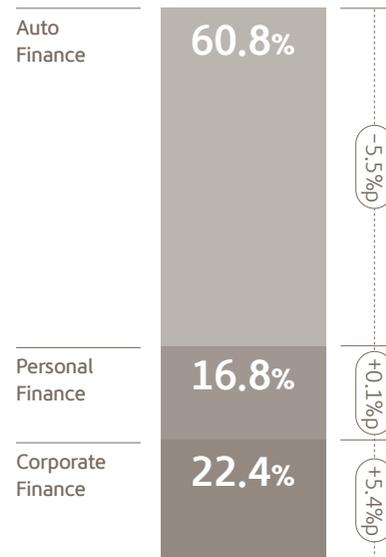
As of the end of 2022, KB Capital's total assets grew by 10.5% from the previous year to KRW 16,077 billion. We sustained growth based on its diversified business portfolio. Net profit for 2022 was up 3.4% year on year to KRW 217 billion, with the number of registered used cars for sale through KB Cha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

### Net Profit (bn won)



### Successful Business Portfolio Diversification

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



### Enhancing Product Competitiveness

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

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

### Establishing RPA and Operational Efficiency

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

### Global Business Expansion

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

### 2023 Plans

In 2023, KB Capital will strengthen its global competitiveness and achieve operational efficiency through digital innovation and smart workspace innovation to take the lead in the credit finance industry.

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

## Company Directory

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

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

### IR (Investor Relations)

18F 141, Uisadang-daero, Yeongdeungpo-gu,  
Seoul 07332, Korea  
TEL. 82-2-2073-2845  
FAX. 82-2-2073-2848  
E-mail: kbir@kbf.com

### Global Strategy Department

18F 141, Uisadang-daero, Yeongdeungpo-gu,  
Seoul 07332, Korea  
TEL. 82-2-2073-0630  
FAX. 82-2-2073-0610

## Global Network

### KB Kookmin Bank

Country	Name	Address	Telephone
Cambodia	Kookmin Bank Cambodia Plc.	No. 55, Street 214, Sangkat Boeung Raing, Khan Daun Penh, Phnom Penh, Cambodia	855-23-999-202
	Prasac Microfinance Institution Plc.	Building No. 212, Street 271, Tuol Tumpung2, Chamkarmon, Phnom Penh, Cambodia	855-23-999-911
China	Kookmin Bank (China) Limited	19F, SK Tower, No. 6 Jia, Jianguomenwai Avenue, Chaoyang District, Beijing, China	86-10-5671-2800
	Kookmin Bank Hong Kong Branch	Suite 1101 and 1106, 11F Central Plaza, 18 Harbour Road, Wanchai, Hong Kong	852-2530-3633
India	Kookmin Bank Gurugram Branch	Unit No. 2 B/2, 2nd Floor, Two Horizon Centre, Golf Course Road, DLF Phase 5, Sector 43, Gurugram, Haryana-122002, India	91-124-453-2222
Indonesia	PT Bank KB Bukopin, Tbk.	Gedung Bank Bukopin, Jl. MT. Haryono kav. 50-51 Jakarta 12770, Indonesia	62-21-798-8266
Japan	Kookmin Bank Tokyo Branch	14F, Hibiya-dai Bldg. 1-2-2 Uchisaiwaicho, Chiyoda-ku, Tokyo 100-0011, Japan	81-3-5657-0550
Myanmar	KB Microfinance Myanmar Co., Ltd.	3F, University Avenue Street, No. 104, Kamaryut Township, Yangon Region, Myanmar	95-1-7532-910
	Kookmin Bank Yangon Representative Office	U Kun Zaw Avenue Street, Kan Lane, No. 87-B, 2nd Floor, U Kun Zaw Yeik Mon Condo, Hlaing Township, Yangon Region, Myanmar	95-9775355922
	KB BANK MYANMAR LTD.	University Avenue Street, No. 104, Kamaryut Township, Yangon Region, Myanmar	95-1-7532-900
New Zealand	Kookmin Bank Auckland Branch	Level 16, 88 Shortland Street, PO BOX 7506, Wellesley, Auckland, New Zealand 1142	64-9-366-1000
Singapore	KB Kookmin Bank Co., Ltd. Singapore Branch	Level 9, Unit 01~05, Ocean Financial Centre, 10 Collyer Quay, Raffles Place, Singapore, 049315	65-6309-7100
U.K.	Kookmin Bank London Branch	15F, Dashwood House, 69 Old Broad St., London EC2M 1QS, United Kingdom	44-20-7710-8300
U.S.A.	Kookmin Bank New York Branch	24F, 565 Fifth Avenue, 46 Street, New York, NY 10017, U.S.A..	1-212-697-6100
Vietnam	Kookmin Bank Ho Chi Minh City Branch	3F, Mplaza Saigon, 39 Le Duan Street, Ben Nghe Ward, District 1, Hochiminh City, Vietnam	84-28-3827-9000
	Kookmin Bank Hanoi Branch	25F, Keangnam Hanoi Landmark Tower, E6 Cau Giay New Town, Me Tri, Nam Tu Liem, Hanoi, Vietnam	84-24-3226-3377

## KB Securities

Country	Name	Address	Telephone
China	KB Securities Shanghai Representative Office	Room 1405, North Stock Exchange Tower, 528 South Pudong Road, Shanghai, China	86-21-6881-7007
	KB Securities Hong Kong Ltd.	Suite 1105, 11F, Central Plaza, 18 Harbour Road, Wan Chai, Hong Kong	852-2869-0559
Indonesia	PT KB Valbury Sekuritas	Sahid Sudirman Center Lantai 41, Unit AC, Jalan Jendral Sudirman No. 86, Desa/Kelurahan Karet Tengsin, Kec. Tanah Abang, Kota Adm. Jakarta Pusat, Provinsi DKI Jakarta	62-21-2509-8300
U.S.A.	KBFG Securities America Inc.	Suite 1900, 1370 Avenue of the Americas, New York, NY 10019, U.S.A.	1-212-265-2333
Vietnam	KB Securities Vietnam Joint Stock Company	Level 1&3, Sky City Tower, 88 Lang Ha Street, Dong Da Ward, Ha Noi city, Vietnam	84-24-7303-5333
	KB FINA Joint Stock Company	Unit 16, 17th floor, Charmvit Tower, No. 117 Tran Duy Hung Street, Trung Hoa Ward, Cau Giay District, Hanoi City, Vietnam	84-24-7301-4628

## KB Insurance

Country	Name	Address	Telephone
China	KBFG Insurance (China) Co., Ltd.	27F, No. 2701-2703, Sunnyworld Center, 188, Lushan Road, Nanjing, Jiangsu Province, China	86-25-8778-0888
Indonesia	PT. Kookmin Best Insurance Indonesia	Sahid Sudirman Center, 53rd Floor Unit A, E & F, JL. Jendral Sudirman Kav. 86, Jarkarta 10220, Indonesia	62-21-50-101-010
U.S.A.	Kookmin Best Insurance Co., Ltd., US Branch	55 Challenger Road Suite #302, Ridgefield Park, NJ 07660, U.S.A.	1-201-720-2100
	Leading Insurance Services, Inc.	55 Challenger Road Suite #302, Ridgefield Park, NJ 07660, U.S.A.	1-201-720-2100
	KB Insurance Co., Ltd. Los Angeles Liaison Office	505 North Brand Blvd., Suite 220, Glendale, CA 91203, U.S.A.	1-818-254-1040
Vietnam	KB Insurance Co., Ltd. Hanoi Representative Office	Rm. 801, Hanoi Tung Shing Square, 2 Ngo Quyen St., Hanoi, Vietnam	84-4-3935-0814
	KB Insurance Co., Ltd. Ho Chi Minh City Representative Office	Rm. 15, 16F, Vincom Center, 72 Le Thanh Ton St. & 47 Ly TuTrong St. Dist 1, Ho Chi Minh City, Vietnam	84-8-3821-9968

## KB Kookmin Card

Country	Name	Address	Telephone
Cambodia	KB Daehan Specialized Bank Plc.	Building No. 1, Street 360, Sangkat Boeung Keng Kang 1, Khan Boeung Keng Kang, Phnom Penh, Cambodia (Oval Office Tower, 7F, 21F and 22F)	855-23-991-555
	i-Finance Leasing Plc.	City Tower Building, M Floor, Unit No. M1 & M2B, Mao Tse Toung Blvd, Sangkat Phsar Depou Ti Muoy, Khan Toul Kork, Phnom Penh, Cambodia	855-81-761-111
Indonesia	PT. KB Finansia Multi Finance	Office 8 Building, 15th Floor, Jl. Jend Sudirman Kav. 52-53, SCBD Lot 28 Jakarta, Indonesia	62-21-2933-3646
Myanmar	KB Kookmin Card Co., Ltd. (Yangon Representative Office)	No. 506, 5F, Crystal office, Kamaryut Township, Yangon, Myanmar	070-5214-1303
Thailand	KB J Capital Co., Ltd.	AIA Capital Center 3 Floor, 89 Ratchadapisek Road, Din Daeng, Bangkok	66-1258

## KB Asset Management

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

## KB Capital

Country	Name	Address	Telephone
Indonesia	PT Sunindo Kookmin Best Finance	50F, Sahid Sudirman center, Karet Tengsin, Tanah abang, Kota Jakarta Pusat DKI Jakarta, Indonesia	62-21-2253-5098
	PT Sunindo Kookmin Best Finance, Surabaya Branch	Komplek Ruko Mega Galaxy Blok 14A No. 06, Jl.Kr.Ir.H Soekarno, Klampis Ngasem, Sukolilo, Surabaya 60117	031-596-4668
Laos	KB KOLAO Leasing Co., Ltd.	7F, Alounmai Tower 23 Singha Rd, Vientiane, Laos	856-21-417-900

## KB Data Systems

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

## Disclaimer

### Financial and other information

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

In this annual report:

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

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

### Forward-looking statements

Certain information set forth in this annual report contains “forward-looking information”, including “future-oriented financial information” and “financial outlook”, under applicable securities laws (collectively referred to herein as forward-looking statements).

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

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

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