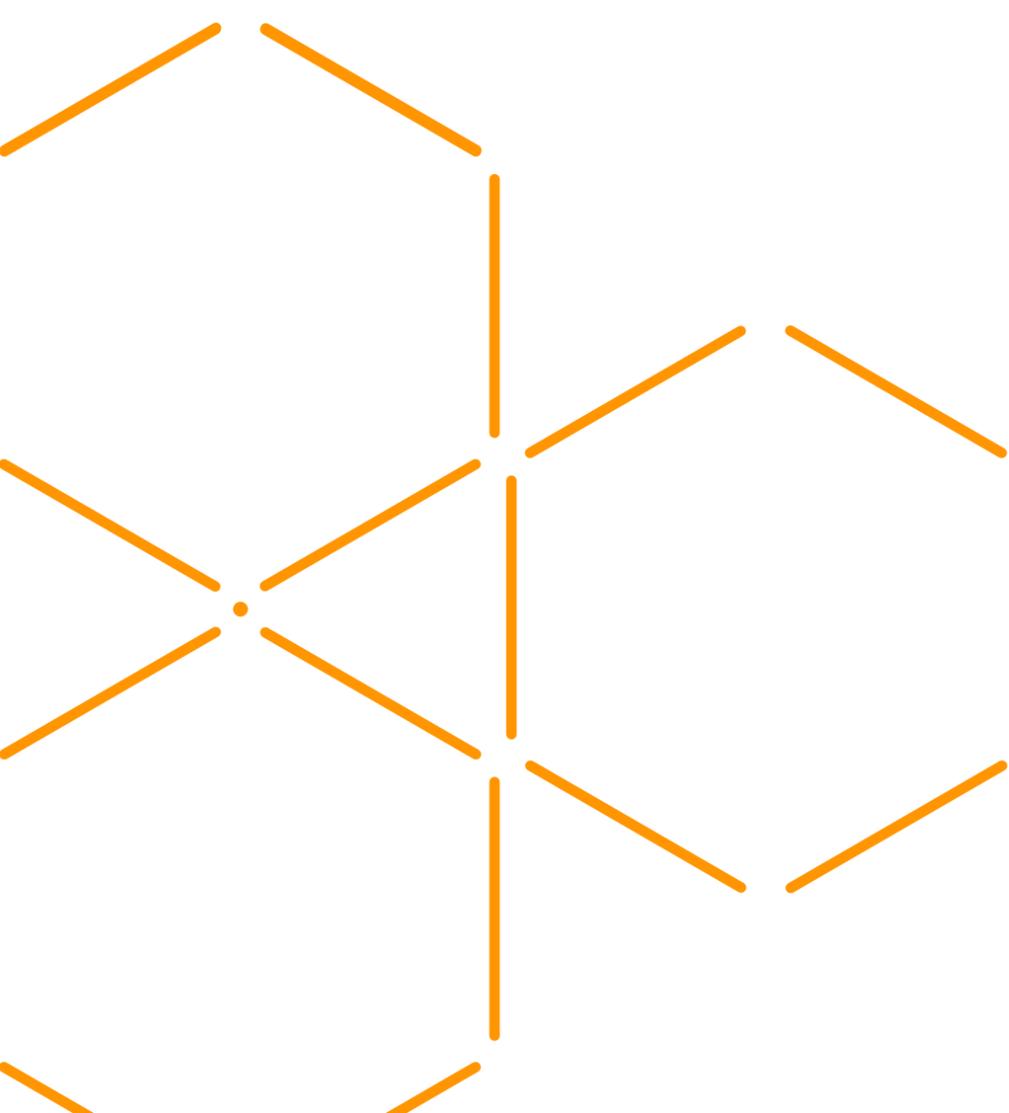


ONE Platform

— for your life and finance

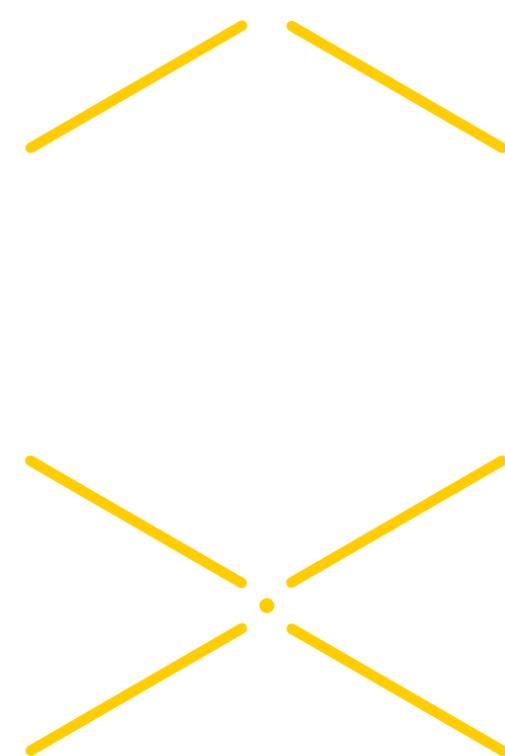
Annual Report 2021





ONE Platform

— for your life and finance



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

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

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

KB Financial Group Annual Report 2021

Navigating the Report

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

- Home
- Contents
- Previous
- Next
- Search
- Print
- Reference
- Related Webpage

Contents

INTRODUCTION

- 004 CEO Message
- 006 R.E.N.E.W. 2023
- 007 2021 at a Glance
- 015 Response to COVID-19

GROUP REVIEW

- 017 Company Profile
- 018 Financial Highlights
- 019 Shareholder Information
- 020 Board of Directors
- 021 Vision & Strategy

CORE COMPETENCY

- 023 ESG Leadership
- 030 Digital Transformation
- 032 Global Business
- 034 Risk Management

MD&A

- 036 Management's Discussion & Analysis

OPERATION REVIEW

- 042 Bank
- 048 Securities
- 050 Insurance
- 055 Credit Card
- 057 Financial Investments
- 061 Specialized Credit
- 062 Savings Bank
- 063 Non-financial Operations

APPENDIX

- 065 Company Directory
- 065 Global Network
- 068 Disclaimer

FINANCIAL SECTION

- 070 Consolidated Financial Statements
- 212 Separate Financial Statements

CEO Message

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

Esteemed Shareholders, Investors, and Customers,

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Thank you.

Yoon Jong-kyoo

Chairman & CEO, KB Financial Group Inc.

R.E.N.E.W. 2023



World Class Talents & Culture

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



No.1 Platform (Customer-Centric)

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



Reinforce the Core

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



ESG Leadership

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



Expansion of Global & New Biz

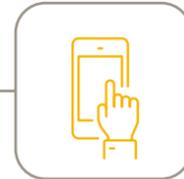
- Reinforcing global business operations
- Increasing investments in growth industries
- Expanding into non-financial sectors to reach beyond finance



2021 at a Glance



Focusing on Strategies



Connecting Daily Life



Challenging for Change



Looking Beyond the Scene



April

- KB Kookmin Bank Launched Asia Credit Review Center**

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

May

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

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



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

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



December

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

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

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

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



2021 at a Glance



Focusing on Strategies



Connecting Daily Life



Challenging for Change



Looking Beyond the Scene >>>>

August

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

October

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

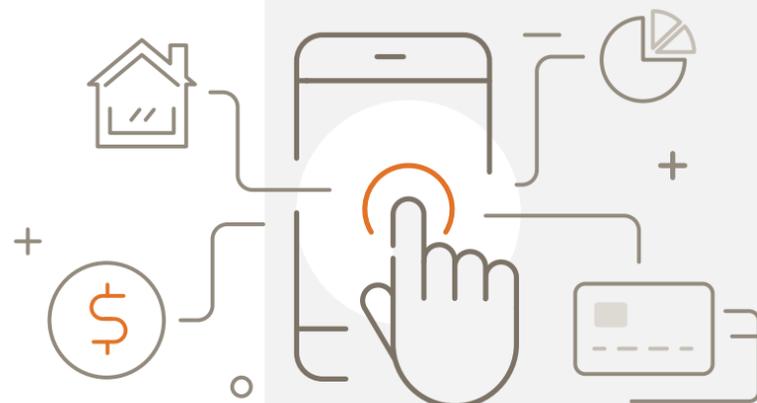
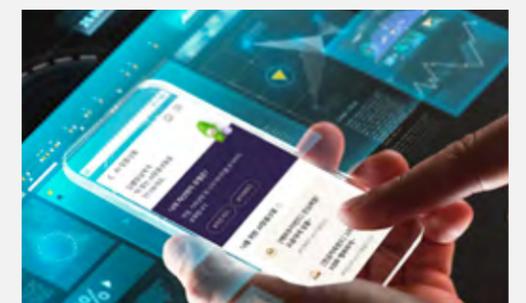


December

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



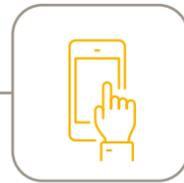
- KB Kookmin Bank and KB Kookmin Card Piloted the MyData Service**
 In 2021, KB's bank, credit card, securities, insurance, and capital subsidiaries were designated as MyData Service providers. In January 2022, KB Kookmin Bank and KB Kookmin Card piloted the service in advance. KB Financial Group aims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



2021 at a Glance



Focusing on Strategies



Connecting Daily Life



Challenging for Change



Looking Beyond the Scene



February

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

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

May

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

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

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

October

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

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



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

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



November

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

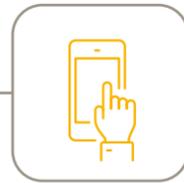
Following its acquisition of a 67% stake in PT Bank KB Bukopin in 2020, KB Kookmin Bank seconded executives and one vice chairman (a board member), which allowed it to assume managerial control over the Indonesian bank.



2021 at a Glance



Focusing on Strategies



Connecting Daily Life



Challenging for Change



Looking Beyond the Scene



February

- **KB Kookmin Bank Joined the Equator Principles**

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



June

- **KB Financial Group Announced Net Zero S.T.A.R.**

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



September

- **KB Financial Group Joined the RE100**

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



October

- **KB Financial Group Became the First Asian Financial Institution to Win SBTi Approval**

KB Financial Group was the first Asian financial institution to win the SBTi approval for its carbon emission goals, which went to prove the practicality of its carbon neutrality roadmap.

- **KB Financial Group Scored Straight A+'s on the 2021 KCGS ESG Evaluation for a Second Straight Year**

KB Financial Group earned an A+ in all the three sectors of environment, social and governance and ESG ranking in the 2021 ESG Evaluation from the Korea Corporate Governance Service (KCGS) for a second consecutive year.



November

- **KB Financial Group Remained on the DJSI World Index for 6th Consecutive Year, Topping the Global Banking Sector**

In 2021, KB Financial Group became the first Korean financial institution to rank atop the global banking sector of the Dow Jones Sustainability Index (DJSI) and remained on the DJSI's highest rating World Index for a sixth consecutive year.



Focusing on Strategies

Sustainable Growth

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

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

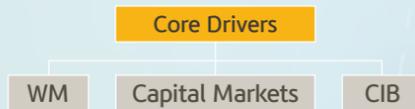
Focusing on Strategies

Group Net Profit

(bn won)



Core Growth Drivers



WM Paradigm Shift

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

Triple Crown in League Tables

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

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

Omni Channel Seamless Service

Around-the-clock service via on and offline channels



Net Profit Contribution from Non-Banking

42.6%

Connecting Daily Life

Customer Value +

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

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



Connecting Daily Life

KB Star Banking MAU

(million)



Growth target for 2022

15 million

Super App, KB Star Banking

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

Digital Marketing

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

Market Leadership in MyData

Hyper-personalized wealth management service specified by business

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



Challenging for Change

New Opportunities

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

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

Challenging for Change

New Opportunities

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



Automobile



Real Estate



Healthcare



Telecommunications

Global Business Scale-Up

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



KB Kookmin Bank



KB Insurance



KB Securities



KB Kookmin Card



KB Capital

Net Profit Contribution from Global Operation

10% by 2023

Looking Beyond the Scene

Better World

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

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

Looking Beyond the Scene

KB Net Zero STAR

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



ESG Leadership

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

SBTi Approval

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

DJSI World

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

Green Finance

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

Response to COVID-19

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



Contributing to a Better World

Support for the Underprivileged

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

Support for Small Business Owners

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

Financing a Better World

Increased Issuance of ESG Bonds

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

Financial Support for Companies Damaged by COVID-19

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

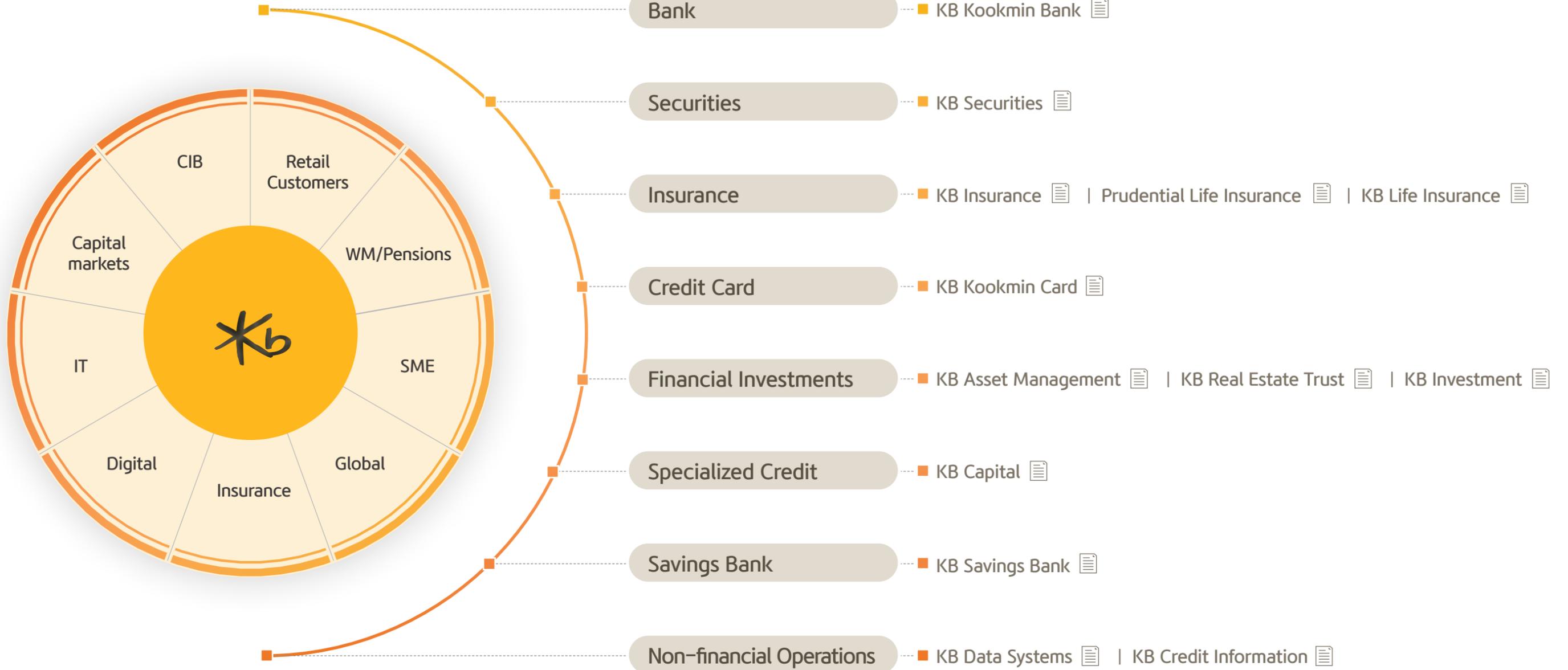
GROUP REVIEW



Company Profile

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

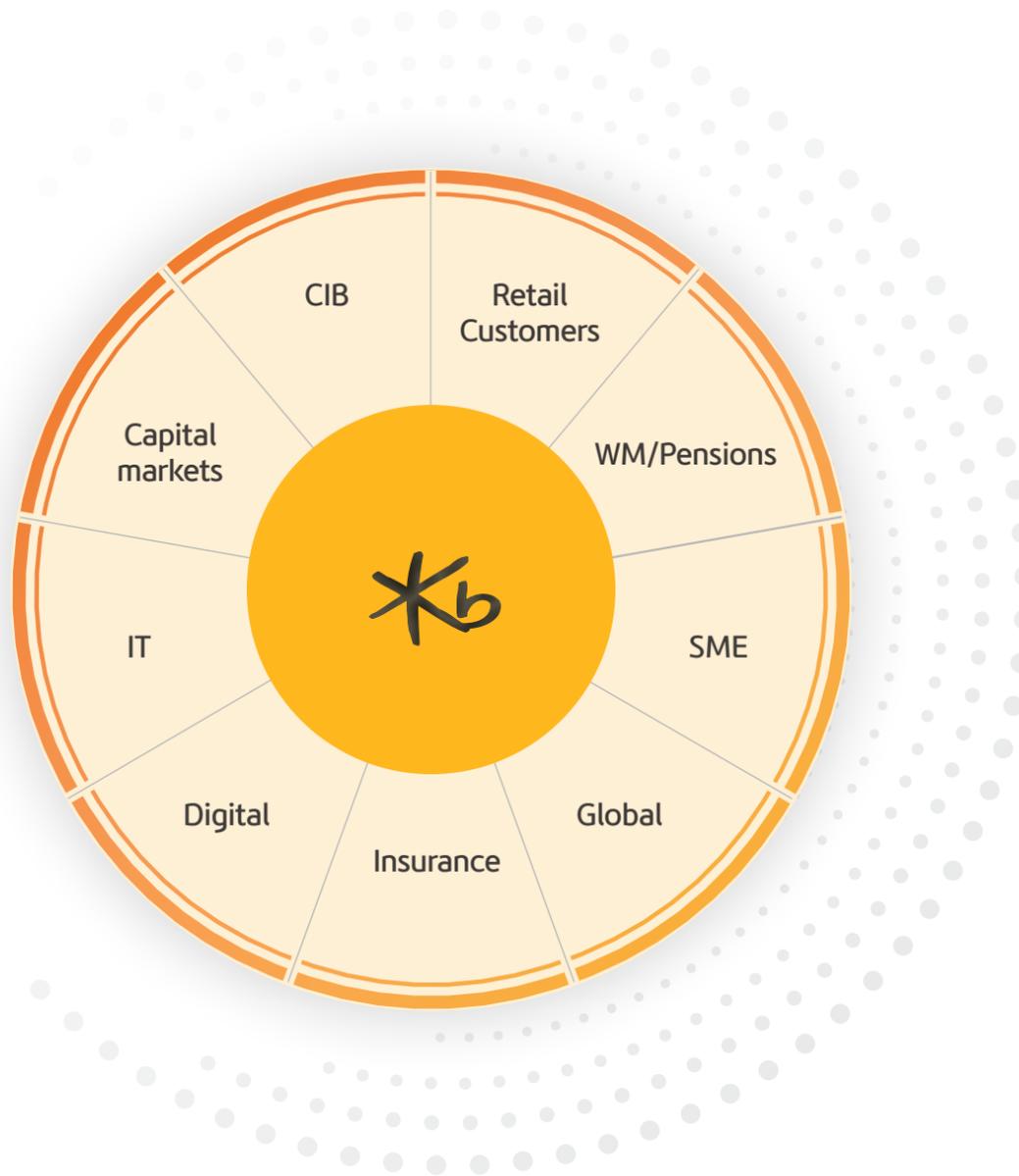
KB Financial Group, as the holding company, holds 100 percent of the shares in each subsidiary.



Company Profile

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

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



GROUP NETWORK

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



GROUP CUSTOMERS

36.3 million



ESG



Dow Jones Sustainability Indexes

Included in for 6 consecutive years

KCGS A+
Korea Corporate Governance Service

GROUP EMPLOYEES

25,176



CREDIT RATINGS

Moody's **A1** / Stable

S&P **A** / Stable



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



Financial Highlights

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

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

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

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

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

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

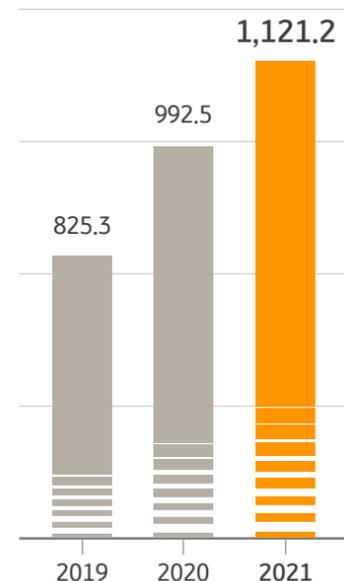
Financial Summary

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

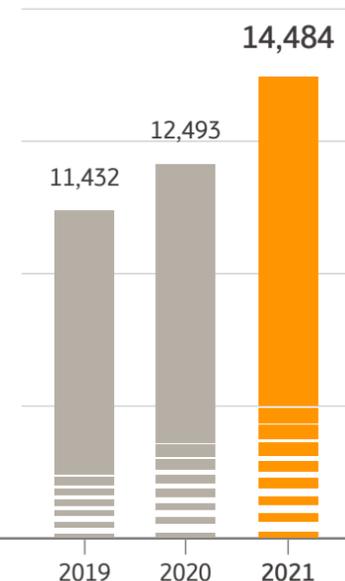
Key Performance Indicators



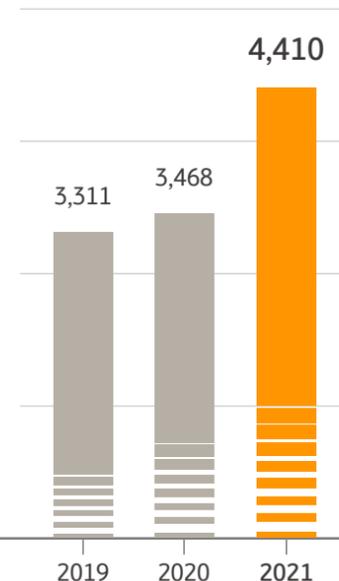
Total Assets (incl. AUM)
(tn won)



Gross Operating Income
(bn won)

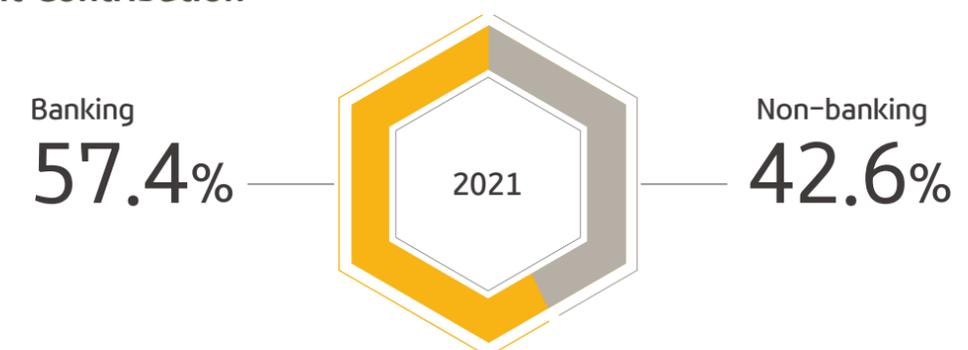


Net Profit
(bn won)



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

Net Profit Contribution



Financial Highlights

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

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

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

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

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

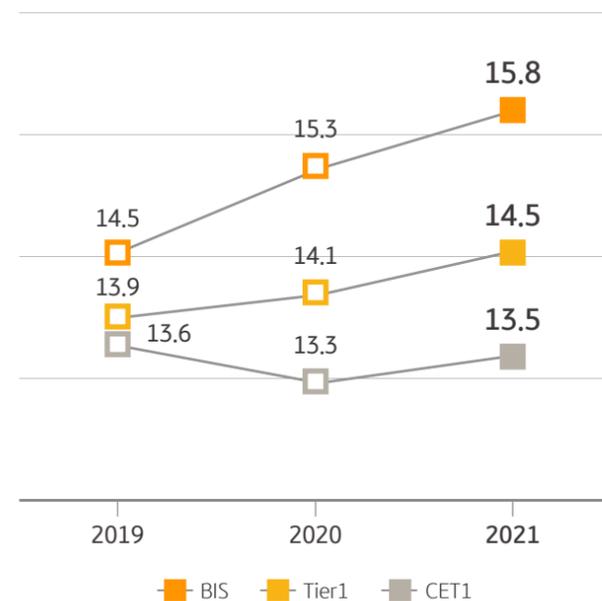
As of the end of 2021, KB Financial Group maintained industry top-level capital adequacy as the Group's BIS ratio recorded 15.8%, with a Tier 1 ratio of 14.5% and a CET1 ratio of 13.5%.

Financial Summary

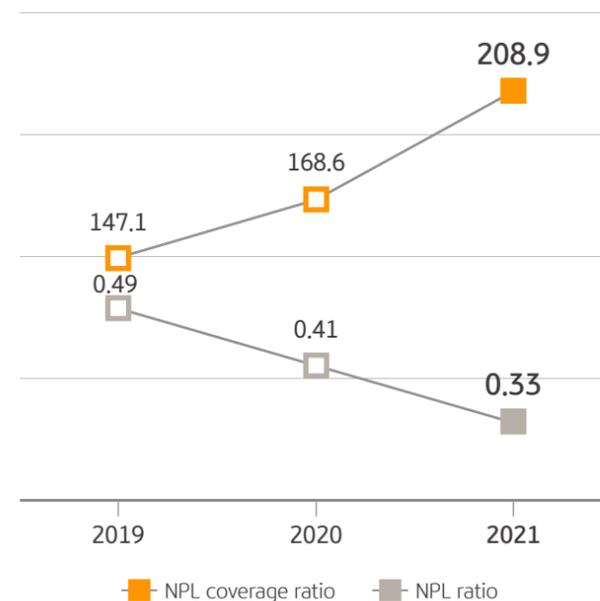
	2021	2020	2019
Profitability (bn won) ¹⁾			
Gross operating income	14,484	12,493	11,432
Operating profit	6,098	4,634	4,490
Net profit ²⁾	4,410	3,468	3,311
ROA (%)	0.69	0.61	0.66
ROE (%) ³⁾	10.22	8.79	8.98
Cost-income ratio (CIR) (%)	49.7	54.6	54.9
Financial position (tn won)			
Assets	663.9	610.7	518.5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

Key Performance Indicators

BIS Ratio (%)

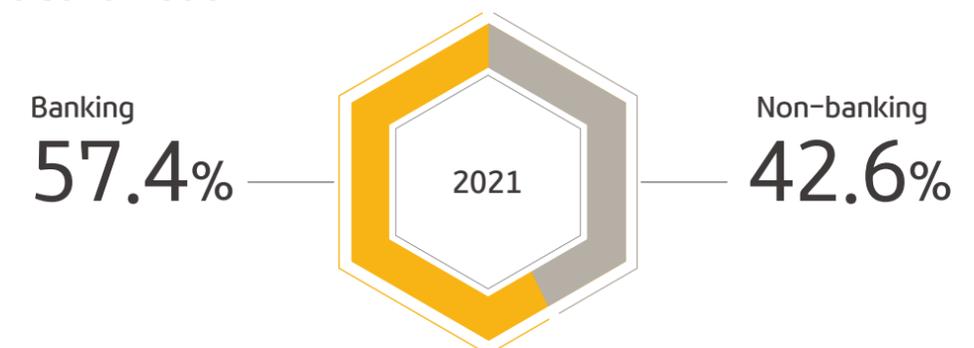


NPL & NPL Coverage Ratios (%)



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

Net Profit Contribution



Shareholder Information

Stock Information

	2021	2020
Total number of shares issued	415,807,920	415,807,920
Treasury shares	26,173,585	26,173,585
Stocks outstanding	389,634,335	389,634,335
Year-end stock price	55,000	43,400
Market capitalization (in billions)	22,869	18,046
Dividend per share	2,940	1,770
Book value per share	113,425	100,484
Basic earnings per share	11,134	8,843

(Shares, KRW, %)

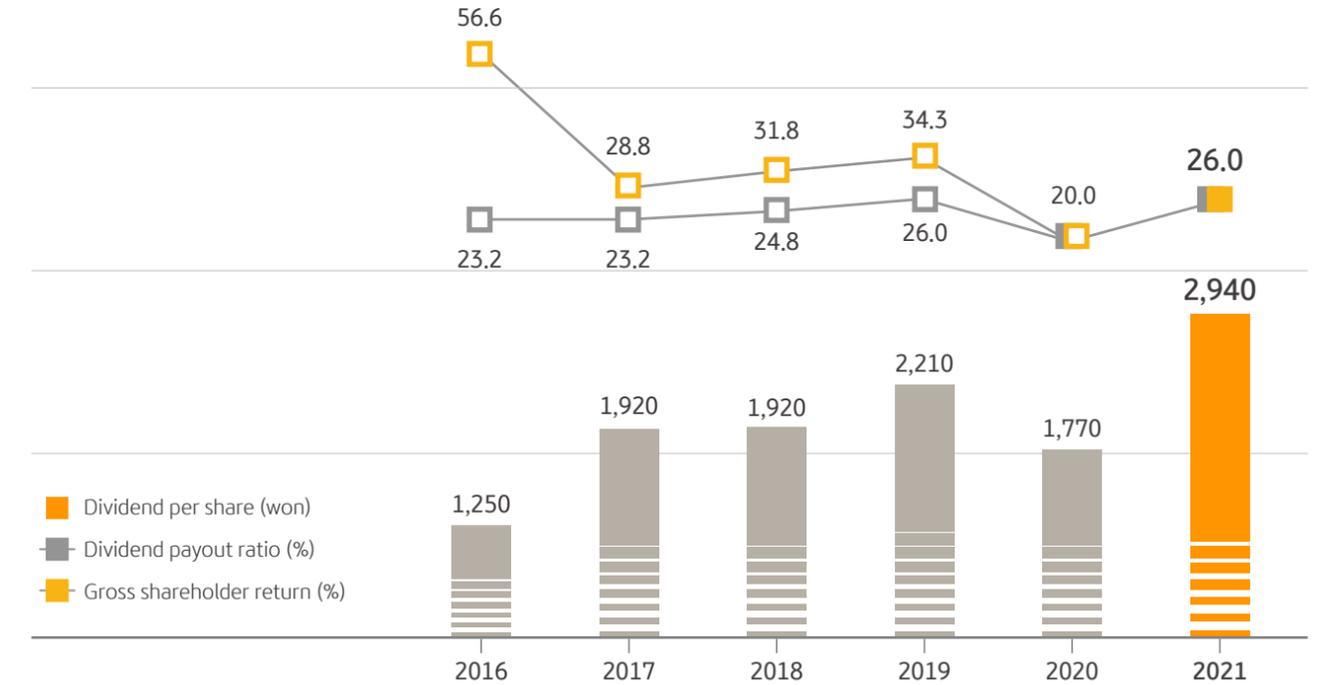
Share Ownership

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

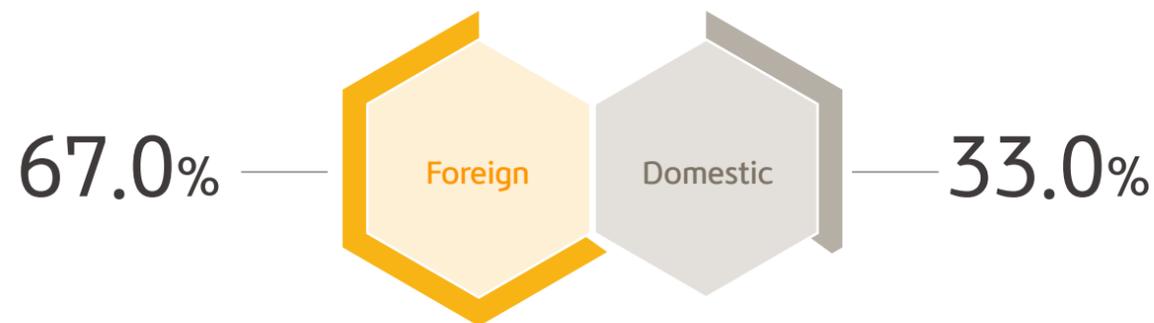
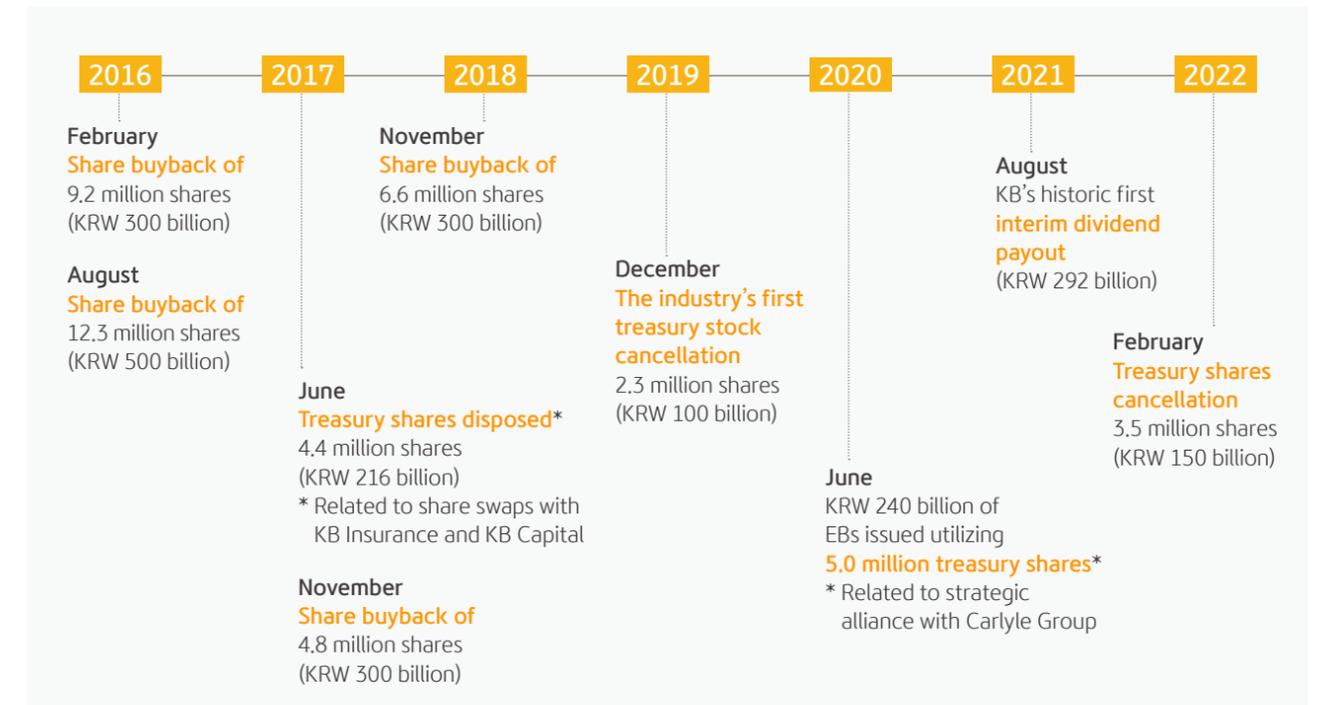
(Shares, %)

1) Depository under the ADR program

Gross Shareholder Return



Key Takeaways



Board of Directors

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

Independence

Non-executive directors make up the majority of the BoD



Non-executive directors **77.8%**

Diversity

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



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

Expertise

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

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

Vision & Strategy

Mission

Financial service delivering changes
happier life & better world

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

Vision

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

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

2021 Key Activities and Achievements

Reinforce the Core

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

Expansion of Global & New Biz

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

No.1 Platform (Customer-Centric)

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

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

ESG Leadership

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

World Class Talents & Culture

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

Vision & Strategy

Mission

Financial service delivering changes happier life & better world

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

Vision

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

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

Management Goal 2022

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

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

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

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

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

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

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

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

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

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

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

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

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



CORE COMPETENCY

023
ESG Leadership

030
Digital Transformation

032
Global Business

034
Risk Management

ESG Leadership

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

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

Sustainability Report



ESG Governance

Advancing ESG Governance System and Implementation

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

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

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

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



Environment

Advancing Climate Change Strategy

- Setting and managing carbon emissions target
- Managing environmental risks
- Increasing green investments and loans
- Leading the way in green finance ecosystems



Social Responsibility

Internalizing Responsible Management for Society

- Expanding social contribution
- Promoting shared growth and mutual prosperity
- Respecting human rights and diversity
- Expanding financial inclusion



Corporate Governance

Spreading the Culture of Transparent Governance

- Enhancing transparency in governance
- Strengthening the stewardship code
- Expanding investments in excellent governance
- Building a comprehensive evaluation system

ESG Leadership

Environment

Advancing the Climate Change Strategy for Environmental Conservation

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



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

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

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

A Risk Management Base to Combat Climate Change

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

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

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

ESRM Policy Report on Equator Principles Implementation 2020

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

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

Green Buildings and a Green Corporate Culture

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



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

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

A Faithful Advocator of the TCFD Recommendations

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

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

ESG Global Leadership

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

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

2022 Plans

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

Our TCFD Journey

TCFD Report

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

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



Social Responsibility

Internalizing Responsible Management for Society

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



Education and the Environmental Initiatives for Future Generations

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

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

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

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

Fostering Social Enterprises

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

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



'Twogether', Microbusiness Support Project

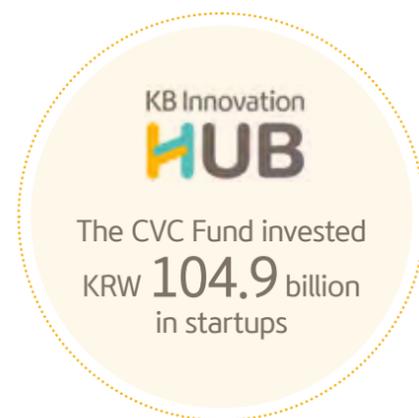


Uncovering and Sponsoring Startups KB Financial Group discovers and finances underfunded, yet promising startups to prosper. Through expanded incubation, linked investment, and professional consulting services, we support the sustainable and shared growth of such startups while creating social value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

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

Inclusive Finance and Social Responsibility

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



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

2022 Plans

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

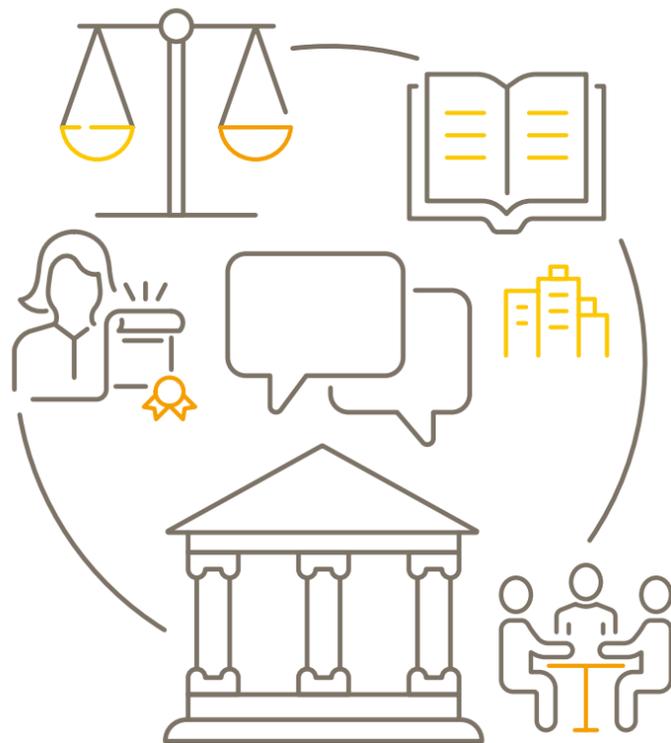
Gwanak Branch of the KB Innovation Hub opened to support early stage startups.



Corporate Governance

Promoting Transparent Governance

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



Stable and Transparent Governance

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

(Stewardship Code) Advancing Stewardship Code Practices

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

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

2022 Plans

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

Corporate Governance at KB Financial Group

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

Board of Directors

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

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

Principles of Director Appointment

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

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

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

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

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

Subcommittees of the Board

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

Assessment of the Board of Directors

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

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

2021 Major Achievements

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

Governance Structure



Committees of the Board of Directors

(○ Chairman, ● Member)

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

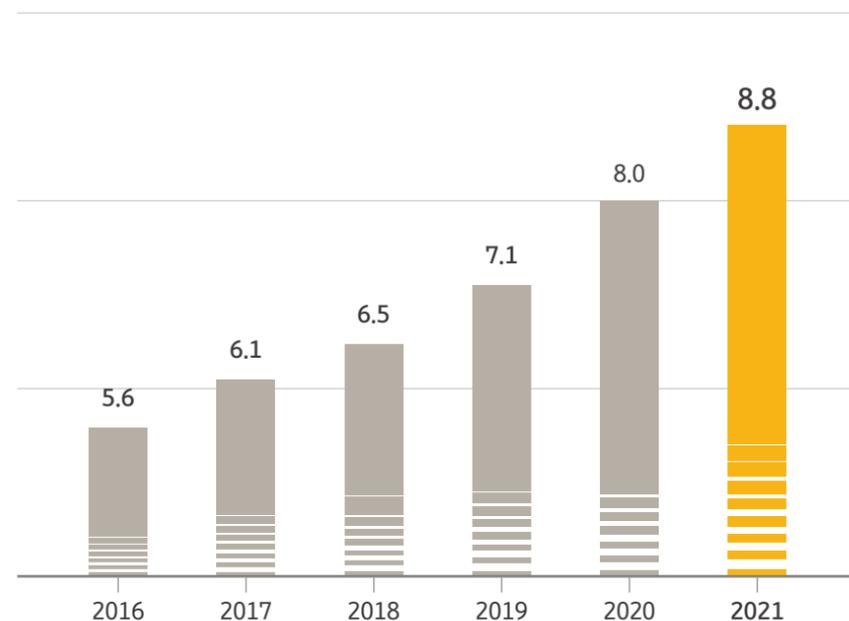
■ Non-Executive
 ■ Executive
 ■ Non-Standing

Digital Transformation

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

KB Star Banking MAU

(million)



Reinforcing the Competitiveness of Core Financial Platforms

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

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

Reaching Far into Every Aspect of Our Customers’ Daily Lives

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

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

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

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

Systematic and Segmented Marketing Approach Corresponding to the Customer Journey

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

Fundamental Transformation into an Agile Organization

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

2022 Plans

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

Platform Innovation

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

Content Power Enhancement

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

Advancing the Data Application System

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

Digital Transformation Change Management

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

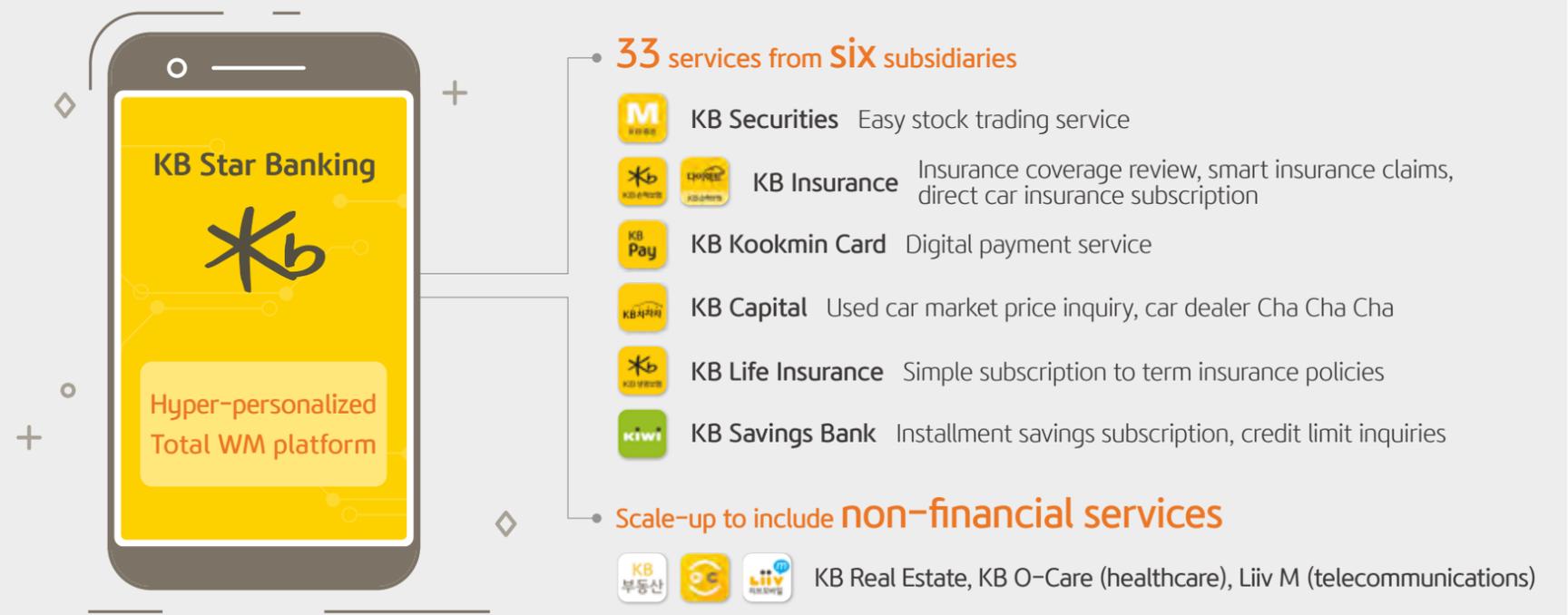
Center by 2023. While seamlessly coordinating the customer centers of each subsidiary at the Groupwide level, the Center will tap into innovative technologies, including AI, to attend to the needs of customers 24/7 with the help of the Callbot and Chatbot functions as a life-care assistant service. Platform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

KB Star Banking: KB Financial Group's Super App

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

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

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



Global Business

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

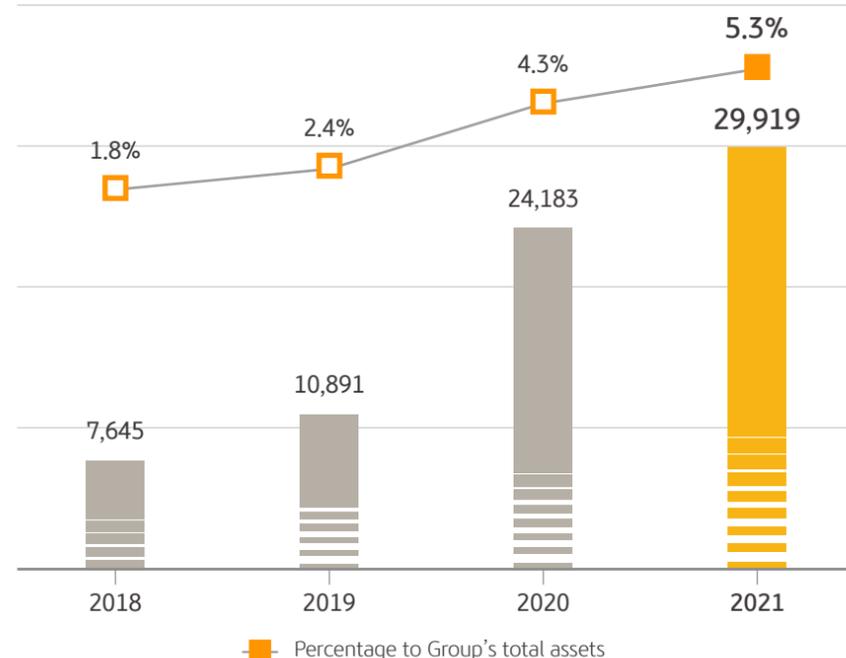
Global Network

Overseas Network

754

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

Total Assets of Global Operations (USD in millions)



Emerging Markets

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

Indonesia

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

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

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

Cambodia

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

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

Vietnam

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

Thailand

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

Advanced Markets

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

Singapore

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

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

2022 Plans

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

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

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

KB Global Expansion Milestones



2017

Vietnam

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

Laos

- Established KB KOLAO Leasing, specialized in auto financing

Myanmar

- Established KB MFI Myanmar

2018

Indonesia

- Acquired a 22% stake in PT Bank Bukopin

Cambodia

- Launched KB Daehan Specialized Bank as a credit finance business

Vietnam

- Launched KB Securities Vietnam, formerly known as MSI

2019

Vietnam

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

India

- KB Kookmin Bank established Gurugram Branch

2020

Cambodia

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

Vietnam

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

Myanmar

- KB Kookmin Bank established the first foreign bank in Myanmar

Indonesia

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

2021

Singapore

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

Indonesia

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

Cambodia

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

Thailand

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

Risk Management

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

Risk Governance

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

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

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

The risk management department of the holding company monitors and manages the status of the Groupwide risk operations and the limits of internal capital by developing risk management policies and operating relevant processes. The risk management departments at each subsidiary

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

Risk Management Strategies

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

Stress Testing

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

Group Risk Governance



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

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

Basel III-based Approach for Group Credit Risk Management

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

2021 Major Achievements

Advancing the Risk Management of Group Portfolio

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

Preemptively Countering New Risk Types

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

Enhance Capital Efficiency and Complex Risk Management

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

2022 Plans

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

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

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

Emerging Risk Management

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

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

Management's Discussion & Analysis

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

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

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

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

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

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

Key Financial Indicators

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

1) Based on return on common equity

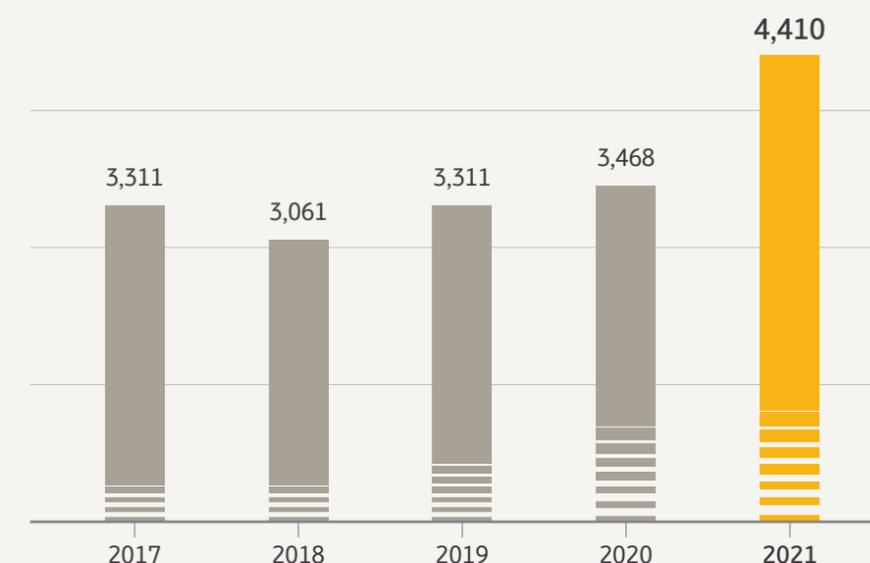
2) Based on simple arithmetic sum of each subsidiary's figures
(excl. overseas local subsidiaries, overseas equity investment, SPC, etc.)

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

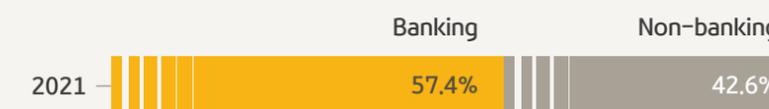
The Group's BIS and CET1 ratios under Basel III recorded 15.77% and 13.46%, respectively. Despite the increase in risk-weighted asset following loan growth and expanded dividend payments, we maintain the industry's top-tier capital adequacy on the strength of our substantial earnings power and strategic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

Group Net Profit

(bn won)



Net Profit Contribution

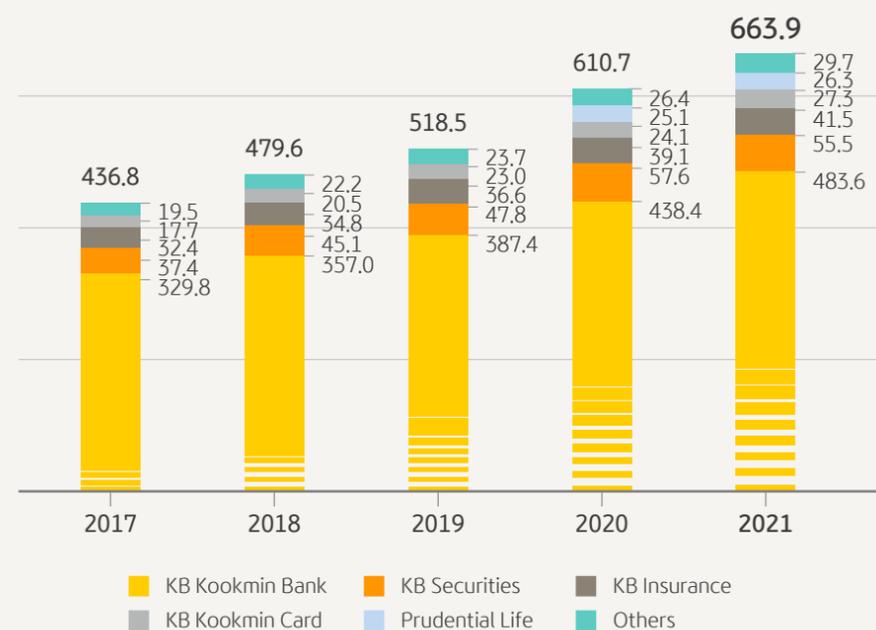


Group Financial Position

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

Group Total Assets

(tn won)



Group Financial Position

(tn won, %)

	2021	2020	YTD
Assets	663.9	610.7	8.7
Cash & Due from Financial Institutions	31.0	25.6	21.1
FVTPL ¹⁾ Assets	66.0	61.0	8.2
Financial Investments	104.8	98.7	6.2
Loans	417.9	377.2	10.8
Property & Equipment	8.2	8.2	0.0
Other Assets	36.0	40.0	(10.1)
Liabilities	615.6	567.3	8.5
FVTPL ¹⁾ Liabilities	12.1	11.8	2.5
Deposits	372.0	338.6	9.9
Debts	56.9	49.8	14.3
Debentures	67.4	62.8	7.3
Other Liabilities	107.1	104.3	2.7
Shareholder's Equity	48.3	43.4	11.3
Share Capital	2.1	2.1	0.0
Hybrid Securities	2.8	1.7	64.7
Capital Surplus	16.9	16.7	1.2
Accumulated other comprehensive income	1.1	0.6	83.3
Retained Earnings	25.7	22.5	14.2
Treasury Shares	(1.1)	(1.1)	N.A.
Non-Controlling Interests	0.8	0.9	(11.1)
Group Total Assets²⁾	1,121.2	992.5	13.0
AUM³⁾	457.3	381.8	19.8

1) Fair value through profit or loss

2) Sum of assets of consolidated financial statement and AUM

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

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

KB Kookmin Bank Loans in Won

(tn won, %)

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

Profitability

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

Group Profitability Overview

(bn won, %)

	2021	2020	YoY
Net Interest Income	11,230	9,722	15.5
Net Fee & Commission Income	3,626	2,959	22.5
Other Operating Profit	(372)	(189)	N.A.
Gross Operating Income	14,484	12,493	15.9
G&A Expenses	7,201	6,815	5.7
Provision for Credit Losses	1,185	1,043	13.6
Net Operating Profit	6,098	4,634	31.6
Net Non-Operating Profit	(16)	146	N.A.
Profit for the Period	4,384	3,516	24.7
Profit attributable to controlling interests¹⁾	4,410	3,468	27.2

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

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

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

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

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

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

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

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

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

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

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

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

KB Kookmin Bank Profitability Overview

(bn won, %)

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

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

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

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

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

Net Profit by Subsidiaries

(bn won, %)

	2021	2020	YoY
Group Net Profit¹⁾	4,410	3,468	27.2
KB Kookmin Bank	2,591	2,298	12.8
KB Securities	594	426	39.4
KB Insurance	302	177	70.6
KB Kookmin Card	419	325	28.9
Prudential Life ²⁾	336	56	N.A.
KB Asset Management	80	57	40.4
KB Capital	210	142	47.9
KB Life Insurance	(47)	(23)	N.A.
KB Real Estate Trust	82	67	22.4
KB Savings Bank	19	17	11.8
KB Investment	55	15	266.7
KB Data Systems	1	(2)	N.A.
KB Credit Information	0	1	N.A.

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

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

Asset Quality

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

Group Asset Quality¹⁾

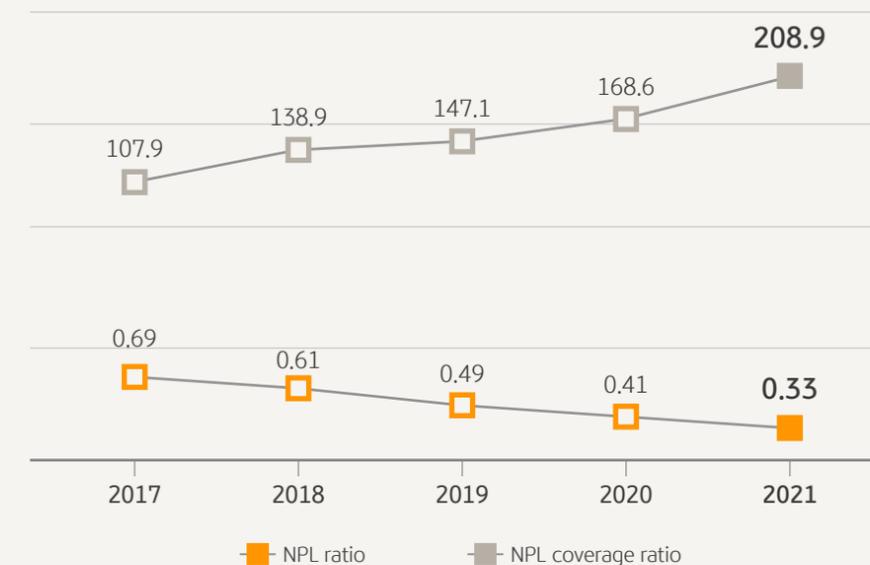
(bn won, %)

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

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

Group NPL & NPL Coverage Ratios

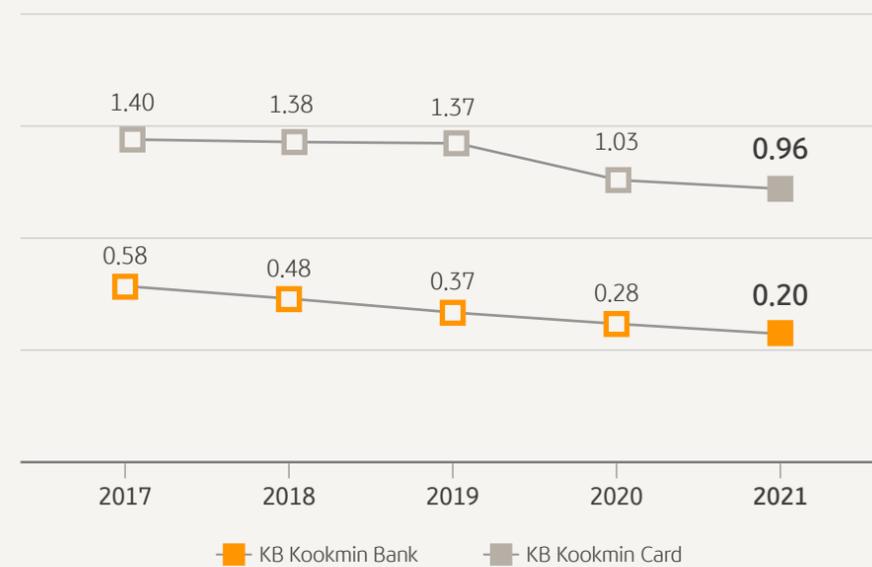
(%)



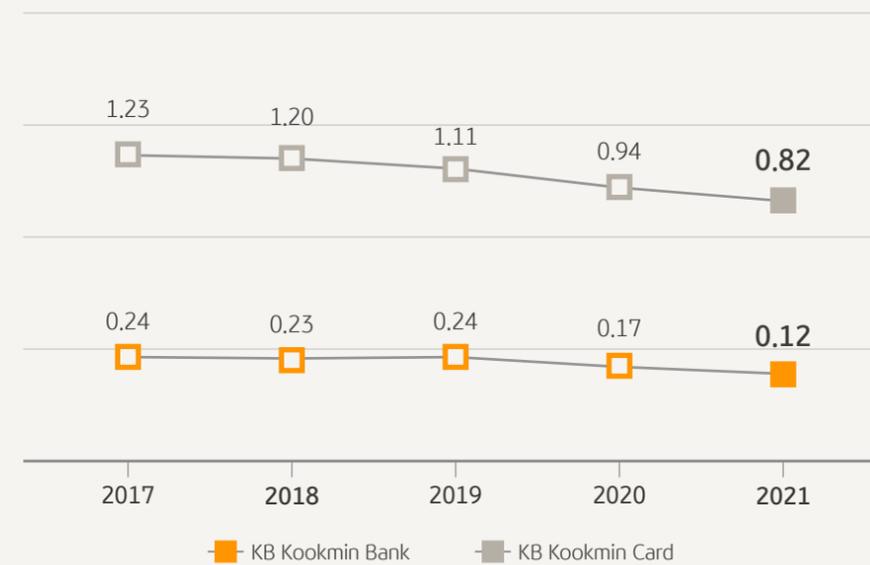
KB Kookmin Bank's NPL ratio and delinquency rate stood at 0.20% and 0.12%, down by 0.08%p and 0.05%p, respectively, from the previous year. This is attributable to the preemptive efforts to rebalance the loan portfolio by reducing potential NPLs and reinforcing risk management. The NPL Coverage Ratio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

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

NPL Ratio (%)



Delinquency Ratio (%)



KB Kookmin Bank BIS Ratio (%)

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

Capital Adequacy

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

Group Capital Adequacy (bn won, %)

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

OPERATION REVIEW

042
Bank

048
Securities

050
Insurance

055
Credit Card

057
Financial Investments

061
Specialized Credit

062
Savings Bank

063
Non-financial
Operations

Bank

KB Kookmin Bank

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



Digital Finance

Advancing the Customer-Oriented Platform

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

Revamping the Group Flagship Platform, KB Star Banking App

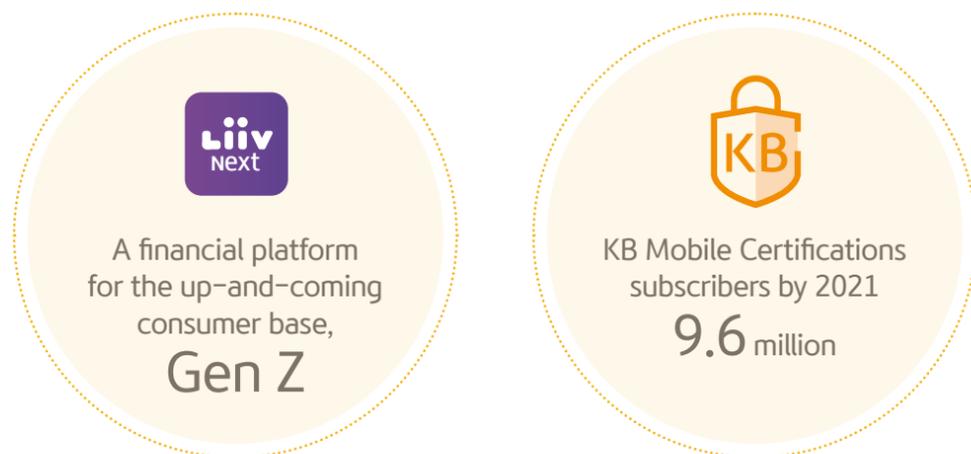
In 2021, KB Kookmin Bank completely revamped its KB Star Banking app, making it one of the top-ranking total financial platforms. KB Star Banking now accommodates 33 key services of the KB Financial Group's six subsidiaries, functioning as the Group's hub platform. It also features data-based personalization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

KB MyData Service Knows Me Better than I Do

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

Liiv Next, a Financial Platform for Gen Z

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



Advancing KB Mobile Certification

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

KB Real Estate Service Brings Together Real Estate Information

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

KB One Cloud for Agile Digital Transformation

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

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

Retail Banking

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

Customer Value-driven Total WM Services

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

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

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

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

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

Competitive Edge with Enhanced Contactless Marketing

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

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

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

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

Investment Banking

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

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



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

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

SME Banking

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

No. 1 Corporate Banking Platform

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

Marketing to Institutional Clients

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

Augmenting Contactless Forex Services

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

SME-customized Social Contribution Activities

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

Capital Markets

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

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

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

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

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

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

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

Pension

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



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

Differentiated Pension Fund Management

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

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

Customer-oriented Product Lineups and Process Innovation

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

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

Trust

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

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

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



Global Operation

Stellar Accomplishments in Global Expansion Initiative

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

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

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

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

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

2022 Plans

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

First, we will strengthen our core competencies.

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

Second, we will augment competitiveness on our customer touchpoints.

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

Third, we will internalize a sustainable management system.

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

Finally, we will overhaul the organizational management system.

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

Securities

KB Securities

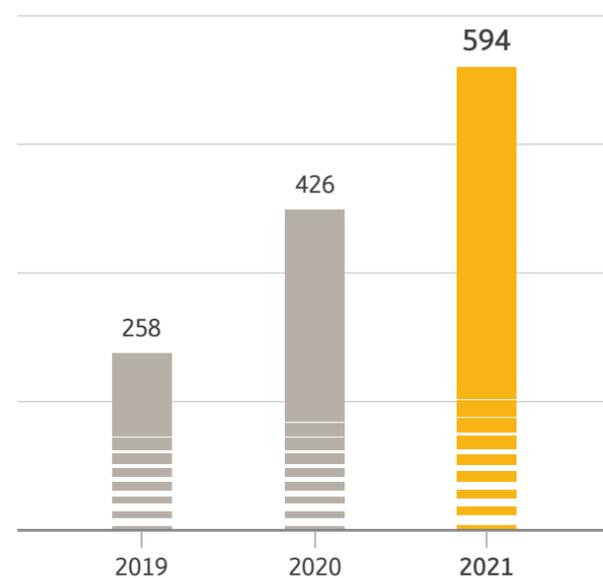
In 2021, KB Securities recorded a historic-high net profit of KRW 594 billion. We remained at the top of the DCM league table for the eleventh consecutive year and has taken the lead in the ECM market as a rising powerhouse. Innovative products were introduced, bolstering our digital competencies. M-able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



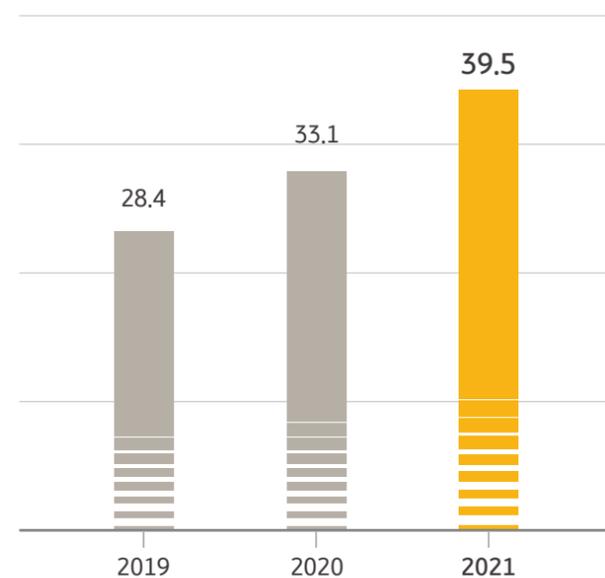
Record-high Profits in 2021

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

Net Profit (bn won)



Assets under WM (tn won)



Topping the DCM League Table for the 11th Consecutive Year

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

A Rising Powerhouse in the Equity Capital Markets

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

Launching the MyData Service, Mable-in

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



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

Launching the M-able Mini for Gen Z

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

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

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

Nurturing Global Business Operations

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

Reinforcing ESG Management

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

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

2022 Plans

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

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

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

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

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

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

Insurance

KB Insurance

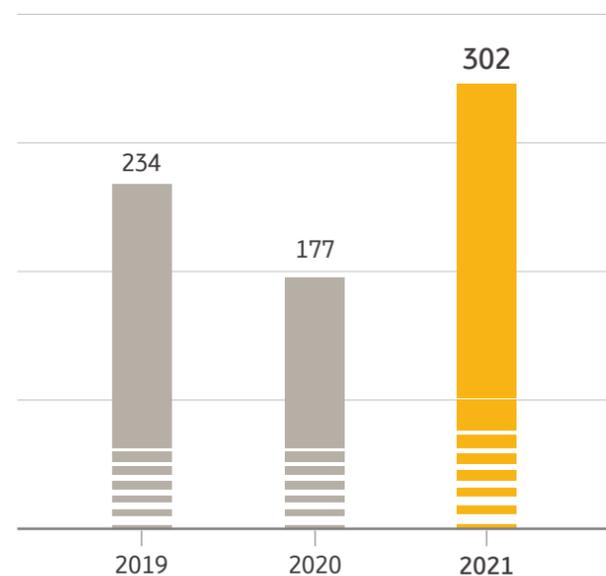
KB Insurance continues to grow steadily toward the goal of becoming the most preferred insurer that provides optimal indemnity products and a one-stop financial consulting service. Obtaining an ‘A’ grade by A.M. Best for its superior financial soundness and management capabilities, KB Insurance became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



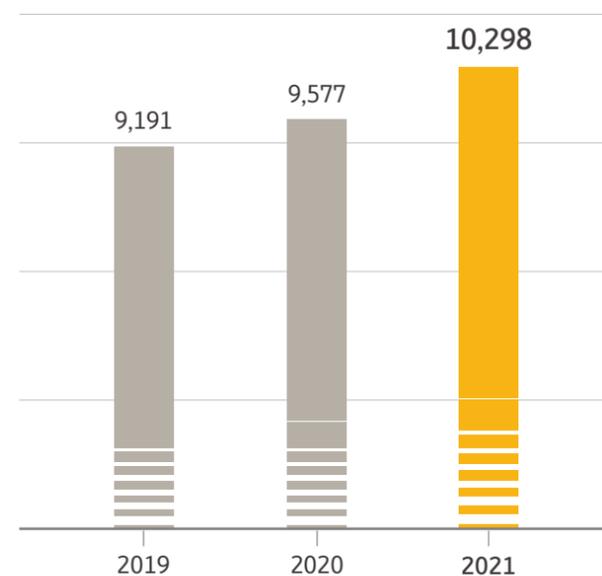
Achieving a Remarkable Growth in Net Profit

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

Net Profit (bn won)



Net Premium Earned (bn won)



Long-term Insurance

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

Auto Insurance

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

General Insurance

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

Investment Asset Management

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



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

Risk Management

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

Establishment of KB Healthcare

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

Full License for the MyData Service

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

Digital Innovation for Improved Customer Convenience

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

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

2022 Plans

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

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

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

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

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

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

Insurance

Prudential Life Insurance

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



Boasting Stable Financial Soundness

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

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

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

High-Caliber Prudential Life Planners

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

Star Wealth Manager Model in Full Service

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



Star Wealth Manager in Full Service



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

Expanding the Market for General Agency Channels

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

Workplace Innovation in the Digital Era

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

2022 Plans

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

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

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

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

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

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

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

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

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

Insurance

KB Life Insurance

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



Expanding the Mid- to Long-term Growth Base

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

Market-friendly Products & Services

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

Responsiveness to Regulatory Changes

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

Accelerating Digitalization

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

2022 Plans

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

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

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

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

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

Credit Card

KB Kookmin Card

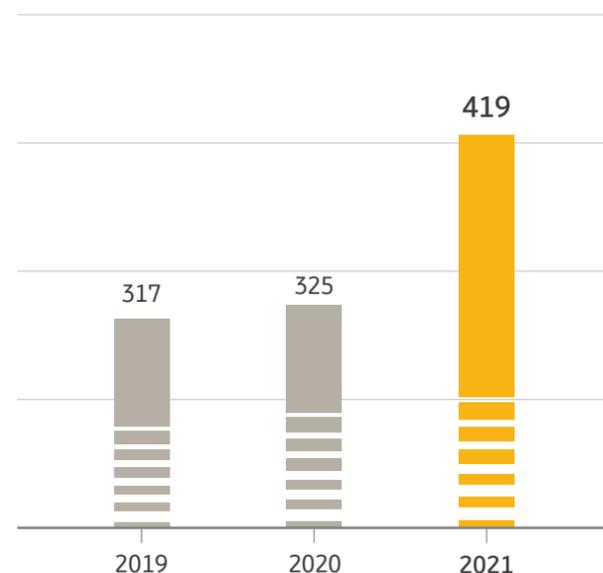
As of 2021, KB Kookmin Card posted KRW 419 billion in net profit, up by 28.9% from the previous year. In 2022, we will diversify our revenue sources by reinforcing our global and new business competencies while expanding our customer base by strengthening the competitiveness of our digital platforms,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



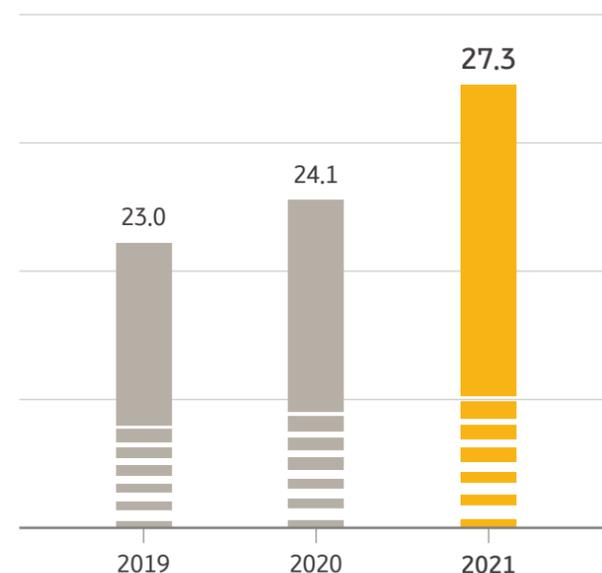
Surge in Net Profit in 2021

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

Net Profit (bn won)



Total Assets (tn won)



Liiv Mate, Bringing Lifestyle MyData Service to Life

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

App Integration with KB Pay Renewal Open

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

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

Issuing USD300 million Sustainability Bonds

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

Expanding the Overseas Branch Network

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

Scoring A+ By KCGS for Two Consecutive Years

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

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

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

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

Sponsoring the 'School Forest' Project to Combat Climate Change

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

2022 Plans

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

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

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

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

Financial Investments

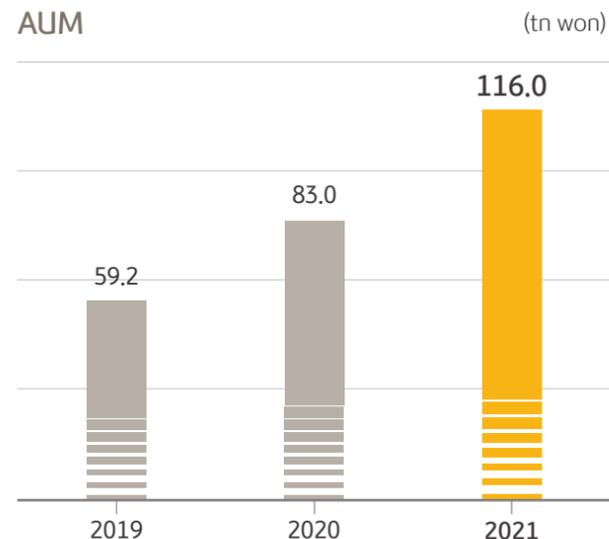
KB Asset Management

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



Industry's Top 3 in AUM Size

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



Bolstering the ETF Business to Expand the Market Share

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

Strengthening TDF Product Competitiveness Targeting Pension Investors

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

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

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

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



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

2022 Plans

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

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

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

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

Financial Investments

KB Real Estate Trust

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



Securing Stable Project Pipelines

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

Preemptive Risk Management

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

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

2022 Plans

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

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

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

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

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

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

Financial Investments

KB Investment

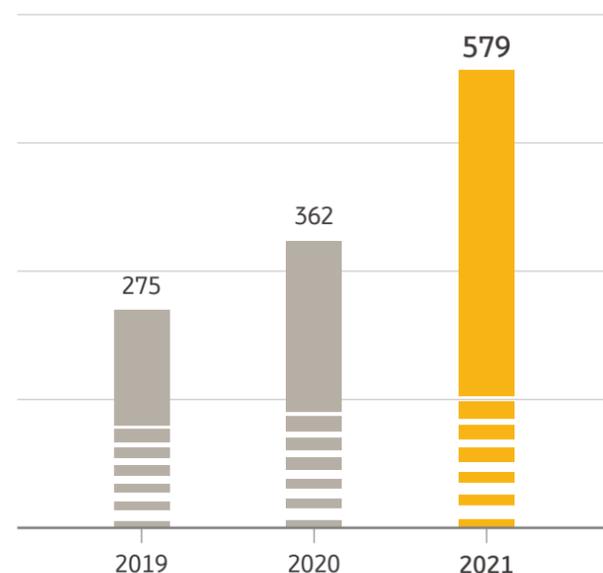
KB Investment is a leading venture capital firm that incubates and accelerates the growth of promising venture firms, thereby contributing to the Korean economy in developing new growth engines. As we continue to increase the size of venture funds, our portfolio of quality investment assets continues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



AUM Size Growth Thanks to Strategic Fund-raising

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

New Venture Funds Raised (bn won)



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

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

Enhanced Sustainability of Global Growth Models

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

Continuous Expansion of Investments in the 4th Industrial Revolution

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

2022 Plans

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

Specialized Credit

KB Capital

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



Successful Diversification of the Business Portfolio

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

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

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

Company-wide RPA Application for Higher Work Efficiency

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

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

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

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

2022 Plans

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

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

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

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

Savings Bank

KB Savings Bank

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



Expansion of Mobile Financial Platform and Digital Infrastructure

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

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

Open Banking Services

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

Implementation of ESG management

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

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

Activation of Digital Organizational Culture

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

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

2022 Plans

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

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

Non-financial Operations

KB Data Systems

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



Strengthening the Cloud and Data Business Competencies

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

Noteworthy Accomplishments in the Digital Business

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

Global Expansion

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

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

Offering Customer-oriented Differentiated Value

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

2022 Plans

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

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

Non-financial Operations

KB Credit Information

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



Contributing to the Soundness of the Group

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

Enhanced Debt Control Efficiency

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

2022 Plans

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

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

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

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

Company Directory

KB Financial Group Head Office (Holding Company)

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

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@kbfsg.com

Global Strategy Department

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

TEL. 82-2-2073-0630

FAX. 82-2-2073-0610

Global Network

KB Kookmin Bank

Country	Name	Address	Telephone
Cambodia	Kookmin Bank Cambodia PLC.	No. 55, Street 214, Sangkat Boeung Raing, Khan Daun Penh, Phnom Penh, Cambodia	855-23-999-202
	Prasac Microfinance Institution Limited	Building no 212, Street 271, Tuol Tumpung2, Chamkarmon, Phnom Penh, Cambodia	855-23-999-911
China	Kookmin Bank Hong Kong Branch	Suite 1101 and 1106, 11F Central Plaza, 18 Harbour Road, Wanchai, Hong Kong	852-2530-3633
	Kookmin Bank(China) Limited	19F, SK Tower, No.6 jia, Jianguomenwai Avenue, Chaoyang District, Beijing, China	86-10-5671-2800
India	Kookmin Bank Gurugram Branch	Unit No.2B/2, 2nd Floor, Two Horizon Centre, Golf Course Road, DLF Phase 5, Sector 43, Gurugram, Haryana-122002, India	91-124-453-2222
Indonesia	PT Bank KB Bukopin, Tbk.	Gedung Bank Bukopin, Jl. MT. Haryono kav. 50-51 Jakarta 12770	6221-798-8266
Japan	Kookmin Bank Tokyo Branch	14F, Hibiyadai Bldg. 1-2-2 Uchisaiwaicho, Chiyoda-ku, Tokyo 100-0011, Japan	81-3-5657-0550
Myanmar	KB BANK MYANMAR LTD	University Avenue Street, No.104, Kamaryut Township, Yangon Region, Myanmar	95-1-7532-900
	KB Microfinance Myanmar Co., Ltd.	University Avenue Street, No.104, Kamaryut Township, Yangon Region, Myanmar	95-1-7532-910
	Kookmin Bank Yangon Representative Office	U Kun Zaw Avenue Street, Kan Lane, No.87-B, 2nd Floor, U Kun Zaw Yeik Mon Condo, Hlaing Township, Yangon Region, Myanmar	95-9775355922
New Zealand	Kookmin Bank Auckland Branch	Level 16, 88 Shortland Street, PO BOX 7506, Wellesley, Auckland, New Zealand 1142	64-9-366-1000
U.K.	Kookmin Bank London Branch	6F, Princes Court, 7 Princes Street, London EC2R 8AQ, U.K.	44-20-7710-8300
U.S.A	Kookmin Bank New York Branch	24F, 565 Fifth Avenue, 46 Street, New York, NY 10017, U.S.A.	1-212-697-6100
Vietnam	Kookmin Bank Hanoi Branch	25F, Keangnam Hanoi Landmark Tower, E6 Cau Giay New Town, Me Tri, Nam Tu Liem, Hanoi, Vietnam	84-24-3226-3377
	Kookmin Bank Ho Chi Minh City Branch	3F, Mplaza Saigon, 39 Le Duan Street, Ben Nghe Ward, District 1, Hochiminh City, Vietnam	84-28-3827-9000



KB Securities

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

KB Insurance

Country	Name	Address	Telephone
China	KBFG Insurance (China) Co., Ltd.	27F, No.2701-2703, Sunnyworld Center, 188, Lushan Road, Nanjing, Jiangsu Province, China	86-25-8778-0888
Indonesia	PT. Kookmin Best Insurance Indonesia	Sahid Sudirman Center, 53rd Floor Unit A, E & F, Jl. Jendral Sudirman Kav. 86, Jakarta 10220	62-21-391-3101
U.S.A	KB Insurance Co., Ltd. Los Angeles Liaison Office	505 North Brand Blvd., Suite 220, Glendale, CA 91203	1-818-254-1040
	Kookmin Best Insurance Co., Ltd., US Branch	55 Challenger Road Suite #302, Ridgefield Park, NJ 07660	1-201-720-2100
	Leading Insurance Services, Inc.	55 Challenger Road Suite #302, Ridgefield Park, NJ 07660	1-201-720-2100
Vietnam	KB Insurance Co., Ltd. Hanoi Representative Office	Rm. 801, Hanoi Tung Shing Square, 2 Ngo Quyen St., Hanoi, Vietnam	84-4-3935-0814
	KB Insurance Co., Ltd. Ho Chi Minh City Representative Office	Rm.15, 16F, Vincom Center, 72 Le Thanh Ton St. & 47 Ly TuTrong St. Dist 1, Ho Chi Minh City, Vietnam	84-8-3821-9968

KB Kookmin Card

Country	Name	Address	Telephone
Cambodia	KB Daehan Specialized Bank PLC.	Building No.1, Street 360, Sangkat Boeung Keng Kang 1, Khan Boeung Keng Kang, Phnom Penh, Cambodia (Oval Office Tower, 7F,21F and 22F)	855-23-991-555
Indonesia	PT. KB Finansia Multi Finance	Office 8 Building, 15th Floor, Jl. Jend Sudirman Kav. 52-53, SCBD Lot 28 Jakarta, Indonesia	62-21-2933-3646
Myanmar	KB Kookmin Card Co., Ltd (Yangon Representative Office)	No.506, 5F, Crystal office, Kamaryut Township, Yangon, Myanmar	070-5214-1303
Thailand	KB J Capital Co., Ltd	AIA Capital Center 3 Floor, 89 Ratchadapisek Road, Din Daeng, Bangkok	66-1258

KB Asset Management

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

KB Capital

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

KB Data Systems

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



Disclaimer

Financial and other information

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

In this annual report:

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

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

Forward-looking statements

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

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

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

FINANCIAL SECTION

070
Consolidated
Financial Statements

212
Separate
Financial Statements

Independent Auditors' Report

Based on a report originally issued in Korean



The Board of Directors and Stockholders
KB Financial Group Inc.

Opinion

We have audited the consolidated financial statements of KB Financial Group Inc. and its subsidiaries (“the Group”), which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with Korean International Financial Reporting Standards (“K-IFRS”).

Basis for Opinion

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

Emphasis of Matter

As a matter that does not affect our audit opinion, we draw attention to the following matter.

As described in note 40.6.h) to the consolidated financial statements, the proliferation of COVID-19 has had a negative influence on the global economy, which may have a greater impact on expected credit losses and potential impairment of assets in a particular portfolio, and it could negatively affect the revenue generation capability of the Group.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statement as of and for the year ended December 31, 2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

As discussed in Notes 3.6, 4.2, 10 and 11 to the consolidated financial statements, the Group recognized an allowance for credit losses using the Expected Credit Loss (ECL) impairment model for loans at amortized cost amounting to KRW 3,684,055 million as of December 31, 2021. A lifetime ECL is recognized for those loans that have experienced a Significant Increase in Credit Risk (SICR) since initial recognition or are credit impaired, otherwise a 12-month ECL is recognized. The Group measures ECL

allowances on an individual basis for individually significant corporate loans which are credit impaired and for those which have experienced a SICR and demonstrate certain other high risk indicators (for example, debt restructuring). The individual assessment involves judgment by the Group in estimating the future cash flows expected from collateral. The allowance for credit losses for other loans are measured on a collective basis. For these loans, the Group measures ECL based on its estimates of the Probability of Default (PD), the Loss Given Default (LGD) and the Exposure at Default (EAD) as well as the impact of Forward-Looking Information (FLI). For the corporate loans measured on a collective basis, one of the relevant inputs for determining PD is the internal credit risk rating of the borrower. The internal credit risk rating of the borrower is defined by the Group using quantitative and qualitative factors. The evaluation of the qualitative factors involves a high level of judgment by the Group.

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

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

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

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

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

As discussed in Notes 3.3.2 and 6.1.2 to the consolidated financial statements, the Group classifies financial instruments measured at fair value using valuation techniques where one or more significant inputs are not based on observable market data as level 3 in the fair value hierarchy. Those financial instruments measured at fair value classified as level 3 include derivatives and derivative-linked securities both held and issued by KB Securities Co., Ltd. (a subsidiary of the Group), of which fair value is measured by the internally developed valuation models. The fair value of such derivative assets and liabilities as of December



31, 2021 was KRW 209,809 million and KRW 168,464 million, respectively. Also, the fair value of such derivative-linked securities held (presented as ‘financial assets at fair value through profit or loss – debt securities’) and issued (presented as ‘financial liabilities designated at fair value through profit or loss’) as of December 31, 2021 was KRW 128,083 million and KRW 7,829,041 million, respectively. In order to measure the fair value of these financial instruments, the Group uses valuation models such as discounted cash flow models and option models. These models use various inputs and assumptions, depending on the nature of the financial instruments.

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

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

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

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

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

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

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

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

Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to

provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.
- Evaluate the appropriateness of accounting policies used in the preparation of the consolidated financial statements and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors’ report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors’ report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

KPMG Samjong Accounting Corp.

KPMG Samjong Accounting Corp.
Seoul, Korea
March 17, 2022

This report is effective as of March 17, 2022, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying consolidated financial statements and notes thereto. Accordingly, the readers of the audit report should understand that the above audit report has not been updated to reflect the impact of such subsequent events or circumstances, if any.



Consolidated Statements of Financial Position

December 31, 2021 and 2020

KB Financial Group Inc. and Subsidiaries

(in millions of Korean won)

	Notes	December 31, 2021	December 31, 2020
Assets			
Cash and due from financial institutions	4,6,7,8,39	₩ 31,009,374	₩ 25,608,842
Financial assets at fair value through profit or loss	4,6,8,12	66,005,815	61,035,455
Derivative financial assets	4,6,9	3,721,370	5,545,385
Loans measured at amortized cost	4,6,10,11	417,900,273	377,166,984
Financial investments	4,6,8,12	104,847,871	98,695,426
Investments in associates and joint ventures	13	448,718	771,435
Property and equipment	14	5,239,898	5,433,554
Investment property	14	2,514,944	2,533,539
Intangible assets	15	3,266,357	3,351,133
Net defined benefit assets	25	100,083	50,597
Current income tax assets		98,798	109,772
Deferred income tax assets	17,34	159,093	65,058
Assets held for sale	18	237,318	197,727
Assets of a disposal group held for sale	18	171,749	-
Other assets	4,6,19	28,174,173	30,155,037
Total assets		₩ 663,895,834	₩ 610,719,944
Liabilities			
Financial liabilities at fair value through profit or loss	4,6,20	₩ 12,088,980	₩ 11,810,058
Derivative financial liabilities	4,6,9	3,682,258	5,222,897
Deposits	4,6,21	372,023,918	338,580,220
Borrowings	4,6,22	56,912,374	49,827,156
Debentures	4,6,23	67,430,188	62,760,687
Provisions	24	808,604	714,903
Net defined benefit liabilities	25	225,521	239,567
Current income tax liabilities		662,672	764,981
Deferred income tax liabilities	17,34	1,470,981	1,177,799
Insurance liabilities	38	57,165,936	54,415,296
Other liabilities	4,6,26	43,130,482	41,804,023
Total liabilities		615,601,914	567,317,587
Equity			
Share capital		2,090,558	2,090,558
Hybrid securities		2,838,221	1,695,988
Capital surplus		16,940,231	16,723,589
Accumulated other comprehensive income	36	1,047,274	630,011
Accumulated other comprehensive income relating to assets of a disposal group held for sale	18, 36	7,671	-
Retained earnings		25,672,815	22,540,616
Treasury shares		(1,136,188)	(1,136,188)
Equity attributable to shareholders of the Parent Company	27	47,460,582	42,544,574
Non-controlling interests		833,338	857,783
Total equity		48,293,920	43,402,357
Total liabilities and equity		₩ 663,895,834	₩ 610,719,944

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

Consolidated Statements of Comprehensive Income

Years Ended December 31, 2021 and 2020

KB Financial Group Inc. and Subsidiaries

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

	Notes	2021	2020
Interest income		₩ 15,210,878	₩ 14,485,747
Interest income from financial instruments at fair value through other comprehensive income and amortized cost		14,620,490	13,826,382
Interest income from financial instruments at fair value through profit or loss		590,388	659,365
Interest expense		(3,981,306)	(4,763,473)
Net interest income	5,28	11,229,572	9,722,274
Fee and commission income		5,323,606	4,527,024
Fee and commission expense		(1,698,023)	(1,568,085)
Net fee and commission income	5,29	3,625,583	2,958,939
Insurance income		16,107,858	14,386,640
Insurance expense		(15,551,147)	(14,086,647)
Net insurance income	5,38	556,711	299,993
Net gains on financial instruments at fair value through profit or loss before applying overlay approach		1,160,981	1,221,610
Losses on overlay adjustments		(165,677)	(210,244)
Net gains on financial instruments at fair value through profit or loss	5,30	995,304	1,011,366
Net other operating expenses	5,31	(1,923,567)	(1,499,930)
General and administrative expenses	5,32	(7,200,853)	(6,814,812)
Operating income before provision for credit losses	5	7,282,750	5,677,830
Provision for credit losses	5,7,11,12,19,24	(1,185,133)	(1,043,498)
Net operating income		6,097,617	4,634,332
Share of profit (loss) of associates and joint ventures	13	93,526	(43,750)
Net other non-operating income (expenses)	33	(109,537)	189,390
Net non-operating income (expenses)		(16,011)	145,640
Profit before income tax expense		6,081,606	4,779,972
Income tax expense	34	(1,697,225)	(1,264,394)
Profit for the year	5	4,384,381	3,515,578



Consolidated Statements of Changes in Equity

Years Ended December 31, 2021 and 2020

KB Financial Group Inc. and Subsidiaries

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

	Notes	2021	2020
Items that will not be reclassified to profit or loss:			
Remeasurements of net defined benefit liabilities	25	₩ (45,510)	₩ (13,434)
Share of other comprehensive income (loss) of associates and joint ventures		51	(1)
Gains on equity securities at fair value through other comprehensive income		903,398	822,140
Fair value changes of financial liabilities designated at fair value through profit or loss due to own credit risk		13,715	8,819
		<u>871,654</u>	<u>817,524</u>
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences		255,907	(187,283)
Losses on debt securities at fair value through other comprehensive income		(924,698)	(356,572)
Share of other comprehensive income (loss) of associates and joint ventures	9	498	(6,846)
Gains (losses) on cash flow hedging instruments		20,864	(1,264)
Gains (losses) on hedging instruments of net investments in foreign operations	9	(57,935)	64,269
Other comprehensive loss arising from separate account		(63,814)	(9,683)
Gains on overlay adjustment	38	120,282	152,125
		<u>(648,896)</u>	<u>(345,254)</u>
Other comprehensive income for the year, net of tax		<u>222,758</u>	<u>472,270</u>
Total comprehensive income for the year		<u>₩ 4,607,139</u>	<u>₩ 3,987,848</u>
Profit attributable to:			
Shareholders of the Parent Company	5	₩ 4,409,543	₩ 3,468,448
Non-controlling interests		(25,162)	47,130
		<u>₩ 4,384,381</u>	<u>₩ 3,515,578</u>
Total comprehensive income for the year attributable to:			
Shareholders of the Parent Company		₩ 4,610,549	₩ 3,966,361
Non-controlling interests		(3,410)	21,487
		<u>₩ 4,607,139</u>	<u>₩ 3,987,848</u>
Earnings per share			
Basic earnings per share	37	₩ 11,134	₩ 8,843
Diluted earnings per share		10,890	8,730

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

KB Financial Group Inc. and Subsidiaries

(in millions of Korean won)

Notes	Equity attributable to shareholders of the Parent Company								Total equity
	Share capital	Hybrid securities	Capital surplus	Accumulated other comprehensive income	Accumulated other comprehensive income relating to assets of a disposal group held for sale	Retained earnings	Treasury shares	Non-controlling interests	
Balance as of January 1, 2020	₩ 2,090,558	₩ 399,205	₩ 17,122,777	₩ 348,021	₩ -	₩ 19,709,545	₩ (1,136,188)	₩ 585,407	₩ 39,119,325
Effect of accounting policy change	-	-	-	20,723	-	9,927	-	-	30,650
Restated balance after accounting policy change	2,090,558	399,205	17,122,777	368,744	-	19,719,472	(1,136,188)	585,407	39,149,975
Comprehensive income for the year									
Profit for the year	-	-	-	-	-	3,468,448	-	47,130	3,515,578
Remeasurements of net defined benefit liabilities	-	-	-	(13,145)	-	-	-	(289)	(13,434)
Currency translation differences	-	-	-	(162,906)	-	-	-	(24,377)	(187,283)
Gains (losses) on financial instruments at fair value through other comprehensive income and transfer to retained earnings	-	-	-	229,899	-	236,648	-	(979)	465,568
Share of other comprehensive loss of associates and joint ventures	-	-	-	(6,847)	-	-	-	-	(6,847)
Losses on cash flow hedging instruments	-	-	-	(1,264)	-	-	-	-	(1,264)
operations	-	-	-	64,269	-	-	-	-	64,269
Other comprehensive loss arising from separate account	-	-	-	(9,683)	-	-	-	-	(9,683)
Fair value changes of financial liabilities designated at fair value through profit or loss due to own credit risk	-	-	-	8,819	-	-	-	-	8,819
Gains on overlay adjustments	-	-	-	152,125	-	-	-	-	152,125
Total comprehensive income for the year	-	-	-	261,267	-	3,705,096	-	21,485	3,987,848
Transactions with shareholders									
Annual dividends paid to shareholders of the Parent Company	-	-	-	-	-	(861,092)	-	-	(861,092)
Issuance of hybrid securities	-	1,296,783	-	-	-	-	-	-	1,296,783
Dividends on hybrid securities	-	-	-	-	-	(22,860)	-	(25,658)	(48,518)
Non-controlling interests changes in business combination	-	-	-	-	-	-	-	247,008	247,008
Others	-	-	(399,188)	-	-	-	-	29,541	(369,647)
Total transactions with shareholders	-	1,296,783	(399,188)	-	-	(883,952)	-	250,891	264,534
Balance as of December 31, 2020	₩ 2,090,558	₩ 1,695,988	₩ 16,723,589	₩ 630,011	₩ -	₩ 22,540,616	₩ (1,136,188)	₩ 857,783	₩ 43,402,357



Consolidated Statements of Cash Flows

Years Ended December 31, 2021 and 2020

KB Financial Group Inc. and Subsidiaries

(in millions of Korean won)

Notes	Equity attributable to shareholders of the Parent Company									Total equity
	Share capital	Hybrid securities	Capital surplus	Accumulated other comprehensive income	Accumulated other comprehensive income relating to assets of a disposal group held for sale	Retained earnings	Treasury shares	Non-controlling interests		
Balance as of January 1, 2021	₩ 2,090,558	₩ 1,695,988	₩ 16,723,589	₩ 630,011	₩ -	₩ 22,540,616	₩ (1,136,188)	₩ 857,783	₩	₩ 43,402,357
Comprehensive income for the year										
Profit for the year	-	-	-	-	-	4,409,543	-	(25,162)	-	4,384,381
Remeasurements of net defined benefit liabilities	-	-	-	(45,742)	-	-	-	232	-	(45,510)
Currency translation differences	-	-	-	241,273	-	-	-	14,634	-	255,907
Gains (losses) on financial instruments at fair value through other comprehensive income and transfer to retained earnings	-	-	-	201,697	-	(223,928)	-	931	-	(21,300)
Share of other comprehensive income of associates and joint ventures	-	-	-	549	-	-	-	-	-	549
Gains on cash flow hedging instruments	-	-	-	20,864	-	-	-	-	-	20,864
Losses on hedging instruments of net investments in foreign	-	-	-	(57,935)	-	-	-	-	-	(57,935)
Other comprehensive loss arising from separate account	-	-	-	(63,814)	-	-	-	-	-	(63,814)
Fair value changes of financial liabilities designated at fair value through profit or loss due to own credit risk	-	-	-	13,715	-	-	-	-	-	13,715
Gains on overlay adjustments	-	-	-	120,282	-	-	-	-	-	120,282
Transfer within equity	-	-	-	(7,671)	7,671	-	-	-	-	-
Total comprehensive income for the year	-	-	-	423,218	7,671	4,185,615	-	(9,365)	-	4,607,139
Transactions with shareholders										
Annual dividends paid to shareholders of the Parent Company	-	-	-	-	-	(689,653)	-	-	-	(689,653)
Quarterly dividends paid to shareholders of the Parent Company	-	-	-	-	-	(292,226)	-	-	-	(292,226)
Issuance of hybrid securities	-	1,142,233	-	-	-	-	-	-	-	1,142,233
Dividends on hybrid securities	-	-	-	-	-	(71,537)	-	(24,145)	-	(95,682)
Non-controlling interests changes in business combination	-	-	-	-	-	-	-	1,994	-	1,994
Transactions with non-controlling interests	-	-	216,853	(5,955)	-	-	-	(18,306)	-	192,592
Others	-	-	(211)	-	-	-	-	25,377	-	25,166
Total transactions with shareholders	-	1,142,233	216,642	(5,955)	-	(1,053,416)	-	(15,080)	-	284,424
Balance as of December 31, 2021	₩ 2,090,558	₩ 2,838,221	₩ 16,940,231	₩ 1,047,274	₩ 7,671	₩ 25,672,815	₩ (1,136,188)	₩ 833,338	₩	₩ 48,293,920

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

KB Financial Group Inc. and Subsidiaries

(in millions of Korean won)

Notes	2021	2020
Cash flows from operating activities		
Profit for the year	₩ 4,384,381	₩ 3,515,578
Adjustment for non-cash items		
Net gains on financial assets at fair value through profit or loss	(274,515)	(566,447)
Net losses (gains) on derivative financial instruments for hedging purposes	213,996	(52,696)
Adjustment of fair value of derivative financial instruments	-	(3,198)
Provision for credit losses	1,185,133	1,043,498
Net losses (gains) on financial investments	97,813	(278,805)
Share of loss (profit) of associates and joint ventures	(93,526)	43,750
Depreciation and amortization expense	850,614	874,911
Amortization expense of VOBA	156,074	173,866
Other net losses (gains) on property and equipment/intangible assets	1,974	(124,218)
Share-based payments	101,935	49,364
Provision for policy reserves	2,761,135	2,709,818
Post-employment benefits	237,315	216,891
Net interest income	256,736	458,210
Gains on foreign currency translation	(665,282)	(116,786)
Gain on a bargain purchase	(288)	(145,067)
Other expenses	721,459	524,742
	5,550,573	4,807,833
Changes in operating assets and liabilities		
Financial asset at fair value through profit or loss	(6,149,781)	(7,139,647)
Derivative financial instruments	39,343	(38,376)
Loans measured at fair value through other comprehensive income	(24,618)	81,803
Loans measured at amortized cost	(41,457,544)	(31,126,636)
Current income tax assets	10,581	(54,539)
Deferred income tax assets	(92,967)	(15,108)
Other assets	(3,724,562)	(9,126,046)
Financial liabilities at fair value through profit or loss	759,989	(3,247,108)
Deposits	32,497,922	27,381,662
Current income tax liabilities	(102,273)	323,313
Deferred income tax liabilities	294,130	(120,023)
Other liabilities	1,314,561	3,216,600
	(16,635,219)	(19,864,105)
Net cash outflow from operating activities	(6,700,265)	(11,540,694)



Notes to the Consolidated Financial Statements

Years Ended December 31, 2021 and 2020

KB Financial Group Inc. and Subsidiaries

(in millions of Korean won)

	Notes	2021	2020
Cash flows from investing activities			
Net cash flows from derivative financial instruments for hedging purposes		427	(64,177)
Disposal of financial asset at fair value through profit or loss		13,788,604	14,169,758
Acquisition of financial asset at fair value through profit or loss		(12,298,792)	(13,923,371)
Disposal of financial investments		50,825,909	83,143,443
Acquisition of financial investments		(56,633,996)	(92,206,817)
Disposal of investments in associates and joint ventures		678,636	210,266
Acquisition of investments in associates and joint ventures		(261,881)	(515,342)
Disposal of property and equipment		7,016	6,465
Acquisition of property and equipment		(286,613)	(424,862)
Disposal of investment property		177,033	646,263
Acquisition of investment property		(118,961)	(53,196)
Disposal of intangible assets		8,203	14,303
Acquisition of intangible assets		(191,696)	(182,859)
Net cash flows from changes in ownership of subsidiaries		374,992	(1,951,245)
Others		75,105	142,961
Net cash outflow from investing activities		(3,856,014)	(10,988,410)
Cash flows from financing activities			
Net cash flows from derivative financial instruments for hedging purposes		5,870	(16,202)
Net increase in borrowings		7,321,582	10,683,659
Increase in debentures		121,767,039	119,705,016
Decrease in debentures		(117,509,585)	(107,760,800)
Increase (decrease) in other payables to trust accounts		(509,106)	2,326,495
Dividends paid to shareholders of the Parent Company		(981,879)	(861,092)
Dividends paid on hybrid securities		(71,537)	(22,860)
Issuance of hybrid securities		1,142,233	1,296,783
Decrease in non-controlling interests		(24,145)	(25,658)
Redemption of principal elements of lease payments		(253,248)	(235,498)
Others		(65,826)	172,433
Net cash inflow from financing activities		10,821,398	25,262,276
Effect of exchange rate changes on cash and cash equivalents		158,249	(171,805)
Net increase in cash and cash equivalents		423,368	2,561,367
Cash and cash equivalents at the beginning of the year	39	8,685,092	6,123,725
Cash and cash equivalents at the end of the year	39	₩ 9,108,460	₩ 8,685,092

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

1. The Parent Company

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

The Parent Company's share capital as of December 31, 2021, is ₩ 2,090,558 million. The Parent Company has been listed on the Korea Exchange ("KRX") since October 10, 2008, and on the New York Stock Exchange ("NYSE") for its American Depositary Shares ("ADS") since September 29, 2008. Number of shares authorized in its Articles of Incorporation is 1,000 million.

2. Basis of Preparation

2.1 Application of Korean IFRS

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

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

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



2.1.1 The Group has applied the following amended standards for the first time for its annual reporting period commencing January 1, 2021.

- *Amendments to Korean IFRS No.1116 Leases – Practical Expedient for COVID-19-Related Rent Exemption, Concessions, Suspension*

As a practical expedient, a lessee may elect not to assess whether a rent concession occurring as a direct consequence of the COVID-19 pandemic is a lease modification, and the amounts recognized in profit or loss as a result of applying this exemption should be disclosed. These amendments do not have a significant impact on the consolidated financial statements.

- *Amendments to Korean IFRS No.1109 Financial Instruments, Korean IFRS No.1039 Financial Instruments: Recognition and Measurement, Korean IFRS No.1107 Financial Instruments: Disclosure, Korean IFRS No.1104 Insurance Contracts, and Korean IFRS No.1116 Leases – Interest Rate Benchmark Reform*

In relation to interest rate benchmark reform, the amendments provide a practical expedient allowing entities to change the effective interest rate instead of changing the carrying amount and apply hedge accounting without discontinuance although the interest rate benchmark is replaced in hedging relationship. These amendments do not have a significant impact on the consolidated financial statements.

2.1.2 The Group has changed the following accounting policy for its annual reporting period commencing January 1, 2021.

- *Korean IFRS No.1019 Employee Benefits – Attributing Retirement Benefit to Periods of Services*

The Group maintains defined benefit plan which pays a lump sum retirement benefit to employees who retire at a specific age before the mandatory retirement age and meet required minimum service periods as of retirement date. For the periods prior to the year beginning on January 1, 2021, the Group attributed the retirement benefit of this plan from the date the employee starts working with the Group until the retirement date, regardless of minimum service periods. However, from 2021, the Group retrospectively applied the accounting policy in accordance with the International Financial Reporting Interpretation Committee (“IFRIC”) agenda decision in May 2021, which requires attribution of the retirement benefit over the minimum service periods just before the retirement date. The restated comparative consolidated financial statements reflect adjustments resulting from the retrospective application.

The effects of this change in accounting policy to the consolidated statements of financial position as of December 31, 2021 and 2020, January 1, 2020 and to the consolidated statements of comprehensive income for the years ended December 31, 2021 and 2020, are as follows:

2.1.2.1 Effects on consolidated statements of financial position

<i>(In millions of Korean won)</i>		December 31, 2021		December 31, 2020		January 1, 2020
Increase in net defined benefit assets	₩	46,420	₩	47,752	₩	25,019
Decrease in net defined benefit liabilities		-		8,659		17,258
Increase in deferred income tax liabilities		12,766		15,513		11,627
Increase in accumulated other comprehensive income		11,034		17,674		20,723
Increase in retained earnings		22,620		23,224		9,927

2.1.2.2 Effects on consolidated statements of comprehensive income

<i>(In millions of Korean won, except for per share amounts)</i>		2021		2020
Increase (decrease) in general and administrative expenses	₩	833	₩	(18,340)
Increase (decrease) in income tax expense		(229)		5,043
Decrease in other comprehensive income		6,640		3,049
Increase (decrease) in basic earnings per share		(2)		34
Increase (decrease) in diluted earnings per share		(2)		33

2.1.3 The following new and amended standards have been published that are not mandatory for December 31, 2021 reporting period and have not been adopted by the Group.

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

The application of the practical expedient, a lessee may elect not to assess whether a rent concession occurring as a direct consequence of the COVID-19 pandemic is a lease modification, is extended to lease payments originally due on or before 30 June 2022. A lessee shall apply the practical expedient consistently to eligible contracts with similar characteristics and in similar circumstances. The amendments should be applied for annual reporting periods beginning on or after April 1, 2021, and earlier application is permitted. The Group does not expect that these amendments have a significant impact on the consolidated financial statements.

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

The amendments update a reference of definition of assets and liabilities to qualify for recognition in revised Conceptual Framework for Financial Reporting. However, the amendments add an exception for the recognition of liabilities and contingent liabilities within the scope of Korean IFRS No.1037 *Provisions, Contingent Liabilities and Contingent Assets*, and Korean IFRS No.2121 *Levies*. The amendments also confirm that contingent assets should not be recognized at the acquisition date. The amendments should be applied for annual reporting periods beginning on or after January 1, 2022, and earlier application is permitted. The Group does not expect that these amendments have a significant impact on the consolidated financial statements.

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

The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while the entity is preparing the asset for its intended use. Instead, the entity will recognize the proceeds from selling such items, and the costs of producing those items, as profit or loss. The amendments should be applied for annual reporting periods beginning on or after January 1, 2022, and earlier application is permitted. The Group does not expect that these amendments have a significant impact on the consolidated financial statements.

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

The amendments clarify that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts when assessing whether the contract is onerous. The amendments should be applied for annual reporting periods beginning on or after January 1, 2022, and earlier application is permitted. The Group does not expect that these amendments have a significant impact on the consolidated financial statements.



2.1.3 The following new and amended standards have been published that are not mandatory for December 31, 2021 reporting period and have not been adopted by the Group. (cont'd)

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

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

- Issuance of Korean IFRS No.1117 Insurance Contracts

(a) Major changes in accounting policy

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

(Measurement of Insurance liabilities, etc.)

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

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

2.1.3 The following new and amended standards have been published that are not mandatory for December 31, 2021 reporting period and have not been adopted by the Group. (cont'd)

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

(Recognition and measurement of financial performance)

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

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

(Accounting policy for transition of insurance contracts)

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

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

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



2.1.3 The following new and amended standards have been published that are not mandatory for December 31, 2021 reporting period and have not been adopted by the Group. (cont'd)

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

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

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

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

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

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

2.1.3 The following new and amended standards have been published that are not mandatory for December 31, 2021 reporting period and have not been adopted by the Group. (cont'd)

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

(KB Insurance Co., Ltd.)

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

(Prudential Life Insurance Company of Korea Ltd.)

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



2.1.3 The following new and amended standards have been published that are not mandatory for December 31, 2021 reporting period and have not been adopted by the Group. (cont'd)

(KB Life Insurance Co., Ltd)

Key activity	Progress (at the reporting date)	Future plan
Implementation department	(Jul. 2018) Organize the responsive team for Korean IFRS No.1117 (Mar. 2019) Organize and operate TF for Korean IFRS No.1117	Progress works in relation to transition to new accounting standards Supplement personnel who are fully in charge of, etc.
Implementation of accounting system	(Mar. 2019) Start implementation of the accounting system (Dec. 2020) Complete implementation of the system Currently, pilot operation	Stabilization of the system (dual closing) Implementation of internal control over financial reporting
Training for executives and employees	Prepare and implement training for executives/head of departments and employees in related departments (total 20 trainings) (Nov. 2020) Open online training (Dec. 2021) Implement non-face-to-face training	Plan to increase training courses and expand training target
Reporting to management	Report implementation of the system, financial effects, etc.	Report issues in relation to the dual closing and financial effect

(c) Financial effect evaluation

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

In 2021, the Group carried out continual system conformity verification and stabilization, and preparation for dual closing in 2022. Accordingly, in 2021, the preliminary and potential impact of the adoption of Korean IFRS No.1117 are disclosed, and detailed results of financial impact will be disclosed in the annual consolidated financial statements for 2022.

The Group is currently analyzing the impact of the measurement of insurance contract liabilities after the adoption of Korean IFRS No.1117 due to changes in the insurance liability measurement method and revenue recognition method.

As of December 31, 2021, the Group has a total insurance contract liabilities of ₩ 57,165,936 million, and savings type insurance accounts for 28% (₩ 4,467,242 million) of the total insurance premium income.

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

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

2.1.3 The following new and amended standards have been published that are not mandatory for December 31, 2021 reporting period and have not been adopted by the Group. (cont'd)

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

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

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

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

- *Annual improvements to Korean IFRS 2018-2020*

Annual improvements of Korean IFRS 2018-2020 Cycle should be applied for annual reporting periods beginning on or after January 1, 2022, and earlier application is permitted. The Group does not expect that these amendments have a significant impact on the consolidated financial statements.

- Korean IFRS No.1101 *First-time Adoption of Korean International Financial Reporting Standards – Subsidiaries that are first-time adopters*
- Korean IFRS No.1109 *Financial Instruments – Fees related to the 10% test for derecognition of financial liabilities*
- Korean IFRS No.1116 *Leases – Lease incentives*
- Korean IFRS No.1041 *Agriculture – Measuring fair value*

2.2 Measurement Basis

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

2.3 Functional and Presentation Currency

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

2.4 Critical Accounting Estimates

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

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

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

2.4.1 Income taxes

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

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

2.4.2 Fair value of financial instruments

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

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

2.4.3 Allowances and provisions for credit losses

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

2.4.4 Net defined benefit liability

The present value of the net defined benefit liability is affected by changes in the various factors determined by the actuarial method.

2.4.5 Impairment of goodwill

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

2.4.6 Estimated claims for Incurred But Not Reported ("IBNR")

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

2.4.7 Assessment of expected credit losses of financial instruments related to COVID-19

The proliferation of COVID-19 in 2021 negatively affected the global economy, despite various forms of government support policy. Accordingly, the Group was provided with various economic forecasting scenarios from KB Research, assuming macroeconomic changes due to the level of COVID-19 pandemic. The Group reviewed the possibilities of each scenario comprehensively, updated the forward-looking information, and reflected its effect on expected credit losses through the statistical method. In addition, for financial assets in risky industries vulnerable to the impact of COVID-19, the Group measured expected credit losses using a conservative scenario comparing to the forecasted forward-looking information and reflected credit risk that will increase in the future, such as by expanding the scope of loans subject to lifetime expected credit losses (non-impaired). The Group will continue to monitor the impact of COVID-19 on the expected credit losses by comprehensively considering the duration of the impact on the entire economy and the government's policies.



3. Significant Accounting Policies

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

For the comparative purpose, certain information in the notes for the year ended December 31, 2020 have been reclassified to conform to the presentation for the year ended December 31, 2021.

3.1 Consolidation

3.1.1 Subsidiaries

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

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

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

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

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

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

3.1.1 Subsidiaries (cont'd)

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

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

3.1.2 Associates and joint ventures

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

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

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

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

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

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

3.1.3 Structured entity

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

3.1.4 Funds management

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

3.1.5 Intragroup transactions

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

3.2 Foreign Currency

3.2.1 Foreign currency transactions

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

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

3.2.2 Foreign operations

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

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

3.2.2 Foreign operations (cont'd)

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

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

3.2.3 Translation of the net investment in a foreign operation

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

3.3 Recognition and Measurement of Financial Instruments

3.3.1 Initial recognition

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

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

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

3.3.2 Subsequent measurement

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

3.3.2.1 Amortized cost

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

3.3.2.2 Fair value

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

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

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

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

Level 1 : Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date

Level 2 : Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 : Unobservable inputs for the asset or liability

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

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

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

3.3.2.2 Fair value (cont'd)

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

3.3.3 Derecognition

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

3.3.3.1 Derecognition of financial assets

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

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

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

3.3.3.2 Derecognition of financial liabilities

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

3.3.4 Offsetting

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



3.4 Cash and Due from Financial Institutions

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

3.5 Non-derivative Financial Assets

3.5.1 Financial assets at fair value through profit or loss

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

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

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

3.5.2 Financial assets at fair value through other comprehensive income

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

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

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

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

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

3.5.3 Financial assets at amortized cost

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

3.6 Expected Credit Losses of Financial Assets (Debt Instruments)

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

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

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

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

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

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

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

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

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

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

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

3.6.1 Forward-looking information

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

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

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

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

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

In order to reflect additional credit risk for financial assets whose industries are highly affected by COVID-19, the Group measures expected credit losses using a conservative scenario compared to the forecasted forward-looking information.

3.6.2 Measuring expected credit losses on financial assets at amortized cost

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

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

3.6.2.1 Individual assessment of impairment

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

3.6.2.2 Collective assessment of impairment

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

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

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

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



3.7 Derivative Financial Instruments

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

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

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

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

3.7.1 Derivative financial instruments held for trading

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

3.7.2 Derivative financial instruments for fair value hedges

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

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

3.7.3 Derivative financial instruments for cash flow hedges

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

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

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

3.7.5 Embedded derivatives

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

3.7.6 Day one gains or losses

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

3.8 Property and Equipment

3.8.1 Recognition and measurement

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

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

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

3.8.2 Depreciation

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

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

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

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

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

3.9 Investment Properties

3.9.1 Recognition and measurement

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

3.9.2 Depreciation

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

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

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

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

3.10 Intangible Assets

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

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

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

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



3.10.1 Value of business acquired (“VOBA”)

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

3.10.2 Goodwill

3.10.2.1 Recognition and measurement

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

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

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

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

3.10.2.2 Additional acquisitions of non-controlling interests

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

3.10.2.3 Subsequent measurement

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

3.10.3 Subsequent expenditures

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

3.11 Impairment of Non-financial Assets

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

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

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

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

3.12 Non-current Assets Held for Sale

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

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

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

3.13 Financial Liabilities

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

3.13.1 Financial liabilities at fair value through profit or loss

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

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

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

3.13.2 Other financial liabilities

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

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

3.14 Insurance Contracts

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

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

3.14.1 Insurance premiums

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

3.14.2 Insurance liabilities

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

3.14.2.1 Premium reserve

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

3.14.2.2 Reserve for outstanding claims

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

3.14.2.3 Unearned premium reserve

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

3.14.2.4 Reserve for dividend to policyholders

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

3.14.3 Liability adequacy test ("LAT")

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

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

3.14.4 Deferred acquisition costs

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

3.15 Provisions

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

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

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

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

3.16 Financial Guarantee Contracts

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

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

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

3.17 Equity Instrument Issued by the Group

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

3.17.1 Ordinary shares

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

3.17.2 Hybrid securities

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

3.17.3 Treasury shares

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

3.17.4 Compound financial instruments

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

3.18 Revenue Recognition

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

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

3.18.1 Interest income and expense

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

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

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

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

3.18.2 Fee and commission income

The Group recognizes financial service fees in accordance with the purpose of charging the fees and the accounting standards of the financial instrument related to the fees earned.

3.18.2.1 Fees that are an integral part of the effective interest of a financial instrument

Such fees are generally treated as adjustments of effective interest rate. Such fees may include compensation for activities such as evaluating the borrower's financial condition, evaluating and recording guarantees, collateral and other security arrangements, negotiating the terms of the instrument, preparing and processing documents, and closing the transaction and origination fees received on issuing financial liabilities at amortized cost. However, fees relating to the creation or acquisition of a financial instrument at fair value through profit or loss are recognized as revenue immediately.

3.18.2.2 Fees related to performance obligations satisfied over time

If the control of a good or service is transferred over time, the Group recognizes revenue related to performance obligations over the period of performance obligations. Fees charged in return for the services for a certain period of time, such as asset management fees, consignment business fees, etc. are recognized over the period of performance obligations.

3.18.2.3 Fees related to performance obligations satisfied at a point in time

Fees earned at a point in time are recognized as revenue when a customer obtains controls of a promised good or service and the Group satisfies a performance obligation.

Commission on negotiation or participation in negotiation for the third party such as trading stocks or other securities, arranging merger and acquisition of business, is recognized as revenue when the transaction has been completed.

If the Group arranges a syndicated loan but does not participate in the syndicated loan or participates in the syndicated loan with the same effective profit as other participants, a syndication arrangement fee is recognized as revenue at the completion of the syndication service.

3.18.3 Net gains or losses on financial instruments at fair value through profit or loss

Net gains or losses on financial instruments at fair value through profit or loss (including changes in fair value, dividends, and gains or losses from foreign currency translation) include gains or losses on financial instruments as follows:

- Gains or losses relating to financial instruments at fair value through profit or loss (excluding interest income using the effective interest rate method)
- Gains or losses relating to derivative financial instruments for trading (including derivative financial instruments for hedging purpose but do not qualify for hedge accounting)

3.18.4 Dividend income

Dividend income is recognized in profit or loss when the right to receive payment is established. Dividend income is recognized as net gains or losses on financial instruments at fair value through profit or loss or other operating income depending on the classification of equity securities.

3.19 Employee Compensation and Benefits

3.19.1 Post-employment benefits

3.19.1.1 Defined contribution plans

When an employee has rendered service to the Group during a period, the Group recognizes the contribution payable to a defined contribution plan in exchange for that service as post-employment benefits for the period.

3.19.1.2 Defined benefit plans

All post-employment benefits, other than defined contribution plans, are classified as defined benefit plans. The amount recognized as a net defined benefit liability is the present value of the defined benefit obligation less the fair value of plan assets at the end of the reporting period.

The present value of the defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount post-employment benefit obligations is determined by reference to market yields at the end of the reporting period on high quality corporate bonds. The currency and term of the corporate bonds are consistent with the currency and estimated term of the post-employment benefit obligations. Actuarial gains and losses resulted from changes in actuarial assumptions and experience adjustments are recognized in other comprehensive income.

When the present value of the defined benefit obligation minus the fair value of plan assets results in an asset, it is recognized to the extent of the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting from the introduction or changes to a defined benefit plan. Such past service cost is immediately recognized as an expense for the period.

3.19.2 Short-term employee benefits

Short-term employee benefits are employee benefits that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. When an employee has rendered service to the Group during an accounting period, the Group recognizes the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service as an expense for the period.

The expected cost of profit-sharing and bonus payments is recognized as liabilities when the Group has a present legal or constructive obligation to make payments as a result of past events, such as service rendered by employees, and a reliable estimate of the obligation can be made.

3.19.3 Share-based payment

The Group provides its executives and employees with stock grants, mileage stock, and long-term share-based payments programs. When stock grants are exercised, the Group can either select to distribute newly issued shares or treasury shares or compensate in cash based on the share price. When mileage stock and long-term share-based payments are exercised, the Group pays the amount equivalent to share price of KB Financial Group Inc. in cash.

3.19.3 Share-based payment (cont'd)

For a share-based payment transaction in which the terms of the arrangement provide the Group with the choice of whether to settle in cash or by issuing equity instruments, the Group accounts for the transaction in accordance with the requirements applying to cash-settled share-based payment transactions because the Group determines that it has a present obligation to settle in cash based on a past practice and a stated policy of settling in cash. Therefore, the Group measures the liability incurred as consideration for the service received at fair value and recognizes related expense and accrued expense over the vesting periods. For mileage stock and long-term share-based payments program, the Group accounts for the transaction in accordance with the requirements applying to cash-settled share-based payment transactions, which are recognized as expense and accrued expenses at the time of vesting.

Until the liability is settled, the Group remeasures the fair value of the liability at the end of each reporting period and at the date of settlement, with any changes in fair value recognized in profit or loss as share-based payments.

3.19.4 Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or an employee's decision to accept an offer of benefits in exchange for the termination of employment. The Group recognizes a liability and expense for termination benefits at the earlier of the following dates; when the Group can no longer withdraw the offer of those benefits and when the Group recognizes costs for a restructuring that is within the scope of Korean IFRS No.1037 and involves the payment of termination benefits. If the termination benefits are not expected to be settled wholly before twelve months after the end of the annual reporting period, then the termination benefits are discounted to present value.

3.20 Income Tax Expense

Income tax expense comprises current tax expense and deferred income tax expense. Current and deferred income tax are recognized as income or expense and included in profit or loss for the period, except to the extent that the tax arises from (a) a transaction or event which is recognized, in the same or a different period, outside profit or loss, either in other comprehensive income or directly in equity and (b) a business combination.

3.20.1 Current income tax

Current income tax is the amount of income tax payable (recoverable) in respect of the taxable profit (tax loss) for a period. A difference between the taxable profit and accounting profit may arise when income or expense is included in accounting profit in one period but is included in taxable profit in a different period. Differences may also arise if there is revenue that is exempt from taxation, or expense that is not deductible in determining taxable profit (loss). Current income tax liabilities for the current and prior periods are measured using the tax rates that have been enacted or substantively enacted by the end of the reporting period.

The Group offsets current income tax assets and current income tax liabilities if, and only if, the Group (a) has a legally enforceable right to set off the recognized amounts and (b) intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

3.20.2 Deferred income tax

Deferred income tax is recognized, using the asset-liability method, on temporary differences arising between the tax-based amount of assets and liabilities and their carrying amount in the financial statements. Deferred income tax liabilities are recognized for all taxable temporary differences and deferred income tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized. However, deferred income tax liabilities are not recognized if they arise from the initial recognition of goodwill; deferred income tax assets and liabilities are not recognized if they arise from the initial recognition of an asset or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting nor taxable profit or loss.

The Group recognizes a deferred income tax liability for all taxable temporary differences associated with investments in subsidiaries, associates, and joint ventures, except to the extent that the Group is able to control the timing of the reversal of the temporary difference, and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of a deferred income tax asset is reviewed at the end of each reporting period. The Group reduces the carrying amount of a deferred income tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred income tax liabilities and deferred income tax assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

The Group offsets deferred income tax assets and deferred income tax liabilities if, and only if the Group has a legally enforceable right to set off current income tax assets against current income tax liabilities and the deferred income tax assets and the deferred income tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current income tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred income tax liabilities or assets are expected to be settled or recovered.

3.20.3 Uncertain tax positions

Uncertain tax positions arise from tax treatments applied by the Group which may be challenged by the tax authorities due to the complexity of the transaction or different interpretation of the tax laws, such as a claim for rectification, a claim for a refund related to additional tax or a tax investigation by the tax authorities. The Group recognizes its uncertain tax positions in the consolidated financial statements in accordance with Korean IFRS No.1012 and Interpretation of Korean IFRS No.2123. The income tax asset is recognized if a tax refund is probable for taxes levied by the tax authority, and the amount to be paid as a result of the tax investigation and others is recognized as the current tax payable. However, penalty tax and additional refund on tax are regarded as penalty or interest and are accounted for in accordance with Korean IFRS No.1037.

3.21 Earnings per Share

The Group calculates basic earnings per share amounts and diluted earnings per share amounts for profit or loss attributable to ordinary equity holders of the Parent Company and presents them in the consolidated statement of comprehensive income. Basic earnings per share is calculated by dividing profit or loss attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is calculated by adjusting the profit or loss attributable to ordinary equity holders of the Parent Company and weighted average number of shares outstanding, taking into account all potential dilution effects, such as exchangeable bonds and share-based payments given to employees.

3.22 Lease

The Group as a lessor recognizes lease payments from operating leases as income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognized as expense over the lease term on the same basis as lease income. The respective leased assets are included in the consolidated statement of financial position based on their nature.

A lessee is required to recognize a right-of-use asset (lease assets) representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Assets and liabilities arising from a lease are initially measured at the present value.

Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payments that depend on an index or a rate
- Amounts expected to be payable by the lessee under residual value guarantees
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease

The lease payments are discounted using the interest rate implicit in the lease if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used, which is the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of the lease liability
- Any lease payments made at or before the commencement date, less any lease incentives received
- Any initial direct costs incurred by the lessee, and
- An estimate of restoration costs

However, the Group can elect not to apply the requirements of Korean IFRS No.1116 to short-term lease (lease that, at the commencement date, has a lease term of 12 months or less) and leases for which the underlying asset is of low value (for example, underlying leased asset under USD 5,000).



3.22 Lease (cont'd)

The right-of-use asset is depreciated from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

For sale and leaseback transactions, the Group applies the requirements of Korean IFRS No.1115 *Revenue from Contracts with Customers*, to determine whether the transfer of an asset is accounted for as a sale of that asset.

3.23 Operating Segments

The Group identifies its operating segments based on internal reports which are regularly reviewed by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance.

Segment information includes items which are directly attributable and can be allocated to the segment on a reasonable basis.

3.24 Overlay Approach

The Group applies the overlay approach in accordance with Korean IFRS No.1104 and a financial asset is eligible for designation for the overlay approach if, and only if, the following criteria are met:

- It is measured at fair value through profit or loss applying Korean IFRS No.1109 but would not have been measured at fair value through profit or loss in its entirety applying Korean IFRS No.1039 and
- It is not held in respect of an activity that is unconnected with contracts within the scope of Korean IFRS No.1104.

The Group reclassifies between profit or loss and other comprehensive income, and the amount reclassified is equal to the difference between:

- The amount reported in profit or loss for the designated financial assets applying Korean IFRS No.1109 and
- The amount that would have been reported in profit or loss for the designated financial assets if the insurer had applied Korean IFRS No.1039.

The Group is permitted to apply the overlay approach either at initial recognition or it may subsequently designate financial assets that newly meet criterion of not being held in respect of an activity that is unconnected with insurance contract, having previously not met that criterion.

The Group continues to apply the overlay approach to a designated financial asset until that financial asset is derecognized. However, the Group de-designates a financial asset when the financial asset no longer meets the criterion. In this case, the Group reclassifies from accumulated other comprehensive income to profit or loss as a reclassification adjustment any balance relating to that financial asset.

At the beginning of any annual period, the Group may stop applying the overlay approach to all designated financial assets, and cannot subsequently apply the overlay approach, if it stops using this approach because it is no longer an insurer.

4. Financial Risk Management

4.1 Summary

4.1.1 Overview of financial risk management policy

The financial risks that the Group is exposed to are credit risk, market risk, liquidity risk, operational risk, and others.

This note regarding financial risk management provides information about the risks that the Group is exposed to and about its objectives, policies, risk assessment and management procedures, and capital management. Additional quantitative information is disclosed throughout the consolidated financial statements.

The Group's risk management system focuses on efficiently supporting long-term strategy and management decisions of the Group by increasing risk transparency, preventing risk transfer between subsidiaries and preemptive response to rapidly changing financial environments. Credit risk, market risk, operational risk, interest rate risk, insurance risk, liquidity risk, credit concentration risk, strategy risk, and reputation risk are recognized as the Group's significant risks and measured and managed by quantifying them in the form of internal capital or Value at Risk ("VaR") using statistical methods.

4.1.2 Risk management organization

4.1.2.1 Risk Management Committee

The Risk Management Committee, as the ultimate decision-making body, deals with risk-related issues, such as establishing risk management strategies in accordance with the strategic direction determined by the board of directors, determining the affordable level of risk appetite, reviewing the level of risk and the status of risk management activities, approving the application of risk management systems, methodologies, and major improvements, and establishing and approving risk management policies and procedures to timely recognize, measure, monitor, and control risks arising from various transactions by the Group.

4.1.2.2 Risk Management Council

The Risk Management Council is responsible for consulting on matters delegated by the Risk Management Committee and requests for review by the Management Executive Committee, consulting on details of each subsidiary's risk management policies and procedures, monitoring the Group's risk management status, and establishing and implementing necessary measures.

4.1.2.3 Risk Management Department

The Risk Management Department performs the Group's risk management detailed policies, procedures, and business processes, and is responsible for calculating the Group's risk-weighted assets, monitoring and managing internal capital limits.

4.2 Credit Risk

4.2.1 Overview of credit risk

Credit risk is the risk of loss from the portfolio of assets held due to the counterparty's default, breach of contract, and deterioration of credit quality. For risk management purposes, the Group manages all factors of credit risk exposure, such as default risk of individual borrowers, country risk, and risk of specific sectors in an integrated way.

4.2.2 Credit risk management

The Group measures the expected loss and internal capital for the assets subject to credit risk management, including on-balance and off-balance assets, and uses them as management indicators. The Group allocates and manages credit risk internal capital limits.

In addition, to prevent excessive concentration of exposures by borrower and industry, the total exposure limit at the Group level is introduced, applied, and managed to control the credit concentration risk.

All of the Kookmin Bank's loan customers (individuals and corporates) are assigned a credit rating and managed by a comprehensive internal credit evaluation system. For individuals, the credit rating is evaluated by utilizing personal information, income and job information, asset information, and bank transaction information. For corporates, the credit rating is evaluated by analyzing and utilizing financial and non-financial information which measures current and future corporate value and ability to repay the debt. Also, the extent to which corporates have the ability to meet debt obligations is comprehensively considered.

The credit rating, once assigned, serves as the fundamental instrument in Kookmin Bank's credit risk management, and is applied in a wide range of credit risk management processes, including credit approval, credit limit management, loan pricing, and assessment of allowances for credit losses. For corporates, Kookmin Bank conducts a regular credit evaluation at least once a year, and the review and supervision departments regularly validate the adequacy of credit ratings to manage credit risks.

KB Kookmin Card Co., Ltd.'s credit scoring system is divided into Application Scoring System ("ASS") and Behavior Scoring System ("BSS"). For applications that meet the eligibility criteria for card issuance, the card will be issued only if the ASS credit rating is above the standard. KB Kookmin Card Co., Ltd.'s internal information, external information from the credit bureau company and others, and personal information on the application are used to calculate the ASS credit rating. The BSS, which is recalculated on a weekly basis, predicts the delinquency probability of cardholders, and utilizes it to monitor cardholders and portfolio risk.

In order to establish a credit risk management system, the Group manages credit risk by forming a separate risk management organization. In particular, independently of the Sales Group, the Credit Management & Analysis Group of Kookmin Bank, a subsidiary, is in charge of loan policy, loan system, credit rating, credit analysis, follow-up management, and corporate restructuring. The Risk Management Group of Kookmin Bank is responsible for establishing policies on credit risk management, measuring and limiting internal capital of credit risk, setting credit limits, credit review, and verification of credit rating models.

4.2.3 Maximum exposure to credit risk

The Group's maximum exposures to credit risk without consideration of collateral values in relation to financial instruments other than equity securities as of December 31, 2021 and 2020, are as follows:

<i>(In millions of Korean won)</i>	December 31,		December 31,	
	2021		2020	
Financial assets				
Due from financial institutions measured at amortized cost *	₩	28,362,387	₩	22,720,091
Financial assets at fair value through profit or loss:				
Due from financial institutions measured at fair value through profit or loss		200,742		100,094
Securities measured at fair value through profit or loss		63,002,692		58,415,100
Loans measured at fair value through profit or loss		269,296		337,983
Financial instruments indexed to the price of gold		113,622		89,965
Derivatives		3,721,370		5,545,385
Loans measured at amortized cost *		417,900,273		377,166,984
Financial investments:				
Securities measured at fair value through other comprehensive income		56,259,511		58,456,889
Securities measured at amortized cost *		44,471,628		36,870,229
Loans measured at fair value through other comprehensive income		313,604		293,409
Other financial assets *		10,755,350		14,167,689
		625,370,475		574,163,818
Off-balance sheet items				
Acceptances and guarantees contracts		10,199,689		8,548,928
Financial guarantee contracts		6,892,464		4,964,468
Commitments		170,218,143		159,133,983
		187,310,296		172,647,379
	₩	812,680,771	₩	746,811,197

* After netting of allowance

4.2.4 Credit risk of loans

The Group maintains allowances for loan losses associated with credit risk of loans to manage its credit risk.

The Group assesses expected credit losses and recognizes loss allowances of financial assets at amortized cost and financial assets at fair value through other comprehensive income. Financial assets at fair value through profit or loss are excluded. Expected credit losses are a probability-weighted estimate of possible credit losses occurring in a certain range by reflecting reasonable and supportable information that is reasonably available at the end of the reporting period without undue cost or effort, including information about past events, current conditions, and forecasts of future economic conditions. The Group measures the expected credit losses of loans classified as financial assets at amortized cost, by deducting allowances for credit losses. The expected credit losses of loans classified as financial assets at fair value through other comprehensive income are presented in other comprehensive income in the consolidated financial statements.



4.2.4.1 Credit risk exposure

Credit qualities of loans as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021				
	12-month expected credit losses	Lifetime expected credit losses		Not applying expected credit losses	Total
		Non-impaired	Impaired		
Loans measured at amortized cost *					
Corporate					
Grade 1	₩ 111,284,284	₩ 5,345,956	₩ 3,705	₩ -	₩ 116,633,945
Grade 2	68,050,042	7,847,126	4,338	-	75,901,506
Grade 3	5,323,745	2,850,266	2,949	-	8,176,960
Grade 4	586,857	1,037,461	7,570	-	1,631,888
Grade 5	12,877	352,046	2,143,708	-	2,508,631
	185,257,805	17,432,855	2,162,270	-	204,852,930
Retail					
Grade 1	170,810,128	4,593,302	11,609	-	175,415,039
Grade 2	9,093,868	4,209,451	35,097	-	13,338,416
Grade 3	3,410,624	1,414,439	23,467	-	4,848,530
Grade 4	235,150	400,029	17,998	-	653,177
Grade 5	495,987	445,588	710,341	-	1,651,916
	184,045,757	11,062,809	798,512	-	195,907,078
Credit card					
Grade 1	10,640,412	1,113,400	-	-	11,753,812
Grade 2	3,919,053	1,027,546	-	-	4,946,599
Grade 3	1,360,908	1,412,951	-	-	2,773,859
Grade 4	82,565	608,250	-	-	690,815
Grade 5	1,267	130,712	527,256	-	659,235
	16,004,205	4,292,859	527,256	-	20,824,320
	385,307,767	32,788,523	3,488,038	-	421,584,328
Loans measured at fair value through other comprehensive income					
Corporate					
Grade1	233,868	-	-	-	233,868
Grade2	79,736	-	-	-	79,736
Grade3	-	-	-	-	-
Grade4	-	-	-	-	-
Grade5	-	-	-	-	-
	313,604	-	-	-	313,604
	313,604	-	-	-	313,604
	₩ 385,621,371	₩ 32,788,523	₩ 3,488,038	₩ -	₩ 421,897,932

4.2.4.1 Credit risk exposure (cont'd)

(In millions of Korean won)

	December 31, 2020				
	12-month expected credit losses	Lifetime expected credit losses		Not applying expected credit losses	Total
		Non-impaired	Impaired		
Loans measured at amortized cost *					
Corporate					
Grade 1	₩ 93,033,311	₩ 4,646,801	₩ 7,042	₩ -	₩ 97,687,154
Grade 2	61,701,031	7,060,916	7,817	-	68,769,764
Grade 3	2,702,369	2,507,455	3,055	-	5,212,879
Grade 4	611,743	1,085,704	8,562	-	1,706,009
Grade 5	18,792	394,935	2,162,732	-	2,576,459
	158,067,246	15,695,811	2,189,208	-	175,952,265
Retail					
Grade 1	163,261,012	3,536,290	6,789	-	166,804,091
Grade 2	8,828,445	4,197,409	34,896	-	13,060,750
Grade 3	2,519,004	1,322,878	9,012	-	3,850,894
Grade 4	225,262	402,881	8,352	-	636,495
Grade 5	39,466	636,361	672,397	-	1,348,224
	174,873,189	10,095,819	731,446	-	185,700,454
Credit card					
Grade 1	8,210,540	412,555	-	-	8,623,095
Grade 2	5,831,625	708,405	-	-	6,540,030
Grade 3	1,526,382	1,216,434	-	-	2,742,816
Grade 4	16,978	247,241	-	-	264,219
Grade 5	2,101	118,907	506,462	-	627,470
	15,587,626	2,703,542	506,462	-	18,797,630
	348,528,061	28,495,172	3,427,116	-	380,450,349
Loans measured at fair value through other comprehensive income					
Corporate					
Grade1	235,469	-	-	-	235,469
Grade2	57,940	-	-	-	57,940
Grade3	-	-	-	-	-
Grade4	-	-	-	-	-
Grade5	-	-	-	-	-
	293,409	-	-	-	293,409
	293,409	-	-	-	293,409
	₩ 348,821,470	₩ 28,495,172	₩ 3,427,116	₩ -	₩ 380,743,758

* Before netting of allowance



4.2.4.1 Credit risk exposure (cont'd)

Credit qualities of loans graded according to internal credit ratings as of December 31, 2021 and 2020, are as follows:

	Range of probability of default (%)	Retail	Corporate
Grade 1	0.0 ~ 1.0	1 ~ 5 grade	AAA ~ BBB+
Grade 2	1.0 ~ 5.0	6 ~ 8 grade	BBB ~ BB
Grade 3	5.0 ~ 15.0	9 ~ 10 grade	BB- ~ B
Grade 4	15.0 ~ 30.0	11 grade	B- ~ CCC
Grade 5	30.0 ~	12 grade or under	CC or under

4.2.4.2 Quantification of the extent to which collateral and other credit enhancements mitigate credit risk of loans as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021			
	12-month expected credit losses	Lifetime expected credit losses		Total
		Non-impaired	Impaired	
Guarantees	₩ 90,696,507	₩ 6,604,758	₩ 396,097	₩ 97,697,362
Deposits and savings	5,723,090	98,389	79,229	5,900,708
Property and equipment	13,205,822	597,251	319,697	14,122,770
Real estate	182,139,890	13,736,634	1,990,847	197,867,371
	₩ 291,765,309	₩ 21,037,032	₩ 2,785,870	₩ 315,588,211

(In millions of Korean won)

	December 31, 2020			
	12-month expected credit losses	Lifetime expected credit losses		Total
		Non-impaired	Impaired	
Guarantees	₩ 79,088,720	₩ 5,732,814	₩ 187,512	₩ 85,009,046
Deposits and savings	5,210,681	149,745	67,047	5,427,473
Property and equipment	11,607,675	808,476	120,471	12,536,622
Real estate	170,171,707	12,836,286	1,836,865	184,844,858
	₩ 266,078,783	₩ 19,527,321	₩ 2,211,895	₩ 287,817,999

4.2.5 Credit risk of securities

Credit qualities of securities exposed to credit risk other than equity securities among financial investments as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021				
	12-month expected credit losses	Lifetime expected credit losses		Not applying expected credit losses	Total
		Non-impaired	Impaired		
Securities measured at amortized cost *					
Grade 1	₩ 43,427,028	₩ -	₩ -	₩ -	₩ 43,427,028
Grade 2	1,039,757	-	-	-	1,039,757
Grade 3	1,371	7,641	-	-	9,012
Grade 4	-	-	-	-	-
Grade 5	-	-	-	-	-
	₩ 44,468,156	₩ 7,641	₩ -	₩ -	₩ 44,475,797
Securities measured at fair value through other comprehensive income					
Grade 1	51,490,960	-	-	-	51,490,960
Grade 2	4,682,582	-	-	-	4,682,582
Grade 3	42,861	3,973	-	-	46,834
Grade 4	39,135	-	-	-	39,135
Grade 5	-	-	-	-	-
	₩ 56,255,538	₩ 3,973	₩ -	₩ -	₩ 56,259,511
	₩ 100,723,694	₩ 11,614	₩ -	₩ -	₩ 100,735,308

(In millions of Korean won)

	December 31, 2020				
	12-month expected credit losses	Lifetime expected credit losses		Not applying expected credit losses	Total
		Non-impaired	Impaired		
Securities measured at amortized cost *					
Grade 1	₩ 36,467,719	₩ -	₩ -	₩ -	₩ 36,467,719
Grade 2	359,551	-	-	-	359,551
Grade 3	38,847	7,061	-	-	45,908
Grade 4	-	-	-	-	-
Grade 5	-	-	-	-	-
	₩ 36,866,117	₩ 7,061	₩ -	₩ -	₩ 36,873,178
Securities measured at fair value through other comprehensive income					
Grade 1	54,576,777	-	-	-	54,576,777
Grade 2	3,746,200	-	-	-	3,746,200
Grade 3	126,391	-	-	-	126,391
Grade 4	7,521	-	-	-	7,521
Grade 5	-	-	-	-	-
	₩ 58,456,889	₩ -	₩ -	₩ -	₩ 58,456,889
	₩ 95,323,006	₩ 7,061	₩ -	₩ -	₩ 95,330,067

* Before netting of allowance



4.2.5 Credit risk of securities (cont'd)

Credit qualities of securities other than equity securities, according to the credit ratings by external credit rating agencies as of December 31, 2021 and 2020, are as follows:

Credit quality	Domestic				Foreign		
	KIS	NICE P&I	KAP	FnPricing Inc.	S&P	Fitch-IBCA	Moody's
Grade 1	AA0 to AAA	AA0 to AAA	AA0 to AAA	AA0 to AAA	A- to AAA	A- to AAA	A3 to Aaa
Grade 2	A- to AA-	A- to AA-	A- to AA-	A- to AA-	BBB- to BBB+	BBB- to BBB+	Baa3 to Baa1
Grade 3	BBB0 to BBB+	BBB0 to BBB+	BBB0 to BBB+	BBB0 to BBB+	BB to BB+	BB to BB+	Ba2 to Ba1
Grade 4	BB0 to BBB-	BB0 to BBB-	BB0 to BBB-	BB0 to BBB-	B+ to BB-	B+ to BB-	B1 to Ba3
Grade 5	BB- or under	BB- or under	BB- or under	BB- or under	B or under	B or under	B2 or under

Credit qualities of debt securities denominated in Korean won are based on the lowest credit rating by the domestic credit rating agencies above, and those denominated in foreign currencies are based on the lowest credit rating by the foreign credit rating agencies above.

4.2.6 Credit risk of due from financial institutions

Credit qualities of due from financial institutions as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021						
	12-month expected credit losses		Lifetime expected credit losses		Not applying expected credit losses		Total
	Non-impaired	Impaired	Non-impaired	Impaired	Non-impaired	Impaired	
Due from financial institutions measured at amortized cost *							
Grade 1	₩ 26,548,145	₩ -	₩ -	₩ -	₩ -	₩ -	₩ 26,548,145
Grade 2	1,305,539	-	-	-	-	-	1,305,539
Grade 3	61,177	-	-	-	-	-	61,177
Grade 4	439,511	-	-	-	-	-	439,511
Grade 5	10,984	-	-	-	-	-	10,984
	₩ 28,365,356	₩ -	₩ -	₩ -	₩ -	₩ -	₩ 28,365,356

(In millions of Korean won)

	December 31, 2020						
	12-month expected credit losses		Lifetime expected credit losses		Not applying expected credit losses		Total
	Non-impaired	Impaired	Non-impaired	Impaired	Non-impaired	Impaired	
Due from financial institutions measured at amortized cost *							
Grade 1	₩ 21,437,207	₩ -	₩ -	₩ -	₩ -	₩ -	₩ 21,437,207
Grade 2	334,371	-	-	-	-	-	334,371
Grade 3	445,732	13,099	-	-	-	-	458,831
Grade 4	479,142	-	-	-	-	-	479,142
Grade 5	13,520	-	283	-	-	-	13,803
	₩ 22,709,972	₩ 13,099	₩ 283	₩ -	₩ -	₩ -	₩ 22,723,354

* Before netting of allowance

The classification criteria of the credit qualities of due from financial institutions as of December 31, 2021 and 2020, are the same as the criteria for securities other than equity securities.

4.2.7 Credit risk mitigation of derivative financial instruments

Quantification of the extent to which collateral mitigates credit risk of derivative financial instruments as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021		December 31, 2020	
Deposits, savings, securities, and others	₩	834,175	₩	1,651,322

4.2.8 Credit risk concentration analysis

4.2.8.1 Classifications of loans by country as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021 *						
	Retail	Corporate	Credit card	Total	%	Allowances	Carrying amount
Korea	₩ 191,601,232	₩ 183,222,201	₩ 20,766,535	₩ 395,589,968	93.70	₩ (2,653,256)	₩ 392,936,712
Europe	-	2,673,817	-	2,673,817	0.63	(29,015)	2,644,802
China	34,982	6,743,756	327	6,779,065	1.61	(34,316)	6,744,749
Japan	86	1,039,453	8	1,039,547	0.25	(2,227)	1,037,320
United States	-	3,555,723	-	3,555,723	0.84	(28,113)	3,527,610
Cambodia	1,985,808	3,115,992	-	5,101,800	1.21	(70,660)	5,031,140
Indonesia	1,666,850	3,710,586	55,520	5,432,956	1.29	(841,145)	4,591,811
Others	618,120	1,374,302	1,930	1,994,352	0.47	(25,323)	1,969,029
	₩ 195,907,078	₩ 205,435,830	₩ 20,824,320	₩ 422,167,228	100.00	₩ (3,684,055)	₩ 418,483,173

(In millions of Korean won)

	December 31, 2020 *						
	Retail	Corporate	Credit card	Total	%	Allowances	Carrying amount
Korea	₩ 182,344,832	₩ 160,385,598	₩ 18,734,570	₩ 361,465,000	94.85	₩ (2,433,702)	₩ 359,031,298
Europe	-	2,042,979	-	2,042,979	0.54	(11,141)	2,031,838
China	-	4,518,737	654	4,519,391	1.19	(20,489)	4,498,902
Japan	94	923,354	10	923,458	0.24	(1,249)	922,209
United States	-	1,962,377	-	1,962,377	0.51	(21,489)	1,940,888
Cambodia	1,444,906	2,280,180	-	3,725,086	0.98	(89,652)	3,635,434
Indonesia	1,483,345	3,637,351	60,959	5,181,655	1.36	(699,947)	4,481,708
Others	427,276	833,080	1,437	1,261,793	0.33	(5,694)	1,256,099
	₩ 185,700,453	₩ 176,583,656	₩ 18,797,630	₩ 381,081,739	100.00	₩ (3,283,363)	₩ 377,798,376

* Amount includes loans measured at fair value through profit or loss, other comprehensive income, and amortized cost.



4.2.8.2 Classifications of corporate loans by industry as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

December 31, 2021				
	Loans	%	Allowances	Carrying amount
Financial institutions	₩ 22,059,895	10.74	₩ (32,856)	₩ 22,027,039
Manufacturing	49,149,918	23.92	(510,762)	48,639,156
Service	86,926,095	42.31	(450,272)	86,475,823
Wholesale and retail	26,862,247	13.08	(257,541)	26,604,706
Construction	5,683,471	2.77	(228,803)	5,454,668
Public sector	2,070,960	1.01	(95,053)	1,975,907
Others	12,683,244	6.17	(311,629)	12,371,615
	₩ 205,435,830	100.00	₩ (1,886,916)	₩ 203,548,914

(In millions of Korean won)

December 31, 2020				
	Loans	%	Allowances	Carrying amount
Financial institutions	₩ 16,044,243	9.09	₩ (20,987)	₩ 16,023,256
Manufacturing	45,884,606	25.98	(473,360)	45,411,246
Service	76,001,877	43.04	(385,093)	75,616,784
Wholesale and retail	23,129,457	13.10	(241,021)	22,888,436
Construction	4,397,814	2.49	(190,819)	4,206,995
Public sector	1,660,370	0.94	(74,839)	1,585,531
Others	9,465,289	5.36	(285,660)	9,179,629
	₩ 176,583,656	100.00	₩ (1,671,779)	₩ 174,911,877

4.2.8.3 Classifications of retail loans and credit card receivables as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

December 31, 2021				
	Loans	%	Allowances	Carrying amount
Housing loan	₩ 93,695,479	43.23	₩ (71,424)	₩ 93,624,055
General loan	102,211,599	47.16	(933,571)	101,278,028
Credit card	20,824,320	9.61	(792,144)	20,032,176
	₩ 216,731,398	100.00	₩ (1,797,139)	₩ 214,934,259

(In millions of Korean won)

December 31, 2020				
	Loans	%	Allowances	Carrying amount
Housing loan	₩ 87,312,052	42.70	₩ (61,155)	₩ 87,250,897
General loan	98,388,401	48.11	(848,933)	97,539,468
Credit card	18,797,630	9.19	(701,496)	18,096,134
	₩ 204,498,083	100.00	₩ (1,611,584)	₩ 202,886,499

4.2.8.4 Classifications of due from financial institutions, securities other than equity securities, and derivative financial assets by industry as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

December 31, 2021				
	Amount	%	Allowances	Carrying amount
Due from financial institutions measured at amortized cost				
Finance and insurance	₩ 28,365,356	100.00	₩ (2,969)	₩ 28,362,387
	28,365,356	100.00	(2,969)	28,362,387
Due from financial institutions measured at fair value through profit or loss				
Finance and insurance	200,742	100.00	-	200,742
	200,742	100.00	-	200,742
Securities measured at fair value through profit or loss				
Government and government funded institutions				
	16,101,187	25.56	-	16,101,187
Finance and insurance				
	35,025,800	55.59	-	35,025,800
Others				
	11,875,705	18.85	-	11,875,705
	63,002,692	100.00	-	63,002,692
Derivative financial assets				
Government and government funded institutions				
	6,985	0.19	-	6,985
Finance and insurance				
	3,554,783	95.52	-	3,554,783
Others				
	159,602	4.29	-	159,602
	3,721,370	100.00	-	3,721,370
Securities measured at fair value through other comprehensive income				
Government and government funded institutions				
	24,609,458	43.74	-	24,609,458
Finance and insurance				
	22,669,379	40.29	-	22,669,379
Others				
	8,980,674	15.97	-	8,980,674
	56,259,511	100.00	-	56,259,511
Securities measured at amortized cost				
Government and government funded institutions				
	31,996,180	71.94	(34)	31,996,146
Finance and insurance				
	10,450,497	23.50	(3,337)	10,447,160
Others				
	2,029,120	4.56	(798)	2,028,322
	44,475,797	100.00	(4,169)	44,471,628
	₩ 196,025,468		₩ (7,138)	₩ 196,018,330



4.2.8.4 Classifications of due from financial institutions, securities other than equity securities, and derivative financial assets by industry as of December 31, 2021 and 2020, are as follows: (cont'd)

(In millions of Korean won)

	December 31, 2020			
	Amount	%	Allowances	Carrying amount
Due from financial institutions measured at amortized cost				
Finance and insurance	₩ 22,723,354	100.00	₩ (3,263)	₩ 22,720,091
	22,723,354	100.00	(3,263)	22,720,091
Due from financial institutions measured at fair value through profit or loss				
Finance and insurance	100,094	100.00	-	100,094
	100,094	100.00	-	100,094
Securities measured at fair value through profit or loss				
Government and government funded institutions				
	16,902,284	28.94	-	16,902,284
Finance and insurance	34,244,398	58.62	-	34,244,398
Others	7,268,418	12.44	-	7,268,418
	58,415,100	100.00	-	58,415,100
Derivative financial assets				
Government and government funded institutions				
	44,670	0.81	-	44,670
Finance and insurance	4,925,535	88.82	-	4,925,535
Others	575,180	10.37	-	575,180
	5,545,385	100.00	-	5,545,385
Securities measured at fair value through other comprehensive income				
Government and government funded institutions				
	26,205,864	44.83	-	26,205,864
Finance and insurance	24,847,602	42.51	-	24,847,602
Others	7,403,423	12.66	-	7,403,423
	58,456,889	100.00	-	58,456,889
Securities measured at amortized cost				
Government and government funded institutions				
	24,018,884	65.14	(30)	24,018,854
Finance and insurance	11,019,911	29.89	(2,475)	11,017,436
Others	1,834,383	4.97	(445)	1,833,938
	36,873,178	100.00	(2,950)	36,870,228
	₩ 182,114,000		₩ (6,213)	₩ 182,107,787

4.2.8.5 Classifications of due from financial institutions, securities other than equity securities, and derivative financial assets by country as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021			
	Amount	%	Allowances	Carrying amount
Due from financial institutions measured at amortized cost				
Korea	₩ 21,051,229	74.21	₩ (574)	₩ 21,050,655
United States	2,875,884	10.14	(136)	2,875,748
Others	4,438,243	15.65	(2,259)	4,435,984
	28,365,356	100.00	(2,969)	28,362,387
Due from financial institutions measured at fair value through profit or loss				
Korea	200,742	100.00	-	200,742
	200,742	100.00	-	200,742
Securities measured at fair value through profit or loss				
Korea	56,920,225	90.35	-	56,920,225
United States	3,334,888	5.29	-	3,334,888
Others	2,747,579	4.36	-	2,747,579
	63,002,692	100.00	-	63,002,692
Derivative financial assets				
Korea	1,639,657	44.06	-	1,639,657
United States	753,896	20.26	-	753,896
France	370,787	9.96	-	370,787
Singapore	117,964	3.17	-	117,964
Japan	96,438	2.59	-	96,438
Others	742,628	19.96	-	742,628
	3,721,370	100.00	-	3,721,370
Securities measured at fair value through other comprehensive income				
Korea	51,484,332	91.51	-	51,484,332
United States	1,417,898	2.52	-	1,417,898
Others	3,357,281	5.97	-	3,357,281
	56,259,511	100.00	-	56,259,511
Securities measured at amortized cost				
Korea	41,912,154	94.24	(3,183)	41,908,971
United States	1,188,427	2.67	(466)	1,187,961
Others	1,375,216	3.09	(520)	1,374,696
	44,475,797	100.00	(4,169)	44,471,628
	₩ 196,025,468		₩ (7,138)	₩ 196,018,330



4.2.8.5 Classifications of due from financial institutions, securities other than equity securities, and derivative financial assets by country as of December 31, 2021 and 2020, are as follows: (cont'd)

(In millions of Korean won)

	December 31, 2020			
	Amount	%	Allowances	Carrying amount
Due from financial institutions measured at amortized cost				
Korea	₩ 16,535,849	72.78	₩ (607)	₩ 16,535,242
United States	2,030,614	8.94	(283)	2,030,331
Others	4,156,891	18.28	(2,373)	4,154,518
	<u>22,723,354</u>	<u>100.00</u>	<u>(3,263)</u>	<u>22,720,091</u>
Due from financial institutions measured at fair value through profit or loss				
Korea	100,094	100.00	-	100,094
	<u>100,094</u>	<u>100.00</u>	<u>-</u>	<u>100,094</u>
Securities measured at fair value through profit or loss				
Korea	53,991,978	92.43	-	53,991,978
United States	2,370,538	4.06	-	2,370,538
Others	2,052,584	3.51	-	2,052,584
	<u>58,415,100</u>	<u>100.00</u>	<u>-</u>	<u>58,415,100</u>
Derivative financial assets				
Korea	2,885,214	52.03	-	2,885,214
United States	706,866	12.75	-	706,866
Others	1,953,305	35.22	-	1,953,305
	<u>5,545,385</u>	<u>100.00</u>	<u>-</u>	<u>5,545,385</u>
Securities measured at fair value through other comprehensive income				
Korea	54,786,461	93.72	-	54,786,461
United States	942,151	1.61	-	942,151
Others	2,728,277	4.67	-	2,728,277
	<u>58,456,889</u>	<u>100.00</u>	<u>-</u>	<u>58,456,889</u>
Securities measured at amortized cost				
Korea	34,545,872	93.69	(2,283)	34,543,589
United States	1,049,387	2.85	(241)	1,049,146
Others	1,277,919	3.46	(426)	1,277,493
	<u>36,873,178</u>	<u>100.00</u>	<u>(2,950)</u>	<u>36,870,228</u>
	<u>₩ 182,114,000</u>		<u>₩ (6,213)</u>	<u>₩ 182,107,787</u>

Due from financial institutions, financial instruments at fair value through profit or loss linked to gold price, and derivative financial instruments are mostly related to the finance and insurance industry with high credit ratings.

4.3 Liquidity Risk

4.3.1 Overview of liquidity risk

Liquidity risk is a risk that the Group becomes insolvent due to the mismatch between the inflow and outflow of funds, unexpected cash outflows, or a risk of loss due to financing funds at a high interest rate or disposing of securities at an unfavorable price due to lack of available funds. The Group manages its liquidity risk through analysis of the contractual maturity of interest-bearing assets and liabilities, assets and liabilities related to the other inflows and outflows of funds, and off-balance sheet items related to the inflows and outflows of funds such as currency derivative instruments and others.

4.3.2 Liquidity risk management and indicator

The liquidity risk is managed by risk management policies and liquidity risk management guidelines set forth in these policies that apply to all risk management policies and procedures that may arise throughout the overall business of the Group.

The Group calculates and manages liquidity ratio and others for all transactions and off-balance transactions related to liquidity, that affect the cash flows in Korean won and foreign currency funds raised and operated for the management of liquidity risks and periodically reports them to the Risk Management Committee.

4.3.3 Analysis of remaining contractual maturity of financial liabilities

The cash flows disclosed in the maturity analysis are undiscounted contractual amounts including principal and future interest payments; as such, amounts in the table below do not match with those in the consolidated statements of financial position which are based on discounted cash flows. The future interest payments for floating-rate liabilities are calculated on the assumption that the current interest rate is the same until maturity.

4.3.3.1 Remaining contractual maturity of financial liabilities other than derivatives held for cash flow hedge, and off-balance sheet items as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021													
	On demand		Up to 1 month		1-3 months		3-12 months		1-5 years		Over 5 years		Total	
Financial liabilities														
Financial liabilities at fair value through profit or loss ¹	₩	2,939,584	₩	-	₩	-	₩	-	₩	-	₩	-	₩	2,939,584
Financial liabilities designated at fair value through profit or loss ¹		9,149,396		-		-		-		-		-		9,149,396
Derivatives held for trading ¹		3,509,789		-		-		-		-		-		3,509,789
Derivatives held for hedging ²		-		11,355		9,993		31,135		31,640		1,423		85,546
Deposits ³		204,616,202		16,556,213		31,123,968		111,140,222		10,157,238		1,329,120		374,922,963
Borrowings		8,504,084		17,807,785		5,825,350		13,861,238		10,380,171		1,003,369		57,381,997
Debentures		14,528		3,438,621		5,318,699		20,496,869		34,863,044		6,509,966		70,641,727
Lease liabilities		139		23,387		42,406		157,536		334,359		50,555		608,382
Other financial liabilities		217,874		22,953,515		203,897		354,876		934,389		372,745		25,037,296
	₩	228,951,596	₩	60,790,876	₩	42,524,313	₩	146,041,876	₩	56,700,841	₩	9,267,178	₩	544,276,680
Off-balance sheet items														
Commitments ⁴	₩	170,218,143	₩	-	₩	-	₩	-	₩	-	₩	-	₩	170,218,143
Acceptances and guarantees contracts		10,199,689		-		-		-		-		-		10,199,689
Financial guarantee contracts ⁵		6,892,464		-		-		-		-		-		6,892,464
	₩	187,310,296	₩	-	₩	-	₩	-	₩	-	₩	-	₩	187,310,296
Financial liabilities														
Financial liabilities at fair value through profit or loss ¹	₩	2,025,952	₩	-	₩	-	₩	-	₩	-	₩	-	₩	2,025,952
Financial liabilities designated at fair value through profit or loss ¹		9,784,107		-		-		-		-		-		9,784,107
Derivatives held for trading ¹		5,014,072		-		-		-		-		-		5,014,072
Derivatives held for hedging ²		-		3,123		4,120		62,147		35,198		109		104,697
Deposits ³		182,111,594		17,207,360		28,485,765		99,879,946		12,133,364		1,664,509		341,482,538
Borrowings		9,333,894		17,730,230		4,923,897		9,617,100		7,616,809		938,374		50,160,304
Debentures		18,105		2,806,105		6,769,859		14,330,686		35,512,544		6,241,226		65,678,525
Lease liabilities		205		22,372		40,376		152,084		332,033		44,882		591,952
Other financial liabilities		217,866		24,153,880		208,745		329,291		748,593		215,447		25,873,822
	₩	208,505,795	₩	61,923,070	₩	40,432,762	₩	124,371,254	₩	56,378,541	₩	9,104,547	₩	500,715,969
Off-balance sheet items														
Commitments ⁴	₩	159,133,983	₩	-	₩	-	₩	-	₩	-	₩	-	₩	159,133,983
Acceptances and guarantees contracts		8,548,928		-		-		-		-		-		8,548,928
Financial guarantee contracts ⁵		4,964,468		-		-		-		-		-		4,964,468
	₩	172,647,379	₩	-	₩	-	₩	-	₩	-	₩	-	₩	172,647,379

¹ Financial liabilities measured or designated at fair value through profit or loss and derivatives held for trading are not managed by contractual maturity because they are expected to be traded or redeemed before maturity. Therefore, the carrying amounts of those financial instruments are included in the 'On demand' category.

² Cash flows of derivatives held for hedging are shown at net amount of cash inflows and outflows by remaining contractual maturity.

³ Deposits that are contractually repayable on demand or on short notice are included in the 'On demand' category.

⁴ Commitments are included in the 'On demand' category because payments can be requested at any time.

⁵ Cash flows under financial guarantee contracts are classified based on the earliest period that the contract can be executed.



4.3.3.2 Contractual cash flows of derivatives held for cash flow hedge as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

December 31, 2021

	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Cash flow to be received (paid) of net-settled derivatives	₩ (102)	₩ (2,647)	₩ (252)	₩ 24,812	₩ (11)	₩ 21,800
Cash flow to be received of gross-settled derivatives	126,429	325,664	619,100	2,084,618	-	3,155,811
Cash flow to be paid of gross-settled derivatives	(130,919)	(329,546)	(630,023)	(1,428,759)	-	(2,519,247)

(In millions of Korean won)

December 31, 2020

	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Cash flow to be received (paid) of net-settled derivatives	₩ (1,082)	₩ (5,569)	₩ (15,132)	₩ (25,354)	₩ 290	₩ (46,847)
Cash flow to be received of gross-settled derivatives	85,064	220,339	517,929	2,289,277	-	3,112,609
Cash flow to be paid of gross-settled derivatives	(88,952)	(221,261)	(523,442)	(1,616,530)	-	(2,450,185)

4.4 Market Risk

4.4.1 Concept

Market risk refers to risks that can result in losses due to changes in market factors such as interest rate, stock price, and foreign exchange rate, etc., which arise from securities, derivatives, and others. The most significant risks associated with trading positions are interest rate risk, currency risk, and additional risks include stock price risk. The non-trading position is also exposed to interest rate risk. The Group manages the market risks by dividing them into those arising from the trading position and those arising from the non-trading position. The above market risks are measured and managed by each subsidiary.

4.4.2 Risk management

The Group sets and monitors internal capital limits for market risk and interest rate risk to manage the risks of trading and non-trading positions. In order to manage market risk efficiently, the Group maintains risk management systems and procedures such as trading policies and procedures, market risk management guidelines for trading positions, and interest rate risk management guidelines for non-trading positions. The entire process is carried out through consultation with the Risk Management Council and approval by the Risk Management Committee of the Group.

In the case of Kookmin Bank, a major subsidiary, the Risk Management Council establishes and enforces overall market risk management policies for market risk management and decides to establish position limits, loss limits, VaR limits, and approves non-standard new products. In addition, the Market Risk Management Subcommittee, chaired by Chief Risk Officer (“CRO”), is a practical decision-making body for market risk management and determines position limits, loss limits, VaR limits, sensitivity limits, and scenario loss limits for each department of the business group.

Kookmin Bank’s Asset-Liability Management Committee (“ALCO”) determines interest rate and commission operating standards and Asset Liability Management (“ALM”) operation policies and enacts and revises relevant guidelines. The Risk Management Committee and the Risk Management Council monitor the establishment and enforcement of ALM risk management policies and enact and revise ALM risk management guidelines. Interest rate risk limits are set based on future asset and liability positions and expected interest rate volatility, which reflect annual business plans. The ALM Department and the Risk Management Department regularly measure and monitor interest rate risk and report the status and limit of interest rate risk including changes in Economic Value of Equity (“ Δ EVE”), changes in Net Interest Income (“ Δ NII”), and duration gap to the ALCO and the Risk Management Council on a monthly basis, and to the Risk Management Committee on a quarterly basis. To ensure the adequacy of interest rate risk and liquidity risk management, the Risk Management Department assigns the limits, monitors and reviews the procedures and tasks of ALM operations conducted by the ALM department, and reports related matters to the management independently.

Kookmin Bank is closely monitoring the outputs of various industry groups and markets that manage the transition to the new interest rate benchmark, including announcements by LIBOR regulation authority and various consultative bodies related to the transition to alternative interest rate. In response to these announcements, Kookmin Bank has completed most of the transition and replacement plans according to LIBOR transition programs and plans consisting of major business areas such as finance, accounting, tax, legal, IT, and risk. The program is under the control of the CFO and related matters are reported to the board of directors and consultative bodies with senior management as members. Kookmin Bank continues its efforts as a market participant to actively express opinions so that the index interest rate benchmark reform can be carried out in the direction of minimizing the financial and non-financial impacts and operational risks and minimizing confusion among stakeholders.

4.4.2 Risk management (cont'd)

Details of financial instruments that have not been converted to alternative interest rate benchmark as of December 31, 2021, are as follows:

(In millions of Korean won)

	December 31, 2021	
	Exposure amount *	
	USD LIBOR	Others
Measured at fair value:		
Financial assets at fair value through profit or loss	₩ 4,695	₩ -
Financial liabilities designated at fair value through profit or loss	92,833	-
Financial investments	231,702	-
Measured at amortized cost:		
Loans	3,734,401	55,800
Borrowings and debentures	867,731	-
Others:		
Derivative financial instruments	1,398,607	-

* Financial instruments to be expired before transition to alternative interest rate benchmark are excluded, and non-derivative financial instruments are the carrying amount and others are the nominal amount.

4.4.3 Trading position

4.4.3.1 Definition of a trading position

The trading position, which is subject to market risk management, is the trading position defined in “Trading Policy and Guidelines” and the basic requirements for the trading position are as follows:

- The target position has no restrictions on the sale, and the daily fair value assessment should be made, and the embedded significant risk can be hedged in the market.
- The trading position classification criteria should be clearly defined in the Trading Policy and Guidelines, and the trading position should be managed by a separate trading department.
- The target position must be operated according to the documented trading strategy and the management of position limit must be carried out.
- The specialized dealer or operating department shall have the authority to execute the transaction without prior approval from the Risk Management Department, etc. within the predetermined limits of the target position.
- The target positions should be periodically reported to management for risk management of the Group.

4.4.3.2 Observation method of market risk arising from trading positions

Subsidiaries of the Group measure market risk by calculating VaR through the market risk management system for all trading positions. Generally, the Group manages market risk arising from trading positions at the portfolio level. In addition, the Group controls and manages the risk of derivative financial instrument transactions in accordance with the Financial Supervisory Service regulations and guidelines.



4.4.3.3 VaR

(a) VaR

Kookmin Bank, a major subsidiary, uses the risk-based valuation method (VaR) to measure the market risk of the trading position. Kookmin Bank uses the 10-day VaR, which represents the maximum amount of possible loss of 10 business days based on the historical simulation model of the full valuation method. The distribution of value changes in the portfolio is estimated based on data from the past 250 business days, and 10-day VaR is calculated by the difference between the value of the portfolio at a 99% confidence level of distribution of value changes in the portfolio and the current market value.

VaR is a commonly used market risk measurement technique. However, this approach has some limitations. VaR estimates possible losses under a certain confidence level based on historical market change data. However, since past market changes cannot reflect all future conditions and circumstances, the timing and magnitude of actual losses may vary depending on assumptions in the calculation process. If one day or ten days of the holding period which is generally used for the normal period of liquidating the position, is not sufficient or too long, the VaR result may underestimate or overestimate the potential loss.

When a subsidiary with a trading position measures market risk for trading position, it uses an internal model (VaR) for general risk and a standard method for individual risks. Standard method is used if the internal model is not authorized for certain market risk. Therefore, disclosed market risk VaR does not reflect the market risk for individual risks and for some positions. In addition, non-bank subsidiaries use the same standard method as the regulatory capital calculation method in order to enhance the effectiveness of market risk VaR management (improving the link with regulatory capital).

(b) Back-Testing

To verify the appropriateness of the VaR model, back-testing is performed by comparing actual and hypothetical gains and losses with the VaR calculation results.

4.4.3.3 VaR (cont'd)

(c) Stress Testing

The Group carries out stress testing of the trading and available-for-sale portfolio to reflect changes in individual risk factors such as interest rate, stock price, foreign exchange rate, and implied volatility of derivatives that have a significant impact on portfolio value in a crisis. The Group carries out stress testing through historical and hypothetical scenarios. This stress testing is carried out at least once a year.

Ten-day VaR at a 99% confidence level of interest rate risk, stock price risk, and currency risk for trading positions of Kookmin Bank for the years ended December 31, 2021 and 2020, are as follows:

Kookmin Bank

(In millions of Korean won)

	2021			
	Average	Minimum	Maximum	Dec. 31, 2021
Interest rate risk	₩ 20,051	₩ 6,372	₩ 55,670	₩ 16,534
Stock price risk	9,067	4,537	24,824	5,513
Currency risk	27,886	17,820	49,264	21,522
Diversification effect				(13,039)
Total VaR	₩ 40,915	₩ 15,986	₩ 115,347	₩ 30,530

(In millions of Korean won)

	2020			
	Average	Minimum	Maximum	Dec. 31, 2020
Interest rate risk	₩ 59,147	₩ 9,588	₩ 105,983	₩ 50,795
Stock price risk	15,379	3,787	24,821	24,821
Currency risk	36,281	5,302	67,766	49,338
Diversification effect				(7,320)
Total VaR	₩ 105,428	₩ 14,225	₩ 158,798	₩ 117,634

Meanwhile, the positions which are not measured by VaR as of December 31, 2021 and 2020 and required equity capital of non-bank subsidiaries using the standard method for the years ended December 31, 2021 and 2020, are as follows:

Kookmin Bank

(In millions of Korean won)

	December 31, 2021	December 31, 2020
Interest rate risk	₩ 25,432	₩ 40,290
Stock price risk	6	7,088
Currency risk	46,173	23,938
	₩ 71,611	₩ 71,316



4.4.3.3 VaR (cont'd)

KB Securities Co., Ltd.*(In millions of Korean won)*

	2021			
	Average	Minimum	Maximum	Dec. 31, 2021
Interest rate risk	₩ 724,482	₩ 657,094	₩ 821,864	₩ 821,864
Stock price risk	249,320	207,425	299,221	278,356
Currency risk	14,275	6,808	22,543	22,543
Commodity risk	88	3	210	19
	₩ 988,165	₩ 871,330	₩ 1,143,838	₩ 1,122,782

(In millions of Korean won)

	2020			
	Average	Minimum	Maximum	Dec. 31, 2020
Interest rate risk	₩ 656,651	₩ 575,053	₩ 755,704	₩ 755,704
Stock price risk	267,186	213,639	317,478	213,639
Currency risk	15,113	8,759	21,907	10,588
Commodity risk	18	1	56	18
	₩ 938,968	₩ 797,452	₩ 1,095,145	₩ 979,949

KB Insurance Co., Ltd.*(In millions of Korean won)*

	2021			
	Average	Minimum	Maximum	Dec. 31, 2021
Interest rate risk	₩ 5,445	₩ 3,854	₩ 6,553	₩ 5,906
Currency risk	34,560	28,035	40,853	40,853
	₩ 40,005	₩ 31,889	₩ 47,406	₩ 46,759

(In millions of Korean won)

	2020			
	Average	Minimum	Maximum	Dec. 31, 2020
Interest rate risk	₩ 5,682	₩ 2,850	₩ 7,652	₩ 7,055
Currency risk	26,529	23,491	29,339	28,891
	₩ 32,211	₩ 26,341	₩ 36,991	₩ 35,946

KB Kookmin Card Co., Ltd.*(In millions of Korean won)*

	2021			
	Average	Minimum	Maximum	Dec. 31, 2021
Currency risk	₩ 13,029	₩ 7,744	₩ 16,094	₩ 15,637

(In millions of Korean won)

	2020			
	Average	Minimum	Maximum	Dec. 31, 2020
Currency risk	₩ 2,712	₩ 169	₩ 7,861	₩ 7,546

4.4.3.3 VaR (cont'd)

Prudential Life Insurance Company of Korea Ltd.*(In millions of Korean won)*

	2021			
	Average	Minimum	Maximum	Dec. 31, 2021
Currency risk	₩ 4,676	₩ 1,337	₩ 7,211	₩ 6,963

(In millions of Korean won)

	2020			
	Average	Minimum	Maximum	Dec. 31, 2020
Currency risk	₩ 7,977	₩ 7,977	₩ 7,977	₩ 7,977

KB Asset Management Co., Ltd.*(In millions of Korean won)*

	2021			
	Average	Minimum	Maximum	Dec. 31, 2021
Currency risk	₩ 2,151	₩ 1,053	₩ 3,085	₩ 2,405

(In millions of Korean won)

	2020			
	Average	Minimum	Maximum	Dec. 31, 2020
Interest rate risk	₩ 1,298	₩ -	₩ 2,589	₩ -
Stock price risk	3,382	-	9,484	-
Currency risk	812	1,208	1,523	1,141
	₩ 5,492	₩ 1,208	₩ 13,596	₩ 1,141

KB Capital Co., Ltd.*(In millions of Korean won)*

	2021			
	Average	Minimum	Maximum	Dec. 31, 2021
Currency risk	₩ 1,121	₩ 867	₩ 1,280	₩ 1,280

(In millions of Korean won)

	2020			
	Average	Minimum	Maximum	Dec. 31, 2020
Currency risk	₩ 810	₩ 297	₩ 1,315	₩ 896

KB Life Insurance Co., Ltd.*(In millions of Korean won)*

	2021			
	Average	Minimum	Maximum	Dec. 31, 2021
Interest rate risk	₩ 2,095	₩ 1,072	₩ 2,932	₩ 1,072
Currency risk	4,216	1,725	6,651	6,378
	₩ 6,311	₩ 2,797	₩ 9,583	₩ 7,450

(In millions of Korean won)

	2020			
	Average	Minimum	Maximum	Dec. 31, 2020
Interest rate risk	₩ 3,054	₩ 1,784	₩ 4,389	₩ 2,743



4.4.3.3 VaR (cont'd)

KB Real Estate Trust Co., Ltd.

(In millions of Korean won)

	2021			
	Average	Minimum	Maximum	Dec. 31, 2021
Stock price risk	₩ -	₩ -	₩ -	₩ -

(In millions of Korean won)

	2020			
	Average	Minimum	Maximum	Dec. 31, 2020
Stock price risk	₩ 399	₩ -	₩ 435	₩ -

KB Investment Co., Ltd.

(In millions of Korean won)

	2021			
	Average	Minimum	Maximum	Dec. 31, 2021
Stock price risk	₩ 5,114	₩ 3,518	₩ 10,518	₩ 10,518
Currency risk	13,706	11,269	18,452	18,301
	₩ 18,820	₩ 14,787	₩ 28,970	₩ 28,819

(In millions of Korean won)

	2020			
	Average	Minimum	Maximum	Dec. 31, 2020
Stock price risk	₩ 1,153	₩ -	₩ 7,588	₩ 6,253
Currency risk	11,864	10,167	12,625	11,655
	₩ 13,017	₩ 10,167	₩ 20,213	₩ 17,908

4.4.3.4 Details of risk factors

(a) Interest rate risk

Interest rate risk for trading positions usually arises from debt securities denominated in Korean won. The Group's trading strategy is to gain short-term trading gains from interest rate fluctuations. The Group manages interest rate risk associated with trading accounts using VaR and sensitivity analysis (Price Value of a Basis Point: PVBP).

(b) Stock price risk

Stock price risk occurs mainly in trading stocks denominated in Korean won. The portfolio of trading stocks denominated in Korean won consists of stocks listed on the exchange and derivatives linked to stocks and is managed by strict distributed investment limits.

(c) Currency risk

Currency risk arises from holding assets and liabilities which are denominated in foreign currency, and currency-related derivatives. Most of the net foreign currency exposures occur in the US dollars and the Chinese Yuan. The Group also manages net foreign exchange exposures across trading and non-trading portfolios by setting a net foreign currency exposure limit at the same time setting a loss limit.

4.4.4 Non-trading position (Interest Rate Risk of Banking Book ("IRRBB"))

4.4.4.1 Qualitative disclosure

(a) Definition of interest rate risk for risk management and measurement purposes

Interest rate risk is a change in equity and earnings due to the changes in value of interest-sensitive assets and liabilities, etc., and is measured by Δ EVE and Δ NII.

(b) Overall interest rate risk management and mitigation strategy

The interest rate risk management department establishes and sets interest rate risk management policies and limit once a year by a resolution of the Risk Management Council considering the mid to long-term management strategy and macroeconomic status. The interest rate risk management department analyzes interest rate risk crisis situations assuming abnormal interest rate fluctuations and reports the results to the Risk Management Council and observes changes in interest rate risk and compliance with risk limits to devise timely countermeasures and reports the management status regularly and frequently to the Risk Management Council. The interest rate risk model adequacy test is carried out regularly at least once a year by the verification department independent of the management department.

(c) Specific methodologies used to calculate interest rate risk measurement cycles and sensitivity

In order to measure the sensitivity of the economic value and earnings to changes in interest rates, the Group calculates monthly interest rate gap and duration gap for assets and liabilities.

(d) Interest rate shock and stress scenarios used to estimate changes in the economic value and in earnings

The Group calculates Δ EVE by applying following six interest rate shock and stress scenarios, and Δ NII by applying parallel shock up and parallel shock down scenarios.

- Scenario 1 : Parallel shock up
- Scenario 2 : Parallel shock down
- Scenario 3 : Steepener shock (short rates down and long rates up)
- Scenario 4 : Flattener shock (short rates up and long rates down)
- Scenario 5 : Short rates shock up
- Scenario 6 : Short rates shock down

(e) Key modeling assumptions used separately

The Group calculates interest rate risk for internal management purpose, assuming a historical-simulation based on interest rate volatility during the past financial crisis (FY2008-FY2009), distribution of assets/liabilities portfolio, and 27 interest rate gaps considering management strategy direction.

(f) Interest rate risk hedging methodology and related accounting

Subsidiaries which are subject to interest rate risk measurement hedges interest rate risk through back-to-back interest rate swap transactions, which are the same as interest payment cash flows and officially document and manage the risk management strategy for hedge accounting, risk management objectives, hedging relationship, and assessment method for hedge effectiveness.



4.4.4.1 Qualitative disclosure (cont'd)

(g) Key modeling and parametric assumptions used in calculating Δ EVE and Δ NII

Subsidiaries which are subject to interest rate risk measurement calculate interest rate risk, including all cash flow of interest-sensitive assets and liabilities, and off-balance sheet items. The main assumptions of the IRRBB standard method for calculating Δ EVE, Δ NII are as follows:

(Classification of time buckets of cash flows (19 buckets in total))

	Time bucket intervals (D:Day M:Months Y:Years t ^{cf} :Repricing date)							
	1D (0.0028Y)	1D < t ^{cf} (0.0417Y)	1M < t ^{cf} (0.1667Y)	3M < t ^{cf} (0.375Y)	6M < t ^{cf} (0.625Y)	9M < t ^{cf} (0.875Y)	1Y < t ^{cf} (1.25Y)	1.5Y < t ^{cf} (1.75Y)
Short-term rates								
Medium-term rates	2Y < t ^{cf} (2.5Y)	3Y < t ^{cf} (3.5Y)	4Y < t ^{cf} (4.5Y)	5Y < t ^{cf} (5.5Y)	6Y < t ^{cf} (6.5Y)			
Long-term rates	7Y < t ^{cf} (7.5Y)	8Y < t ^{cf} (8.5Y)	9Y < t ^{cf} (9.5Y)	10Y < t ^{cf} (12.5Y)	15Y < t ^{cf} (17.5Y)	t ^{cf} > 20Y (25Y)		

* The number in brackets is the time bucket's midpoint.

(Caps on core deposit and average maturity by category for non-maturity deposits)

	Cap on proportion of core deposits (%)	Cap on average maturity of core deposits (years)
Retail/transactional	90	5
Retail/non-transactional	70	4.5
Wholesale	50	4

4.4.4.2 Quantitative disclosure

The average repricing maturity of non-maturity deposits is 2.5 years for core deposits, 1 day for non-core deposits, and the longest repricing maturity is five years.

(a) Kookmin Bank

Δ EVE is calculated by applying six interest rate shock and stress scenarios, and Δ NII is calculated by applying parallel shock up and parallel shock down scenarios. Results as of December 31, 2021 and 2020, are as follows:

	December 31, 2021		December 31, 2020	
	Δ EVE	Δ NII	Δ EVE	Δ NII
Scenario 1 (Parallel shock up)	₩ 936,965	₩ 564,771	₩ 544,087	₩ 415,339
Scenario 2 (Parallel shock down)	-	-	-	-
Scenario 3 (Short rates down, long rates up)	273,951		245,337	
Scenario 4 (Short rates up, long rates down)	311,497		423,673	
Scenario 5 (Short rates shock up)	568,246		466,220	
Scenario 6 (Short rates shock down)	345,987		480,246	
Maximum out of six scenarios	936,965	564,771	544,087	415,339
Basic capital	30,491,173		28,234,310	

4.4.4.2 Quantitative disclosure (cont'd)

(b) Non-bank subsidiaries

Δ EVE is maximum out of six interest rate shock and stress scenarios, and Δ NII is maximum of parallel shock up and parallel shock down scenarios. Results as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021		December 31, 2020	
	Δ EVE	Δ NII	Δ EVE	Δ NII
KB Securities Co., Ltd.	₩ 173,199	₩ 272,676	₩ 134,136	₩ 469,043
KB Insurance Co., Ltd.	939,720	37,119	730,313	38,697
KB Kookmin Card Co., Ltd.	93,232	225,581	283,780	135,628
Prudential Life Insurance Company of Korea Ltd.	611,930	24,135	497,798	14,434
KB Capital Co., Ltd.	105,728	41,112	108,306	26,166
KB Life Insurance Co., Ltd.	143,393	33,942	48,879	35,071
KB Savings Bank Co., Ltd.	20,077	786	25,878	499

4.4.5 Financial assets and liabilities denominated in foreign currencies

Details of financial instruments denominated in foreign currencies and translated into Korean won as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021						
	USD	JPY	EUR	GBP	CNY	Others	Total
Financial assets							
Cash and due from financial institutions	₩ 6,995,653	₩ 420,964	₩ 482,144	₩ 96,951	₩ 570,186	₩ 1,646,253	₩ 10,212,151
Financial assets at fair value through profit or loss	7,217,843	12,047	514,047	11,024	16,113	261,029	8,032,103
Derivatives held for trading	222,759	221	44,384	534	5,549	21,762	295,209
Derivatives held for hedging	104,091	-	-	-	-	4,541	108,632
Loans measured at amortized cost	26,605,737	597,413	1,777,967	234,612	1,774,589	6,518,650	37,508,968
Financial assets at fair value through other comprehensive income	6,604,010	5,152	121,573	6,272	536,747	405,391	7,679,145
Financial assets at amortized cost	2,267,233	-	300,856	-	48,435	710,950	3,327,474
Other financial assets	1,893,691	37,036	100,041	7,082	69,307	252,337	2,359,494
	<u>₩ 51,911,017</u>	<u>₩ 1,072,833</u>	<u>₩ 3,341,012</u>	<u>₩ 356,475</u>	<u>₩ 3,020,926</u>	<u>₩ 9,820,913</u>	<u>₩ 69,523,176</u>
Financial liabilities							
Financial liabilities at fair value through profit or loss	₩ 1,496,712	₩ -	₩ -	₩ -	₩ -	₩ -	₩ 1,496,712
Derivatives held for trading	376,230	6,099	61,941	19,833	18,223	117,217	599,543
Derivatives held for hedging	42,470	-	-	-	-	-	42,470
Deposits	21,324,104	900,044	1,873,026	106,456	1,943,015	5,402,000	31,548,645
Borrowings	15,597,440	456,029	386,023	496,084	-	2,176,532	19,112,108
Debentures	6,366,475	-	1,338,391	-	102,443	708,353	8,515,662
Other financial liabilities	1,834,429	23,158	140,779	16,543	93,933	211,516	2,320,358
	<u>₩ 47,037,860</u>	<u>₩ 1,385,330</u>	<u>₩ 3,800,160</u>	<u>₩ 638,916</u>	<u>₩ 2,157,614</u>	<u>₩ 8,615,618</u>	<u>₩ 63,635,498</u>
Off-balance sheet items	₩ 19,149,581	₩ 353	₩ 262,116	₩ 2,991	₩ 250,239	₩ 844,384	₩ 20,509,664



4.4.5 Financial assets and liabilities denominated in foreign currencies (cont'd)

(In millions of Korean won)

	December 31, 2020						
	USD	JPY	EUR	GBP	CNY	Others	Total
Financial assets							
Cash and due from financial institutions	₩ 4,482,459	₩ 583,545	₩ 558,793	₩ 113,586	₩ 878,798	₩ 1,152,515	₩ 7,769,696
Financial assets at fair value through profit or loss	5,464,176	39,817	508,587	30,030	6,046	177,545	6,226,201
Derivatives held for trading	339,190	18,061	41,834	1,774	4,344	9,724	414,927
Derivatives held for hedging	112,431	-	-	-	-	-	112,431
Loans measured at amortized cost	18,783,163	565,918	1,387,089	259,787	1,617,715	5,597,016	28,210,688
Financial assets at fair value through other comprehensive income	5,446,539	5,271	35,478	-	342,804	224,801	6,054,893
Financial assets at amortized cost	1,660,713	-	300,315	-	108,594	537,966	2,607,588
Other financial assets	2,747,958	50,573	231,435	20,162	122,642	353,707	3,526,477
	<u>₩ 39,036,629</u>	<u>₩ 1,263,185</u>	<u>₩ 3,063,531</u>	<u>₩ 425,339</u>	<u>₩ 3,080,943</u>	<u>₩ 8,053,274</u>	<u>₩ 54,922,901</u>
Financial liabilities							
Financial liabilities at fair value through profit or loss	₩ 1,267,690	₩ -	₩ -	₩ -	₩ -	₩ -	₩ 1,267,690
Derivatives held for trading	497,975	21,221	84,712	1,817	42,023	36,625	684,373
Derivatives held for hedging	139,528	-	-	-	-	14,050	153,578
Deposits	16,441,107	933,268	991,872	66,440	1,755,272	4,331,641	24,519,600
Borrowings	10,068,379	485,618	402,802	501,716	439	1,728,281	13,187,235
Debentures	5,135,667	-	666,873	-	-	308,675	6,111,215
Other financial liabilities	3,407,300	38,979	98,093	9,911	51,331	237,281	3,842,895
	<u>₩ 36,957,646</u>	<u>₩ 1,479,086</u>	<u>₩ 2,244,352</u>	<u>₩ 579,884</u>	<u>₩ 1,849,065</u>	<u>₩ 6,656,553</u>	<u>₩ 49,766,586</u>
Off-balance sheet items	₩ 14,991,859	₩ 32,200	₩ 248,007	₩ 741	₩ 253,472	₩ 906,502	₩ 16,432,781



4.5 Operational Risk

4.5.1 Concept

Operational risk of the Group refers to the risk of loss that may occur due to improper or incorrect internal procedures, personnel, systems or external events. Operational risk management plays a role in enhancing the stability and soundness of financial institutions by managing the appropriate level of capital and supplementing the internal control system.

4.5.2 Risk management

The purpose of operational risk management is not only to comply with supervisory and regulatory requirements, but also to spread risk management culture, strengthen internal control, improve processes, and provide timely feedback to management and all employees. The Parent Company manages the Group's overall operational risk, and each subsidiary establishes and implements operational risk management policies according to its own risk level and implements and operates related systems. The Group Risk Management Committee establishes and allocates risk capital of operational risk for each subsidiary, and subsidiaries manage operational risks at an appropriate level within the allocated risk capital.

4.6 Capital Management

The Group complies with the capital adequacy standard established by the financial supervisory authority. This capital adequacy standard is based on Basel III revised by Basel Committee on Banking Supervision in Bank for International Settlements ("BIS") in June 2011 and was implemented in Korea in December 2013. According to this standard, the Group is required to maintain a minimum capital adequacy ratio to risk-weighted assets (Common Equity Tier 1 Capital ratio of 8.0%, Tier 1 Capital ratio of 9.5%, and Total Capital ratio of 11.5%) as of December 31, 2021.

The Group's capital is classified into three categories in accordance with the Detailed Regulations on Supervision of Financial Holding Companies as follows:

- Common Equity Tier 1 Capital: Common equity Tier 1 Capital is the first to take losses of the Group and is the last to be compensated in liquidation of the Group and not repaid except for liquidation. It includes capital, capital surplus, retained earnings, non-controlling interests of the consolidated subsidiaries, accumulated other comprehensive income, and other capital surplus, etc.
- Additional Tier 1 Capital: Additional Tier 1 Capital includes capital, capital surplus, etc. related to the issuance of capital securities of a permanent nature that meets the conditional capital securities requirements.
- Tier 2 Capital: Tier 2 Capital means capital that can compensate for losses of the Group upon liquidation, including (a) the amount of subordinated bonds with maturity of not less than 5 years that meet the conditional capital securities requirements, and (b) the allowances for credit losses accumulated on the loans which are classified as normal or precautionary in accordance with Regulations on Supervision of Financial Holding Companies, and others.

The risk-weighted assets are the magnitude of the amount of risk inherent in the total asset held by the Group. The Group calculates risk-weighted assets by each risk (credit risk, market risk, and operational risk) based on the Detailed Regulations on Supervision of Financial Holding Companies and uses them to calculate capital adequacy ratio.

4.6 Capital Management (cont'd)

The Group evaluates and manages capital adequacy through separate internal policies. The evaluation of capital adequacy compares the size of available capital (the amount of capital actually available) to the size of internal capital (the amount of capital required to cover all the significant risks faced by the Group under its target credit rating), which monitors financial soundness and provides a risk-adjusted performance measurement basis.

Internal capital refers to the capital required to prevent the insolvency from future unexpected losses. The Group operates a system to measure, allocate, and manage internal capital to major subsidiaries by risk type.

The Risk Management Committee of the Group determines the risk appetite of the Group, allocates internal capital by risk type and major subsidiaries, and major subsidiaries operate capital efficiently within the range of the allocated internal capital. The Risk Management Department of the Group monitors internal capital limit management and reports it to management and the Risk Management Committee. If the limit of internal capital is expected to be exceeded due to new businesses or business expansion, the Group's capital adequacy management is carried out through review and approval by the Risk Management Committee in advance.

Details of the Group's capital adequacy ratio in accordance with Basel III requirements as of December 31, 2021 and 2020, are as follows:

	December 31,	
	2021	2020
<i>(In millions of Korean won)</i>		
Total Capital:	₩ 45,882,765	₩ 40,080,136
Tier 1 Capital	42,305,442	36,895,778
Common Equity Tier 1 Capital	39,144,259	34,886,283
Additional Tier 1 Capital	3,161,183	2,009,495
Tier 2 Capital	3,577,323	3,184,358
Risk-Weighted Assets:	290,913,570	262,349,242
Total Capital ratio (%):	15.77	15.28
Tier 1 Capital ratio (%)	14.54	14.06
Common Equity Tier 1 Capital ratio (%)	13.46	13.30



5. Segment Information

5.1 Overall Segment Information and Business Segments

The Group classifies reporting segments based on the nature of the products and services provided, the type of customer, and the Group's management organization.

	Corporate banking	Loans, deposit products, and other related financial services to large, small and medium-sized enterprises and SOHOs
Banking business	Retail banking	Loans, deposit products, and other related financial services to individuals and households
	Other banking services	Trading activities in securities and derivatives, funding, and other supporting activities
Securities business		Investment banking, brokerage services, and other supporting activities
Non-life insurance business		Non-life insurance and other supporting activities
Credit card business		Credit sale, cash advance, card loan, and other supporting activities
Life insurance business		Life insurance and other supporting activities

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

Financial information by business segment as of and for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	2021										
	Banking business				Securities	Non-life insurance	Credit card	Life insurance	Others	Consolidation adjustments	Total
Corporate banking	Retail banking	Other banking services	Sub-total								
Net operating revenues from external customers	₩ 3,589,404	₩ 2,958,198	₩ 1,585,192	₩ 8,132,794	₩ 1,675,977	₩ 1,285,593	₩ 1,773,989	₩ 631,065	₩ 984,185	₩ -	₩ 14,483,603
Intersegment net operating revenues (expenses)	34,771	-	271,887	306,658	11,002	(53,017)	(158,545)	(7,273)	98,215	(197,040)	-
	3,624,175	2,958,198	1,857,079	8,439,452	1,686,979	1,232,576	1,615,444	623,792	1,082,400	(197,040)	14,483,603
Net interest income	3,802,477	3,541,539	384,460	7,728,476	556,386	625,228	1,390,753	519,609	411,874	(2,754)	11,229,572
Interest income	5,317,800	4,437,930	918,631	10,674,361	824,775	634,816	1,768,215	523,882	816,515	(31,686)	15,210,878
Interest expense	(1,515,323)	(896,391)	(534,171)	(2,945,885)	(268,389)	(9,588)	(377,462)	(4,273)	(404,641)	28,932	(3,981,306)
Net fee and commission income (expenses)	390,619	392,060	405,202	1,187,881	1,014,801	(173,348)	546,022	(26,895)	1,068,648	8,474	3,625,583
Fee and commission income	534,749	535,530	516,665	1,586,944	1,201,670	10,418	1,644,806	433	1,187,661	(308,326)	5,323,606
Fee and commission expense	(144,130)	(143,470)	(111,463)	(399,063)	(186,869)	(183,766)	(1,098,784)	(27,328)	(119,013)	316,800	(1,698,023)
Net insurance income	-	-	-	-	-	493,271	11,589	56,871	-	(5,020)	556,711
Insurance income	-	-	-	-	-	12,722,178	21,711	3,406,145	-	(42,176)	16,107,858
Insurance expense	-	-	-	-	-	(12,228,907)	(10,122)	(3,349,274)	-	37,156	(15,551,147)
Net gains on financial instruments at fair value through profit or loss	29,407	-	313,427	342,834	123,183	369,864	3,431	137,343	184,467	(165,818)	995,304
Net other operating income (expenses)	(598,328)	(975,401)	753,990	(819,739)	(7,391)	(82,439)	(336,351)	(63,136)	(582,589)	(31,922)	(1,923,567)



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

(In millions of Korean won)

	2021										
	Banking business				Securities	Non-life insurance	Credit card	Life insurance	Others	Consolidation adjustments	Total
Corporate banking	Retail banking	Other banking services	Sub-total								
General and administrative expenses	₩ (1,831,948)	₩ (2,036,855)	₩ (533,928)	₩ (4,402,731)	₩ (855,142)	₩ (833,597)	₩ (577,734)	₩ (203,198)	₩ (438,170)	₩ 109,719	₩ (7,200,853)
Operating income before provision for credit losses	1,792,227	921,343	1,323,151	4,036,721	831,837	398,979	1,037,710	420,594	644,230	(87,321)	7,282,750
Reversal (provision) of credit losses	(392,956)	(125,876)	(3,896)	(522,728)	(18,438)	(5,476)	(465,342)	1,677	(175,568)	742	(1,185,133)
Net operating income	1,399,271	795,467	1,319,255	3,513,993	813,399	393,503	572,368	422,271	468,662	(86,579)	6,097,617
Share of profit (loss) of associates and joint ventures	-	-	57,156	57,156	14,484	(143)	785	-	9,411	11,833	93,526
Net other non-operating income (expenses)	(9,237)	-	(70,368)	(79,605)	(18,307)	17,446	(7,378)	(158)	2,408	(23,943)	(109,537)
Segment profit before income tax expense	1,390,034	795,467	1,306,043	3,491,544	809,576	410,806	565,775	422,113	480,481	(98,689)	6,081,606
Income tax expense	(368,577)	(218,753)	(366,185)	(953,515)	(215,424)	(108,715)	(144,611)	(132,510)	(148,044)	5,594	(1,697,225)
Profit for the year	₩ 1,021,457	₩ 576,714	₩ 939,858	₩ 2,538,029	₩ 594,152	₩ 302,091	₩ 421,164	₩ 289,603	₩ 332,437	₩ (93,095)	₩ 4,384,381
Profit attributable to shareholders of the Parent Company	1,022,699	576,714	991,351	2,590,764	594,301	301,836	418,898	289,603	330,563	(116,422)	4,409,543
Profit (loss) attributable to non-controlling interests	(1,242)	-	(51,493)	(52,735)	(149)	255	2,266	-	1,874	23,327	(25,162)
Total assets *	189,310,448	169,513,344	124,741,106	483,564,898	55,493,984	41,472,227	27,349,561	36,921,678	52,929,567	(33,836,081)	663,895,834
Total liabilities *	197,834,530	180,815,013	72,026,442	450,675,985	50,008,422	37,328,955	22,793,919	34,166,882	23,191,051	(2,563,300)	615,601,914

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

(In millions of Korean won)

	2020										
	Banking business				Securities	Non-life insurance	Credit card	Life insurance	Others	Consolidation adjustments	Total
Corporate banking	Retail banking	Other banking services	Sub-total								
Net operating revenues from external customers	₩ 2,833,601	₩ 2,918,826	₩ 1,797,921	₩ 7,550,348	₩ 1,448,409	₩ 1,027,269	₩ 1,538,230	₩ 237,416	₩ 690,970	₩ -	₩ 12,492,642
Intersegment net operating revenues (expenses)	178,199	-	108,118	286,317	(6,366)	5,976	(183,480)	(9,655)	324,910	(417,702)	-
	3,011,800	2,918,826	1,906,039	7,836,665	1,442,043	1,033,245	1,354,750	227,761	1,015,880	(417,702)	12,492,642
Net interest income	3,238,002	3,178,280	338,484	6,754,766	510,566	615,951	1,265,703	260,925	314,832	(469)	9,722,274
Interest income	4,899,943	4,519,579	1,036,643	10,456,165	820,100	616,852	1,631,520	261,056	726,668	(26,614)	14,485,747
Interest expense	(1,661,941)	(1,341,299)	(698,159)	(3,701,399)	(309,534)	(901)	(365,817)	(131)	(411,836)	26,145	(4,763,473)
Net fee and commission income (expenses)	363,459	406,603	297,860	1,067,922	916,758	(171,220)	400,485	(18,059)	776,282	(13,229)	2,958,939
Fee and commission income	480,190	529,178	440,319	1,449,687	1,037,545	8,571	1,485,718	98	871,499	(326,094)	4,527,024
Fee and commission expense	(116,731)	(122,575)	(142,459)	(381,765)	(120,787)	(179,791)	(1,085,233)	(18,157)	(95,217)	312,865	(1,568,085)
Net insurance income (expenses)	-	-	-	-	-	376,827	13,283	(91,410)	-	1,293	299,993
Insurance income	-	-	-	-	-	12,367,894	23,989	2,026,052	-	(31,295)	14,386,640
Insurance expense	-	-	-	-	-	(11,991,067)	(10,706)	(2,117,462)	-	32,588	(14,086,647)
Net gains (losses) on financial instruments at fair value through profit or loss	(52,493)	-	296,676	244,183	117,792	259,274	5,904	71,350	396,626	(83,763)	1,011,366
Net other operating income (expenses)	(537,168)	(666,057)	973,019	(230,206)	(103,073)	(47,587)	(330,625)	4,955	(471,860)	(321,534)	(1,499,930)

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

(In millions of Korean won)

	2020										
	Banking business				Securities	Non-life insurance	Credit card	Life insurance	Others	Consolidation adjustments	Total
Corporate banking	Retail banking	Other banking services	Sub-total								
General and administrative expenses	₩ (1,555,089)	₩ (2,072,515)	₩ (573,742)	₩ (4,201,346)	₩ (844,503)	₩ (810,923)	₩ (514,845)	₩ (152,271)	₩ (405,530)	₩ 114,606	₩ (6,814,812)
Operating income before provision for credit losses	1,456,711	846,311	1,332,297	3,635,319	597,540	222,322	839,905	75,490	610,350	(303,096)	5,677,830
Reversal (provision) of credit losses	(204,302)	(264,943)	(14,937)	(484,182)	(23,827)	7,569	(396,376)	472	(148,127)	973	(1,043,498)
Net operating income	1,252,409	581,368	1,317,360	3,151,137	573,713	229,891	443,529	75,962	462,223	(302,123)	4,634,332
Share of profit (loss) of associates and joint ventures	-	-	(48,158)	(48,158)	3,598	(42)	1,127	1	553	(829)	(43,750)
Net other non-operating income (expenses)	5,490	-	23,354	28,844	4,472	16,142	(6,636)	(16,270)	40,927	121,911	189,390
Segment profit before income tax expense	1,257,899	581,368	1,292,556	3,131,823	581,783	245,991	438,020	59,693	503,703	(181,041)	4,779,972
Income tax expense	(339,728)	(159,876)	(312,700)	(812,304)	(156,135)	(68,821)	(114,027)	(27,167)	(97,268)	11,328	(1,264,394)
Profit for the year	₩ 918,171	₩ 421,492	₩ 979,856	₩ 2,319,519	₩ 425,648	₩ 177,170	₩ 323,993	₩ 32,526	₩ 406,435	₩ (169,713)	₩ 3,515,578
Profit attributable to shareholders of the Parent Company	917,956	421,492	958,747	2,298,195	425,622	177,181	324,662	32,526	404,381	(194,119)	3,468,448
Profit (loss) attributable to non-controlling interests	215	-	21,109	21,324	26	(11)	(669)	-	2,054	24,406	47,130
Total assets *	164,323,181	161,330,053	112,790,880	438,444,114	57,570,654	39,125,869	24,071,645	35,546,572	47,408,052	(31,446,962)	610,719,944
Total liabilities *	167,236,387	176,571,944	64,227,709	408,036,040	52,516,488	35,093,312	19,789,959	32,524,518	21,598,232	(2,240,962)	567,317,587

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

5.2 Services and Geographical Segments

5.2.1 Services information

Net operating revenues from external customers by service for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	2021		2020	
Banking service	₩	8,132,794	₩	7,550,348
Securities service		1,675,977		1,448,409
Non-life insurance service		1,285,593		1,027,269
Credit card service		1,773,989		1,538,230
Life insurance service		631,065		237,416
Others		984,185		690,970
	₩	14,483,603	₩	12,492,642

5.2.2 Geographical information

Geographical net operating revenues from external customers for the years ended December 31, 2021 and 2020, and major non-current assets as of December 31, 2021 and 2020, are as follows:

	Net operating revenues from external customers		Major non-current assets	
			December 31,	December 31,
	2021	2020	2021	2020
Domestic	₩ 13,525,769	₩ 11,891,540	₩ 9,853,970	₩ 10,216,017
United States	112,388	114,044	45,530	45,353
New Zealand	12,857	3,554	1,932	2,385
China	127,939	84,821	21,416	13,971
Cambodia	410,482	250,426	35,668	32,354
United Kingdom	29,764	28,681	86,361	81,879
Indonesia	166,683	44,392	437,088	387,237
Others	97,721	75,184	20,446	51,288
Consolidation adjustments	-	-	518,788	487,742
	₩ 14,483,603	₩ 12,492,642	₩ 11,021,199	₩ 11,318,226

6. Financial Assets and Financial Liabilities

6.1 Classification and Fair Value of Financial Instruments

6.1.1 Carrying amount and fair value of financial assets and liabilities by category as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021	
	Carrying amount	Fair value
Financial assets		
Cash and due from financial institutions	₩ 31,009,374	₩ 31,081,231
Financial assets at fair value through profit or loss:	66,005,815	66,005,815
Due from financial institutions	200,742	200,742
Debt securities	63,002,692	63,002,692
Equity securities	2,419,463	2,419,463
Loans	269,296	269,296
Others	113,622	113,622
Derivatives held for trading	3,532,542	3,532,542
Derivatives held for hedging	188,828	188,828
Loans measured at amortized cost	417,900,273	417,775,260
Securities measured at amortized cost	44,471,628	44,392,419
Financial assets at fair value through other comprehensive income:	60,376,243	60,376,243
Debt securities	56,259,511	56,259,511
Equity securities	3,803,128	3,803,128
Loans	313,604	313,604
Other financial assets	10,755,350	10,755,350
	₩ 634,240,053	₩ 634,107,688
Financial liabilities		
Financial liabilities at fair value through profit or loss	₩ 2,939,584	₩ 2,939,584
Financial liabilities designated at fair value through profit or loss	9,149,396	9,149,396
Derivatives held for trading	3,509,789	3,509,789
Derivatives held for hedging	172,469	172,469
Deposits	372,023,918	371,936,631
Borrowings	56,912,374	56,805,938
Debentures	67,430,188	67,288,409
Other financial liabilities	29,494,402	29,494,402
	₩ 541,632,120	₩ 541,296,618



6.1.1 Carrying amount and fair value of financial assets and liabilities by category as of December 31, 2021 and 2020, are as follows: (cont'd)

(In millions of Korean won)

	December 31, 2020	
	Carrying amount	Fair value
Financial assets		
Cash and due from financial institutions	₩ 25,608,842	₩ 25,612,273
Financial assets at fair value through profit or loss:	61,035,455	61,035,455
Due from financial institutions	100,094	100,094
Debt securities	58,415,100	58,415,100
Equity securities	2,092,313	2,092,313
Loans	337,983	337,983
Others	89,965	89,965
Derivatives held for trading	5,210,512	5,210,512
Derivatives held for hedging	334,873	334,873
Loans measured at amortized cost	377,166,984	378,791,808
Securities measured at amortized cost	36,870,229	38,026,073
Financial assets at fair value through other comprehensive income:	61,825,197	61,825,197
Debt securities	58,456,889	58,456,889
Equity securities	3,074,899	3,074,899
Loans	293,409	293,409
Other financial assets	14,167,689	14,167,689
	₩ 582,219,781	₩ 585,003,880
Financial liabilities		
Financial liabilities at fair value through profit or loss	₩ 2,025,951	₩ 2,025,951
Financial liabilities designated at fair value through profit or loss	9,784,107	9,784,107
Derivatives held for trading	5,014,072	5,014,072
Derivatives held for hedging	208,825	208,825
Deposits	338,580,220	338,833,784
Borrowings	49,827,156	50,081,900
Debentures	62,760,687	63,189,132
Other financial liabilities	28,612,288	28,612,288
	₩ 496,813,306	₩ 497,750,059

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The Group discloses the fair value of each class of assets and liabilities in a way that permits it to be compared with its carrying amount at the end of each reporting period. The best evidence of fair value of financial instruments is a quoted price in an active market.

6.1.1 Carrying amount and fair value of financial assets and liabilities by category as of December 31, 2021 and 2020, are as follows: (cont'd)

Methods of determining fair value of financial instruments are as follows:

Cash and due from financial institutions	Fair value of cash is same as carrying amount. Carrying amount of demand deposit and settlement deposit is a reasonable approximation of fair value because these financial instruments do not have a fixed maturity and are receivable on demand. Fair value of general deposit is measured using Discounted Cash Flow ("DCF") Model.
Securities	Fair value of securities and others that are traded in an active market is determined using the quoted prices. If there is no quoted price, fair value is determined using external professional valuation institutions. The institutions use one or more valuation techniques that are deemed appropriate considering the characteristics of the financial instruments among DCF Model, Free Cash Flow to Equity Model, Comparable Company Analysis, Dividend Discount Model, Risk Adjusted Discount Rate Method, and Net Asset Value Method.
Loans measured at amortized cost	Fair value of loans is determined using DCF Model discounting the expected cash flows, which are contractual cash flows adjusted by the expected prepayment rate, at an appropriate discount rate.
Derivatives and financial instruments at fair value through profit or loss	Fair value of exchange traded derivatives is determined using quoted price in an active market, and fair value of OTC derivatives is determined using valuation techniques. The Group uses internally developed valuation models that are widely used by market participants to determine fair value of plain vanilla OTC derivatives including options, interest rate swaps, and currency swaps, based on observable market parameters. However, some complex financial instruments are valued using appropriate models developed from generally accepted market valuation models including Finite Difference Method ("FDM"), MonteCarlo Simulation, Black-Scholes Model, Hull and White Model, Closed Form, and Tree Model or valuation results from independent external professional valuation institutions.
Deposits	Carrying amount of demand deposits is a reasonable approximation of fair value because they do not have a fixed maturity and are payable on demand. Fair value of time deposits is determined using DCF Model discounting the expected cash flows, which are contractual cash flows adjusted by the expected prepayment rate, at an appropriate discount rate.
Borrowings	Carrying amount of overdrafts in foreign currency is a reasonable approximation of fair value because they do not have a fixed maturity and are payable on demand. Fair value of other borrowings is determined using DCF Model.
Debentures	Fair value is determined using valuation results of external professional valuation institutions, which are calculated using market inputs.
Other financial assets and other financial liabilities	Carrying amount is a reasonable approximation of fair value because other financial assets and other financial liabilities are temporary accounts used for other various transactions and their maturities are relatively short or not defined.



6.1.2 Fair value hierarchy

The Group believes that valuation techniques used for measuring the fair value of financial instruments are reasonable and that the fair value recognized in the consolidated statement of financial position is appropriate. However, the fair value of the financial instruments recognized in the consolidated statement of financial position may be different if other valuation techniques or assumptions are used. Additionally, as there are a variety of valuation techniques and assumptions used in measuring fair value, it may be difficult to reasonably compare the fair value with that of other financial institutions.

The Group classifies and discloses fair value of the financial instruments into the three fair value levels as follows:

Level 1: The fair values are based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: The fair values are based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: The fair values are based on unobservable inputs for the asset or liability.

The fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. If an observable input requires an adjustment using an unobservable input and that adjustment results in a significantly higher or lower fair value measurement, the resulting measurement would be categorized within Level 3 of the fair value hierarchy.

6.1.2.1 Fair value hierarchy of financial assets and liabilities at fair value in the consolidated statements of financial position

Fair value hierarchy of financial assets and liabilities at fair value in the consolidated statements of financial position as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021			
	Fair value hierarchy			Total
	Level 1	Level 2	Level 3 *	
Financial assets				
Financial assets at fair value through profit or loss:	₩ 13,108,985	₩ 40,205,783	₩ 12,691,047	₩ 66,005,815
Due from financial institutions	-	128,726	72,016	200,742
Debt securities	12,146,181	39,300,923	11,555,588	63,002,692
Equity securities	849,182	600,768	969,513	2,419,463
Loans	-	175,366	93,930	269,296
Others	113,622	-	-	113,622
Derivatives held for trading	81,408	3,241,129	210,005	3,532,542
Derivatives held for hedging	-	188,828	-	188,828
Financial assets at fair value through other comprehensive income:	20,027,158	38,900,548	1,448,537	60,376,243
Debt securities	17,706,456	38,553,055	-	56,259,511
Equity securities	2,320,702	47,859	1,434,567	3,803,128
Loans	-	299,634	13,970	313,604
	<u>₩ 33,217,551</u>	<u>₩ 82,536,288</u>	<u>₩ 14,349,589</u>	<u>₩ 130,103,428</u>
Financial liabilities				
Financial liabilities at fair value through profit or loss	₩ 2,939,584	₩ -	₩ -	₩ 2,939,584
Financial liabilities designated at fair value through profit or loss	36,938	1,294,944	7,817,514	9,149,396
Derivatives held for trading	211,132	3,124,057	174,600	3,509,789
Derivatives held for hedging	-	172,469	-	172,469
	<u>₩ 3,187,654</u>	<u>₩ 4,591,470</u>	<u>₩ 7,992,114</u>	<u>₩ 15,771,238</u>

* Includes KB Securities Co., Ltd.'s OTC derivatives consisting of ₩ 128,083 million of financial assets at fair value through profit or loss (debt instruments), ₩ 7,829,041 million of financial liabilities designated at fair value through profit or loss, ₩ 209,809 million of derivative financial assets, and ₩ 168,464 million of derivative financial liabilities.



6.1.2.1 Fair value hierarchy of financial assets and liabilities at fair value in the consolidated statements of financial position (cont'd)

(In millions of Korean won)

	December 31, 2020			
	Fair value hierarchy			Total
	Level 1	Level 2	Level 3	
Financial assets				
Financial assets at fair value through profit or loss:	₩ 14,508,028	₩ 35,298,665	₩ 11,228,762	₩ 61,035,455
Due from financial institutions	-	10,011	90,083	100,094
Debt securities	13,316,819	34,580,168	10,518,113	58,415,100
Equity securities	1,101,244	409,259	581,810	2,092,313
Loans	-	299,227	38,756	337,983
Others	89,965	-	-	89,965
Derivatives held for trading	90,459	4,678,185	441,868	5,210,512
Derivatives held for hedging	-	334,873	-	334,873
Financial assets at fair value through other comprehensive income:	18,731,801	40,645,505	2,447,891	61,825,197
Debt securities	18,147,167	40,309,722	-	58,456,889
Equity securities	584,634	70,357	2,419,908	3,074,899
Loans	-	265,426	27,983	293,409
	₩ 33,330,288	₩ 80,957,228	₩ 14,118,521	₩ 128,406,037
Financial liabilities				
Financial liabilities at fair value through profit or loss	₩ 2,025,951	₩ -	₩ -	₩ 2,025,951
Financial liabilities designated at fair value through profit or loss	1,040	581,636	9,201,431	9,784,107
Derivatives held for trading	204,470	4,668,155	141,447	5,014,072
Derivatives held for hedging	-	208,825	-	208,825
	₩ 2,231,461	₩ 5,458,616	₩ 9,342,878	₩ 17,032,955

6.1.2.1 Fair value hierarchy of financial assets and liabilities at fair value in the consolidated statements of financial position (cont'd)

Valuation techniques and inputs of financial assets and liabilities classified as Level 2 and measured at fair value in the consolidated statements of financial position as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021		
	Fair value	Valuation techniques	Inputs
Financial assets			
Financial assets at fair value through profit or loss:	₩ 40,205,783		
Due from financial institutions	128,726	DCF Model, Hull and White Model	Projected cash flow, Discount rate, Volatility, Correlation coefficient
Debt securities	39,300,923	DCF Model, Hull and White Model, Closed Form, MonteCarlo Simulation, Black-Scholes Model, Net Asset Value Method, Binomial Model, and others	Projected cash flow, Fair value of underlying asset, Dividend yield, Price of underlying asset, Interest rate, Discount rate, Volatility, Correlation coefficient, and others
Equity securities	600,768	DCF Model	Interest rate, Discount rate, and others
Loans	175,366	DCF Model	Interest rate, Discount rate, and others
Derivatives held for trading	3,241,129	DCF Model, Closed Form, FDM, MonteCarlo Simulation, Black-Scholes Model, Hull and White Model, Binomial Model, and others	Interest rate, Price of underlying asset, Foreign exchange rate, Credit spread, Discount rate, Volatility, and others
Derivatives held for hedging	188,828	DCF Model, Closed Form, FDM	Projected cash flow, Discount rate, Forward foreign exchange rate, Volatility, Foreign exchange rate, and others
Financial assets at fair value through other comprehensive income:	38,900,548		
Debt securities	38,553,055	DCF Model, Market Value Approach, Option Model	Underlying asset index, Interest rate, Discount rate, and others
Equity securities	47,859	DCF Model	Discount rate
Loans	299,634	DCF Model	Discount rate
	₩ 82,536,288		
Financial liabilities			
Financial liabilities designated at fair value through profit or loss	₩ 1,294,944	DCF Model, Closed Form, FDM, MonteCarlo Simulation, Black-Scholes Model, Hull and White Model, Binomial Model	Price of underlying asset, Interest rate, Dividend yield, Volatility, Discount rate
Derivatives held for trading	3,124,057	DCF Model, Closed Form, FDM, MonteCarlo Simulation, Black-Scholes Model, Hull and White Model, Binomial Model, and others	Interest rate, Price of underlying asset, Foreign exchange rate, Credit spread, Discount rate, Volatility, and others
Derivatives held for hedging	172,469	DCF Model, Closed Form, FDM	Projected cash flow, Discount rate, Forward foreign exchange rate, Volatility, Foreign exchange rate, and others
	₩ 4,591,470		



6.1.2.1 Fair value hierarchy of financial assets and liabilities at fair value in the consolidated statements of financial position (cont'd)

(In millions of Korean won)

		December 31, 2020		
		Fair value	Valuation techniques	Inputs
Financial assets				
Financial assets at fair value through profit or loss:	₩	35,298,665		
Due from financial institutions		10,011	DCF Model	Projected cash flow, Discount rate
Debt securities		34,580,168	DCF Model, Closed Form, MonteCarlo Simulation, Black-Scholes Model, Hull and White Model, Net Asset Value Method, and others	Projected cash flow, Fair value of underlying asset, Dividend yield, Price of underlying asset, Interest rate, Discount rate, Volatility, Correlation coefficient, and others
Equity securities		409,259	DCF Model	Interest rate, Discount rate, and others
Loans		299,227	DCF Model	Interest rate, Discount rate, and others
Derivatives held for trading		4,678,185	DCF Model, Closed Form, FDM, MonteCarlo Simulation, Black-Scholes Model, Hull and White Model, and others	Discount rate, Underlying asset index, Volatility, Interest rate, Stock price, Foreign exchange rate, Dividend yield, and others
Derivatives held for hedging		334,873	DCF Model, Closed Form, FDM, and others	Discount rate, Volatility, Foreign exchange rate, and others
Financial assets at fair value through other comprehensive income:		40,645,505		
Debt securities		40,309,722	DCF Model, Market Value Approach	Discount rate, Volatility, and others
Equity securities		70,357	DCF Model	Interest rate, Discount rate, and others
Loans		265,426	DCF Model	Discount rate, Volatility, and others
	₩	80,957,228		
Financial liabilities				
Financial liabilities designated at fair value through profit or loss	₩	581,636	DCF Model, Closed Form, MonteCarlo Simulation, Black-Scholes Model, Hull and White Model, Binomial Model, and others	Price of underlying asset, Interest rate, Dividend yield, Volatility, Discount rate, and others
Derivatives held for trading		4,668,155	DCF Model, Closed Form, FDM, MonteCarlo Simulation, Black-Scholes Model, Hull and White Model, and others	Discount rate, Underlying asset index, Volatility, Interest rate, Stock price, Foreign exchange rate, Dividend yield, and others
Derivatives held for hedging		208,825	DCF Model, Closed Form, FDM, and others	Discount rate, Foreign exchange rate, and others
	₩	5,458,616		

6.1.2.2 Fair value hierarchy of financial assets and liabilities whose fair value is disclosed

Fair value hierarchy of financial assets and liabilities whose fair value is disclosed as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

		December 31, 2021			
		Fair value hierarchy			Total
		Level 1	Level 2	Level 3	
Financial assets					
Cash and due from financial institutions ¹	₩	3,330,920	₩ 25,791,556	₩ 1,958,755	₩ 31,081,231
Loans measured at amortized cost		-	260,101	417,515,159	417,775,260
Securities measured at amortized cost ²		18,263,895	26,125,391	3,133	44,392,419
Other financial assets ²		-	-	10,755,350	10,755,350
	₩	21,594,815	₩ 52,177,048	₩ 430,232,397	₩ 504,004,260
Financial liabilities					
Deposits ¹	₩	-	₩ 204,299,174	₩ 167,637,457	₩ 371,936,631
Borrowings ³		-	3,137,427	53,668,511	56,805,938
Debentures		-	60,824,743	6,463,666	67,288,409
Other financial liabilities ²		-	-	29,494,402	29,494,402
	₩	-	₩ 268,261,344	₩ 257,264,036	₩ 525,525,380
		December 31, 2020			
		Fair value hierarchy			Total
		Level 1	Level 2	Level 3	
Financial assets					
Cash and due from financial institutions ¹	₩	3,362,096	₩ 19,573,075	₩ 2,677,102	₩ 25,612,273
Loans measured at amortized cost		-	271,241	378,520,567	378,791,808
Securities measured at amortized cost		19,438,941	18,584,264	2,868	38,026,073
Other financial assets ²		-	-	14,167,689	14,167,689
	₩	22,801,037	₩ 38,428,580	₩ 395,368,226	₩ 456,597,843
Financial liabilities					
Deposits ¹	₩	-	₩ 181,472,846	₩ 157,360,938	₩ 338,833,784
Borrowings ³		-	1,149,734	48,932,166	50,081,900
Debentures		-	57,916,235	5,272,897	63,189,132
Other financial liabilities ²		-	-	28,612,288	28,612,288
	₩	-	₩ 240,538,815	₩ 240,178,289	₩ 480,717,104

¹ The amounts included in Level 2 are the carrying amounts which are reasonable approximations of fair value.

² The amounts included in Level 3 are the carrying amounts which are reasonable approximations of fair value.

³ Borrowings of ₩ 2,143 million and ₩ 292 million included in Level 2 are the carrying amounts which are reasonable approximations of fair value as of December 31, 2021 and 2020, respectively.

6.1.2.2 Fair value hierarchy of financial assets and liabilities whose fair value is disclosed (cont'd)

For financial assets and liabilities whose carrying amount is a reasonable approximation of fair value, valuation techniques and inputs are not disclosed.

Valuation techniques and inputs of financial assets and liabilities classified as Level 2, and whose fair value is disclosed as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021		
	Fair value	Valuation techniques	Inputs
Financial assets			
Loans measured at amortized cost	₩ 260,101	DCF Model	Discount rate
Securities measured at amortized cost	26,125,391	DCF Model, MonteCarlo Simulation	Discount rate, Interest rate
	<u>₩ 26,385,492</u>		
Financial liabilities			
Borrowings	₩ 3,135,284	DCF Model	Discount rate
Debentures	60,824,743	DCF Model	Discount rate
	<u>₩ 63,960,027</u>		

(In millions of Korean won)

	December 31, 2020		
	Fair value	Valuation techniques	Inputs
Financial assets			
Loans measured at amortized cost	₩ 271,241	DCF Model	Discount rate
Securities measured at amortized cost	18,584,264	DCF Model, MonteCarlo Simulation	Discount rate, Interest rate
	<u>₩ 18,855,505</u>		
Financial liabilities			
Borrowings	₩ 1,149,442	DCF Model	Discount rate
Debentures	57,916,235	DCF Model	Discount rate
	<u>₩ 59,065,677</u>		

6.1.2.2 Fair value hierarchy of financial assets and liabilities whose fair value is disclosed (cont'd)

Valuation techniques and inputs of financial assets and liabilities classified as Level 3, and whose fair value is disclosed as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021		
	Fair value	Valuation techniques	Inputs
Financial assets			
Cash and due from financial institutions	₩ 1,958,755	DCF Model	Credit spread, Other spread, Interest rate
Loans measured at amortized cost	417,515,159	DCF Model	Credit spread, Other spread, Prepayment rate, Interest rate
	<u>₩ 419,473,914</u>		
Financial liabilities			
Deposits	₩ 167,637,457	DCF Model	Other spread, Prepayment rate, Interest rate
Borrowings	53,668,511	DCF Model	Other spread, Interest rate
Debentures	6,463,666	DCF Model	Other spread, Interest rate
	<u>₩ 227,769,634</u>		

(In millions of Korean won)

	December 31, 2020		
	Fair value	Valuation techniques	Inputs
Financial assets			
Cash and due from financial institutions	₩ 2,677,102	DCF Model	Credit spread, Other spread, Interest rate
Loans measured at amortized cost	378,520,567	DCF Model	Credit spread, Other spread, Prepayment rate, Interest rate
Securities measured at amortized cost	2,868	DCF Model	Interest rate
	<u>₩ 381,200,537</u>		
Financial liabilities			
Deposits	₩ 157,360,938	DCF Model	Other spread, Prepayment rate, Interest rate
Borrowings	48,932,166	DCF Model	Other spread, Interest rate
Debentures	5,272,897	DCF Model	Other spread, Interest rate
	<u>₩ 211,566,001</u>		

6.2 Disclosure of Fair Value Hierarchy Level 3

6.2.1 Valuation policy and process of Level 3 fair value

The Group uses external, independent and qualified valuation service in addition to internal valuation models to determine the fair value of financial instruments at the end of every reporting period.

If the changes in situation and events which cause transfers between the fair value hierarchy level for a financial asset or liability occur, the Group's policy is to recognize such transfers as having occurred at the beginning of the reporting period.



6.2.2 Changes in fair value (Level 3) measured using valuation technique based on unobservable inputs in the market

6.2.2.1 Changes in financial instruments classified as Level 3 of the fair value hierarchy for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

2021

	Financial assets at fair value through profit or loss			Financial investments		Financial liabilities at fair value through profit or loss	Net derivative financial instruments
	Due from financial institutions measured at fair value through profit or loss	Securities measured at fair value through profit or loss	Loans measured at fair value through profit or loss	Equity securities measured at fair value through other comprehensive income	Loans measured at fair value through other comprehensive income	Financial liabilities designated at fair value through profit or loss	Derivatives held for trading
	₩	₩	₩	₩	₩	₩	₩
Beginning	90,083	11,099,923	38,756	2,419,908	27,983	(9,201,431)	300,420
Total gains or losses:							
Profit or loss	212	346,982	(431)	-	-	61,756	(66,116)
Other comprehensive income (loss)	1,720	223,545	-	(101,876)	87	(5,446)	-
Purchases	-	3,567,937	55,605	74,602	-	-	3,954
Sales	(19,999)	(2,360,801)	-	(5,618)	(14,100)	-	(170,055)
Issues	-	-	-	-	-	(8,233,128)	(32,516)
Settlements	-	-	-	-	-	9,560,735	-
Transfers into Level 3 *	-	4,307	-	-	-	-	(282)
Transfers out of Level 3 *	-	(356,792)	-	(952,449)	-	-	-
Ending	72,016	12,525,101	93,930	1,434,567	13,970	(7,817,514)	35,405

6.2.2.1 Changes in financial instruments classified as Level 3 of the fair value hierarchy for the years ended December 31, 2021 and 2020, are as follows: (cont'd)

(In millions of Korean won)

	2020							
	Financial assets at fair value through profit or loss			Financial investments		Financial liabilities at fair value through profit or loss	Net derivative financial instruments	
	Due from financial institutions measured at fair value through profit or loss	Securities measured at fair value through profit or loss	Loans measured at fair value through profit or loss	Equity securities measured at fair value through other comprehensive income	Loans measured at fair value through other comprehensive income	Financial liabilities designated at fair value through profit or loss	Derivatives held for trading	
	₩	₩	₩	₩	₩	₩	₩	₩
Beginning	51,125	10,656,042	188,133	1,482,398	-	(11,222,032)	309,966	
Total gains or losses:								
Profit or loss	(2,021)	22,069	627	(206)	-	(406,788)	400,241	
Other comprehensive income (loss)	(7,693)	144,963	-	815,244	(217)	(27,876)	-	
Purchases	135,227	3,519,573	-	122,827	40,000	-	(24,165)	
Sales	(86,555)	(3,263,111)	(150,004)	(355)	(11,800)	-	(328,348)	
Issues	-	-	-	-	-	(9,333,419)	(42,732)	
Settlements	-	-	-	-	-	11,788,684	90	
Transfers into Level 3 *	-	129,580	-	-	-	-	(1,044)	
Transfers out of Level 3 *	-	(109,193)	-	-	-	-	(13,587)	
Ending	90,083	11,099,923	38,756	2,419,908	27,983	(9,201,431)	300,421	

* Transfers into or out of Level 3 of the fair value hierarchy occurred due to the change in the availability of observable market data.

6.2.2.2 In relation to changes in financial instruments classified as Level 3 of the fair value hierarchy, total gains or losses recognized in profit or loss for the period, and total gains or losses recognized in profit or loss from financial instruments held at the end of the reporting period for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	2021			2020		
	Net gains on financial instruments at fair value through profit or loss	Other operating income	Net interest income	Net gains on financial instruments at fair value through profit or loss	Other operating expenses	Net interest income
Total gains (losses) recognized in profit or loss for the period	₩ 256,167	₩ 86,236	₩ -	₩ 70,251	₩ (56,329)	₩ -
Total gains (losses) recognized in profit or loss from financial instruments held at the end of the reporting period	126,516	85,256	-	129,824	(60,884)	-



6.2.3 Sensitivity analysis of changes in unobservable inputs

6.2.3.1 Information about fair value measurements using unobservable inputs as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

		December 31, 2021			
	Fair value	Valuation techniques	Unobservable inputs	Range of unobservable inputs (%)	Relationship of unobservable inputs to fair value
Financial assets					
Financial assets at fair value through profit or loss:					
Due from financial institutions	₩ 72,016	MonteCarlo Simulation, Hull and White Model	Volatility of underlying asset	14.30 ~ 39.66	The higher the volatility of underlying asset, the higher the fair value fluctuation
			Correlation coefficient	-3.36	The higher the correlation coefficient, the higher the fair value fluctuation
Debt securities	11,555,588	DCF Model, Closed Form, FDM, MonteCarlo Simulation, Hull and White Model, Black-Scholes Model, Option Model, Binomial Model, Net Asset Value Method, Milestone Method, Income Approach, Market Value Approach, and others	Growth rate	0.00 ~ 2.00	The higher the growth rate, the higher the fair value
			Volatility	13.87 ~ 58.39	The higher the volatility, the higher the fair value fluctuation
			Discount rate	0.60 ~ 21.37	The lower the discount rate, the higher the fair value
			Stock price	18.87 ~ 19.48	The higher the stock price, the higher the fair value
			Correlation coefficient between underlying assets	-60.35 ~ 100.00	The higher the correlation coefficient, the higher the fair value fluctuation
			Liquidation value	-1.00 ~ 1.00	The higher the liquidation value, the higher the fair value
			Recovery rate	40	The higher the recovery rate, the higher the fair value
			Rate of real estate price fluctuation	-1.00 ~ 1.00	The higher the sale price of real estate, the higher the fair value
Equity securities	969,513	Income Approach, Market Value Approach, Asset Value Approach, DCF Model, Comparable Company Analysis, Risk Adjusted Discount Rate Method, Dividend Discount Model, Usage of Past Transactions, Binomial Model, and others	Growth rate	0.50 ~ 2.00	The higher the growth rate, the higher the fair value
			Discount rate	8.80 ~ 24.60	The lower the discount rate, the higher the fair value
			Stock price	23.36 ~ 25.49	The higher the stock price, the higher the fair value
Loans	93,930	DCF Model	Discount rate	8.21	The lower the discount rate, the higher the fair value



6.2.3.1 Information about fair value measurements using unobservable inputs as of December 31, 2021 and 2020, are as follows: (cont'd)

(In millions of Korean won)

		December 31, 2021			
	Fair value	Valuation techniques	Unobservable inputs	Range of unobservable inputs (%)	Relationship of unobservable inputs to fair value
Derivatives held for trading:					
Stock and index	₩ 184,165	DCF Model, Closed Form, FDM, MonteCarlo Simulation, Hull and White Model, Black-Scholes Model, Binomial Model	Volatility of underlying asset	15.07 ~ 80.58	The higher the volatility, the higher the fair value fluctuation
			Correlation coefficient	-60.35 ~ 88.17	The higher the correlation coefficient, the higher the fair value fluctuation
			Stock price	-10.00 ~ 10.00	The higher the stock price, the higher the fair value
Currency, interest rate, and others	25,840	DCF Model, Hull and White Model, MonteCarlo Simulation, Closed Form	Volatility	2.67 ~ 81.32	The higher the volatility, the higher the fair value fluctuation
			Correlation coefficient	-48.31 ~ 90.16	The higher the correlation coefficient, the higher the fair value fluctuation
Financial assets at fair value through other comprehensive income:					
Equity securities	1,434,567	Risk Adjusted Discount Rate Method, IMV Model, DCF Model, Comparable Company Analysis, Dividend Discount Model, Net Asset Value Method, Market Value Approach, Hull and White Model, and others	Growth rate	0.00 ~ 2.00	The higher the growth rate, the higher the fair value
			Discount rate	8.80 ~ 18.02	The lower the discount rate, the higher the fair value
			Volatility	23.36 ~ 31.65	The higher the volatility, the higher the fair value fluctuation
Loans	13,970	DCF Model	Discount rate	2.87 ~ 4.87	The lower the discount rate, the higher the fair value
	<u>₩ 14,349,589</u>				
Financial liabilities					
Financial liabilities designated at fair value through profit or loss:					
Derivative-linked securities	₩ 7,817,514	DCF Model, Closed Form, FDM, MonteCarlo Simulation, Hull and White Model, Black-Scholes Model	Volatility of underlying asset	1.00 ~ 81.32	The higher the volatility, the higher the fair value fluctuation
			Correlation coefficient between underlying assets	-60.35 ~ 90.16	The higher the correlation coefficient, the higher the fair value fluctuation
Derivatives held for trading:					
Stock and index	92,757	DCF Model, Closed Form, FDM, MonteCarlo Simulation, Hull and White Model, Black-Scholes Model, Binomial Model	Volatility of underlying asset	15.07 ~ 80.58	The higher the volatility, the higher the fair value fluctuation
			Correlation coefficient between underlying assets	-60.35 ~ 88.17	The higher the correlation coefficient, the higher the fair value fluctuation
Others	81,843	DCF Model, Hull and White Model, MonteCarlo Simulation, Closed Form	Discount rate	1.46 ~ 2.83	The lower the discount rate, the higher the fair value
			Volatility of underlying asset	5.29 ~ 53.57	The higher the volatility, the higher the fair value fluctuation
			Correlation coefficient between underlying assets	-48.31 ~ 90.16	The higher the correlation coefficient, the higher the fair value fluctuation
	<u>₩ 7,992,114</u>				



6.2.3.1 Information about fair value measurements using unobservable inputs as of December 31, 2021 and 2020, are as follows: (cont'd)

(In millions of Korean won)

		December 31, 2020			
	Fair value	Valuation techniques	Unobservable inputs	Range of unobservable inputs (%)	Relationship of unobservable inputs to fair value
Financial assets					
Financial assets at fair value through profit or loss:					
Due from financial institutions	₩ 90,083	MonteCarlo Simulation	Volatility of underlying asset	19.40 ~ 36.76	The higher the volatility of underlying asset, the higher the fair value fluctuation
			Correlation coefficient	12.27	The higher the correlation coefficient, the higher the fair value fluctuation
Debt securities	10,518,113	DCF Model, Closed Form, FDM, MonteCarlo Simulation, Hull and White Model, Black-Scholes Model, Option Model, Binomial Model, Net Asset Value Method, Income Approach, Market Value Approach, and others	Growth rate	0.00 ~ 2.00	The higher the growth rate, the higher the fair value
			Volatility	8.00 ~ 179.75	The higher the volatility, the higher the fair value fluctuation
			Discount rate	0.00 ~ 21.37	The lower the discount rate, the higher the fair value
			Recovery rate	40	The higher the recovery rate, the higher the fair value
			Correlation coefficient between underlying assets	-61.12 ~ 100.00	The higher the correlation coefficient, the higher the fair value fluctuation
			Liquidation value	0.00	The higher the liquidation value, the higher the fair value
			Rate of real estate price fluctuation	0.00	The higher the sale price of real estate, the higher the fair value
Equity securities	₩ 581,810	Income Approach, Market Value Approach, Asset Value Approach, DCF Model, Comparable Company Analysis, Risk Adjusted Discount Rate Method, Dividend Discount Model, Usage of Past Transactions, Binomial Model, and others	Growth rate	0.00 ~ 1.10	The higher the growth rate, the higher the fair value
			Discount rate	0.60 ~ 18.67	The lower the discount rate, the higher the fair value
			Liquidation value	0.00	The higher the liquidation value, the higher the fair value
Loans	38,756	Binomial Model, DCF Model	Volatility of stock price	0.00	The higher the volatility, the higher the fair value fluctuation
			Discount rate	7.86	The lower the discount rate, the higher the fair value
Derivatives held for trading:					
Stock and index	382,337	DCF Model, Closed Form, FDM, MonteCarlo Simulation, Hull and White Model, Black-Scholes Model, Binomial Model	Volatility of underlying asset	20.00 ~ 72.00	The higher the volatility, the higher the fair value fluctuation
			Correlation coefficient between underlying assets	-61.12 ~ 89.01	The higher the correlation coefficient, the higher the fair value fluctuation
Currency, interest rate, and others	59,531	DCF Model, Hull and White Model	Volatility	0.00 ~ 68.00	The higher the volatility, the higher the fair value fluctuation
			Correlation coefficient between underlying assets	-50.48 ~ 90.95	The higher the correlation coefficient, the higher the fair value fluctuation
Financial assets at fair value through other comprehensive income:					
Equity securities	2,419,908	Risk Adjusted Discount Rate Method, IMV Model, DCF Model, Comparable Company Analysis, Dividend Discount Model, Option Model, Net Asset Value Method, Market Value Approach, One Factor Hull and White Model, and others	Growth rate	0.00 ~ 2.00	The higher the growth rate, the higher the fair value
			Discount rate	7.60 ~ 19.67	The lower the discount rate, the higher the fair value
			Volatility	22.11 ~ 24.16	The higher the volatility, the higher the fair value fluctuation
Loans	27,983	DCF Model	Discount rate	2.21 ~ 4.21	The lower the discount rate, the higher the fair value
	<u>₩ 14,118,521</u>				



6.2.3.1 Information about fair value measurements using unobservable inputs as of December 31, 2021 and 2020, are as follows: (cont'd)

(In millions of Korean won)

		December 31, 2020			
	Fair value	Valuation techniques	Unobservable inputs	Range of unobservable inputs (%)	Relationship of unobservable inputs to fair value
Financial liabilities					
Financial liabilities designated at fair value through profit or loss:					
Derivative-linked securities	₩ 9,201,431	DCF Model, Closed Form, FDM, MonteCarlo Simulation, Hull and White Model, Black-Scholes Model	Volatility of underlying asset Correlation coefficient between underlying assets	1.00 ~ 72.00 -61.12 ~ 90.95	The higher the volatility, the higher the fair value fluctuation The higher the absolute value of correlation coefficient, the higher the fair value fluctuation
Derivatives held for trading:					
Stock and index	60,291	DCF Model, Closed Form, FDM, MonteCarlo Simulation, Hull and White Model, Black-Scholes Model, Binomial Model	Volatility Correlation coefficient between underlying assets	20.00 ~ 68.00 -61.12 ~ 90.95	The higher the volatility, the higher the fair value fluctuation The higher the correlation coefficient, the higher the fair value fluctuation
Others	81,156	MonteCarlo Simulation, Hull and White Model, DCF Model, Closed Form	Volatility Discount rate Correlation coefficient between underlying assets	21.00 ~ 68.00 1.15 ~ 1.29 -50.48 ~ 90.95	The higher the volatility, the higher the fair value fluctuation The higher the discount rate, the lower the fair value The higher the absolute value of correlation coefficient, the higher the fair value fluctuation
	<u>₩ 9,342,878</u>				



6.2.3.2 Sensitivity analysis of changes in unobservable inputs

Sensitivity analysis of financial instruments is performed to measure favorable and unfavorable changes in fair value of financial instruments which are affected by unobservable parameters, using a statistical technique. When the fair value is affected by more than one input parameter, the amounts represent the most favorable or most unfavorable outcome. Level 3 financial instruments subject to sensitivity analysis are (a) equity-related derivatives, currency-related derivatives, and interest rate related derivatives whose fair value changes are recognized in profit or loss, (b) financial liabilities designated at fair value through profit or loss, and (c) due from financial institutions, debt securities (including beneficiary certificates), equity securities, and loans whose fair value changes are recognized in profit or loss or other comprehensive income or loss. If the overlay approach is applied in accordance with Korean IFRS No.1104, changes in fair value of financial assets at fair value through profit or loss are recognized in other comprehensive income.

Results of the sensitivity analysis of changes in unobservable inputs as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021			
	Profit or loss		Other comprehensive income or loss	
	Favorable changes	Unfavorable changes	Favorable changes	Unfavorable changes
Financial assets				
Financial assets at fair value through profit or loss: ¹				
Due from financial institutions	₩ -	₩ -	₩ 19	₩ (18)
Debt securities ⁴	13,149	(12,562)	1,458	(1,402)
Equity securities ³	11,259	(8,192)	1,049	(813)
Loans ⁵	3,062	(2,742)	-	-
Derivatives held for trading ²	19,328	(20,005)	-	-
Financial assets at fair value through other comprehensive income:				
Equity securities ³	6,495	(5,145)	95,599	(71,171)
Loans ⁶	-	-	133	(131)
	₩ 53,293	₩ (48,646)	₩ 98,258	₩ (73,535)
Financial liabilities				
Financial liabilities designated at fair value through profit or loss ¹	₩ 78,355	₩ (82,797)	₩ 78,356	₩ (82,797)
Derivatives held for trading ²	31,310	(29,309)	31,114	(29,105)
	₩ 109,665	₩ (112,106)	₩ 109,470	₩ (111,902)

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

(In millions of Korean won)

	December 31, 2020			
	Profit or loss		Other comprehensive income or loss	
	Favorable changes	Unfavorable changes	Favorable changes	Unfavorable changes
Financial assets				
Financial assets at fair value through profit or loss: ¹				
Due from financial institutions	₩ 2	₩ (2)	₩ 199	₩ (222)
Debt securities ⁴	35,790	(12,826)	2,123	(2,122)
Equity securities ³	16,125	(8,275)	973	(744)
Loans ⁵	3,316	(2,952)	-	-
Derivatives held for trading ²	22,783	(25,013)	-	-
Financial assets at fair value through other comprehensive income:				
Equity securities ³	-	-	120,652	(73,434)
Loans ⁶	-	-	534	(518)
	₩ 78,016	₩ (49,068)	₩ 124,481	₩ (77,040)
Financial liabilities				
Financial liabilities designated at fair value through profit or loss ¹	₩ 46,859	₩ (42,995)	₩ -	₩ -
Derivatives held for trading ²	7,255	(7,139)	-	-
	₩ 54,114	₩ (50,134)	₩ -	₩ -

¹ For financial instruments at fair value through profit or loss, changes in fair value are calculated by shifting principal unobservable input parameters such as discount rate, recovery rate, liquidation value by $\pm 1\%p$ and volatility of underlying asset, growth rate by $\pm 1\%p$ or $\pm 10\%$ and correlation coefficient by $\pm 10\%$.

² For derivative financial instruments, changes in fair value are calculated by shifting principal unobservable input parameters such as price of underlying asset and volatility by $\pm 10\%$.

³ For equity securities, changes in fair value are calculated by shifting principal unobservable input parameters such as correlation between discount rate ($-1\%p \sim 1\%p$) and growth rate ($-1\%p \sim 1\%p$) or correlation between liquidation value ($-1\%p \sim 1\%p$) and discount rate ($-1\%p \sim 1\%p$).

⁴ For beneficiary certificates, it is practically impossible to analyze sensitivity of changes in unobservable inputs. However, for beneficiary certificates whose underlying assets are real estates, changes in fair value are calculated by shifting rate of real estate price fluctuation by $-1\%p \sim 1\%p$, and for beneficiary certificates whose underlying assets are equity investments, changes in fair value are calculated by shifting principal unobservable input parameters such as liquidation value by $-1\%p \sim 1\%p$ and discount rate by $-1\%p \sim 1\%p$. There is no significant correlation among major unobservable inputs.

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

⁶ For loans measured at fair value through other comprehensive income, changes in fair value are calculated by shifting principal unobservable input parameters such as discount rate and growth rate by $\pm 1\%p$.



6.2.4 Day one gains or losses

When the Group measures the fair value of OTC derivatives using inputs that are not based on observable market data, there could be a difference between the transaction price and the amount determined using that valuation technique. In these circumstances, the fair value of financial instruments is recognized as the transaction price, and the difference is not recognized in profit or loss but deferred and amortized using the straight-line method over the life of the financial instrument. When the fair value of the financial instruments is subsequently determined using observable market inputs, the remaining deferred amount is recognized in profit or loss.

Changes in deferred day one gains or losses for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	2021		2020	
Balance at the beginning of the year	₩	61,393	₩	45,767
New transactions		166,443		166,555
Changes during the year		(150,628)		(150,929)
Balance at the end of the year	₩	77,208	₩	61,393

6.3 Carrying Amount of Financial Instruments by Category

Financial assets and liabilities are measured at fair value or amortized cost. Carrying amount of financial assets and liabilities by category as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021					
	Financial instruments at fair value through profit or loss	Financial instruments at fair value through other comprehensive income	Financial instruments designated at fair value through other comprehensive income	Financial instruments at amortized cost	Derivatives held for hedging	Total
Financial assets						
Cash and due from financial institutions	₩ -	₩ -	₩ -	₩ 31,009,374	₩ -	₩ 31,009,374
Financial assets at fair value through profit or loss	66,005,815	-	-	-	-	66,005,815
Derivative financial assets	3,532,542	-	-	-	188,828	3,721,370
Loans measured at amortized cost	-	-	-	417,900,273	-	417,900,273
Financial investments	-	56,573,115	3,803,128	44,471,628	-	104,847,871
Other financial assets	-	-	-	10,755,350	-	10,755,350
	₩ 69,538,357	₩ 56,573,115	₩ 3,803,128	₩ 504,136,625	₩ 188,828	₩ 634,240,053

(In millions of Korean won)

	December 31, 2021				
	Financial instruments at fair value through profit or loss	Financial instruments designated at fair value through profit or loss	Financial instruments at amortized cost	Derivatives held for hedging	Total
Financial liabilities					
Financial liabilities at fair value through profit or loss	₩ 2,939,584	₩ 9,149,396	₩ -	₩ -	₩ 12,088,980
Derivative financial liabilities	3,509,789	-	-	172,469	3,682,258
Deposits	-	-	372,023,918	-	372,023,918
Borrowings	-	-	56,912,374	-	56,912,374
Debentures	-	-	67,430,188	-	67,430,188
Other financial liabilities	-	-	29,494,402	-	29,494,402
	₩ 6,449,373	₩ 9,149,396	₩ 525,860,882	₩ 172,469	₩ 541,632,120



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

(In millions of Korean won)

		December 31, 2020					
		Financial instruments at fair value through profit or loss	Financial instruments at fair value through other comprehensive income	Financial instruments designated at fair value through other comprehensive income	Financial instruments at amortized cost	Derivatives held for hedging	Total
Financial assets							
Cash and due from financial institutions	₩	-	₩	-	₩	25,608,842	₩ 25,608,842
Financial assets at fair value through profit or loss		61,035,455	-	-	-	-	61,035,455
Derivative financial assets		5,210,512	-	-	-	334,873	5,545,385
Loans measured at amortized cost		-	-	-	377,166,984	-	377,166,984
Financial investments		-	58,750,298	3,074,899	36,870,229	-	98,695,426
Other financial assets		-	-	-	14,167,689	-	14,167,689
	₩	66,245,967	₩	58,750,298	₩	453,813,744	₩ 582,219,781

(In millions of Korean won)

		December 31, 2020					
		Financial instruments at fair value through profit or loss	Financial instruments designated at fair value through profit or loss	Financial instruments at amortized cost	Derivatives held for hedging	Total	
Financial liabilities							
Financial liabilities at fair value through profit or loss	₩	2,025,951	₩	9,784,107	₩	-	₩ 11,810,058
Derivative financial liabilities		5,014,072	-	-	208,825	-	5,222,897
Deposits		-	-	338,580,220	-	-	338,580,220
Borrowings		-	-	49,827,156	-	-	49,827,156
Debentures		-	-	62,760,687	-	-	62,760,687
Other financial liabilities		-	-	28,612,288	-	-	28,612,288
	₩	7,040,023	₩	9,784,107	₩	479,780,351	₩ 496,813,306

6.4 Transfer of Financial Assets

6.4.1 Transferred financial assets that are derecognized in their entirety

The Group transferred loans and other financial assets to companies specialized in asset-backed securitization and derecognized them from the consolidated financial statement, while the maximum exposure to loss (carrying amount) from its continuing involvement and fair value of its continuing involvement of the derecognized financial assets as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

		December 31, 2021			
		Type of continuing involvement	Classification of financial instruments	Carrying amount of continuing involvement	Fair value of continuing involvement
Discovery 2 nd Securitization Specialty Co., Ltd.	Subordinated bond	Financial assets at fair value through profit or loss	₩	5,189	₩ 5,189
AP 4D ABS Ltd.	Subordinated bond	Financial assets at fair value through profit or loss		5,463	5,463
			₩	10,652	₩ 10,652

(In millions of Korean won)

		December 31, 2020			
		Type of continuing involvement	Classification of financial instruments	Carrying amount of continuing involvement	Fair value of continuing involvement
Discovery 2 nd Securitization Specialty Co., Ltd.	Subordinated bond	Financial assets at fair value through profit or loss	₩	5,190	₩ 5,190
FK 1411 ABS Ltd.	Subordinated bond	Financial assets at fair value through profit or loss		1,062	1,062
AP 3B ABS Ltd.	Subordinated bond	Financial assets at fair value through profit or loss		646	646
AP 4D ABS Ltd.	Subordinated bond	Financial assets at fair value through profit or loss		6,304	6,304
			₩	13,202	₩ 13,202



6.4.2 Transferred financial assets that are not derecognized in their entirety

The Group issued securitized debentures using loans as underlying assets. Details of underlying assets and senior debentures in relation to securitization as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021			
	Carrying amount of underlying assets	Fair value of underlying assets	Carrying amount of senior debentures	Fair value of senior debentures
KB Kookmin Card 5 th Securitization Co., Ltd. ¹	₩ 492,108	₩ 490,113	₩ 299,881	₩ 302,564
KB Kookmin Card 6 th Securitization Co., Ltd. ¹	726,803	723,835	474,000	474,766
KB Kookmin Card 7 th Securitization Co., Ltd. ¹	948,129	943,689	598,180	596,272
KB Kookmin Card 8 th Securitization Co., Ltd. ¹	545,750	543,982	299,844	306,264
KB Auto Second Asset Securitization Specialty Co., Ltd. ²	129,867	129,385	59,968	59,935
	₩ 2,842,657	₩ 2,831,004	₩ 1,731,873	₩ 1,739,801

(In millions of Korean won)

	December 31, 2020			
	Carrying amount of underlying assets	Fair value of underlying assets	Carrying amount of senior debentures	Fair value of senior debentures
KB Kookmin Card 4 th Securitization Co., Ltd. ¹	₩ 490,465	₩ 488,251	₩ 219,419	₩ 226,401
KB Kookmin Card 5 th Securitization Co., Ltd. ¹	476,523	474,481	299,838	304,914
KB Kookmin Card 6 th Securitization Co., Ltd. ¹	701,360	698,421	434,492	472,861
KB Kookmin Card 7 th Securitization Co., Ltd. ¹	924,159	919,775	553,711	591,609
KB Auto Second Asset Securitization Specialty Co., Ltd. ²	307,270	308,861	249,689	250,306
	₩ 2,899,777	₩ 2,889,789	₩ 1,757,149	₩ 1,846,091

¹ The Group has an obligation to early redeem the securitized debentures in the event of situations prescribed by the asset securitization contract, such as the remaining balance of the eligible underlying assets in trust-type asset securitization is below the solvency ratio (minimum ratio: 104.5%) of the beneficiary interest in the trust. To avoid such early redemption, the Group entrusts credit card accounts and deposits in addition to the previously entrusted credit card accounts.

² The Group has an obligation to early redeem the securitized debentures in the event of situations prescribed by the asset securitization contract, such as when the trusted assets do not meet the eligibility requirements.

6.4.3 Bonds sold under repurchase agreements and loaned securities

The Group continues to recognize the financial assets related to bonds sold under repurchase agreements and securities lending transactions in the consolidated statement of financial position since those transactions are not qualified for derecognition even though the Group transfers the financial assets. Bonds sold under repurchase agreements are sold on the condition that they will be repurchased at a fixed price and loaned securities will be returned at the expiration of the loan period. Thus, the Group retains substantially all the risks and rewards of ownership of the financial assets.

The carrying amount of transferred assets and related liabilities as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021	
	Carrying amount of transferred assets	Carrying amount of related liabilities
Bonds sold under repurchase agreements *	₩ 11,273,036	₩ 10,978,971
Loaned securities:		
Government and public bonds	1,035,736	-
Stock	253	-
	₩ 12,309,025	₩ 10,978,971

(In millions of Korean won)

	December 31, 2020	
	Carrying amount of transferred assets	Carrying amount of related liabilities
Bonds sold under repurchase agreements *	₩ 13,994,352	₩ 13,398,140
Loaned securities:		
Government and public bonds	1,831,673	-
Stock	19,811	-
	₩ 15,845,836	₩ 13,398,140

* Bonds sold under repurchase agreements using borrowed securities as collateral amount to ₩ 2,050,635 million and ₩ 2,147,975 million as of December 31, 2021 and 2020, respectively.

6.4.4 Purchase commitments of securitized debentures

The Group provided additional credit enhancement, such as purchase commitments, for the underlying assets of subsidiaries established for asset-backed securitization. Details of carrying amounts of the underlying assets and the associated liabilities as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

		December 31, 2021	December 31, 2020
		Underlying assets	Financial assets at fair value through profit or loss
	Loans measured at amortized cost *	3,724,204	3,272,228
		₩ 4,013,392	₩ 3,452,408
Associated liabilities	Debentures	₩ 4,010,436	₩ 3,450,505

* Before netting of allowance



6.5 Offsetting Financial Assets and Financial Liabilities

The Group enters into International Swaps and Derivatives Association ("ISDA") master netting agreements and other similar arrangements with the Group's OTC derivative and spot exchange counterparties. Similar netting agreements are also entered into with the Group's (a) sales or purchases of bonds under repurchase agreements and (b) securities lending and borrowing transactions, etc. Pursuant to these agreements, in the event of default by one party, contracts are to be terminated and receivables and payables are to be offset. Domestic exchange settlement debits and domestic exchange settlement credits are recognized in its net settlement balance in the consolidated statement of financial position because the Group has the legal right of offset and settles in net amount.

6.5.1 Details of financial assets subject to enforceable master netting agreements or similar arrangements as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021					
	Gross assets	Gross liabilities offset	Net amount in the statement of financial position	Non-offsetting amount		Net amount
			Financial instruments	Cash collateral		
Derivatives held for trading and derivative-linked securities	₩ 3,673,348	₩ -	₩ 3,673,348			
Derivatives held for hedging	188,828	-	188,828	₩ (2,352,365)	₩ (235,749)	₩ 1,274,062
Unsettled spot exchange receivable	2,384,503	-	2,384,503	(2,380,556)	-	3,947
Bonds purchased under repurchase agreements	5,955,194	-	5,955,194	(5,955,194)	-	-
Domestic exchange settlement debits	43,497,849	(42,482,911)	1,014,938	-	-	1,014,938
Other financial instruments	2,341,992	(2,327,904)	14,088	(3,209)	-	10,879
	<u>₩ 58,041,714</u>	<u>₩ (44,810,815)</u>	<u>₩ 13,230,899</u>	<u>₩ (10,691,324)</u>	<u>₩ (235,749)</u>	<u>₩ 2,303,826</u>

(In millions of Korean won)

	December 31, 2020					
	Gross assets	Gross liabilities offset	Net amount in the statement of financial position	Non-offsetting amount		Net amount
			Financial instruments	Cash collateral		
Derivatives held for trading and derivative-linked securities	₩ 5,425,708	₩ -	₩ 5,425,708			
Derivatives held for hedging	334,874	-	334,874	₩ (3,940,729)	₩ (263,564)	₩ 1,556,289
Unsettled spot exchange receivable	3,435,657	-	3,435,657	(3,434,222)	-	1,435
Bonds purchased under repurchase agreements	3,600,447	-	3,600,447	(3,600,447)	-	-
Domestic exchange settlement debits	37,549,292	(36,823,836)	725,456	-	-	725,456
Other financial instruments	4,560,879	(4,474,909)	85,970	-	-	85,970
	<u>₩ 54,906,857</u>	<u>₩ (41,298,745)</u>	<u>₩ 13,608,112</u>	<u>₩ (10,975,398)</u>	<u>₩ (263,564)</u>	<u>₩ 2,369,150</u>

6.5.2 Details of financial liabilities subject to enforceable master netting agreements or similar arrangements as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021					
	Gross liabilities	Gross assets offset	Net amount in the statement of financial position	Non-offsetting amount		Net amount
			Financial instruments	Cash collateral		
Derivatives held for trading and derivative-linked securities	₩ 4,132,915	₩ -	₩ 4,132,915			
Derivatives held for hedging	172,470	-	172,470	₩ (3,069,591)	₩ (75,253)	₩ 1,160,541
Unsettled spot exchange payable	2,383,399	-	2,383,399	(2,380,556)	-	2,843
Bonds sold under repurchase agreements *	14,372,761	-	14,372,761	(14,372,761)	-	-
Securities borrowing agreements	2,826,885	-	2,826,885	(2,826,885)	-	-
Domestic exchange settlement credits	47,608,341	(42,482,911)	5,125,430	(5,125,430)	-	-
Other financial instruments	2,738,984	(2,327,904)	411,080	(3,209)	-	407,871
	<u>₩ 74,235,755</u>	<u>₩ (44,810,815)</u>	<u>₩ 29,424,940</u>	<u>₩ (27,778,432)</u>	<u>₩ (75,253)</u>	<u>₩ 1,571,255</u>

(In millions of Korean won)

	December 31, 2020					
	Gross liabilities	Gross assets offset	Net amount in the statement of financial position	Non-offsetting amount		Net amount
			Financial instruments	Cash collateral		
Derivatives held for trading and derivative-linked securities	₩ 5,300,028	₩ -	₩ 5,300,028			
Derivatives held for hedging	208,825	-	208,825	₩ (3,365,443)	₩ (77,324)	₩ 2,066,086
Unsettled spot exchange payable	3,434,887	-	3,434,887	(3,434,222)	-	665
Bonds sold under repurchase agreements *	16,329,799	(11,800)	16,317,999	(16,317,999)	-	-
Securities borrowing agreements	1,934,736	-	1,934,736	(1,934,736)	-	-
Domestic exchange settlement credits	37,757,164	(36,823,835)	933,329	(933,329)	-	-
Other financial instruments	4,764,991	(4,474,909)	290,082	-	-	290,082
	<u>₩ 69,730,430</u>	<u>₩ (41,310,544)</u>	<u>₩ 28,419,886</u>	<u>₩ (25,985,729)</u>	<u>₩ (77,324)</u>	<u>₩ 2,356,833</u>

* Includes bonds sold under repurchase agreements to customers.



7. Due from Financial Institutions Measured at Amortized Cost

7.1 Details of due from financial institutions as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

		Financial institutions	Interest rate (%) as of	December 31, 2021	December 31, 2021	December 31, 2020
Due from financial institutions in Korean won	Due from the Bank of Korea	The Bank of Korea	0.00 ~ 0.97	₩ 15,317,033	₩ 11,242,803	
	Due from banks	Hana Bank and others	0.00 ~ 5.20	3,390,521	3,692,044	
	Due from others	Korea Securities Finance Corporation and others	0.00 ~ 1.98	686,236	753,581	
				19,393,790	15,688,428	
Due from financial institutions in foreign currencies	Due from banks in foreign currencies	The Bank of Korea and others	0.00 ~ 4.00	6,329,310	4,215,918	
	Time deposits in foreign currencies	Bank of Communications Co., Ltd. and others	0.00 ~ 6.10	587,782	739,637	
	Due from others	Societe Generale (Paris) and others	0.00 ~ 6.50	2,054,474	2,079,371	
				8,971,566	7,034,926	
				₩ 28,365,356	₩ 22,723,354	

* Before netting of allowance

7.2 Details of restricted due from financial institutions as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

		Financial institutions	December 31, 2021	December 31, 2020	Reasons of restriction
Due from financial institutions in Korean won	Due from the Bank of Korea	The Bank of Korea	₩ 15,317,033	₩ 11,242,803	Bank of Korea Act
	Due from banks	Shinhan Bank and others	803,445	772,986	Net settlement and others
	Due from others	NH Investment & Securities Co., Ltd. and others	528,642	545,457	Derivatives margin account and others
			16,649,120	12,561,246	
Due from financial institutions in foreign currencies	Due from banks in foreign currencies	Bank of Indonesia and others	2,262,610	1,097,729	Indonesian law and others
	Time deposits in foreign currencies	Bank of Communications Co., Ltd. and others	68,588	46,428	Bank Act of the State of New York and others
	Due from others	Societe Generale (Paris) and others	1,774,388	1,597,960	Derivatives margin account and others
			4,105,586	2,742,117	
			₩ 20,754,706	₩ 15,303,363	

* Before netting of allowance

7.3 Changes in allowances for credit losses of due from financial institutions for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	2021		
	12-month expected credit losses	Non-impaired	Impaired
Beginning	₩ 2,947	₩ 34	₩ 282
Transfer between stages:			
Transfer to 12-month expected credit losses	-	-	-
Transfer to lifetime expected credit losses	-	-	-
Impairment	-	-	-
Reversal of credit losses	(51)	(35)	(282)
Others	73	1	-
Ending	₩ 2,969	₩ -	₩ -

(In millions of Korean won)

	2020		
	12-month expected credit losses	Non-impaired	Impaired
Beginning	₩ 3,164	₩ 1,188	₩ 360
Transfer between stages:			
Transfer to 12-month expected credit losses	-	-	-
Transfer to lifetime expected credit losses	-	-	-
Impairment	-	-	-
Reversal of credit losses	(416)	(1,128)	-
Business combination	154	-	-
Others	45	(26)	(78)
Ending	₩ 2,947	₩ 34	₩ 282

8. Assets Pledged as Collateral

8.1 Details of assets pledged as collateral as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

		December 31, 2021	
Assets pledged	Pledgee	Carrying amount	Reasons of pledge
Due from financial institutions	Shinhan Banks and others	₩ 1,163,138	Borrowings from bank and others
Financial assets at fair value through profit or loss	The Korea Securities Depository and others	8,689,639	Repurchase agreements
	The Korea Securities Depository and others	9,294,924	Securities borrowing transactions
	Samsung Futures Inc. and others	1,039,656	Derivatives transactions
		<u>19,024,219</u>	
Financial assets at fair value through other comprehensive income	The Korea Securities Depository and others	2,048,029	Repurchase agreements
	The Korea Securities Depository and others	1,523,593	Securities borrowing transactions
	The Bank of Korea	2,843,426	Borrowings from the Bank of Korea
	The Bank of Korea	1,249,049	Settlement risk of the Bank of Korea
	Samsung Futures Inc. and others	709,390	Derivatives transactions
		<u>8,373,487</u>	
Securities measured at amortized cost	The Korea Securities Depository and others	494,973	Repurchase agreements
	The Bank of Korea	4,847,855	Borrowings from the Bank of Korea
	The Bank of Korea	3,948,622	Settlement risk of the Bank of Korea
	Samsung Futures Inc. and others	144,014	Derivatives transactions
	Others	268,767	Others
		<u>9,704,231</u>	
Loans	Others	9,659,575	Covered bond and others
Real estate	LGIM COMMERCIAL LENDING Ltd. and others	1,598,553	Borrowings from bank and others
		<u>₩ 49,523,203</u>	

8.1 Details of assets pledged as collateral as of December 31, 2021 and 2020, are as follows: (cont'd)

(In millions of Korean won)

		December 31, 2020	
Assets pledged	Pledgee	Carrying amount	Reasons of pledge
Due from financial institutions	Korea Federation of Savings Banks and others	₩ 1,293,930	Borrowings from bank and others
Financial assets at fair value through profit or loss	The Korea Securities Depository and others	10,733,047	Repurchase agreements
	The Korea Securities Depository and others	7,009,580	Securities borrowing transactions
	Samsung Futures Inc. and others	730,774	Derivatives transactions
		<u>18,473,401</u>	
Financial assets at fair value through other comprehensive income	The Korea Securities Depository and others	2,216,165	Repurchase agreements
	The Korea Securities Depository and others	1,322,998	Securities borrowing transactions
	The Bank of Korea	2,837,452	Borrowings from the Bank of Korea
	The Bank of Korea	1,610,691	Settlement risk of the Bank of Korea
	Samsung Futures Inc. and others	270,089	Derivatives transactions
		<u>8,257,395</u>	
Securities measured at amortized cost	The Korea Securities Depository and others	664,438	Repurchase agreements
	The Bank of Korea	4,295,149	Borrowings from the Bank of Korea
	The Bank of Korea	3,677,922	Settlement risk of the Bank of Korea
	Samsung Futures Inc. and others	103,748	Derivatives transactions
	Others	598,187	Others
		<u>9,339,444</u>	
Mortgage loans	Others	10,699,721	Covered bond
Real estate	LGIM COMMERCIAL LENDING Ltd. and others	1,480,942	Borrowings from bank and others
		<u>₩ 49,544,833</u>	

In addition, the Group provided ₩ 6,165,555 million and ₩ 4,680,816 million of debt securities among its borrowed securities and other assets held as collateral to Korea Securities Finance Corporation and others as collateral as of December 31, 2021 and 2020, respectively.



8.2 Fair value of collateral available to sell or repledge, and collateral sold or repledged, regardless of debtor's default as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021		
	Fair value of collateral held	Fair value of collateral sold or repledged	Total
Securities	₩ 6,451,850	₩ -	₩ 6,451,850

(In millions of Korean won)

	December 31, 2020		
	Fair value of collateral held	Fair value of collateral sold or repledged	Total
Securities	₩ 3,732,013	₩ -	₩ 3,732,013

9. Derivative Financial Instruments and Hedge Accounting

The Group's derivative operations focus on addressing the needs of the Group's corporate clients to hedge their risk exposure and hedging the Group's risk exposure that results from such client contracts. The Group also engages in derivative trading activities to hedge the interest rate risk and currency risk arising from the Group's own assets and liabilities. In addition, the Group engages in proprietary trading of derivatives within the predetermined transaction limit.

The Group provides and trades a range of derivative financial instruments, including:

- Interest rate swaps relating to interest rate risk in Korean won
- Cross-currency swaps, forwards, and options relating to currency risk
- Stock index options linked with the Korea Composite Stock Price Index ("KOSPI")

In particular, the Group applies fair value hedge accounting using interest rate swaps, currency forwards, and others to hedge the risk of changes in fair value due to the changes in interest rate and foreign exchange rate of structured debentures in Korean won, debentures in foreign currencies, structured deposits in foreign currencies, and others. The Group applies cash flow hedge accounting using interest rate swaps, currency swaps, and others to hedge the risk of changes in cash flows of floating rate debt securities in Korean won, borrowings in foreign currencies, group of loans measured at amortized cost, and others. In addition, the Group applies net investments in foreign operations hedge accounting by designating debentures in foreign currencies and cross currency forwards as hedging instruments to hedge the currency risk of net investments in foreign operations.

9.1 Details of derivative financial instruments held for trading as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021			December 31, 2020		
	Notional amount	Assets	Liabilities	Notional amount	Assets	Liabilities
Interest rate						
Forwards	₩ 4,037,717	₩ 140,126	₩ 126,610	₩ 1,824,000	₩ 50,580	₩ 107,218
Futures *	6,479,692	1,903	2,464	4,540,235	43	1,834
Swaps	334,721,395	354,686	397,046	300,105,350	631,917	682,401
Options	12,547,000	176,274	199,567	14,779,000	248,437	302,134
	<u>357,785,804</u>	<u>672,989</u>	<u>725,687</u>	<u>321,248,585</u>	<u>930,977</u>	<u>1,093,587</u>
Currency						
Forwards	105,509,405	1,296,083	934,944	78,255,991	1,712,560	1,986,239
Futures *	361,791	464	877	376,281	158	695
Swaps	65,028,025	1,082,873	1,331,597	49,756,478	1,897,636	1,349,919
Options	1,885,064	7,643	11,044	2,377,775	33,421	28,012
	<u>172,784,285</u>	<u>2,387,063</u>	<u>2,278,462</u>	<u>130,766,525</u>	<u>3,643,775</u>	<u>3,364,865</u>
Stock and index						
Futures *	1,612,965	14,338	6,530	1,027,347	20,061	2,246
Swaps	5,207,198	322,888	132,619	5,434,057	423,297	123,242
Options	7,617,703	95,338	241,371	6,482,510	135,805	275,282
	<u>14,437,866</u>	<u>432,564</u>	<u>380,520</u>	<u>12,943,914</u>	<u>579,163</u>	<u>400,770</u>
Credit						
Swaps	2,602,382	18,979	7,409	3,015,782	19,395	9,700
	<u>2,602,382</u>	<u>18,979</u>	<u>7,409</u>	<u>3,015,782</u>	<u>19,395</u>	<u>9,700</u>
Commodity						
Futures *	6,370	43	82	11,609	151	81
Swaps	-	-	-	13,923	268	991
	<u>6,370</u>	<u>43</u>	<u>82</u>	<u>25,532</u>	<u>419</u>	<u>1,072</u>
Others	1,695,540	20,904	117,629	1,476,310	36,783	144,076
	<u>₩ 549,312,247</u>	<u>₩ 3,532,542</u>	<u>₩ 3,509,789</u>	<u>₩ 469,476,648</u>	<u>₩ 5,210,512</u>	<u>₩ 5,014,070</u>

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



9.2 Average price conditions of future nominal cash flows by type of hedge accounting as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

December 31, 2021

	1 year	2 years	3 years	4 years	5 years	Over 5 years	Total
Fair value hedge							
Nominal amount of the hedging instrument	₩ 2,223,113	₩ 1,423,760	₩ 967,376	₩ 2,153,200	₩ 1,428,673	₩ 2,419,230	₩ 10,615,352
Average price condition (%)	0.94	1.23	1.04	1.16	1.06	1.39	1.18
Average price condition (USD/KRW)	1,144.74	1,154.78	1,169.72	-	-	-	1,150.30
Average price condition (EUR/KRW)	1,359.59	1,363.95	1,394.84	-	1,458.92	-	1,409.23
Average price condition (AUD/KRW)	859.41	-	-	-	-	-	859.41
Average price condition (GBP/KRW)	1,554.65	-	-	1,620.05	-	-	1,557.47
Cash flow hedge							
Nominal amount of the hedging instrument	₩ 4,150,546	₩ 1,763,372	₩ 322,735	₩ 641,733	₩ 580,128	₩ 150,000	₩ 7,608,514
Average price condition (%)	1.01	1.51	2.06	1.87	1.84	2.12	1.21
Average price condition (USD/KRW)	1,159.92	1,178.13	1,145.05	1,139.40	1,123.13	-	1,152.89
Average price condition (EUR/KRW)	1,312.75	1,321.00	1,364.00	1,374.73	-	-	1,351.76
Average price condition (AUD/KRW)	-	-	856.40	851.50	-	-	853.40
Average price condition (SGD/KRW)	-	866.14	-	-	-	-	866.14
Hedge of net investments in foreign operations							
Nominal amount of the hedging instrument	₩ 91,636	₩ -	₩ -	₩ -	₩ -	₩ -	₩ 91,636
Average price condition (USD/KRW)	1,071.00	-	-	-	-	-	1,071.00
Average price condition (GBP/KRW)	1,465.26	-	-	-	-	-	1,465.26
Fair value hedge							
Nominal amount of the hedging instrument	₩ 5,266,994	₩ 1,083,877	₩ 512,608	₩ 620,788	₩ 1,462,964	₩ 2,442,692	₩ 11,389,923
Average price condition (%)	0.76	0.81	1.00	1.07	1.21	1.14	0.97
Average price condition (USD/KRW)	1,160.33	1,115.45	1,151.50	-	-	-	1,157.28
Average price condition (EUR/KRW)	1,353.28	-	1,366.30	-	-	-	1,353.36
Average price condition (AUD/KRW)	835.43	-	-	-	-	-	835.43
Average price condition (GBP/KRW)	1,546.54	-	-	-	-	-	1,546.54
Cash flow hedge							
Nominal amount of the hedging instrument	₩ 2,568,922	₩ 1,767,357	₩ 1,277,053	₩ 166,643	₩ 509,940	₩ 100,000	₩ 6,389,915
Average price condition (%)	0.83	1.66	2.48	2.00	1.63	1.67	1.36
Average price condition (USD/KRW)	1,113.33	1,160.46	1,181.36	1,128.30	1,142.05	-	1,152.37
Average price condition (EUR/KRW)	1,306.76	1,312.75	1,321.00	-	1,340.64	-	1,312.93
Average price condition (AUD/KRW)	837.00	-	-	-	-	-	837.00
Average price condition (SGD/KRW)	831.49	-	866.14	-	-	-	858.33
Hedge of net investments in foreign operations							
Nominal amount of the hedging instrument	₩ 217,274	₩ 26,683	₩ -	₩ -	₩ -	₩ -	₩ 243,957
Average price condition (USD/KRW)	1,111.45	-	-	-	-	-	1,111.45
Average price condition (GBP/KRW)	-	1,465.26	-	-	-	-	1,465.26



9.3 Fair Value Hedge

9.3.1 Details of fair value hedged items as of December 31, 2021 and 2020 and changes in fair value for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

		December 31, 2021				2021
		Carrying amount		Accumulated amount of hedge adjustments		Changes in fair value
		Assets	Liabilities	Assets	Liabilities	
Hedge accounting						
Interest rate	Debt securities in Korean won	₩ 1,627,228	₩ -	₩ (20,272)	₩ -	₩ (26,247)
	Debt securities in foreign currencies	3,567,662	-	(22,384)	-	(71,246)
	Deposits in foreign currencies	-	93,521	-	(1,319)	3,222
	Debentures in Korean won	-	2,470,123	-	(79,877)	70,308
	Debentures in foreign currencies	-	1,154,178	-	27,953	45,132
		5,194,890	3,717,822	(42,656)	(53,243)	21,169
Currency	Debt securities in foreign currencies	2,443,893	-	133,268	-	180,676
		2,443,893	-	133,268	-	180,676
		₩ 7,638,783	₩ 3,717,822	₩ 90,612	₩ (53,243)	₩ 201,845

(In millions of Korean won)

		December 31, 2020				2020
		Carrying amount		Accumulated amount of hedge adjustments		Changes in fair value
		Assets	Liabilities	Assets	Liabilities	
Hedge accounting						
Interest rate	Debt securities in Korean won	₩ 1,001,957	₩ -	₩ 5,888	₩ -	₩ 402
	Debt securities in foreign currencies	2,712,980	-	62,922	-	42,382
	Deposits in foreign currencies	-	121,768	-	2,088	(4,491)
	Debentures in Korean won	-	3,623,161	-	(6,839)	27,909
	Debentures in foreign currencies	-	1,985,333	-	81,333	(37,438)
		3,714,937	5,730,262	68,810	76,582	28,764
Currency	Debt securities in foreign currencies	2,669,410	-	310,745	-	(40,710)
		2,669,410	-	310,745	-	(40,710)
		₩ 6,384,347	₩ 5,730,262	₩ 379,555	₩ 76,582	₩ (11,946)

9.3.2 Details of derivative instruments designated as fair value hedge as of December 31, 2021 and 2020 and changes in fair value for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021			2021
	Notional amount	Assets	Liabilities	Changes in fair value
Interest rate				
Swaps	₩ 8,910,139	₩ 127,290	₩ 38,253	₩ (33,227)
Currency				
Forwards	1,705,213	2,436	54,855	(174,707)
	₩ 10,615,352	₩ 129,726	₩ 93,108	₩ (207,934)

(In millions of Korean won)

	December 31, 2020			2020
	Notional amount	Assets	Liabilities	Changes in fair value
Interest rate				
Swaps	₩ 9,217,731	₩ 158,914	₩ 51,842	₩ (23,022)
Currency				
Forwards	2,172,192	128,038	2,616	97,394
	₩ 11,389,923	₩ 286,952	₩ 54,458	₩ 74,372

9.3.3 Details of hedge ineffectiveness recognized in profit or loss on derivative instruments designated as fair value hedge for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	2021	2020
Hedge accounting		
Interest rate	₩ (12,058)	₩ 5,742
Currency	5,969	56,684
	₩ (6,089)	₩ 62,426

9.3.4 Gains or losses on fair value hedging instruments and hedged items attributable to the hedged risk for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	2021	2020
Gains (losses) on hedging instruments	₩ (187,364)	₩ 89,179
Gains (losses) on hedged items attributable to the hedged risk	188,556	(26,899)
	₩ 1,192	₩ 62,280



9.4 Cash Flow Hedge

9.4.1 Details of cash flow hedged items as of December 31, 2021 and 2020 and changes in fair value for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	Cash flow hedge reserve		Changes in fair value	
	December 31, 2021	December 31, 2020	2021	2020
Hedge accounting				
Interest rate risk	₩ 4,864	₩ (22,439)	₩ (36,428)	₩ 12,172
Currency risk	(12,597)	(6,158)	12,605	1,065
	₩ (7,733)	₩ (28,597)	₩ (23,823)	₩ 13,237

9.4.2 Details of derivative instruments designated as cash flow hedge as of December 31, 2021 and 2020 and changes in fair value for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021			2021
	Notional amount	Assets	Liabilities	Changes in fair value
Interest rate				
Swaps	₩ 4,553,250	₩ 12,575	₩ 9,532	₩ 36,164
Currency				
Swaps	3,055,264	46,527	61,331	60,327
	₩ 7,608,514	₩ 59,102	₩ 70,863	₩ 96,491

(In millions of Korean won)

	December 31, 2020			2020
	Notional amount	Assets	Liabilities	Changes in fair value
Interest rate				
Swaps	₩ 3,532,480	₩ 1,286	₩ 37,120	₩ (11,940)
Currency				
Swaps	2,857,435	40,835	116,124	(43,300)
	₩ 6,389,915	₩ 42,121	₩ 153,244	₩ (55,240)

9.4.3 Gains or losses on cash flow hedging instruments and hedged items attributable to the hedged risk for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	2021	2020
Gains (losses) on hedging instruments:	₩ 96,491	₩ (55,240)
Effective portion of gains (losses) on cash flow hedging instruments (recognized in other comprehensive income or loss)	95,478	(48,034)
Ineffective portion of gains (losses) on cash flow hedging instruments (recognized in profit or loss)	1,013	(7,206)

9.4.4 Amounts recognized in other comprehensive income (loss) and reclassified from equity to profit or loss related to derivative instruments designated as cash allow hedge for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	2021	2020
Other comprehensive income (loss)	₩ 95,478	₩ (48,034)
Reclassification to profit or loss	(53,080)	39,190
Income tax effect	(21,534)	7,580
	₩ 20,864	₩ (1,264)

9.5 Hedge of Net Investments in Foreign Operations

9.5.1 Details of net investments in foreign operations hedged items as of December 31, 2021 and 2020 and changes in fair value for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	Foreign currency translation reserve		Changes in fair value	
	December 31, 2021	December 31, 2020	2021	2020
Hedge accounting				
Currency risk	₩ (35,658)	₩ 22,278	₩ 88,729	₩ (88,769)

9.5.2 Details of financial instruments designated as hedge of net investments in foreign operations as of December 31, 2021 and 2020 and changes in fair value for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021			2021
	Notional amount	Assets	Liabilities	Changes in fair value
Currency				
Forwards	₩ 91,636	₩ -	₩ 8,498	₩ (8,494)
Debentures in foreign currencies	1,273,227	-	1,273,227	(80,235)
	₩ 1,364,863	₩ -	₩ 1,281,725	₩ (88,729)

(In millions of Korean won)

	December 31, 2020			2020
	Notional amount	Assets	Liabilities	Changes in fair value
Currency				
Forwards	₩ 243,957	₩ 5,800	₩ 1,125	₩ 14,406
Debentures in foreign currencies	842,112	-	842,112	74,363
	₩ 1,086,069	₩ 5,800	₩ 843,237	₩ 88,769



9.5.3 Fair value of non-derivative financial instruments designated as hedge of net investments in foreign operations as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021		December 31, 2020	
Debentures in foreign currencies	₩	1,275,291	₩	852,570

9.5.4 Gains or losses on net investments in foreign operations hedging instruments and hedged items attributable to the hedged risk for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	2021		2020	
Gains (losses) on hedging instruments:	₩	(88,729)	₩	88,769
Effective portion of gains (losses) on hedge of net investments in foreign operations (recognized in other comprehensive income or loss)		(88,729)		88,769
Ineffective portion of gains (losses) on hedge of net investments in foreign operations (recognized in profit or loss)		-		-

9.5.5 Effective portion of gains or losses on net investments in foreign operations hedging instruments recognized in other comprehensive income (loss) for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	2021		2020	
Other comprehensive income (loss)	₩	(88,729)	₩	88,769
Reclassification to profit or loss		5,195		-
Income tax effect		25,599		(24,500)
	₩	(57,935)	₩	64,269

9.6 Interest Rate Benchmark Reform

The USD LIBOR interest rate will be replaced by the Secured Overnight Financing Rate ("SOFR") based on actual transactions. In the case of KRW, the Korean government bond/monetary stabilization bond RP rate has been finally decided as the Risk-Free Reference Rate ("RFR") and will replace the Certificate of Deposit ("CD") rate in the mid to long-term. Within the corresponding hedging relationship of related significant interest rate benchmark, the Group assumed that the spread to be changed on the RFR basis including SOFR would be similar to that included in the interest rate swap used as a hedging instrument, and no other changes were assumed.

Details of the Group's exposure to hedging relationships related to the interest rate benchmark reform as of December 31, 2021, are as follows:

(In millions of Korean won and millions of US dollars)

Interest rate benchmark	Currency	December 31, 2021		
		Carrying amount of non-derivative assets	Carrying amount of non-derivative liabilities	Notional amount of hedging instruments
CD#3M	KRW	3,123,388	2,470,123	5,690,000
USD#LIBOR#3M	USD	2,695	2,829	5,511
USD#LIBOR#6M	USD	224	-	225

10. Loans Measured at Amortized Cost

10.1 Details of loans as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021		December 31, 2020	
Loans measured at amortized cost	₩	420,910,259	₩	379,734,020
Deferred loan origination fees and costs		674,069		716,327
Less: Allowances for credit losses		(3,684,055)		(3,283,363)
	₩	417,900,273	₩	377,166,984

10.2 Details of loans to banks as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021		December 31, 2020	
Loans measured at amortized cost	₩	8,325,177	₩	5,577,728
Less: Allowances for credit losses		(443)		(682)
	₩	8,324,734	₩	5,577,046

10.3 Details of loan types and customer types of loans to customers other than banks as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021			
	Retail	Corporate	Credit card	Total
Loans in Korean won	₩ 184,872,384	₩ 162,081,901	₩ -	₩ 346,954,285
Loans in foreign currencies	3,990,253	20,865,495	-	24,855,748
Domestic import usance bills	-	3,311,142	-	3,311,142
Off-shore funding loans	-	1,064,623	-	1,064,623
Call loans	-	902,301	-	902,301
Bills bought in Korean won	-	2,209	-	2,209
Bills bought in foreign currencies	-	2,001,046	-	2,001,046
Guarantee payments under acceptances and guarantees	7	20,773	-	20,780
Credit card receivables in Korean won	-	-	20,766,340	20,766,340
Credit card receivables in foreign currencies	-	-	57,980	57,980
Bonds purchased under repurchase agreements	-	4,855,194	-	4,855,194
Privately placed bonds	-	758,557	-	758,557
Factored receivables	113	458	-	571
Lease receivables	778,425	513,714	-	1,292,139
Loans for installment credit	6,265,896	150,340	-	6,416,236
	195,907,078	196,527,753	20,824,320	413,259,151
Proportion (%)	47.40	47.56	5.04	100.00
Less: Allowances for credit losses	(1,004,995)	(1,886,473)	(792,144)	(3,683,612)
	₩ 194,902,083	₩ 194,641,280	₩ 20,032,176	₩ 409,575,539



10.3 Details of loan types and customer types of loans to customers other than banks as of December 31, 2021 and 2020, are as follows: (cont'd)

(In millions of Korean won)

	December 31, 2020			
	Retail	Corporate	Credit card	Total
Loans in Korean won	₩ 175,062,187	₩ 142,812,751	₩ -	₩ 317,874,938
Loans in foreign currencies	3,092,630	16,159,722	-	19,252,352
Domestic import usance bills	-	2,152,059	-	2,152,059
Off-shore funding loans	-	1,203,737	-	1,203,737
Call loans	-	1,582,251	-	1,582,251
Bills bought in Korean won	-	1,620	-	1,620
Bills bought in foreign currencies	-	1,739,262	-	1,739,262
Guarantee payments under acceptances and guarantees	10	8,011	-	8,021
Credit card receivables in Korean won	-	-	18,734,560	18,734,560
Credit card receivables in foreign currencies	-	-	63,071	63,071
Bonds purchased under repurchase agreements	-	3,175,080	-	3,175,080
Privately placed bonds	-	1,154,162	-	1,154,162
Factored receivables	104	3	-	107
Lease receivables	1,105,001	335,582	-	1,440,583
Loans for installment credit	6,440,521	50,295	-	6,490,816
	<u>185,700,453</u>	<u>170,374,535</u>	<u>18,797,631</u>	<u>374,872,619</u>
Proportion (%)	49.54	45.45	5.01	100.00
Less: Allowances for credit losses	(910,088)	(1,671,098)	(701,495)	(3,282,681)
	<u>₩ 184,790,365</u>	<u>₩ 168,703,437</u>	<u>₩ 18,096,136</u>	<u>₩ 371,589,938</u>

10.4 Changes in deferred loan origination fees and costs for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	2021				
	Beginning	Increase	Decrease	Others	Ending
Deferred loan origination costs					
Loans in Korean won	₩ 673,957	₩ 418,732	₩ (424,785)	₩ -	₩ 667,904
Others ¹	95,590	44,728	(63,619)	(4)	76,695
	<u>769,547</u>	<u>463,460</u>	<u>(488,404)</u>	<u>(4)</u>	<u>744,599</u>
Deferred loan origination fees					
Loans in Korean won	9,148	11,909	(3,556)	-	17,501
Others ²	44,072	32,667	(27,332)	3,622	53,029
	<u>53,220</u>	<u>44,576</u>	<u>(30,888)</u>	<u>3,622</u>	<u>70,530</u>
	<u>₩ 716,327</u>	<u>₩ 418,884</u>	<u>₩ (457,516)</u>	<u>₩ (3,626)</u>	<u>₩ 674,069</u>

(In millions of Korean won)

	2020					
	Beginning	Increase	Decrease	Business combination	Others	Ending
Deferred loan origination costs						
Loans in Korean won	₩ 645,305	₩ 502,044	₩ (473,392)	₩ -	₩ -	₩ 673,957
Others ¹	96,378	53,345	(63,509)	9,376	-	95,590
	<u>741,683</u>	<u>555,389</u>	<u>(536,901)</u>	<u>9,376</u>	<u>-</u>	<u>769,547</u>
Deferred loan origination fees						
Loans in Korean won	8,600	6,681	(6,133)	-	-	9,148
Others ²	4,813	21,636	(26,396)	48,117	(4,098)	44,072
	<u>13,413</u>	<u>28,317</u>	<u>(32,529)</u>	<u>48,117</u>	<u>(4,098)</u>	<u>53,220</u>
	<u>₩ 728,270</u>	<u>₩ 527,072</u>	<u>₩ (504,372)</u>	<u>₩ (38,741)</u>	<u>₩ 4,098</u>	<u>₩ 716,327</u>

¹ Includes deferred loan origination costs related to credit card receivables, loans for installment credit, and finance lease receivables.

² Includes deferred loan origination fees related to loans in foreign currencies executed by PT Bank KB Bukopin Tbk and PRASAC Microfinance Institution Plc.

11. Allowances for Credit Losses

11.1 Changes in allowances for credit losses of loans measured at amortized cost for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	2021								
	Retail			Corporate			Credit card		
	12-month expected credit losses	Lifetime expected credit losses		12-month expected credit losses	Lifetime expected credit losses		12-month expected credit losses	Lifetime expected credit losses	
		Non- impaired	Impaired		Non- impaired	Impaired		Non- impaired	Impaired
Beginning	₩ 403,805	₩ 240,578	₩ 265,705	₩ 368,782	₩ 410,937	₩ 892,061	₩ 205,157	₩ 234,219	₩ 262,119
Transfer between stages:									
Transfer to 12-month expected credit losses	125,634	(120,132)	(5,502)	133,798	(71,772)	(62,026)	45,938	(44,858)	(1,080)
Transfer to lifetime expected credit losses	(97,040)	115,427	(18,387)	(71,902)	92,245	(20,343)	(34,208)	35,846	(1,638)
Impairment	(6,312)	(49,244)	55,556	(2,942)	(42,158)	45,100	(2,228)	(12,580)	14,808
Write-offs	-	12	(411,083)	-	(3)	(239,815)	-	-	(440,721)
Sales	(1,112)	(53)	(3,592)	(179)	-	(16,257)	-	-	-
Provision (reversal) for credit losses ^{1,2}	40,616	52,528	397,492	14,299	88,230	338,746	(39,533)	110,022	474,041
Business combination	8,315	2,223	7,194	-	-	1,654	-	-	-
Others (exchange differences, etc.)	77	532	1,758	5,942	675	21,844	42	-	(13,202)
Ending ³	₩ 473,983	₩ 241,871	₩ 289,141	₩ 447,798	₩ 478,154	₩ 960,964	₩ 175,168	₩ 322,649	₩ 294,327
Beginning	₩ 278,380	₩ 224,905	₩ 208,037	₩ 215,069	₩ 290,310	₩ 451,607	₩ 209,651	₩ 266,183	₩ 263,874
Transfer between stages:									
Transfer to 12-month expected credit losses	123,666	(121,970)	(1,696)	119,723	(111,708)	(8,015)	48,959	(47,611)	(1,348)
Transfer to lifetime expected credit losses	(91,410)	182,076	(90,666)	(56,655)	146,690	(90,035)	(25,227)	26,379	(1,152)
Impairment	(3,301)	(131,852)	135,153	(3,365)	(48,773)	52,138	(2,273)	(13,657)	15,930
Write-offs	-	(5)	(460,734)	-	(1)	(321,583)	-	-	(502,275)
Sales	(1,561)	(99)	(1,131)	(8)	-	(21,069)	-	-	-
Provision (reversal) for credit losses ^{1,2}	49,459	78,413	428,220	(2,059)	113,335	180,162	(26,042)	2,925	496,162
Business combination	50,664	9,545	53,532	99,824	24,303	668,426	89	-	4,409
Others (exchange differences, etc.)	(2,092)	(435)	(5,010)	(3,747)	(3,219)	(19,570)	-	-	(13,481)
Ending ³	₩ 403,805	₩ 240,578	₩ 265,705	₩ 368,782	₩ 410,937	₩ 892,061	₩ 205,157	₩ 234,219	₩ 262,119

¹ Provision for credit losses in the consolidated statements of comprehensive income also includes provision (reversal) for credit losses of due from financial institutions (Note 7.3), provision (reversal) for credit losses of financial investments (Note 12.5), provision (reversal) for credit losses of unused commitments, acceptances and guarantees (Note 24.2), provision (reversal) for credit losses of financial guarantee contracts (Note 24.3), and provision (reversal) for credit losses of other financial assets (Note 19.2).

² Includes ₩ 387,860 million and ₩ 379,179 million of collections from written-off loans for the years ended December 31, 2021 and 2020, respectively.

³ Includes additional allowances of ₩ 50,360 million and ₩ 43,777 million for industries and borrowers which are highly affected by COVID-19 and ₩ 53,490 million and ₩ 29,861 million due to expanding the scope of the loans subject to lifetime expected credit losses (non-impaired) as of December 31, 2021 and 2020, respectively. Includes additional allowances of ₩ 23,325 million due to expanding the scope of the loans subject to individual assessment as of December 31, 2020.

The Group manages the written-off loans that their legal extinctive prescriptions have not been completed, and that have not been collected. The balances of those loans are ₩ 9,945,130 million and ₩ 10,566,603 million as of December 31, 2021 and 2020, respectively.



11.2 Changes in gross carrying amount of loans for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	2021		
	12-month expected credit losses	Lifetime expected credit losses	
		Non-impaired	Impaired
Beginning	₩ 348,518,780	₩ 28,504,202	₩ 3,427,365
Transfer between stages:			
Transfer to 12-month expected credit losses	31,046,440	(30,615,747)	(430,693)
Transfer to lifetime expected credit losses (non-impaired)	(36,815,970)	37,276,737	(460,767)
Transfer to lifetime expected credit losses (impaired)	(668,120)	(1,486,835)	2,154,955
Write-offs	-	9	(1,091,619)
Sales	(2,892,774)	(8,541)	(151,714)
Business combination	116,067	3,924	12,808
Net increase (decrease) (execution, repayment, and others)	46,013,068	(895,012)	27,765
Ending	₩ 385,317,491	₩ 32,778,737	₩ 3,488,100

(In millions of Korean won)

	2020		
	12-month expected credit losses	Lifetime expected credit losses	
		Non-impaired	Impaired
Beginning	₩ 316,377,009	₩ 23,814,108	₩ 1,900,958
Transfer between stages:			
Transfer to 12-month expected credit losses	26,751,021	(26,629,210)	(121,811)
Transfer to lifetime expected credit losses (non-impaired)	(33,475,491)	34,603,648	(1,128,157)
Transfer to lifetime expected credit losses (impaired)	(596,861)	(2,287,196)	2,884,057
Write-offs	-	(6)	(1,284,592)
Sales	(4,324,146)	(20,907)	(200,182)
Business combination	7,029,580	570,710	1,711,823
Net increase (decrease) (execution, repayment, and others)	36,757,668	(1,546,945)	(334,731)
Ending	₩ 348,518,780	₩ 28,504,202	₩ 3,427,365

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

12.1 Details of financial assets at fair value through profit or loss and financial investments as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021	December 31, 2020
Financial assets at fair value through profit or loss		
Debt securities:		
Government and public bonds	₩ 8,294,084	₩ 9,315,317
Financial bonds	16,887,594	17,897,348
Corporate bonds	5,433,010	3,997,753
Asset-backed securities	197,865	236,130
Beneficiary certificates	15,849,129	14,200,802
Derivative-linked securities	1,543,188	2,218,502
Other debt securities	14,797,822	10,549,248
Equity securities:		
Stocks	1,804,507	1,632,619
Other equity securities	614,956	459,694
Loans:		
Privately placed bonds	230,006	212,021
Other loans	39,290	125,962
Due from financial institutions:		
Other due from financial institutions	200,742	100,094
Others	113,622	89,965
	₩ 66,005,815	₩ 61,035,455

Financial investments

Financial assets at fair value through other comprehensive income

Debt securities:		
Government and public bonds	₩ 14,317,477	₩ 14,735,340
Financial bonds	21,928,735	23,194,387
Corporate bonds	18,986,005	18,721,327
Asset-backed securities	996,428	1,795,840
Other debt securities	30,866	9,995
Equity securities:		
Stocks	3,588,415	2,852,158
Equity investments	27,211	37,602
Other equity securities	187,502	185,139
Loans:		
Privately placed bonds	299,634	265,426
Other loans	13,970	27,983
	60,376,243	61,825,197

Financial assets at amortized cost

Debt securities:		
Government and public bonds	21,447,622	17,193,289
Financial bonds	3,850,954	5,678,949
Corporate bonds	12,246,441	8,181,961
Asset-backed securities	6,899,675	5,788,587
Other debt securities	31,105	30,392
Less: Allowances for credit losses	(4,169)	(2,949)
	44,471,628	36,870,229
	₩ 104,847,871	₩ 98,695,426



12.2 Dividend income from equity securities designated at fair value through other comprehensive income for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	2021		2020	
	From the equity securities derecognized	From the equity securities held	From the equity securities derecognized	From the equity securities held
Equity securities measured at fair value through other comprehensive income:				
Stocks Listed	₩ 7,106	₩ 300	₩ 7,000	₩ 11,843
Unlisted	372	19,035	-	22,241
Equity investments	-	114	-	285
Other equity securities	-	6,877	-	3,755
	₩ 7,478	₩ 26,326	₩ 7,000	₩ 38,124

12.3 Derecognized equity securities measured at fair value through other comprehensive income for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	2021		2020	
	Disposal price	Accumulated other comprehensive income (loss) as of disposal date	Disposal price	Accumulated other comprehensive income as of disposal date
Equity securities measured at fair value through other comprehensive income:				
Stocks Listed	₩ 575,288	₩ (313,427)	₩ 516,883	₩ 326,394
Unlisted	5,577	4,559	13	13
Equity investments	-	-	3	3
	₩ 580,865	₩ (308,868)	₩ 516,899	₩ 326,410

12.4 Provision (reversal) for credit losses of financial investments for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	2021		
	Provision	Reversal	Total
Securities measured at fair value through other comprehensive income	₩ 7,466	₩ (385)	₩ 7,081
Loans measured at fair value through other comprehensive income	237	(15)	222
Securities measured at amortized cost	1,892	(691)	1,201
	₩ 9,595	₩ (1,091)	₩ 8,504

(In millions of Korean won)

	2020		
	Provision	Reversal	Total
Securities measured at fair value through other comprehensive income	₩ 4,297	₩ (229)	₩ 4,068
Loans measured at fair value through other comprehensive income	202	(316)	(114)
Securities measured at amortized cost	1,916	(636)	1,280
	₩ 6,415	₩ (1,181)	₩ 5,234

12.5 Changes in allowances for credit losses of financial investments for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	2021		
	12-month expected credit losses	Lifetime expected credit losses Non-impaired	Impaired
Beginning	₩ 9,908	₩ 39	₩ 73
Transfer between stages:			
Transfer to 12-month expected credit losses	-	-	-
Transfer to lifetime expected credit losses	-	-	-
Sales	(1,568)	(4)	-
Provision (reversal) for credit losses	8,512	(11)	3
Others	(32)	4	-
Ending	₩ 16,820	₩ 28	₩ 76

(In millions of Korean won)

	2020		
	12-month expected credit losses	Lifetime expected credit losses Non-impaired	Impaired
Beginning	₩ 5,370	₩ -	₩ -
Transfer between stages:			
Transfer to 12-month expected credit losses	-	-	-
Transfer to lifetime expected credit losses	-	-	-
Sales	(589)	-	-
Provision for credit losses	5,195	39	-
Others	(68)	-	73
Ending	₩ 9,908	₩ 39	₩ 73



13. Investments in Associates and Joint Ventures

13.1 Details of investments in associates and joint ventures as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021					
	Ownership (%)	Acquisition cost	Share of net asset amount	Carrying amount	Industry	Location
KB Pre IPO Secondary Venture Fund No.1 ¹	15.19	₩ 259	₩ 1,622	₩ 1,622	Investment finance	Korea
KB-KDBC Pre-IPO New Technology Business Investment Fund ²	66.66	8,801	11,789	11,789	Investment finance	Korea
KB Star Office Private Real Estate Master Fund No.1	21.05	20,000	26,240	26,240	Investment finance	Korea
Balhae Infrastructure Company ¹	12.61	105,924	99,785	99,785	Investment finance	Korea
Aju Good Technology Venture Fund	38.46	12,343	22,921	22,921	Investment finance	Korea
SY Auto Capital Co., Ltd.	49.00	9,800	19,835	18,222	Auto loans	Korea
Incheon Bridge Co., Ltd. ¹	14.99	9,158	(19,481)	-	Operation of highways and related facilities	Korea
Big Dipper Co., Ltd.	25.14	440	(147)	-	Research, consulting, and big data	Korea
Paycoms Co., Ltd. ³	11.05	800	181	525	System software publishing	Korea
Food Factory Co., Ltd. ⁴	22.22	1,000	633	1,320	Farm product distribution	Korea
KBSP Private Equity Fund No.4 ¹	14.95	6,100	5,628	5,628	Investment finance	Korea
Korea Credit Bureau Co., Ltd. ¹	9.00	4,500	4,497	4,497	Credit information	Korea
KB Social Impact Investment Fund	30.00	4,500	4,282	4,282	Investment finance	Korea
KB-Solidus Global Healthcare Fund ²	43.33	45,557	48,201	48,898	Investment finance	Korea
POSCO-KB Shipbuilding Fund	31.25	2,776	5,413	5,413	Investment finance	Korea
KB-TS Technology Venture Private Equity Fund ²	56.00	14,280	16,828	16,828	Investment finance	Korea
KB-Brain KOSDAQ Scale-up New Technology Business Investment Fund ²	42.55	25,250	29,669	28,919	Investment finance	Korea
KB-SJ Tourism Venture Fund ¹	18.52	4,999	4,146	4,146	Investment finance	Korea
UNION Media Commerce Fund	28.99	1,000	959	959	Investment finance	Korea
KB-Stonebridge Secondary Private Equity Fund ¹	14.56	21,641	21,948	21,948	Investment finance	Korea
KB SPROTT Renewable Private Equity Fund No.1 ²	37.69	5,795	4,680	4,680	Investment finance	Korea

13.1 Details of investments in associates and joint ventures as of December 31, 2021 and 2020, are as follows: (cont'd)

(In millions of Korean won)

	December 31, 2021					
	Ownership (%)	Acquisition cost	Share of net asset amount	Carrying amount	Industry	Location
KB-UTC Inno-Tech Venture Fund ²	44.29	₩ 21,375	₩ 20,972	₩ 20,972	Investment finance	Korea
WJ Private Equity Fund No.1	26.95	10,000	9,604	9,604	Investment finance	Korea
All Together Korea Fund No.2 ⁵	99.99	10,000	10,070	10,070	Asset management	Korea
KB-NAU Special Situation Corporate Restructuring Private Equity Fund ¹	12.00	13,392	15,254	15,254	Asset management	Korea
Project Vanilla Co., Ltd.	49.00	2,450	525	525	Investment finance	Korea
December & Company Inc. ¹	16.78	25,330	9,054	21,388	Investment finance	Korea
2020 KB Fintech Renaissance Fund ¹	5.05	550	618	618	Investment finance	Korea
KB Material and Parts No.1 PEF ¹	14.47	3,400	3,343	3,343	Investment finance	Korea
FineKB Private Equity Fund No.1	25.00	8,375	8,067	8,067	Investment finance	Korea
KB Bio Private Equity No.3 Ltd. ¹	12.20	10,000	9,950	9,950	Investment finance	Korea
G payment Joint Stock Company	43.84	9,029	3,175	9,350	Investment advisory and securities trading	Vietnam
498 Seventh Owners LLC ⁶	49.90	166,851	-	-	Real estate investment	United States
Smart Korea KB Future9-Sejong Venture Fund	38.46	1,000	962	962	Investment finance	Korea
KB-KTB Technology Venture Fund ²	50.50	5,600	5,503	5,554	Investment finance	Korea
KB-SOLIDUS Healthcare Investment Fund ²	88.23	1,800	1,800	1,800	Investment finance	Korea
Paramark KB Fund No.1	20.69	2,040	1,850	1,850	Investment finance	Korea
Others		2,475	81	789		
		₩ 598,590	₩ 410,457	₩ 448,718		



13.1 Details of investments in associates and joint ventures as of December 31, 2021 and 2020, are as follows: (cont'd)

(In millions of Korean won)

	December 31, 2020					
	Ownership (%)	Acquisition cost	Share of net asset amount	Carrying amount	Industry	Location
KB Pre IPO Secondary Venture Fund No.1 ¹	15.19	₩ 551	₩ 1,279	₩ 1,279	Investment finance	Korea
KB GwS Private Securities Investment Trust	26.74	113,880	142,799	141,359	Investment finance	Korea
KB-KDBC Pre-IPO New Technology Business Investment Fund ²	66.66	13,601	16,042	16,042	Investment finance	Korea
KB Star Office Private Real Estate Master Fund No.1	21.05	20,000	20,413	20,066	Investment finance	Korea
Balhae Infrastructure Company ¹	12.61	106,107	106,624	106,624	Investment finance	Korea
Aju Good Technology Venture Fund	38.46	17,113	21,351	21,348	Investment finance	Korea
SY Auto Capital Co., Ltd.	49.00	9,800	18,713	16,144	Auto loans	Korea
Incheon Bridge Co., Ltd. ¹	14.99	9,158	(18,100)	-	Operation of highways and related facilities	Korea
Big Dipper Co., Ltd.	25.14	440	(5)	-	Research, consulting, and big data	Korea
Paycoms Co., Ltd. ³	11.70	800	72	198	System software publishing	Korea
Food Factory Co., Ltd. ⁴	22.22	1,000	632	1,281	Farm product distribution	Korea
KBSP Private Equity Fund No.4 ¹	14.95	6,100	5,950	5,950	Investment finance	Korea
KB Private Equity Fund No.3 ¹	15.69	-	94	94	Investment finance	Korea
Korea Credit Bureau Co., Ltd. ¹	9.00	4,500	7,153	7,153	Credit information	Korea
KoFC POSCO Hanwha KB Shared Growth Private Equity Fund No.2	25.00	9,739	9,845	9,845	Investment finance	Korea
Keystone-Hyundai Securities No.1 Private Equity Fund ¹	4.49	1,908	1,556	1,556	Investment finance	Korea
KB Social Impact Investment Fund	30.00	3,000	2,874	2,874	Investment finance	Korea
KB-Solidus Global Healthcare Fund ²	43.33	48,677	45,516	46,213	Investment finance	Korea
POSCO-KB Shipbuilding Fund	31.25	10,375	12,895	12,895	Investment finance	Korea
KB-TS Technology Venture Private Equity Fund ²	56.00	16,576	17,630	17,630	Investment finance	Korea
KB-Brain KOSDAQ Scale-up New Technology Business Investment Fund ²	42.55	26,050	27,513	26,763	Investment finance	Korea
KB-SJ Tourism Venture Fund ¹	18.52	4,500	4,133	4,133	Investment finance	Korea

13.1 Details of investments in associates and joint ventures as of December 31, 2021 and 2020, are as follows: (cont'd)

(In millions of Korean won)

	December 31, 2020					
	Ownership (%)	Acquisition cost	Share of net asset amount	Carrying amount	Industry	Location
UNION Media Commerce Fund	28.99	₩ 1,000	₩ 960	₩ 960	Investment finance	Korea
KB-Stonebridge Secondary Private Equity Fund ¹	14.56	14,308	16,636	16,636	Investment finance	Korea
KB SPROTT Renewable Private Equity Fund No.1 ²	37.69	5,795	5,049	5,049	Investment finance	Korea
KB-UTC Inno-Tech Venture Fund ²	44.29	17,416	16,999	16,999	Investment finance	Korea
WJ Private Equity Fund No.1	26.95	10,000	9,711	9,711	Investment finance	Korea
All Together Korea Fund No.2 ⁵	99.99	10,000	10,023	10,023	Asset management	Korea
KB-NAU Special Situation Corporate Restructuring Private Equity Fund ¹	12.00	5,700	5,611	5,611	Asset management	Korea
JR Global REIT	26.07	215,854	215,854	215,854	Real estate management	Korea
Project Vanilla Co., Ltd.	49.00	2,450	2,151	2,151	Investment finance	Korea
December & Company Inc. ¹	17.63	24,849	24,402	24,402	Investment finance	Korea
2020 KB Fintech Renaissance Fund ¹	5.05	550	547	547	Investment finance	Korea
KB Material and Parts No.1 PEF ¹	14.47	3,400	3,371	3,371	Investment finance	Korea
FineKB Private Equity Fund No.1	25.00	-	-	-	Investment finance	Korea
Others		2,475	1,004	674		
		₩ 737,672	₩ 757,297	₩ 771,435		

¹ As of December 31, 2021 and 2020, the Group can exercise significant influence on the decision-making processes of the associate's financial and business policies through participation in governing bodies.

² In order to direct relevant activities, it is necessary to obtain the consent of the two co-operative members; the Group has applied the equity method as the Group cannot control the investee by itself.

³ The ownership of Paycoms Co., Ltd. would be 21.84% and 22.96% as of December 31, 2021 and 2020, respectively, considering the potential voting rights of convertible bonds.

⁴ The ownership of Food Factory Co., Ltd. would be 30.00% and 30.00% as of December 31, 2021 and 2020, respectively, considering the potential voting rights of convertible bonds.

⁵ As of December 31, 2021 and 2020, the Group participates in the investment management committee but cannot exercise control.

⁶ The investment was classified as assets of a disposal group held for sale as of December 31, 2021.

In accordance with Korean IFRS No.1028 *Investments in Associates and Joint Ventures*, the Group elected an exemption from applying the equity method for 41 companies including Banksalad Co., Ltd., and classified them as financial assets at fair value through profit or loss.

Although the Group holds 20% or more of the ownership, investment trusts with limited influence on related activities according to trust contracts, and companies with limited influence on related activities due to bankruptcy and corporate rehabilitation proceedings are excluded from associates.



13.2 Condensed financial information, adjustments to the carrying amount, and dividend from major investments in associates and joint ventures as of and for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021 *						
	Total assets	Total liabilities	Paid-in capital	Equity	Share of net asset amount	Unrealized gains (losses) and others	Consolidated carrying amount
KB Pre IPO							
Secondary Venture Fund No.1	₩ 10,678	₩ 3	₩ 4,015	₩ 10,675	₩ 1,622	₩ -	₩ 1,622
KB-KDBC Pre-IPO							
New Technology Business Investment Fund	18,069	385	13,200	17,684	11,789	-	11,789
KB Star Office Private Real Estate Master Fund No.1	247,259	122,620	95,000	124,639	26,240	-	26,240
Balhae Infrastructure Company	853,961	62,336	840,323	791,625	99,785	-	99,785
Aju Good Technology Venture Fund	64,303	4,703	32,100	59,600	22,921	-	22,921
SY Auto Capital Co., Ltd.	88,144	47,665	20,000	40,479	19,835	(1,613)	18,222
Incheon Bridge Co., Ltd.	560,570	690,530	61,096	(129,960)	(19,481)	19,481	-
Big Dipper Co., Ltd.	143	748	1,750	(605)	(147)	147	-
Paycoms Co., Ltd.	3,597	1,960	855	1,637	181	344	525
Food Factory Co., Ltd.	8,332	5,482	450	2,850	633	687	1,320
KBSP Private Equity Fund No.4	37,646	5	40,800	37,641	5,628	-	5,628
Korea Credit Bureau Co., Ltd.	128,297	78,328	10,000	49,969	4,497	-	4,497
KB Social Impact Investment Fund	14,431	157	15,000	14,274	4,282	-	4,282
KB-Solidus Global Healthcare Fund	112,358	1,126	68,400	111,232	48,201	697	48,898
POSCO-KB Shipbuilding Fund	17,754	432	8,880	17,322	5,413	-	5,413
KB-TS Technology Venture Private Equity Fund	35,279	5,228	25,500	30,051	16,828	-	16,828
KB-Brain KOSDAQ Scale-up New Technology Business Investment Fund	69,943	221	61,100	69,722	29,669	(750)	28,919
KB-SJ Tourism Venture Fund	22,947	557	27,000	22,390	4,146	-	4,146
UNION Media Commerce Fund	3,318	10	3,450	3,308	959	-	959
KB-Stonebridge Secondary Private Equity Fund	151,004	316	148,587	150,688	21,948	-	21,948

13.2 Condensed financial information, adjustments to the carrying amount, and dividend from major investments in associates and joint ventures as of and for the years ended December 31, 2021 and 2020, are as follows: (cont'd)

(In millions of Korean won)

	December 31, 2021 *						
	Total assets	Total liabilities	Paid-in capital	Equity	Share of net asset amount	Unrealized gains (losses) and others	Consolidated carrying amount
KB SPROTT							
Renewable Private Equity Fund No.1	₩ 13,886	₩ 1,467	₩ 15,376	₩ 12,419	₩ 4,680	₩ -	₩ 4,680
KB-UTC Inno-Tech Venture Fund	47,848	497	48,260	47,351	20,972	-	20,972
WJ Private Equity Fund No.1	35,799	170	37,100	35,629	9,604	-	9,604
All Together Korea Fund No.2	10,073	1	10,002	10,072	10,070	-	10,070
KB-NAU Special Situation Corporate Restructuring Private Equity Fund	127,960	844	111,600	127,116	15,254	-	15,254
Project Vanilla Co., Ltd.	1,283	211	5,000	1,072	525	-	525
December & Company Inc.	71,219	17,276	37,241	53,943	9,054	12,334	21,388
2020 KB Fintech Renaissance Fund	12,252	5	10,900	12,247	618	-	618
KB Material and Parts No.1 PEF	23,104	-	23,500	23,104	3,343	-	3,343
FineKB Private Equity Fund No.1	32,583	315	33,500	32,268	8,067	-	8,067
KB Bio Private Equity No.3 Ltd.	81,691	101	82,000	81,590	9,950	-	9,950
G payment Joint Stock Company	7,797	557	2,950	7,240	3,175	6,175	9,350
Smart Korea KB Future9-Sejong Venture Fund	2,581	81	2,600	2,500	962	-	962
KB-KTB Technology Venture Fund	11,008	101	11,000	10,907	5,503	51	5,554
KB-SOLIDUS Healthcare Investment Fund	2,040	-	2,040	2,040	1,800	-	1,800
Paramark KB Fund No.1	8,943	3	9,860	8,940	1,850	-	1,850



13.2 Condensed financial information, adjustments to the carrying amount, and dividend from major investments in associates and joint ventures as of and for the years ended December 31, 2021 and 2020, are as follows: (cont'd)

(In millions of Korean won)

	2021 *				
	Operating revenue	Net profit (loss)	Other comprehensive income (loss)	Total comprehensive income (loss)	Dividends
KB Pre IPO Secondary Venture Fund No.1	₩ 4,594	₩ 4,180	₩ -	₩ 4,180	₩ -
KB-KDBC Pre-IPO New Technology Business Investment Fund	530	120	-	120	-
KB Star Office Private Real Estate Master Fund No.1	18	(127)	-	(127)	963
Balhae Infrastructure Company	97,833	19,559	-	19,559	9,121
Aju Good Technology Venture Fund	22,486	15,407	-	15,407	-
SY Auto Capital Co., Ltd.	14,316	2,193	104	2,297	-
Incheon Bridge Co., Ltd.	84,068	(16,219)	-	(16,219)	-
Big Dipper Co., Ltd.	939	(583)	-	(583)	-
Paycoms Co., Ltd.	1,515	857	-	857	-
Food Factory Co., Ltd.	8,853	354	-	354	-
KBSP Private Equity Fund No.4	(1,358)	(2,154)	-	(2,154)	-
Korea Credit Bureau Co., Ltd.	128,150	(27,327)	-	(27,327)	90
KB Social Impact Investment Fund	7	(306)	-	(306)	-
KB-Solidus Global Healthcare Fund	18,782	13,396	-	13,396	-
POSCO-KB Shipbuilding Fund	1,880	376	-	376	-
KB-TS Technology Venture Private Equity Fund	2,094	(1,151)	-	(1,151)	-
KB-Brain KOSDAQ Scale-up New Technology Business Investment Fund	14,244	8,495	-	8,495	-
KB-SJ Tourism Venture Fund	170	(2,631)	-	(2,631)	-
UNION Media Commerce Fund	-	(3)	-	(3)	-
KB-Stonebridge Secondary Private Equity Fund	55,572	54,053	-	54,053	9,895
KB SPROTT Renewable Private Equity Fund No.1	-	(983)	-	(983)	-
KB-UTC Inno-Tech Venture Fund	1,080	32	-	32	-
WJ Private Equity Fund No.1	291	(398)	-	(398)	-
All Together Korea Fund No.2	53	47	-	47	-
KB-NAU Special Situation Corporate Restructuring Private Equity Fund	20,594	16,252	-	16,252	-
Project Vanilla Co., Ltd.	-	(3,231)	-	(3,231)	-
December & Company Inc.	3,982	(20,767)	-	(20,767)	-
2020 KB Fintech Renaissance Fund	1,566	1,411	-	1,411	-
KB Material and Parts No.1 PEF	451	42	-	42	34
FineKB Private Equity Fund No.1	2	(1,155)	-	(1,155)	-
KB Bio Private Equity No.3 Ltd.	4	(410)	-	(410)	-
G payment Joint Stock Company	819	(762)	-	(762)	-
Smart Korea KB Future9-Sejong Venture Fund	2	(100)	-	(100)	-
KB-KTB Technology Venture Fund	8	(93)	-	(93)	-
KB-SOLIDUS Healthcare Investment Fund	-	-	-	-	-
Paramark KB Fund No.1	-	(920)	-	(920)	-

13.2 Condensed financial information, adjustments to the carrying amount, and dividend from major investments in associates and joint ventures as of and for the years ended December 31, 2021 and 2020, are as follows: (cont'd)

(In millions of Korean won)

	December 31, 2020 *						
	Total assets	Total liabilities	Paid-in capital	Equity	Share of net asset amount	Unrealized gains (losses) and others	Consolidated carrying amount
KB Pre IPO Secondary Venture Fund No.1	₩ 8,423	₩ 3	₩ 5,940	₩ 8,420	₩ 1,279	₩ -	₩ 1,279
KB GwS Private Securities Investment Trust	534,764	741	425,814	534,023	142,799	(1,440)	141,359
KB-KDBC Pre-IPO New Technology Business Investment Fund	24,655	592	20,400	24,063	16,042	-	16,042
KB Star Office Private Real Estate Master Fund No.1	231,018	122,298	95,000	108,720	20,413	(347)	20,066
Balhae Infrastructure Company	847,758	1,870	841,784	845,888	106,624	-	106,624
Aju Good Technology Venture Fund	57,776	2,265	44,500	55,511	21,351	(3)	21,348
SY Auto Capital Co., Ltd.	89,462	51,272	20,000	38,190	18,713	(2,569)	16,144
Incheon Bridge Co., Ltd.	579,386	700,133	61,096	(120,747)	(18,100)	18,100	-
Big Dipper Co., Ltd.	285	306	1,750	(21)	(5)	5	-
Paycoms Co., Ltd.	2,690	2,073	855	617	72	126	198
Food Factory Co., Ltd.	7,613	4,767	450	2,846	632	649	1,281
KBSP Private Equity Fund No.4	39,795	-	40,800	39,795	5,950	-	5,950
KB Private Equity Fund No.3	1,132	533	-	599	94	-	94
Korea Credit Bureau Co., Ltd.	117,077	37,599	10,000	79,478	7,153	-	7,153
KoFC POSCO Hanwha KB Shared Growth Private Equity Fund No.2	42,585	3,205	38,960	39,380	9,845	-	9,845
Keystone-Hyundai Securities No.1 Private Equity Fund	178,848	132,123	42,837	46,725	1,556	-	1,556
KB Social Impact Investment Fund	9,585	4	10,000	9,581	2,874	-	2,874
KB-Solidus Global Healthcare Fund	106,215	1,179	75,600	105,036	45,516	697	46,213
POSCO-KB Shipbuilding Fund	41,807	541	33,200	41,266	12,895	-	12,895
KB-TS Technology Venture Private Equity Fund	34,972	3,490	29,600	31,482	17,630	-	17,630



13.2 Condensed financial information, adjustments to the carrying amount, and dividend from major investments in associates and joint ventures as of and for the years ended December 31, 2021 and 2020, are as follows: (cont'd)

(In millions of Korean won)

	December 31, 2020 *						
	Total assets	Total liabilities	Paid-in capital	Equity	Share of net asset amount	Unrealized gains (losses) and others	Consolidated carrying amount
KB-Brain KOSDAQ Scale-up New Technology Business Investment Fund	₩ 64,968	₩ 313	₩ 62,980	₩ 64,655	₩ 27,513	₩ (750)	₩ 26,763
KB-SJ Tourism Venture Fund	22,327	6	24,300	22,321	4,133	-	4,133
UNION Media Commerce Fund	3,318	7	3,450	3,311	960	-	960
KB-Stonebridge Secondary Private Equity Fund	114,712	496	98,235	114,216	16,636	-	16,636
KB SPROTT Renewable Private Equity Fund No.1	13,896	497	15,376	13,399	5,049	-	5,049
KB-UTC Inno-Tech Venture Fund	38,585	207	39,319	38,378	16,999	-	16,999
WJ Private Equity Fund No.1	36,197	170	37,100	36,027	9,711	-	9,711
All Together Korea Fund No.2	10,025	1	10,001	10,024	10,023	-	10,023
KB-NAU Special Situation Corporate Restructuring Private Equity Fund	47,607	850	47,500	46,757	5,611	-	5,611
JR Global REIT	1,859,214	1,043,068	165,600	816,146	215,854	-	215,854
Project Vanilla Co., Ltd.	4,445	132	5,000	4,313	2,151	-	2,151
December & Company Inc.	68,173	3,305	35,441	64,868	24,402	-	24,402
2020 KB Fintech Renaissance Fund	10,841	5	10,900	10,836	547	-	547
KB Material and Parts No.1 PEF	23,296	-	23,500	23,296	3,371	-	3,371
FineKB Private Equity Fund No.1	-	77	-	(77)	-	-	-

13.2 Condensed financial information, adjustments to the carrying amount, and dividend from major investments in associates and joint ventures as of and for the years ended December 31, 2021 and 2020, are as follows: (cont'd)

(In millions of Korean won)

	2020 *				
	Operating revenue	Net profit (loss)	Other comprehensive income (loss)	Total comprehensive income (loss)	Dividends
KB Pre IPO Secondary Venture Fund No.1	₩ 1,942	₩ 1,053	₩ -	₩ 1,053	₩ -
KB GwS Private Securities Investment Trust	48,501	47,520	-	47,520	9,525
KB-KDBC Pre-IPO New Technology Business Investment Fund	5,151	4,421	-	4,421	-
KB Star Office Private Real Estate Master Fund No.1	2,392	1,076	-	1,076	-
Balhae Infrastructure Company	63,781	89,757	-	89,757	6,973
Aju Good Technology Venture Fund	8,685	2,815	-	2,815	-
SY Auto Capital Co., Ltd.	17,404	2,057	(49)	2,008	-
Incheon Bridge Co., Ltd.	70,345	(23,200)	-	(23,200)	-
Big Dipper Co., Ltd.	942	(305)	-	(305)	-
Paycoms Co., Ltd.	1,391	505	-	505	-
Food Factory Co., Ltd.	9,282	407	-	407	-
KBSP Private Equity Fund No.4	2	306	-	306	-
KB Private Equity Fund No.3	-	15,442	-	15,442	2,082
Korea Credit Bureau Co., Ltd.	107,810	13,391	-	13,391	89
KoFC POSCO Hanwha KB Shared Growth Private Equity Fund No.2	1,629	626	-	626	-
Keystone-Hyundai Securities No.1 Private Equity Fund	16,586	(1,536)	-	(1,536)	-
KB Social Impact Investment Fund	8	(301)	-	(301)	-
KB-Solidus Global Healthcare Fund	6,435	(12,655)	-	(12,655)	-
POSCO-KB Shipbuilding Fund	12,842	10,154	-	10,154	-
KB-TS Technology Venture Private Equity Fund	5,342	4,051	-	4,051	-
KB-Brain KOSDAQ Scale-up New Technology Business Investment Fund	5,257	3,013	-	3,013	-
KB-SJ Tourism Venture Fund	-	(689)	-	(689)	-
UNION Media Commerce Fund	-	(3)	-	(3)	-
KB-Stonebridge Secondary Private Equity Fund	20,068	17,842	-	17,842	-
KB SPROTT Renewable Private Equity Fund No.1	1	(991)	-	(991)	-
KB-UTC Inno-Tech Venture Fund	-	(866)	-	(866)	-
WJ Private Equity Fund No.1	2	(1,073)	-	(1,073)	-
All Together Korea Fund No.2	187	150	-	150	-
KB-NAU Special Situation Corporate Restructuring Private Equity Fund	2,901	(743)	-	(743)	-
JR Global REIT	-	-	-	-	-
Project Vanilla Co., Ltd.	-	(611)	-	(611)	-
December & Company Inc.	756	(2,469)	-	(2,469)	-
2020 KB Fintech Renaissance Fund	1	(64)	-	(64)	-
KB Material and Parts No.1 PEF	-	(204)	-	(204)	-
FineKB Private Equity Fund No.1	-	(77)	-	(77)	-

* The condensed financial information of the associates and joint ventures is adjusted to reflect adjustments, such as fair value adjustments recognized at the time of acquisition and adjustments for differences in accounting policies.



13.3 Changes in carrying amount of investments in associates and joint ventures for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	2021 ¹						
	Beginning	Acquisition and others	Disposal and others	Dividends	Gains (losses) on equity-method accounting	Other comprehensive income (loss)	Ending
KB Pre IPO Secondary Venture Fund No.1	₩ 1,279	₩ -	₩ (292)	₩ -	₩ 635	₩ -	₩ 1,622
KB GwS Private Securities Investment Trust	141,359	-	(141,359)	-	-	-	-
KB-KDBC Pre-IPO New Technology Business Investment Fund	16,042	-	(4,800)	-	547	-	11,789
KB Star Office Private Real Estate Master Fund No.1	20,066	-	-	(963)	7,137	-	26,240
Balhae Infrastructure Company	106,624	280	(463)	(9,121)	2,465	-	99,785
Aju Good Technology Venture Fund	21,348	-	(4,770)	-	6,343	-	22,921
SY Auto Capital Co., Ltd.	16,144	-	-	-	2,027	51	18,222
Incheon Bridge Co., Ltd.	-	-	-	-	-	-	-
Big Dipper Co., Ltd.	-	-	-	-	-	-	-
Paycoms Co., Ltd.	198	-	-	-	327	-	525
Food Factory Co., Ltd.	1,281	-	-	-	7	32	1,320
KBSP Private Equity Fund No.4	5,950	-	-	-	(322)	-	5,628
KB Private Equity Fund No.3	94	-	(13)	(81)	-	-	-
Korea Credit Bureau Co., Ltd.	7,153	-	-	(90)	(2,566)	-	4,497
KoFC POSCO Hanwha KB Shared Growth Private Equity Fund No.2	9,845	-	(9,725)	(2,120)	2,000	-	-
Keystone-Hyundai Securities No.1 Private Equity Fund	1,556	-	(1,044)	(512)	-	-	-
KB Social Impact Investment Fund	2,874	1,500	-	-	(92)	-	4,282
KB-Solidus Global Healthcare Fund	46,213	-	(3,120)	-	5,805	-	48,898
POSCO-KB Shipbuilding Fund	12,895	-	(7,599)	-	117	-	5,413
KB-TS Technology Venture Private Equity Fund	17,630	3,080	(5,376)	-	1,494	-	16,828
KB-Brain KOSDAQ Scale-up New Technology Business Investment Fund	26,763	10,000	(10,800)	-	2,956	-	28,919
KB-SJ Tourism Venture Fund	4,133	499	-	-	(486)	-	4,146

13.3 Changes in carrying amount of investments in associates and joint ventures for the years ended December 31, 2021 and 2020, are as follows: (cont'd)

(In millions of Korean won)

	2021 ¹						
	Beginning	Acquisition and others	Disposal and others	Dividends	Gains (losses) on equity-method accounting	Other comprehensive income (loss)	Ending
UNION Media Commerce Fund	₩ 960	₩ -	₩ -	₩ -	₩ (1)	₩ -	₩ 959
KB-Stonebridge Secondary Private Equity Fund	16,636	13,257	(5,924)	(9,895)	7,874	-	21,948
KB SPROTT Renewable Private Equity Fund No.1	5,049	-	-	-	(369)	-	4,680
KB-UTC Inno-Tech Venture Fund	16,999	5,085	(1,126)	-	14	-	20,972
WJ Private Equity Fund No.1	9,711	-	-	-	(107)	-	9,604
All Together Korea Fund No.2	10,023	-	-	-	47	-	10,070
KB-NAU Special Situation Corporate Restructuring Private Equity Fund	5,611	7,692	-	-	1,951	-	15,254
JR Global REIT	215,854	-	(209,250)	(6,604)	-	-	-
Project Vanilla Co., Ltd. December & Company Inc.	2,151	-	-	-	(1,626)	-	525
2020 KB Fintech Renaissance Fund	24,402	481	-	-	(3,507)	12	21,388
KB Material and Parts No.1 PEF	547	-	-	-	71	-	618
FineKB Private Equity Fund No.1	3,371	-	-	(34)	6	-	3,343
KB Bio Private Equity No.3 Ltd.	-	8,375	-	-	(308)	-	8,067
K The 15th REIT Co., Ltd.	-	10,000	-	-	(50)	-	9,950
G payment Joint Stock Company	-	8,600	(8,600)	-	-	-	-
498 Seventh Owners LLC ³	-	9,684	-	-	(334)	-	9,350
Smart Korea KB Future9-Sejong Venture Fund	-	172,907	(169,424)	(3,483)	-	-	-
KB-KTB Technology Venture Fund	-	1,000	-	-	(38)	-	962
KB-SOLIDUS Healthcare Investment Fund	-	5,601	-	-	(47)	-	5,554
Paramark KB Fund No.1	-	1,800	-	-	-	-	1,800
Others	-	2,040	-	-	(190)	-	1,850
	674	-	-	-	(303)	418	789
	₩ 771,435	₩ 261,881	₩ (583,685)	₩ (32,903)	₩ 31,477	₩ 513	₩ 448,718



13.3 Changes in carrying amount of investments in associates and joint ventures for the years ended December 31, 2021 and 2020, are as follows: (cont'd)

(In millions of Korean won)

	2020 ¹						
	Beginning	Acquisition and others	Disposal and others	Dividends	Gains (losses) on equity-method accounting	Other comprehensive income (loss)	Ending
KB Pre IPO Secondary Venture Fund No.1	₩ 1,705	₩ -	₩ (586)	₩ -	₩ 160	₩ -	₩ 1,279
KB GwS Private Securities Investment Trust	136,168	-	-	(9,525)	14,716	-	141,359
KB-KDBC Pre-IPO New Technology Business Investment Fund	18,988	-	(6,399)	-	3,453	-	16,042
KB Star Office Private Real Estate Master Fund No.1	19,839	-	-	-	227	-	20,066
PT Bank KB Bukopin Tbk ²	121,381	43,909	(54,069)	-	(107,258)	(3,963)	-
Balhae Infrastructure Company	101,391	893	-	(6,973)	11,313	-	106,624
Aju Good Technology Venture Fund	23,016	-	(2,885)	-	1,217	-	21,348
SY Auto Capital Co., Ltd.	12,725	-	-	-	3,422	(3)	16,144
Incheon Bridge Co., Ltd.	-	-	-	-	-	-	-
Big Dipper Co., Ltd.	125	-	-	-	(125)	-	-
Paycoms Co., Ltd.	45	-	-	-	153	-	198
Food Factory Co., Ltd.	1,000	-	-	-	247	34	1,281
KBSP Private Equity Fund No.4	5,904	-	-	-	46	-	5,950
KB Private Equity Fund No.3	7,754	-	(8,000)	(2,082)	2,422	-	94
Korea Credit Bureau Co., Ltd.	5,991	-	-	(89)	1,251	-	7,153
KoFC POSCO Hanwha KB Shared Growth Private Equity Fund No.2	13,616	-	(3,231)	-	(540)	-	9,845
Keystone-Hyundai Securities No.1 Private Equity Fund	1,625	-	-	-	(69)	-	1,556
KB Social Impact Investment Fund	1,465	1,500	-	-	(91)	-	2,874
KB-Solidus Global Healthcare Fund	45,718	10,920	(4,940)	-	(5,485)	-	46,213
POSCO-KB Shipbuilding Fund	6,847	5,000	(2,125)	-	3,173	-	12,895
KB-TS Technology Venture Private Equity Fund	19,731	2,240	(5,488)	-	1,232	(85)	17,630
KB-Brain KOSDAQ Scale-up New Technology Business Investment Fund	19,752	8,000	(3,200)	-	2,211	-	26,763
KB-SJ Tourism Venture Fund	2,761	1,500	-	-	(128)	-	4,133

13.3 Changes in carrying amount of investments in associates and joint ventures for the years ended December 31, 2021 and 2020, are as follows: (cont'd)

(In millions of Korean won)

	2020 ¹						
	Beginning	Acquisition and others	Disposal and others	Dividends	Gains (losses) on equity-method accounting	Other comprehensive income (loss)	Ending
UNION Media Commerce Fund	₩ 961	₩ -	₩ -	₩ -	₩ (1)	₩ -	₩ 960
KB-Stonebridge Secondary Private Equity Fund	4,944	9,093	-	-	2,599	-	16,636
KB SPROTT Renewable Private Equity Fund No.1	1,295	4,128	-	-	(374)	-	5,049
KB-UTC Inno-Tech Venture Fund	417	16,966	-	-	(384)	-	16,999
WJ Private Equity Fund No.1	-	10,000	-	-	(289)	-	9,711
All Together Korea Fund No.2	-	100,000	(90,000)	-	150	(127)	10,023
KB-NAU Special Situation Corporate Restructuring Private Equity Fund	-	5,700	-	-	(89)	-	5,611
JR Global REIT	-	219,493	(3,639)	-	-	-	215,854
Project Vanilla Co., Ltd. December & Company Inc.	-	2,450	-	-	(299)	-	2,151
2020 KB Fintech Renaissance Fund	-	30,000	(5,151)	-	(447)	-	24,402
KB Material and Parts No.1 PEF	-	550	-	-	(3)	-	547
FineKB Private Equity Fund No.1	-	3,400	-	-	(29)	-	3,371
Others	-	-	-	-	-	-	-
	₩ 23,076	₩ 40,000	₩ (61,862)	₩ -	₩ (899)	₩ 359	₩ 674
	₩ 598,240	₩ 515,742	₩ (251,575)	₩ (18,669)	₩ (68,518)	₩ (3,785)	₩ 771,435

¹ Gains on disposal of investments in associates and joint ventures amount to ₩ 62,048 million ₩ 24,768 million for the years ended December 31, 2021 and 2020, respectively.

² The investment was reclassified from associates to subsidiaries during the year ended December 31, 2020 due to additional share purchase.

³ The investment was classified as assets of a disposal group held for sale as of December 31, 2021.

13.4 Unrecognized share of losses of investments in associates and joint ventures due to the discontinuation of recognizing share of losses, for the years ended December 31, 2021 and 2020, and accumulated amount of unrecognized losses as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	Unrecognized losses for the period		Accumulated unrecognized losses	
	2021	2020	December 31, 2021	December 31, 2020
DSMETAL Co., Ltd.	₩ 38	₩ -	₩ 103	₩ 65
Incheon Bridge Co., Ltd.	1,381	3,354	19,481	18,100
Jungdong Steel Co., Ltd.	-	-	489	489
DPAPS Co., Ltd.	-	19	-	358
Shinla Construction Co., Ltd.	-	-	183	183
Jaeyang Industry Co., Ltd.	-	-	30	30
Terra Corporation	-	-	14	14
Jungdo Co., Ltd.	239	151	551	312
Jinseung Tech Co., Ltd.	12	-	33	21
Korea NM Tech Co., Ltd.	-	-	28	28
Chongil Machine & Tools Co., Ltd.	49	-	68	19
Skydigital Inc.	68	-	174	106
Imt Technology Co., Ltd.	(3)	3	-	3
Jo Yang Industrial Co., Ltd.	9	96	105	96
IDTECK Co., Ltd.	(72)	216	144	216
MJT&I Corp.	152	-	152	-
Dae-A Leisure Co., Ltd.	202	-	202	-
II-Kwang Electronic Materials Co., Ltd.	160	-	160	-
Inter Shipping Co., Ltd.	117	-	117	-
	₩ 2,352	₩ 3,839	₩ 22,034	₩ 20,040

14. Property and Equipment, and Investment Properties

14.1 Property and Equipment

14.1.1 Details of property and equipment as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021			
	Acquisition cost	Accumulated depreciation	Accumulated impairment losses	Carrying amount
Land	₩ 2,548,185	₩ -	₩ (4)	₩ 2,548,181
Buildings	2,534,134	(851,730)	(5,747)	1,676,657
Leasehold improvements	977,853	(889,602)	-	88,251
Equipment and vehicles	2,093,461	(1,782,278)	-	311,183
Construction in-progress	39,579	-	-	39,579
Right-of-use assets	1,301,864	(725,817)	-	576,047
	₩ 9,495,076	₩ (4,249,427)	₩ (5,751)	₩ 5,239,898

(In millions of Korean won)

	December 31, 2020			
	Acquisition cost	Accumulated depreciation	Accumulated impairment losses	Carrying amount
Land	₩ 2,611,604	₩ -	₩ (1,018)	₩ 2,610,586
Buildings	2,607,957	(830,516)	(5,859)	1,771,582
Leasehold improvements	929,120	(833,293)	-	95,827
Equipment and vehicles	2,040,100	(1,699,442)	-	340,658
Construction in-progress	44,190	-	-	44,190
Right-of-use assets	1,094,876	(524,165)	-	570,711
	₩ 9,327,847	₩ (3,887,416)	₩ (6,877)	₩ 5,433,554



14.1.2 Changes in property and equipment for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	2021							
	Beginning	Acquisition	Transfer ¹	Disposal	Depreciation ²	Business combination	Others	Ending
Land	₩ 2,610,586	₩ 1,106	₩ (81,690)	₩ (11,399)	₩ -	₩ -	₩ 29,578	₩ 2,548,181
Buildings	1,771,582	2,412	(79,802)	6,213	(69,118)	-	45,370	1,676,657
Leasehold improvements	95,827	13,079	40,148	(891)	(61,294)	-	1,382	88,251
Equipment and vehicles	340,658	153,459	2,488	(1,819)	(187,918)	537	3,778	311,183
Construction in-progress	44,190	129,682	(99,763)	(8,435)	-	-	(26,095)	39,579
Right-of-use assets	570,711	614,069	(9)	(324,104)	(288,980)	20	4,340	576,047
	₩ 5,433,554	₩ 913,807	₩ (218,628)	₩ (340,435)	₩ (607,310)	₩ 557	₩ 58,353	₩ 5,239,898

(In millions of Korean won)

	2020							
	Beginning	Acquisition	Transfer ¹	Disposal	Depreciation ²	Business combination	Others	Ending
Land	₩ 2,430,794	₩ 6,475	₩ (116,264)	₩ (2,578)	₩ -	₩ 295,421	₩ (3,262)	₩ 2,610,586
Buildings	1,502,923	43,592	190,917	(4,442)	(61,339)	100,984	(1,053)	1,771,582
Leasehold improvements	116,124	13,348	34,596	(574)	(73,394)	5,087	640	95,827
Equipment and vehicles	380,353	161,515	3,705	(1,990)	(221,697)	19,873	(1,101)	340,658
Construction in-progress	86,303	229,927	(291,336)	-	-	20,022	(726)	44,190
Right-of-use assets	550,880	426,405	53	(203,376)	(272,686)	55,656	13,779	570,711
	₩ 5,067,377	₩ 881,262	₩ (178,329)	₩ (212,960)	₩ (629,116)	₩ 497,043	₩ 8,277	₩ 5,433,554

¹ Includes transfers with investment properties and assets held for sale.

² Includes depreciation expenses amounting to ₩ 196 million and ₩ 123 million recorded as other operating expenses and others for the years ended December 31, 2021 and 2020, respectively.

14.1.3 Changes in accumulated impairment losses of property and equipment for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	2021				
	Beginning	Impairment	Reversal	Disposal and others	Ending
Accumulated impairment losses of property and equipment	₩ (6,877)	₩ -	₩ -	₩ 1,126	₩ (5,751)

(In millions of Korean won)

	2020				
	Beginning	Impairment	Reversal	Disposal and others	Ending
Accumulated impairment losses of property and equipment	₩ (6,877)	₩ (12)	₩ -	₩ 12	₩ (6,877)
Accumulated impairment losses of right-of-use assets	(1,178)	-	-	1,178	-
	₩ (8,055)	₩ (12)	₩ -	₩ 1,190	₩ (6,877)

14.2 Investment Properties

14.2.1 Details of investment properties as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021			
	Acquisition cost	Accumulated depreciation	Accumulated impairment losses	Carrying amount
Land	₩ 1,577,800	₩ -	₩ (447)	₩ 1,577,353
Buildings	1,089,761	(147,307)	(4,863)	937,591
	₩ 2,667,561	₩ (147,307)	₩ (5,310)	₩ 2,514,944

(In millions of Korean won)

	December 31, 2020			
	Acquisition cost	Accumulated depreciation	Accumulated impairment losses	Carrying amount
Land	₩ 1,568,508	₩ -	₩ (410)	₩ 1,568,098
Buildings	1,092,737	(122,833)	(4,463)	965,441
	₩ 2,661,245	₩ (122,833)	₩ (4,873)	₩ 2,533,539

14.2.2 Valuation techniques and inputs used to measure the fair value of investment properties as of December 31, 2021, are as follows:

(In millions of Korean won)

	December 31, 2021		
	Fair value	Valuation techniques	Inputs
Land and buildings	₩ 124,021	Cost approach method	- Price per square meter - Replacement cost
	1,118,793	Market comparison method	- Price per square meter
	1,236,638	Discounted cash flow method	- Prospective rental market growth rate - Period of vacancy - Rental ratio - Discount rate and others
	232,950	Income approach method	- Discount rate - Capitalization rate - Vacancy rate

Fair value of investment properties amounts to ₩ 2,712,402 million and ₩ 2,712,653 million as of December 31, 2021 and 2020, respectively. Investment properties are measured by qualified independent appraisers with recent experience in valuing similar properties in the same area. In addition, all investment properties are classified as Level 3 in accordance with fair value hierarchy in Note 6.1.2.

Rental income from above investment properties amounts to ₩ 123,313 million and ₩ 157,652 million for the years ended December 31, 2021 and 2020, respectively.



14.2.3 Changes in investment properties for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	2021						
	Beginning	Acquisition	Transfer *	Disposal	Depreciation	Others	Ending
Land	₩ 1,568,098	₩ 28,568	₩ 22,410	₩ (63,546)	₩ -	₩ 21,823	₩ 1,577,353
Buildings	965,441	90,393	1,802	(112,159)	(28,933)	21,047	937,591
	₩ 2,533,539	₩ 118,961	₩ 24,212	₩ (175,705)	₩ (28,933)	₩ 42,870	₩ 2,514,944

(In millions of Korean won)

	2020							
	Beginning	Acquisition	Transfer *	Disposal	Depreciation	Business combination	Others	Ending
Land	₩ 1,537,240	₩ 34,529	₩ 61,383	₩ (167,015)	₩ -	₩ 106,944	₩ (4,983)	₩ 1,568,098
Buildings	1,290,748	18,667	37,694	(378,332)	(38,717)	42,169	(6,788)	965,441
	₩ 2,827,988	₩ 53,196	₩ 99,077	₩ (545,347)	₩ (38,717)	₩ 149,113	₩ (11,771)	₩ 2,533,539

* Includes transfers with property and equipment and assets held for sale.

15. Intangible Assets

15.1 Details of intangible assets as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021				
	Acquisition cost	Accumulated amortization	Accumulated impairment losses	Others	Carrying amount
Goodwill	₩ 887,259	₩ -	₩ (70,517)	₩ (10,335)	₩ 806,407
Other intangible assets	5,227,231	(2,732,394)	(34,887)	-	2,459,950
	₩ 6,114,490	₩ (2,732,394)	₩ (105,404)	₩ (10,335)	₩ 3,266,357

(In millions of Korean won)

	December 31, 2020				
	Acquisition cost	Accumulated amortization	Accumulated impairment losses	Others	Carrying amount
Goodwill	₩ 887,259	₩ -	₩ (70,517)	₩ (53,160)	₩ 763,582
Other intangible assets	4,928,003	(2,304,188)	(36,264)	-	2,587,551
	₩ 5,815,262	₩ (2,304,188)	₩ (106,781)	₩ (53,160)	₩ 3,351,133

15.2 Details of goodwill as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021		December 31, 2020	
	Acquisition cost	Carrying amount *	Acquisition cost	Carrying amount *
Housing & Commercial Bank	₩ 65,288	₩ 65,288	₩ 65,288	₩ 65,288
Kookmin Bank Cambodia Plc.	1,202	-	1,202	-
KB Securities Co., Ltd.	70,265	58,889	70,265	58,889
KB Capital Co., Ltd.	79,609	79,609	79,609	79,609
KB Savings Bank Co., Ltd.	115,343	57,404	115,343	57,404
KB Securities Vietnam Joint Stock Company	13,092	13,533	13,092	12,234
KB Daehan Specialized Bank Plc.	1,515	1,601	1,515	1,470
PRASAC Microfinance Institution Plc.	396,942	388,524	396,942	356,570
PT Sunindo Kookmin Best Finance	2,963	2,894	2,963	2,963
PT Bank KB Bukopin Tbk	89,220	85,893	89,220	80,002
PT. KB Finansia Multi Finance	51,820	52,772	51,820	49,153
	₩ 887,259	₩ 806,407	₩ 887,259	₩ 763,582

* Includes the effect of exchange differences and others.

15.3 Changes in accumulated impairment losses of goodwill for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	2021			
	Beginning	Impairment	Others	Ending
Accumulated impairment losses of goodwill	₩ (70,517)	₩ -	₩ -	₩ (70,517)

(In millions of Korean won)

	2020			
	Beginning	Impairment	Others	Ending
Accumulated impairment losses of goodwill	₩ (70,517)	₩ -	₩ -	₩ (70,517)



15.4 Details of goodwill allocation to cash-generating units and related information for impairment testing as of December 31, 2021 are as follows:

(In millions of Korean won)

		December 31, 2021			
		Carrying amount of goodwill	Recoverable amount exceeding carrying amount	Discount rate (%)	Permanent growth rate (%)
Housing & Commercial Bank	Retail banking	₩ 49,315	₩ 5,767,992	18.57	1.00
	Corporate banking	15,973	2,004,756	18.96	1.00
KB Securities Co., Ltd.		58,889	1,369,331	21.27	1.00
KB Capital Co., Ltd.		79,609	204,215	24.01	1.00
KB Savings Bank Co., Ltd. and Yehansoul Savings Bank Co., Ltd.		57,404	542,790	14.37	1.00
KB Securities Vietnam Joint Stock Company		13,533	35,525	22.09	1.00
KB Daehan Specialized Bank Plc.		1,601	20,186	23.23	1.00
PT Bank KB Bukopin Tbk		85,893	175,872	17.30	3.00
PRASAC Microfinance Institution Plc.		388,524	247,992	23.02	3.00
PT Sunindo Kookmin Best Finance		2,894	574	18.96	0.00
PT. KB Finansia Multi Finance		52,772	49,744	17.57	1.00
		₩ 806,407	₩ 10,418,977		

For impairment testing, goodwill is allocated to cash-generating units that are expected to benefit from the synergies of the business combination, and cash-generating units consist of an operating segment or units which are not larger than an operating segment.

Cash-generating units to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the unit may be impaired, by comparing the carrying amount of the unit including the goodwill with the recoverable amount of the unit.

The recoverable amount of a cash-generating unit is measured at the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal is the amount obtainable from the disposal in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal. If it is difficult to measure the amount obtainable from the disposal of the cash-generating unit, the disposal amount of a similar cash-generating unit in the past transaction is used by reflecting the characteristics of the cash-generating unit to be measured. If it is not possible to obtain reliable information to measure the fair value less costs of disposal, the Group uses the asset's value in use as its recoverable amount. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit. The estimated future cash flows are based on the most recent financial budget approved by management with maximum period of 5 years. In relation to subsequent cash flows, it is assumed that cash flows will grow at a certain permanent growth rate. The key assumptions used for the estimation of the future cash flows are based on the market size and the Group's market share. The discount rate is a pre-tax rate that reflects assumptions regarding risk-free interest rate, market risk premium, and the risks specific to the cash-generating unit.

15.5 Details of intangible assets other than goodwill as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

		December 31, 2021			
		Acquisition cost	Accumulated amortization	Accumulated impairment losses	Carrying amount
Industrial property rights		₩ 3,056	₩ (1,953)	₩ -	₩ 1,103
Software		1,996,646	(1,417,705)	-	578,941
Other intangible assets		797,107	(365,473)	(34,887)	396,747
VOBA		2,395,291	(915,746)	-	1,479,545
Right-of-use assets		35,131	(31,517)	-	3,614
		₩ 5,227,231	₩ (2,732,394)	₩ (34,887)	₩ 2,459,950

(In millions of Korean won)

		December 31, 2020			
		Acquisition cost	Accumulated amortization	Accumulated impairment losses	Carrying amount
Industrial property rights		₩ 6,222	₩ (2,936)	₩ (940)	₩ 2,346
Software		1,800,686	(1,225,173)	(2,326)	573,187
Other intangible assets		690,665	(285,893)	(32,998)	371,774
VOBA		2,395,291	(759,672)	-	1,635,619
Right-of-use assets		35,139	(30,514)	-	4,625
		₩ 4,928,003	₩ (2,304,188)	₩ (36,264)	₩ 2,587,551



15.6 Changes in intangible assets other than goodwill for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	2021						
	Beginning	Acquisition & transfer	Disposal	Amortization ¹	Business combination	Others	Ending
Industrial property rights	₩ 2,347	₩ 207	₩ (1,080)	₩ (371)	₩ -	₩ -	₩ 1,103
Software	573,186	219,128	(838)	(216,073)	8,742	(5,204)	578,941
Other intangible assets ²	371,773	100,460	(16,907)	(59,761)	-	1,182	396,747
VOBA	1,635,619	-	-	(156,074)	-	-	1,479,545
Right-of-use assets	4,626	-	-	(1,012)	-	-	3,614
	₩ 2,587,551	₩ 319,795	₩ (18,825)	₩ (433,291)	₩ 8,742	₩ (4,022)	₩ 2,459,950

(In millions of Korean won)

	2020						
	Beginning	Acquisition & transfer	Disposal	Amortization ¹	Business combination	Others	Ending
Industrial property rights	₩ 2,853	₩ 116	₩ (147)	₩ (476)	₩ -	₩ -	₩ 2,346
Software	373,519	340,045	(4,444)	(153,876)	18,252	(309)	573,187
Other intangible assets ²	266,517	63,743	(9,527)	(47,948)	106,445	(7,456)	371,774
VOBA	1,809,485	-	-	(173,866)	-	-	1,635,619
Right-of-use assets	9,698	-	-	(5,026)	-	(47)	4,625
	₩ 2,462,072	₩ 403,904	₩ (14,118)	₩ (381,192)	₩ 124,697	₩ (7,812)	₩ 2,587,551

¹ Includes ₩ 189,791 million and ₩ 173,992 million recorded as insurance expenses and other operating expenses for the years ended December 31, 2021 and 2020, respectively.

² Impairment losses for membership right with indefinite useful life among other intangible assets are recognized when its recoverable amount is lower than its carrying amount, and reversal of impairment losses are recognized when its recoverable amount is higher than its carrying amount.

15.7 Changes in accumulated impairment losses of other intangible assets for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	2021				
	Beginning	Impairment	Reversal	Disposal and others	Ending
Accumulated impairment losses of other intangible assets	₩ (36,264)	₩ (5,306)	₩ 2,939	₩ 3,744	₩ (34,887)

(In millions of Korean won)

	2020				
	Beginning	Impairment	Reversal	Disposal and others	Ending
Accumulated impairment losses of other intangible assets	₩ (31,652)	₩ (9,312)	₩ 3,669	₩ 1,031	₩ (36,264)

16. Lease

16.1 The Group as a Lessee

16.1.1 Amounts recognized in the consolidated statements of financial position related to lease as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021		December 31, 2020	
Right-of-use property and equipment: *				
Real estate	₩	544,075	₩	537,392
Vehicles		18,416		16,218
Others		13,556		17,101
		576,047		570,711
Right-of-use intangible assets *		3,614		4,626
	₩	579,661	₩	575,337
Lease liabilities *	₩	578,808	₩	559,113

* Included in property and equipment, intangible assets, and other liabilities.

16.1.2 Amounts recognized in the consolidated statements of comprehensive income related to lease for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	2021		2020	
Depreciation and amortization of right-of-use assets:				
Real estate	₩	262,240	₩	246,058
Vehicles		17,796		15,286
Others		8,944		11,342
Intangible assets		1,012		5,026
	₩	289,992	₩	277,712
Interest expenses on the lease liabilities	₩	14,678	₩	13,492
Expense relating to short-term lease		5,920		6,169
Expense relating to lease of low-value assets that are not short-term lease		8,434		7,130
Expense relating to variable lease payments not included in lease liabilities (included in administrative expenses)		262		438

Total cash outflows for lease for the years ended December 31, 2021 and 2020 are ₩ 267,864 million and ₩ 245,151 million, respectively.



16.2 The Group as a Lessor

16.2.1 The Group as a finance lessor

16.2.1.1 Gross investment in the lease and present value of minimum lease payments as of December 31, 2021 and 2020, are as follows:

	December 31, 2021		December 31, 2020	
	Gross investment in the lease	Present value of minimum lease payments	Gross investment in the lease	Present value of minimum lease payments
Up to 1 year	₩ 559,569	₩ 379,439	₩ 579,968	₩ 354,588
1-5 years	808,256	540,219	958,125	551,777
	₩ 1,367,825	₩ 919,658	₩ 1,538,093	₩ 906,365

16.2.1.2 Unearned finance income on finance lease as of December 31, 2021 and 2020, are as follows:

	December 31, 2021	December 31, 2020
Gross investment in the lease	₩ 1,367,825	₩ 1,538,093
Net investment in the lease:		
Present value of minimum lease payments	919,658	906,365
Present value of unguaranteed residual value	349,478	496,969
	1,269,136	1,403,334
Unearned finance income	₩ 98,689	₩ 134,759

16.2.2 The Group as an operating lessor

Future minimum lease payments to be received from the non-cancellable lease contracts as of December 31, 2021 and 2020, are as follows:

	December 31, 2021	December 31, 2020
Minimum lease payments to be received:		
Up to 1 year	₩ 918,640	₩ 792,935
1-5 years	1,797,551	1,727,498
Over 5 years	299,984	84,733
	₩ 3,016,175	₩ 2,605,166

17. Deferred Income Tax Assets and Liabilities

17.1 Details of deferred income tax assets and liabilities as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021		
	Assets	Liabilities	Net amount
Other provisions	₩ 178,027	₩ -	₩ 178,027
Allowances for credit losses	28,770	(3,008)	25,762
Impairment losses of property and equipment	9,198	(1,833)	7,365
Share-based payments	24,249	-	24,249
Provisions for acceptances and guarantees	33,091	-	33,091
Gains or losses on valuation of derivatives	41,289	(139,281)	(97,992)
Present value discount	14,254	(5,929)	8,325
Gains or losses on fair value hedge	-	(14,642)	(14,642)
Accrued interest	-	(140,852)	(140,852)
Deferred loan origination fees and costs	10,473	(223,170)	(212,697)
Advanced depreciation provision	-	(1,703)	(1,703)
Gains or losses on revaluation	-	(318,539)	(318,539)
Investments in subsidiaries and others	42,547	(159,411)	(116,864)
Gains or losses on valuation of security investment	104,168	(1,192,004)	(1,087,836)
Defined benefit liabilities	608,471	-	608,471
Accrued expenses	281,983	-	281,983
Retirement insurance expense	-	(573,895)	(573,895)
Adjustments to the prepaid contributions	-	(29,273)	(29,273)
Derivative-linked securities	2,241	(46,895)	(44,654)
Others *	1,031,411	(871,625)	159,786
	2,410,172	(3,722,060)	(1,311,888)
Offsetting of deferred income tax assets and liabilities	(2,251,079)	2,251,079	-
	₩ 159,093	₩ (1,470,981)	₩ (1,311,888)



17.1 Details of deferred income tax assets and liabilities as of December 31, 2021 and 2020, are as follows:
(cont'd)

(In millions of Korean won)

	December 31, 2020		
	Assets	Liabilities	Net amount
Other provisions	₩ 149,259	₩ -	₩ 149,259
Allowances for credit losses	26,496	(3,356)	23,140
Impairment losses of property and equipment	3,992	(1,889)	2,103
Share-based payments	17,718	-	17,718
Provisions for acceptances and guarantees	17,046	-	17,046
Gains or losses on valuation of derivatives	20,645	(223,482)	(202,837)
Present value discount	17,058	(3,041)	14,017
Gains or losses on fair value hedge	21,060	-	21,060
Accrued interest	-	(125,835)	(125,835)
Deferred loan origination fees and costs	7,224	(226,821)	(219,597)
Advanced depreciation provision	-	(1,703)	(1,703)
Gains or losses on revaluation	338	(319,698)	(319,360)
Investments in subsidiaries and others	38,164	(111,589)	(73,425)
Gains or losses on valuation of security investment	73,857	(1,232,689)	(1,158,832)
Defined benefit liabilities	590,633	-	590,633
Accrued expenses	334,900	-	334,900
Retirement insurance expense	-	(541,317)	(541,317)
Adjustments to the prepaid contributions	-	(28,261)	(28,261)
Derivative-linked securities	78,202	(30,881)	47,321
Others *	1,081,691	(740,462)	341,229
	<u>2,478,283</u>	<u>(3,591,024)</u>	<u>(1,112,741)</u>
Offsetting of deferred income tax assets and liabilities	(2,413,225)	2,413,225	-
	<u>₩ 65,058</u>	<u>₩ (1,177,799)</u>	<u>₩ (1,112,741)</u>

* Includes Purchase Price Allocation ("PPA") amount arising from the acquisition of Prudential Life Insurance Company of Korea Ltd., KB Insurance Co., Ltd., and others.

17.2 Unrecognized Deferred Income Tax Assets

17.2.1 No deferred income tax assets have been recognized for the deductible temporary differences of ₩ 372,410 million associated with investments in subsidiaries and others as of December 31, 2021, because it is not probable that these temporary differences will reverse in the foreseeable future.

17.2.2 No deferred income tax assets have been recognized for the deductible temporary differences of ₩ 107,067 million associated with others as of December 31, 2021, due to the uncertainty that these temporary differences will be realized in the future.

17.3 Unrecognized Deferred Income Tax Liabilities

17.3.1 No deferred income tax liabilities have been recognized for the taxable temporary differences of ₩ 404,147 million associated with investments in subsidiaries and others as of December 31, 2021, due to the following reasons:

- The Group is able to control the timing of the reversal of the temporary differences.
- It is probable that these temporary differences will not reverse in the foreseeable future.

17.3.2 No deferred income tax liabilities have been recognized as of December 31, 2021, for the taxable temporary differences of ₩ 65,288 million related to the initial recognition of goodwill arising from the merger of Housing and Commercial Bank in 2001.

17.4 Changes in cumulative temporary differences for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	2021			
	Beginning	Decrease	Increase	Ending
Deductible temporary differences				
Gains or losses on fair value hedge	₩ 76,583	₩ 76,583	₩ -	₩ -
Other provisions	544,705	527,058	631,800	649,447
Allowances for credit losses	93,749	69,023	75,452	100,178
Impairment losses of property and equipment	14,516	4,361	23,290	33,445
Deferred loan origination fees and costs	26,269	13,719	25,536	38,086
Share-based payments	62,085	55,002	78,225	85,308
Provisions for acceptances and guarantees	61,984	61,984	120,332	120,332
Gains or losses on valuation of derivatives	76,238	76,238	149,817	149,817
Present value discount	62,029	61,783	51,586	51,832
Investments in subsidiaries and others	371,001	203,470	346,809	514,340
Gains or losses on valuation of security investment	251,690	252,497	368,886	368,079
Defined benefit liabilities	2,299,159	315,719	393,189	2,376,629
Accrued expenses	1,220,283	1,220,283	1,026,651	1,026,651
Derivative-linked securities	284,370	284,370	8,147	8,147
Others *	3,648,764	554,628	100,539	3,194,675
	<u>9,093,425</u>	<u>3,776,718</u>	<u>3,400,259</u>	<u>8,716,966</u>
Unrecognized deferred income tax assets				
Other provisions	3,054	-	-	404
Investments in subsidiaries and others	242,875	-	-	372,410
Others	75,831	-	-	107,067
	<u>8,771,665</u>			<u>8,237,085</u>
Tax rate (%)	<u>27.5</u>			<u>27.5</u>
Total deferred income tax assets	<u>₩ 2,478,283</u>			<u>₩ 2,410,172</u>
Taxable temporary differences				
Gains or losses on fair value hedge	₩ -	₩ -	₩ (53,243)	₩ (53,243)
Accrued interest	(457,626)	(442,101)	(496,663)	(512,188)
Allowances for credit losses	(12,203)	(12,203)	(10,939)	(10,939)
Impairment losses of property and equipment	(3,935)	(204)	-	(3,731)
Deferred loan origination fees and costs	(820,223)	(820,223)	(802,237)	(802,237)
Advanced depreciation provision	(6,192)	-	-	(6,192)
Gains or losses on valuation of derivatives	(812,662)	(804,383)	(498,197)	(506,476)
Present value discount	(10,916)	(10,916)	(21,469)	(21,469)
Goodwill arising from the merger	(65,288)	-	-	(65,288)
Gains or losses on revaluation	(1,162,538)	(48,981)	(44,765)	(1,158,322)
Investments in subsidiaries and others	(646,676)	(150,480)	(468,334)	(964,530)
Gains or losses on valuation of security investment	(4,425,922)	(2,552,447)	(2,394,100)	(4,267,575)
Retirement insurance expense	(1,963,061)	(228,784)	(346,368)	(2,080,645)
Adjustments to the prepaid contributions	(102,768)	(102,768)	(106,446)	(106,446)
Derivative-linked securities	(112,293)	(112,293)	(170,526)	(170,526)
Others *	(2,706,386)	(1,819,652)	(2,208,579)	(3,095,313)
	<u>(13,308,689)</u>	<u>(7,105,435)</u>	<u>(7,621,866)</u>	<u>(13,825,120)</u>
Unrecognized deferred income tax liabilities				
Goodwill arising from the merger	(65,288)	-	-	(65,288)
Investments in subsidiaries and others	(260,739)	-	-	(404,147)
Others	(1,042)	-	-	(446)
	<u>(12,981,620)</u>			<u>(13,355,239)</u>
Tax rate (%)	<u>27.5</u>			<u>27.5</u>
Total deferred income tax liabilities	<u>₩ (3,591,024)</u>			<u>₩ (3,722,060)</u>



17.4 Changes in cumulative temporary differences for the years ended December 31, 2021 and 2020, are as follows: (cont'd)

(In millions of Korean won)

	2020				
	Beginning	Business combination	Decrease	Increase	Ending
Deductible temporary differences					
Gains or losses on fair value hedge	₩ 44,085	₩ -	₩ 44,085	₩ 76,583	₩ 76,583
Other provisions	424,383	6,383	426,457	540,396	544,705
Allowances for credit losses	2,018	105,505	96,885	83,111	93,749
Impairment losses of property and equipment	15,985	-	9,658	8,189	14,516
Deferred loan origination fees and costs	1,930	35,863	15,098	3,574	26,269
Share-based payments	63,092	5	55,601	54,589	62,085
Provisions for acceptances and guarantees	76,214	-	76,214	61,984	61,984
Gains or losses on valuation of derivatives	186,035	5,201	191,236	76,238	76,238
Present value discount	29,978	-	29,732	61,783	62,029
Investments in subsidiaries and others	185,380	-	47,034	232,655	371,001
Gains or losses on valuation of security investment	136,236	-	136,070	251,524	251,690
Defined benefit liabilities	2,118,942	94,105	227,010	313,122	2,299,159
Accrued expenses	911,599	75,498	911,599	1,144,785	1,220,283
Derivative-linked securities	477,307	-	477,307	284,370	284,370
Others *	1,669,025	2,068,207	1,170,462	1,081,994	3,648,764
	<u>6,342,209</u>	<u>2,390,767</u>	<u>3,914,448</u>	<u>4,274,897</u>	<u>9,093,425</u>
Unrecognized deferred income tax assets					
Other provisions	4,788				3,054
Investments in subsidiaries and others	67,645				242,875
Others	125,158				75,831
	<u>6,144,618</u>				<u>8,771,665</u>
Tax rate (%)	27.5				27.5
Total deferred income tax assets	<u>₩ 1,703,764</u>				<u>₩ 2,478,283</u>
Taxable temporary differences					
Accrued interest	₩ (401,337)	₩ (168,859)	₩ (394,255)	₩ (281,685)	₩ (457,626)
Allowances for credit losses	(11,877)	-	(11,877)	(12,203)	(12,203)
Impairment losses of property and equipment	(4,163)	-	(111)	117	(3,935)
Deferred loan origination fees and costs	(752,178)	-	(752,178)	(820,223)	(820,223)
Advanced depreciation provision	(6,192)	-	-	-	(6,192)
Gains or losses on valuation of derivatives	(576,743)	-	(576,743)	(812,662)	(812,662)
Present value discount	(15,278)	-	(15,278)	(10,916)	(10,916)
Goodwill arising from the merger	(65,288)	-	-	-	(65,288)
Gains or losses on revaluation	(1,197,566)	-	(80,036)	(45,008)	(1,162,538)
Investments in subsidiaries and others	(419,055)	-	(70,188)	(297,809)	(646,676)
Gains or losses on valuation of security investment	(906,790)	(3,060,750)	(899,660)	(1,358,042)	(4,425,922)
Retirement insurance expense	(1,775,740)	(61,789)	(162,764)	(288,296)	(1,963,061)
Adjustments to the prepaid contributions	(83,262)	-	(83,262)	(102,768)	(102,768)
Derivative-linked securities	(125,947)	-	(125,947)	(112,293)	(112,293)
Others *	(2,793,848)	(1,613)	(1,644,815)	(1,555,740)	(2,706,386)
	<u>(9,135,264)</u>	<u>(3,293,011)</u>	<u>(4,817,114)</u>	<u>(5,697,528)</u>	<u>(13,308,689)</u>
Unrecognized deferred income tax liabilities					
Goodwill arising from the merger	(65,288)				(65,288)
Investments in subsidiaries and others	(68,836)				(260,739)
Others	(1,247)				(1,042)
	<u>(8,999,893)</u>				<u>(12,981,620)</u>
Tax rate (%)	27.5				27.5
Total deferred income tax liabilities	<u>₩ (2,489,587)</u>				<u>₩ (3,591,024)</u>

* Includes PPA amount arising from the acquisition of Prudential Life Insurance Company of Korea Ltd., KB Insurance Co., Ltd., and others.

18. Assets Held for Sale and Assets of a Disposal Group Held for Sale

18.1 Assets Held for Sale

18.1.1 Details of assets held for sale as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021			
	Acquisition cost *	Accumulated impairment losses	Carrying amount	Fair value less costs to sell
Land held for sale	₩ 115,099	₩ (16,528)	₩ 98,571	₩ 135,192
Buildings held for sale	170,892	(36,923)	133,969	149,569
Other assets held for sale	10,142	(5,364)	4,778	4,778
	<u>₩ 296,133</u>	<u>₩ (58,815)</u>	<u>₩ 237,318</u>	<u>₩ 289,539</u>

(In millions of Korean won)

	December 31, 2020			
	Acquisition cost *	Accumulated impairment losses	Carrying amount	Fair value less costs to sell
Land held for sale	₩ 80,740	₩ (16,169)	₩ 64,571	₩ 68,321
Buildings held for sale	152,426	(24,887)	127,539	134,247
Other assets held for sale	10,676	(5,059)	5,617	5,801
	<u>₩ 243,842</u>	<u>₩ (46,115)</u>	<u>₩ 197,727</u>	<u>₩ 208,369</u>

* Acquisition cost of buildings held for sale is net of accumulated depreciation amount immediately before the initial classification of the assets as held for sale.

18.1.2 Valuation techniques and inputs used to measure the fair value of assets held for sale as of December 31, 2021 are as follows:

(In millions of Korean won)

	December 31, 2021				
	Fair value	Valuation techniques ¹	Unobservable inputs ²	Estimated range of unobservable inputs (%)	Effect of unobservable inputs to fair value
Land and buildings	₩ 289,539	Market comparison approach model and others	Adjustment index	0.68 ~ 1.95	Fair value increases as the adjustment index rises

¹ The appraisal value is adjusted by the adjustment ratio in the event the public sale is unsuccessful.

² Adjustment index is calculated using the time factor correction or local factors or individual factors.

Among assets held for sale, real estate was measured by independent appraisers with professional qualifications and recent experience in evaluating similar properties in the area of the property to be assessed. All assets held for sale are classified as Level 3 in accordance with fair value hierarchy in Note 6.1.2.



18.1.3 Changes in accumulated impairment losses of assets held for sale for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	2021				
	Beginning	Provision	Reversal	Others	Ending
Accumulated impairment losses of assets held for sale	₩ (46,115)	₩ (15,490)	₩ -	₩ 2,790	₩ (58,815)

(In millions of Korean won)

	2020					
	Beginning	Provision	Reversal	Business combination	Others	Ending
Accumulated impairment losses of assets held for sale	₩ (2,782)	₩ (11,593)	₩ -	₩ (45,433)	₩ 13,693	₩ (46,115)

18.1.4 As of December 31, 2021, assets held for sale consist of 16 real estates of closed offices and 861 foreclosure assets on loans of PT Bank KB Bukopin Tbk, which were determined to sell by management, but not yet sold as of December 31, 2021. Negotiation with buyers is in process for the one closed office and the remaining 876 assets are also being actively marketed.

18.2 Assets of a Disposal Group Held for Sale

The Group decided to sell all of its shares in 498 Seventh KOR Holdco LP held by Hanwha US Equity Strategy Private Real Estate Fund No.3, which is a subsidiary and 498 Seventh KOR LLC held by 498 Seventh KOR Holdco LP. The Group classified assets of 498 Seventh KOR Holdco LP and 498 Seventh KOR LLC as assets of a disposal group held for sale, and classified currency translation differences as accumulated other comprehensive income relating to assets of a disposal group held for sale and has entered into a share transfer contract with JR REIT No.28 and is in the process of selling it accordingly as of December 31, 2021.

18.2.1 There is no liabilities of a disposal group held for sale and details of assets of a disposal group held for sale as of December 31, 2021 are as follows:

(In millions of Korean won)

	December 31, 2021		
	498 seventh Holdco LP	498 seventh KOR LLC	Total
Cash	₩ 556	₩ 512	₩ 1,068
Investments in associates	-	169,424	169,424
Other assets	-	1,257	1,257
	₩ 556	₩ 171,193	₩ 171,749

Assets of a disposal group held for sale are measured at the lower of its carrying amount and fair value less costs to sell. There is no impairment loss recognized as the fair value less costs to sell exceeds the carrying amount as of December 31, 2021.

18.2.2 Details of accumulated other comprehensive income relating to assets of a disposal group held for sale as of December 31, 2021 are as follows:

(In millions of Korean won)

	December 31, 2021
Currency translation differences	₩ 7,671

19. Other Assets

19.1 Details of other assets as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021	December 31, 2020
Other financial assets		
Other receivables	₩ 6,732,917	₩ 10,628,272
Accrued income	1,916,667	1,726,651
Guarantee deposits	1,035,522	1,099,618
Domestic exchange settlement debits	1,014,938	722,616
Others	204,940	117,330
Less: Allowances for credit losses	(143,205)	(119,762)
Less: Present value discount	(6,429)	(7,036)
	10,755,350	14,167,689
Other non-financial assets		
Other receivables	1,764	1,091
Prepaid expenses	254,990	254,152
Guarantee deposits	7,268	3,906
Insurance assets	2,924,698	2,376,679
Separate account assets	10,556,935	10,210,047
Others	3,689,340	3,158,993
Less: Allowances for credit losses	(16,172)	(17,520)
	17,418,823	15,987,348
	₩ 28,174,173	₩ 30,155,037

19.2 Changes in allowances for credit losses of other assets for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	2021		
	Other financial assets	Other non-financial assets	Total
Beginning	₩ 119,762	₩ 17,520	₩ 137,282
Write-offs	(3,504)	(380)	(3,884)
Provision (reversal)	25,387	(447)	24,940
Business combination	227	-	227
Others	1,333	(521)	812
Ending	₩ 143,205	₩ 16,172	₩ 159,377

(In millions of Korean won)

	2020		
	Other financial assets	Other non-financial assets	Total
Beginning	₩ 104,629	₩ 24,235	₩ 128,864
Write-offs	(6,517)	(8,503)	(15,020)
Provision	22,153	1,726	23,879
Business combination	7,946	59	8,005
Others	(8,449)	3	(8,446)
Ending	₩ 119,762	₩ 17,520	₩ 137,282



20. Financial Liabilities at Fair Value through Profit or Loss

20.1 Details of financial liabilities at fair value through profit or loss and financial liabilities designated at fair value through profit or loss as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021	December 31, 2020
Financial liabilities at fair value through profit or loss		
Borrowed securities sold	₩ 2,826,885	₩ 1,934,735
Others	112,699	91,216
	<u>2,939,584</u>	<u>2,025,951</u>
Financial liabilities designated at fair value through profit or loss		
Derivative-linked securities	9,149,396	9,784,107
	<u>9,149,396</u>	<u>9,784,107</u>
	<u>₩ 12,088,980</u>	<u>₩ 11,810,058</u>

20.2 Difference between the amount contractually required to pay at maturity and carrying amount of financial liabilities designated at fair value through profit or loss as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021	December 31, 2020
Amount contractually required to pay at maturity	₩ 8,957,602	₩ 9,583,186
Carrying amount	9,149,396	9,784,107
Difference	<u>₩ (191,794)</u>	<u>₩ (200,921)</u>

21. Deposits

Details of deposits as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021	December 31, 2020
Demand deposits		
Demand deposits in Korean won	₩ 180,560,022	₩ 162,155,728
Demand deposits in foreign currencies	15,955,246	14,473,832
	<u>196,515,268</u>	<u>176,629,560</u>
Time deposits		
Time deposits in Korean won	155,799,563	149,435,968
	<u>155,799,563</u>	<u>149,435,968</u>
Time deposits in foreign currencies	15,594,718	10,043,679
Fair value adjustments of fair value hedged time deposits in foreign currencies	(1,319)	2,089
	<u>15,593,399</u>	<u>10,045,768</u>
	<u>171,392,962</u>	<u>159,481,736</u>
Certificates of deposits	4,115,688	2,468,924
	<u>₩ 372,023,918</u>	<u>₩ 338,580,220</u>

22. Borrowings

22.1 Details of borrowings as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021	December 31, 2020
General borrowings	₩ 40,859,845	₩ 32,312,859
Bonds sold under repurchase agreements and others	14,374,863	16,334,365
Call money	1,677,666	1,179,932
	<u>₩ 56,912,374</u>	<u>₩ 49,827,156</u>

22.2 Details of general borrowings as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	Lenders	Interest rate (%) as of December 31, 2021	December 31,	
			2021	December 31, 2020
Borrowings in Korean won			₩	₩
Borrowings from the Bank of Korea	The Bank of Korea	0.25	7,131,019	6,463,267
Borrowings from the government	SEMAS and others	0.00~2.70	2,683,056	2,675,568
Borrowings from banks	Shinhan Bank and others	1.70~5.30	171,482	137,952
Borrowings from non-banking financial institutions	Korea Securities Finance Corporation and others	0.20~4.74	1,935,906	2,203,702
Other borrowings	The Korea Development Bank and others	0.00~4.90	13,292,759	9,717,382
			<u>25,214,222</u>	<u>21,197,871</u>
Borrowings in foreign currencies			-	292
Due to banks	Hana Bank and others	-	2,143	292
Borrowings from banks	Central Bank of Uzbekistan and others	0.00~13.50	13,396,379	9,839,110
Borrowings from other financial institutions	The Export-Import Bank of Korea and others	0.60~1.36	24,867	23,827
Other borrowings	Bank of New York Mellon and others	0.00~2.80	2,222,234	1,251,759
			<u>15,645,623</u>	<u>11,114,988</u>
			<u>₩ 40,859,845</u>	<u>₩ 32,312,859</u>



22.3 Details of bonds sold under repurchase agreements and others as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	Lenders	Interest rate (%)		
		as of December 31, 2021	December 31, 2021	December 31, 2020
Bonds sold under repurchase agreements	Individuals, groups, and corporations	0.00~9.75	₩ 14,372,761	₩ 16,329,799
Bills sold	Counter sale	0.20~2.00	2,102	4,566
			₩ 14,374,863	₩ 16,334,365

22.4 Details of call money as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	Lenders	Interest rate (%)		
		as of December 31, 2021	December 31, 2021	December 31, 2020
Call money in Korean won	The Export-Import Bank of Korea and others	1.52	₩ 40,000	₩ 510,000
Call money in foreign currencies	Bank Mandiri and others	0.00~4.25	1,637,666	669,932
			₩ 1,677,666	₩ 1,179,932

23. Debentures

23.1 Details of debentures as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	Interest rate (%)		
	as of December 31, 2021	December 31, 2021	December 31, 2020
Debentures in Korean won			
Structured debentures	5.65~8.62	₩ 910	₩ 1,960
Exchangeable bonds *	0.00	240,000	240,000
Subordinated fixed rate debentures	2.02~7.86	6,241,957	4,834,407
Fixed rate debentures	0.80~13.70	44,124,235	47,229,619
Floating rate debentures	1.24~2.57	6,893,782	3,190,000
		57,500,884	55,495,986
Fair value adjustments of fair value hedged debentures in Korean won		(79,877)	(6,839)
Less: Discount on debentures in Korean won		(38,976)	(32,028)
Less: Adjustment for exchange right of exchangeable bonds in Korean won		(11,719)	(14,957)
		57,370,312	55,442,162
Debentures in foreign currencies			
Floating rate debentures	0.37~1.46	2,749,174	2,232,938
Fixed rate debentures	0.05~12.00	7,312,966	5,030,580
		10,062,140	7,263,518
Fair value adjustments of fair value hedged debentures in foreign currencies		27,953	81,333
Less: Discount on debentures in foreign currencies		(30,217)	(26,326)
		10,059,876	7,318,525
		₩ 67,430,188	₩ 62,760,687

* Fair value of the liability component of exchangeable bonds is calculated by using market interest rate of bonds under the same conditions without the exchange right. The residual amount after deducting the liability component from the issuance amount, represents the value of the exchange right and is recorded in equity. Shares to be exchanged are 5 million treasury shares of KB Financial Group Inc. with the exchange price of ₩ 48,000. Exercise period for exchange right is from the 60th day of the issuance date to 10 days before the maturity date.



23.2 Changes in debentures based on par value for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	2021					
	Beginning	Issue	Repayment	Others	Ending	
Debentures in Korean won						
Structured debentures	₩ 1,960	₩ -	₩ (1,050)	₩ -	₩ 910	
Exchangeable bonds	240,000	-	-	-	240,000	
Subordinated fixed rate debentures	4,834,407	1,409,000	(1,450)	-	6,241,957	
Fixed rate debentures	47,229,619	110,295,448	(113,400,832)	-	44,124,235	
Floating rate debentures	3,190,000	6,085,064	(2,381,282)	-	6,893,782	
	<u>55,495,986</u>	<u>117,789,512</u>	<u>(115,784,614)</u>	<u>-</u>	<u>57,500,884</u>	
Debentures in foreign currencies						
Floating rate debentures	2,232,938	810,920	(500,901)	206,217	2,749,174	
Fixed rate debentures	5,030,580	3,195,539	(1,224,070)	310,917	7,312,966	
	<u>7,263,518</u>	<u>4,006,459</u>	<u>(1,724,971)</u>	<u>517,134</u>	<u>10,062,140</u>	
	<u>₩ 62,759,504</u>	<u>₩ 121,795,971</u>	<u>₩ (117,509,585)</u>	<u>₩ 517,134</u>	<u>₩ 67,563,024</u>	

(In millions of Korean won)

	2020					
	Beginning	Issue	Repayment	Business combination	Others	Ending
Debentures in Korean won						
Structured debentures	₩ 33,310	₩ -	₩ (1,350)	₩ -	₩ (30,000)	₩ 1,960
Exchangeable bonds	-	240,000	-	-	-	240,000
Subordinated fixed rate debentures	3,386,590	2,150,000	(702,183)	-	-	4,834,407
Fixed rate debentures	40,596,755	111,677,084	(105,044,220)	-	-	47,229,619
Floating rate debentures	1,580,000	2,010,000	(400,000)	-	-	3,190,000
	<u>45,596,655</u>	<u>116,077,084</u>	<u>(106,147,753)</u>	<u>-</u>	<u>(30,000)</u>	<u>55,495,986</u>
Debentures in foreign currencies						
Floating rate debentures	2,227,607	823,478	(675,075)	-	(143,072)	2,232,938
Fixed rate debentures	3,094,196	2,909,967	(937,972)	277,087	(312,698)	5,030,580
	<u>5,321,803</u>	<u>3,733,445</u>	<u>(1,613,047)</u>	<u>277,087</u>	<u>(455,770)</u>	<u>7,263,518</u>
	<u>₩ 50,918,458</u>	<u>₩ 119,810,529</u>	<u>₩ (107,760,800)</u>	<u>₩ 277,087</u>	<u>₩ (485,770)</u>	<u>₩ 62,759,504</u>

24. Provisions

24.1 Details of provisions as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021	December 31, 2020
Provisions for credit losses of unused loan commitments	₩ 308,640	₩ 298,753
Provisions for credit losses of acceptances and guarantees	121,104	62,254
Provisions for credit losses of financial guarantee contracts	5,351	6,348
Provisions for restoration costs	152,186	151,696
Others	221,323	195,852
	<u>₩ 808,604</u>	<u>₩ 714,903</u>

24.2 Changes in provisions for credit losses of unused loan commitments, and acceptances and guarantees for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	2021					
	Provisions for credit losses of unused loan commitments			Provisions for credit losses of acceptances and guarantees		
	12-month expected credit losses	Lifetime expected credit losses	Impaired	12-month expected credit losses	Lifetime expected credit losses	Impaired
Beginning	₩ 162,721	₩ 127,463	₩ 8,569	₩ 33,088	₩ 14,838	₩ 14,328
Transfer between stages:						
Transfer to 12-month expected credit losses	38,831	(37,595)	(1,236)	3,958	(203)	(3,755)
Transfer to lifetime expected credit losses	(27,308)	28,203	(895)	(3,973)	3,982	(9)
Impairment	(457)	(1,002)	1,459	(10)	(85)	95
Provision (reversal) for credit losses	(22,543)	29,145	127	(7,425)	64,178	711
Business combination	813	-	-	-	-	-
Others (exchange differences, etc.)	1,940	405	-	1,759	(540)	167
Ending *	<u>₩ 153,997</u>	<u>₩ 146,619</u>	<u>₩ 8,024</u>	<u>₩ 27,397</u>	<u>₩ 82,170</u>	<u>₩ 11,537</u>



24.2 Changes in provisions for credit losses of unused loan commitments, and acceptances and guarantees for the years ended December 31, 2021 and 2020, are as follows: (cont'd)

(In millions of Korean won)

	2020					
	Provisions for credit losses of unused loan commitments			Provisions for credit losses of acceptances and guarantees		
	12-month expected credit losses	Lifetime expected credit losses		12-month expected credit losses	Lifetime expected credit losses	
		Non-impaired	Impaired		Non-impaired	Impaired
Beginning	₩ 127,297	₩ 71,464	₩ 9,387	₩ 24,961	₩ 36,012	₩ 16,786
Transfer between stages:						
Transfer to 12-month expected credit losses	23,318	(21,694)	(1,624)	194	(191)	(3)
Transfer to lifetime expected credit losses	(13,431)	15,991	(2,560)	(486)	486	-
Impairment	(304)	(3,474)	3,778	(5)	(461)	466
Provision (reversal) for credit losses	24,583	65,449	(412)	9,482	(20,389)	(2,734)
Business combination	19,426	-	-	-	-	-
Others (exchange differences, etc.)	(18,168)	(273)	-	(1,058)	(619)	(187)
Ending ³	₩ 162,721	₩ 127,463	₩ 8,569	₩ 33,088	₩ 14,838	₩ 14,328

* Includes additional provisions of ₩ 15,664 million and ₩ 14,974 million for industries and borrowers which are highly affected by COVID-19 and ₩ 33,393 million and ₩ 28,385 million due to expanding the scope of the loans subject to lifetime expected credit losses (non-impaired) as of December 31, 2021 and 2020, respectively.

24.3 Changes in provisions for credit losses of financial guarantee contracts for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	2021	2020
Beginning	₩ 6,348	₩ 6,063
Provision (reversal)	(830)	280
Others	(167)	5
Ending	₩ 5,351	₩ 6,348

24.4 Changes in provisions for restoration costs for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	2021	2020
Beginning	₩ 151,696	₩ 120,340
Provision	11,350	14,192
Reversal	(2,075)	(2,010)
Used	(15,739)	(9,469)
Unwinding of discount	1,589	2,372
Effect of changes in discount rate	5,365	23,886
Business combination	-	2,385
Ending	₩ 152,186	₩ 151,696

Provisions for restoration costs are the present value of estimated costs to be incurred for the restoration of the leased properties. The expenditure of the restoration cost will be incurred at the end of each lease contract, and the lease period is used to reasonably estimate the time of expenditure. Also, the average restoration expense based on actual three-year historical data and three-year historical average inflation rate are used to estimate the present value of estimated costs.

24.5 Changes in other provisions for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	2021				
	Membership rewards program	Dormant accounts	Litigations	Others	Total
Beginning	₩ 19,501	₩ 3,007	₩ 40,517	₩ 132,827	₩ 195,852
Increase	77,384	3,429	18,670	71,972	171,455
Decrease	(73,983)	(3,374)	(4,190)	(64,614)	(146,161)
Others	-	-	171	6	177
Ending	₩ 22,902	₩ 3,062	₩ 55,168	₩ 140,191	₩ 221,323

(In millions of Korean won)

	2020				
	Membership rewards program	Dormant accounts	Litigations	Others	Total
Beginning	₩ 14,669	₩ 3,579	₩ 28,690	₩ 68,681	₩ 115,619
Increase	76,138	2,607	19,186	89,361	187,292
Decrease	(71,306)	(3,179)	(9,725)	(28,173)	(112,383)
Business combination	-	-	2,366	2,958	5,324
Ending	₩ 19,501	₩ 3,007	₩ 40,517	₩ 132,827	₩ 195,852



25. Net Defined Benefit Liabilities

25.1 Defined Benefit Plan

The Group operates defined benefit plans which have the following characteristics:

- The Group has the obligation to pay the agreed benefits to all its current and former employees.
- The Group assumes actuarial risk (that benefits will cost more than expected) and investment risk.

The net defined benefit liabilities recognized in the consolidated statement of financial position are calculated by the independent actuary in accordance with actuarial valuation method. The defined benefit obligation is calculated using the projected unit credit method. Assumptions based on market data and historical data such as discount rate, future salary increase rate, mortality, and consumer price index are used which are updated annually.

Actuarial assumptions may differ from actual results, due to changes in the market conditions, economic trends, and mortality trends which may affect net defined benefit liabilities and future payments. Actuarial gains and losses arising from changes in actuarial assumptions are recognized in the period incurred through other comprehensive income.

25.2 Changes in net defined benefit liabilities for the years ended December 31, 2021 and 2020, are as follows:

	2021		
	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities
(In millions of Korean won)			
Beginning	₩ 2,491,923	₩ (2,302,953)	₩ 188,970
Current service cost	241,448	-	241,448
Past service cost	451	-	451
Gains on settlement	(4,311)	-	(4,311)
Interest expense (income)	47,481	(44,560)	2,921
Remeasurements:			
Actuarial gains and losses by changes in demographic assumptions	27,611	-	27,611
Actuarial gains and losses by changes in financial assumptions	52,684	-	52,684
Actuarial gains and losses by experience adjustments	(24,592)	-	(24,592)
Return on plan assets (excluding amounts included in interest income)	-	9,438	9,438
Contributions by the Group	-	(319,601)	(319,601)
Contributions by the employees	-	(17,574)	(17,574)
Payments from plans (settlement)	(6,961)	6,944	(17)
Payments from plans (benefit payments)	(221,276)	221,274	(2)
Payments from the Group	(34,242)	-	(34,242)
Transfer in	9,854	(9,292)	562
Transfer out	(9,292)	9,292	-
Effect of exchange differences	1,670	(47)	1,623
Effect of business acquisition and disposal	21	-	21
Others	48	-	48
Ending *	₩ 2,572,517	₩ (2,447,079)	₩ 125,438

25.2 Changes in net defined benefit liabilities for the years ended December 31, 2021 and 2020, are as follows: (cont'd)

(In millions of Korean won)

	2020		
	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities
Beginning	₩ 2,299,476	₩ (2,088,710)	₩ 210,766
Current service cost	233,273	-	233,273
Past service cost	(16,197)	-	(16,197)
Gains on settlement	(1,912)	-	(1,912)
Interest expense (income)	46,178	(41,435)	4,743
Remeasurements:			
Actuarial gains and losses by changes in demographic assumptions	(9,611)	-	(9,611)
Actuarial gains and losses by changes in financial assumptions	4,995	-	4,995
Actuarial gains and losses by experience adjustments	16,292	-	16,292
Return on plan assets (excluding amounts included in interest income)	-	6,308	6,308
Contributions by the Group	-	(268,918)	(268,918)
Contributions by the employees	-	(248)	(248)
Payments from plans (settlement)	(8,162)	8,162	-
Payments from plans (benefit payments)	(148,468)	144,546	(3,922)
Payments from the Group	(34,361)	-	(34,361)
Transfer in	9,673	(9,027)	646
Transfer out	(8,635)	8,635	-
Effect of exchange differences	(724)	5	(719)
Effect of business acquisition and disposal	110,080	(62,271)	47,809
Others	26	-	26
Ending *	₩ 2,491,923	₩ (2,302,953)	₩ 188,970

* The net defined benefit liabilities of ₩ 125,438 million is calculated by subtracting ₩ 100,083 million of net defined benefit assets from ₩ 225,521 million of net defined benefit liabilities as of December 31, 2021. The net defined benefit liabilities of ₩ 188,970 million is calculated by subtracting ₩ 50,597 million of net defined benefit assets from ₩ 239,567 million of net defined benefit liabilities as of December 31, 2020.

25.3 Details of net defined benefit liabilities as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021	December 31, 2020
Present value of defined benefit obligation	₩ 2,572,517	₩ 2,491,923
Fair value of plan assets	(2,447,079)	(2,302,953)
Net defined benefit liabilities	₩ 125,438	₩ 188,970



25.4 Details of post-employment benefits recognized in profit or loss for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	2021		2020	
Current service cost	₩	241,448	₩	233,273
Past service cost		451		(16,197)
Net interest expense on net defined benefit liabilities		2,921		4,743
Gains on settlement		(4,311)		(1,912)
Post-employment benefits *	₩	240,509	₩	219,907

* Includes post-employment benefits amounting to ₩ 3,194 million recognized as other operating expenses for the year ended December 31, 2021, and post-employment benefits amounting to ₩ 2,840 million recognized as other operating expenses and ₩ 176 million recognized as prepayment for the year ended December 31, 2020.

25.5 Details of remeasurements of net defined benefit liabilities recognized in other comprehensive income (loss) for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	2021		2020	
Remeasurements:				
Return on plan assets (excluding amounts included in interest income)	₩	(9,438)	₩	(6,308)
Actuarial gains and losses		(55,703)		(11,676)
Income tax effect		18,638		4,949
Effect of exchange differences		993		(399)
Remeasurements after income tax expense	₩	(45,510)	₩	(13,434)

25.6 Details of fair value of plan assets as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021		
	Assets quoted in an active market	Assets not quoted in an active market	Total
Cash and due from financial institutions	₩ -	₩ 2,441,324	₩ 2,441,324
Derivative instruments	-	3,427	3,427
Investment fund	-	2,328	2,328
	₩ -	₩ 2,447,079	₩ 2,447,079

(In millions of Korean won)

	December 31, 2020		
	Assets quoted in an active market	Assets not quoted in an active market	Total
Cash and due from financial institutions	₩ -	₩ 2,299,500	₩ 2,299,500
Derivative instruments	-	1,930	1,930
Investment fund	-	1,523	1,523
	₩ -	₩ 2,302,953	₩ 2,302,953

25.7 Details of significant actuarial assumptions used as of December 31, 2021 and 2020, are as follows:

	December 31, 2021	December 31, 2020
Discount rate (%)	1.80~2.70	0.90~2.00
Salary increase rate (%)	0.00~7.50	0.00~7.50
Turnover rate (%)	0.00~50.00	0.00~50.00

Mortality assumptions are based on the experience-based mortality table issued by Korea Insurance Development Institute in 2019.

25.8 Results of sensitivity analysis of significant actuarial assumptions as of December 31, 2021, are as follows:

	Changes in assumptions	Effect on defined benefit obligation	
		Increase in assumptions	Decrease in assumptions
Discount rate	0.5%p	4.24% decrease	4.56% increase
Salary increase rate	0.5%p	4.27% increase	4.02% decrease
Turnover rate	0.5%p	0.37% decrease	0.38% increase

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. The sensitivity of the defined benefit obligation to changes in significant actuarial assumptions is calculated using the same projected unit credit method used in calculating the defined benefit obligation recognized in the consolidated statement of financial position.

25.9 Expected maturity analysis of undiscounted pension benefit payments (including expected future benefit) as of December 31, 2021, are as follows:

(In millions of Korean won)

	December 31, 2021					
	Up to 1 year	1~2 years	2~5 years	5~10 years	Over 10 years	Total
Pension benefits *	₩ 89,554	₩ 177,777	₩ 709,744	₩ 1,466,517	₩ 5,258,052	₩ 7,701,644

* Amount determined under the promotion compensation type defined contribution plan is excluded.

The weighted average duration of the defined benefit obligation is 1 ~ 11 years.

25.10 Reasonable estimation of expected contribution to plan assets for the next annual reporting period after December 31, 2021 is ₩ 224,658 million.

26. Other Liabilities

Details of other liabilities as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021		December 31, 2020	
Other financial liabilities				
Other payables	₩	11,175,682	₩	14,247,067
Prepaid card and debit card payables		33,972		31,184
Accrued expenses		2,620,819		2,787,360
Financial guarantee contracts liabilities		52,603		49,286
Deposits for letter of guarantees and others		1,093,680		1,103,876
Domestic exchange settlement credits		5,125,430		938,039
Foreign exchange settlement credits		169,264		134,678
Due to trust accounts		7,033,849		7,542,955
Liabilities incurred from agency relationships		739,276		765,844
Account for agency business		423,798		400,507
Dividend payables		474		478
Lease liabilities		578,808		559,113
Others		446,747		51,901
		<u>29,494,402</u>		<u>28,612,288</u>
Other non-financial liabilities				
Other payables		348,003		386,094
Unearned revenue		656,375		669,908
Accrued expenses		956,461		815,941
Deferred revenue on credit card points		214,053		211,815
Withholding taxes		164,333		180,092
Separate account liabilities		11,071,159		10,701,404
Others		225,696		226,481
		<u>13,636,080</u>		<u>13,191,735</u>
	₩	<u>43,130,482</u>	₩	<u>41,804,023</u>

27. Equity

27.1 Share Capital

27.1.1 Details of share capital as of December 31, 2021 and 2020, are as follows:

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

	December 31, 2021		December 31, 2020	
Type of share		Ordinary share		Ordinary share
Number of authorized shares		1,000,000,000		1,000,000,000
Par value per share (In Korean won)	₩	5,000	₩	5,000
Number of issued shares		415,807,920		415,807,920
Share capital	₩	2,090,558	₩	2,090,558

27.1.2 Changes in outstanding shares for the years ended December 31, 2021 and 2020, are as follows:

(In number of shares)

	2021	2020
Beginning	389,634,335	389,634,335
Increase	-	-
Decrease	-	-
Ending	<u>389,634,335</u>	<u>389,634,335</u>

27.2 Hybrid Securities

Details of hybrid securities classified as equity as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

Hybrid securities	Issuance date	Maturity	Interest rate (%) as of December 31, 2021	December 31, 2021	December 31, 2020
The 1-1 st	May 2, 2019	Perpetual bond	3.23	₩ 349,309	₩ 349,309
The 1-2 nd	May 2, 2019	Perpetual bond	3.44	49,896	49,896
The 2-1 st	May 8, 2020	Perpetual bond	3.30	324,099	324,099
The 2-2 nd	May 8, 2020	Perpetual bond	3.43	74,812	74,812
The 3-1 st	Jul. 14, 2020	Perpetual bond	3.17	369,099	369,099
The 3-2 nd	Jul. 14, 2020	Perpetual bond	3.38	29,922	29,922
The 4-1 st	Oct. 20, 2020	Perpetual bond	3.00	433,996	433,996
The 4-2 nd	Oct. 20, 2020	Perpetual bond	3.28	64,855	64,855
The 5-1 st	Feb. 19, 2021	Perpetual bond	2.67	419,071	-
The 5-2 nd	Feb. 19, 2021	Perpetual bond	2.87	59,862	-
The 5-3 rd	Feb. 19, 2021	Perpetual bond	3.28	119,727	-
The 6-1 st	May 28, 2021	Perpetual bond	3.20	165,563	-
The 6-2 nd	May 28, 2021	Perpetual bond	3.60	109,708	-
The 7-1 st	Oct. 8, 2021	Perpetual bond	3.57	208,468	-
The 7-2 nd	Oct. 8, 2021	Perpetual bond	3.80	59,834	-
				<u>₩ 2,838,221</u>	<u>₩ 1,695,988</u>

The above hybrid securities are early redeemable by the Group after 5 or 7 or 10 years from the issuance date. On the other hand, hybrid securities of ₩ 574,580 million issued by Kookmin Bank are recognized as non-controlling interests and are early redeemable after 5 years from the issuance date and each interest payment date thereafter.



27.3 Capital Surplus

Details of capital surplus as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021		December 31, 2020	
Paid-in capital in excess of par value	₩	13,190,274	₩	13,190,274
Losses on sales of treasury shares		(481,332)		(481,332)
Other capital surplus		4,219,356		4,002,714
Consideration for exchange right of exchangeable bonds		11,933		11,933
	₩	16,940,231	₩	16,723,589

27.4 Accumulated Other Comprehensive Income

Details of accumulated other comprehensive income as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021		December 31, 2020	
Remeasurements of net defined benefit liabilities	₩	(328,392)	₩	(282,650)
Currency translation differences		96,534		(131,113)
Gains on financial instruments at fair value through other comprehensive income		918,927		717,230
Share of other comprehensive loss of associates and joint ventures		(2,980)		(3,529)
Losses on cash flow hedging instruments		(7,733)		(28,597)
Gains (losses) on hedging instruments of net investments in foreign operations		(35,658)		22,277
Other comprehensive income (loss) arising from separate account		(55,116)		8,698
Fair value changes of financial liabilities designated at fair value through profit or loss due to own credit risk		2,208		(11,507)
Gains on overlay adjustment		459,484		339,202
Assets of a disposal group held for sale		7,671		-
	₩	1,054,945	₩	630,011

27.5 Retained Earnings

27.5.1 Details of retained earnings as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021		December 31, 2020	
Legal reserves *	₩	695,347	₩	557,405
Voluntary reserves		982,000		982,000
Unappropriated retained earnings		23,995,468		21,001,211
	₩	25,672,815	₩	22,540,616

* With respect to the allocation of net profit earned in a fiscal term, the Parent Company must set aside in its legal reserve an amount equal to at least 10% of its profit after tax as reported in the financial statements, each time it pays dividends on its net profits earned until its legal reserve reaches the aggregate amount of its paid-in capital in accordance with Article 53 of the Financial Holding Company Act. This reserve is not available for the payment of cash dividends, but may be transferred to share capital, or used to reduce accumulated deficit.

27.5.2 Regulatory reserve for credit losses

Measurement and disclosure of regulatory reserve for credit losses are required in accordance with Articles 26 through 28 of Regulations on Supervision of Financial Holding Companies.

27.5.2.1 Details of regulatory reserve for credit losses as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021		December 31, 2020	
Regulatory reserve for credit losses attributable to:				
Shareholders of the Parent Company	₩	4,116,579	₩	3,587,439
Non-controlling interests		67,042		37,682
	₩	4,183,621	₩	3,625,121

27.5.2.2 Regulatory reserve for credit losses estimated to be appropriated and adjusted profit after provision of regulatory reserve for credit losses for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won, except for earnings per share)

	2021		2020	
Provision of regulatory reserve for credit losses	₩	529,140	₩	159,250
Adjusted profit after provision of regulatory reserve for credit losses ^{1,2}		3,808,865		3,286,338
Adjusted basic earnings per share after provision of regulatory reserve for credit losses ¹		9,775		8,434
Adjusted diluted earnings per share after provision of regulatory reserve for credit losses ¹		9,562		8,327

¹ Adjusted profit after provision of regulatory reserve for credit losses is not based on Korean IFRS. It is calculated by reflecting provision of regulatory reserve for credit losses before tax to the net profit attributable to shareholders of the Parent Company.

² After deducting dividends on hybrid securities

27.6 Treasury Shares

Changes in treasury shares for the years ended December 31, 2021 and 2020, are as follows:

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

	2021			
	Beginning	Acquisition	Disposal	Ending
Number of treasury shares *	26,173,585	-	-	26,173,585
Carrying amount	₩ 1,136,188	₩ -	₩ -	₩ 1,136,188

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

	2020			
	Beginning	Acquisition	Disposal	Ending
Number of treasury shares *	26,173,585	-	-	26,173,585
Carrying amount	₩ 1,136,188	₩ -	₩ -	₩ 1,136,188

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



28. Net Interest Income

Details of interest income, interest expense, and net interest income for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	2021	2020
Interest income		
Due from financial institutions measured at fair value through profit or loss	₩ 1,723	₩ 649
Securities measured at fair value through profit or loss	579,128	647,840
Loans measured at fair value through profit or loss	9,537	10,876
Securities measured at fair value through other comprehensive income	784,980	719,434
Loans measured at fair value through other comprehensive income	4,618	7,899
Due from financial institutions measured at amortized cost	66,375	92,155
Securities measured at amortized cost	765,656	627,201
Loans measured at amortized cost	12,745,780	12,177,822
Others	253,081	201,871
	<u>15,210,878</u>	<u>14,485,747</u>
Interest expense		
Deposits	2,218,556	2,916,794
Borrowings	510,385	572,946
Debentures	1,169,708	1,186,310
Others	82,657	87,423
	<u>3,981,306</u>	<u>4,763,473</u>
Net interest income	<u>₩ 11,229,572</u>	<u>₩ 9,722,274</u>

Interest income recognized on impaired loans is ₩ 52,638 million and ₩ 56,606 million for the years ended December 31, 2021 and 2020, respectively.

29. Net Fee and Commission Income

Details of fee and commission income, fee and commission expense, and net fee and commission income for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	2021	2020
Fee and commission income		
Banking activity fees	₩ 178,412	₩ 189,100
Lending activity fees	82,184	91,663
Credit card and debit card related fees	1,526,911	1,378,450
Agent activity fees	205,206	196,518
Trust and other fiduciary fees	408,834	331,827
Fund management related fees	178,090	154,612
Acceptances and guarantees fees	49,782	54,108
Foreign currency related fees	245,299	173,313
Securities agency fees	174,709	172,097
Other business account commission on consignment	39,178	40,461
Commissions received on securities business	881,407	793,278
Lease fees	897,983	636,301
Others	455,611	315,296
	<u>5,323,606</u>	<u>4,527,024</u>
Fee and commission expense		
Trading activity related fees *	54,857	38,497
Lending activity fees	42,981	33,444
Credit card and debit card related fees	831,724	848,823
Outsourcing related fees	210,480	216,962
Foreign currency related fees	51,931	49,435
Others	506,050	380,924
	<u>1,698,023</u>	<u>1,568,085</u>
Net fee and commission income	<u>₩ 3,625,583</u>	<u>₩ 2,958,939</u>

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



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

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

Net gains or losses on financial instruments at fair value through profit or loss include dividend income, gains or losses arising from changes in fair value, and gains or losses arising from sales and redemptions. Details of net gains or losses on financial instruments at fair value through profit or loss for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	2021	2020
Gains on financial instruments at fair value through profit or loss		
Financial assets at fair value through profit or loss:		
Debt securities	₩ 1,804,112	₩ 2,061,505
Equity securities	733,823	725,072
	<u>2,537,935</u>	<u>2,786,577</u>
Derivatives held for trading:		
Interest rate	4,820,712	2,632,246
Currency	7,492,806	8,335,594
Stock or stock index	1,603,501	2,808,284
Credit	20,147	28,434
Commodity	21,864	18,097
Others	145,879	231,901
	<u>14,104,909</u>	<u>14,054,556</u>
Financial liabilities at fair value through profit or loss	72,585	28,160
Other financial instruments	6,753	689
	<u>16,722,182</u>	<u>16,869,982</u>
Losses on financial instruments at fair value through profit or loss		
Financial assets at fair value through profit or loss:		
Debt securities	1,280,960	1,040,285
Equity securities	426,431	444,554
	<u>1,707,391</u>	<u>1,484,839</u>
Derivatives held for trading:		
Interest rate	4,669,893	2,687,114
Currency	7,422,604	8,191,456
Stock or stock index	1,604,027	2,558,205
Credit	14,051	19,213
Commodity	14,815	21,797
Others	175,411	253,406
	<u>13,900,801</u>	<u>13,731,191</u>
Financial liabilities at fair value through profit or loss	80,790	153,227
Other financial instruments	6,839	116
	<u>15,695,821</u>	<u>15,369,373</u>
Net gains on financial instruments at fair value through profit or loss	<u>₩ 1,026,361</u>	<u>₩ 1,500,609</u>

30.2 Net Gains or Losses on Financial Instruments Designated at Fair Value through Profit or Loss

Net gains or losses on financial instruments designated at fair value through profit or loss include gains or losses arising from changes in fair value, and gains or losses arising from sales and redemptions. Details of net gains or losses on financial instruments designated at fair value through profit or loss for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	2021	2020
Gains on financial instruments designated at fair value through profit or loss		
Financial liabilities designated at fair value through profit or loss	₩ 623,929	₩ 654,045
	<u>623,929</u>	<u>654,045</u>
Losses on financial instruments designated at fair value through profit or loss		
Financial liabilities designated at fair value through profit or loss	654,986	1,143,288
	<u>654,986</u>	<u>1,143,288</u>
Net losses on financial instruments designated at fair value through profit or loss	<u>₩ (31,057)</u>	<u>₩ (489,243)</u>



31. Net Other Operating Income and Expenses

Details of other operating income and expenses for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	2021	2020
Other operating income		
Gains on financial instruments at fair value through other comprehensive income:		
Gains on redemption of financial instruments at fair value through other comprehensive income	₩ 2	₩ 351
Gains on disposal of financial instruments at fair value through other comprehensive income	126,710	304,217
	<u>126,712</u>	<u>304,568</u>
Gains on financial assets at amortized cost:		
Gains on sale of loans measured at amortized cost	136,620	180,038
Gains on redemption of securities measured at amortized cost	126	-
Gains on disposal of securities measured at amortized cost	41	229
	<u>136,787</u>	<u>180,267</u>
Gains on loans measured at fair value through other comprehensive income:		
Gains on sale of loans measured at fair value through other comprehensive income	226	-
	<u>226</u>	<u>-</u>
Gains on foreign exchange transactions	3,878,089	3,634,987
Dividend income	33,805	45,125
Others	753,575	591,798
	<u>4,929,194</u>	<u>4,756,745</u>
Other operating expenses		
Losses on financial instruments at fair value through other comprehensive income:		
Losses on redemption of financial instruments at fair value through other comprehensive income	2,172	320
Losses on disposal of financial instruments at fair value through other comprehensive income	222,512	19,159
	<u>224,684</u>	<u>19,479</u>
Losses on financial assets at amortized cost:		
Losses on sale of loans measured at amortized cost	14,669	16,061
Losses on redemption of securities measured at amortized cost	6	-
Losses on disposal of securities measured at amortized cost	2	6,513
	<u>14,677</u>	<u>22,574</u>
Losses on foreign exchange transactions	3,570,783	3,530,618
Deposit insurance fee	550,677	507,621
Credit guarantee fund fee	263,297	242,216
Depreciation expenses of operating lease assets	602,908	423,684
Others	1,625,735	1,510,483
	<u>6,852,761</u>	<u>6,256,675</u>
Net other operating expenses	<u>₩ (1,923,567)</u>	<u>₩ (1,499,930)</u>

32. General and Administrative Expenses

32.1 Details of general and administrative expenses for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	2021	2020
Expenses related to employee		
Employee benefits - salaries	₩ 3,007,439	₩ 2,789,201
Employee benefits - others	927,665	871,014
Post-employment benefits - defined benefit plans	237,315	216,891
Post-employment benefits - defined contribution plans	37,731	37,328
Termination benefits	322,970	361,098
Share-based payments	101,935	49,364
	<u>4,635,055</u>	<u>4,324,896</u>
Depreciation and amortization	<u>850,614</u>	<u>874,911</u>
Other general and administrative expenses		
Rental expense	112,902	116,325
Tax and dues	268,383	260,071
Communication	60,221	53,596
Electricity and utilities	36,565	32,298
Publication	13,417	13,988
Repairs and maintenance	53,218	32,448
Vehicle	16,901	14,314
Travel	13,271	12,251
Training	34,056	27,610
Service fees	260,298	238,787
Electronic data processing expenses	314,511	280,773
Advertising	210,187	236,618
Others	321,254	295,926
	<u>1,715,184</u>	<u>1,615,005</u>
	<u>₩ 7,200,853</u>	<u>₩ 6,814,812</u>



32.2 Share-based Payments

32.2.1 Stock grants

The Group changed the scheme of share-based payments awarded to executives and employees from stock options to stock grants in November 2007. The stock grants award program is an incentive plan that sets, on grant date, the maximum number of shares that can be awarded. Actual shares to be granted is determined in accordance with achievement of pre-set performance targets over the vesting period.

32.2.1.1 Details of stock grants linked to long-term performance as of December 31, 2021, are as follows:

<i>(In number of shares)</i>			
	Grant date	Number of granted shares ¹	Vesting conditions ²
KB Financial Group Inc.			
Series 22	Apr. 1, 2019	3,278	Services fulfillment, market performance ³ 30%, and non-market performance ⁴ 70%
Series 23	May 27, 2019	1,436	Services fulfillment, market performance ³ 30%, and non-market performance ⁴ 70%
Series 25	Jan. 1, 2020	36,103	Services fulfillment, market performance ³ 0~30%, and non-market performance ⁴ 70~100%
Series 27	Jun. 16, 2020	184	Services fulfillment, market performance ³ 30%, and non-market performance ⁴ 70%
Series 28	Nov. 21, 2020	68,135	Services fulfillment, market performance ³ 35%, and non-market performance ⁵ 65%
Series 29	Jan. 1, 2021	94,120	Services fulfillment, market performance ³ 0~30%, and non-market performance ⁴ 70~100%
Series 30	Apr. 1, 2021	3,069	Services fulfillment, market performance ³ 30%, and non-market performance ⁴ 70%
Series 31	May 27, 2021	1,344	Services fulfillment, market performance ³ 30%, and non-market performance ⁴ 70%
Series 32	Aug. 20, 2021	125	Services fulfillment, market performance ³ 30%, and non-market performance ⁴ 70%
Deferred grant in 2015		5,303	Satisfied
Deferred grant in 2016		6,119	Satisfied
Deferred grant in 2017		2,249	Satisfied
Deferred grant in 2018		3,863	Satisfied
Deferred grant in 2019		15,189	Satisfied
Deferred grant in 2020		45,661	Satisfied
		<u>286,178</u>	
Kookmin Bank			
Series 76	Apr. 1, 2019	5,765	Services fulfillment, market performance ³ 30~50%, and non-market performance ⁴ 50~70%
Series 77	May 27, 2019	4,396	Services fulfillment, market performance ³ 30~50%, and non-market performance ⁴ 50~70%
Series 78	Nov. 21, 2019	36,443	Services fulfillment, market performance ³ 30%, and non-market performance ⁶ 70%
Series 79	Jan. 1, 2020	223,517	Services fulfillment, market performance ³ 0~50%, and non-market performance ⁴ 50~100%
Series 80	Mar. 1, 2020	7,943	Services fulfillment, market performance ³ 30~50%, and non-market performance ⁴ 50~70%
Series 81	Jan. 1, 2021	234,366	Services fulfillment, market performance ³ 0~30%, and non-market performance ⁴ 70~100%
Series 82	Mar. 1, 2021	18,202	Services fulfillment, market performance ³ 0~30%, and non-market performance ⁴ 70~100%

32.2.1.1 Details of stock grants linked to long-term performance as of December 31, 2021, are as follows: (cont'd)

<i>(In number of shares)</i>			
	Grant date	Number of granted shares ¹	Vesting conditions ²
Series 83	Apr. 1, 2021	7,871	Services fulfillment, market performance ³ 0~30%, and non-market performance ⁴ 70~100%
Series 84	May 27, 2021	4,032	Services fulfillment, market performance ³ 0~30%, and non-market performance ⁴ 70~100%
Deferred grant in 2015		760	Satisfied
Deferred grant in 2016		12,671	Satisfied
Deferred grant in 2017		9,763	Satisfied
Deferred grant in 2018		33,916	Satisfied
Deferred grant in 2019		66,067	Satisfied
Deferred grant in 2020		80,634	Satisfied
		<u>746,346</u>	
Other subsidiaries			
Stock granted in 2010		106	
Stock granted in 2011		146	
Stock granted in 2012		420	
Stock granted in 2013		544	
Stock granted in 2014		1,028	
Stock granted in 2015		2,602	
Stock granted in 2016		5,713	Services fulfillment,
Stock granted in 2017		17,820	market performance ³ 0~50%,
Stock granted in 2018		62,610	and non-market performance ⁴ 50~100%
Stock granted in 2019		76,872	
Stock granted in 2020		375,558	
Stock granted in 2021		425,583	
		<u>969,002</u>	
		<u>2,001,526</u>	

¹ Granted shares represent the total number of shares initially granted to executives and employees who have residual shares as of December 31, 2021 (Deferred grants are residual shares vested as of December 31, 2021).

² Executives and employees were given the right of choice about the timing of the deferred payment (after the date of retirement), payment ratio, and payment period. Accordingly, a certain percentage of the granted shares is deferred for up to five years after the date of retirement after the deferred grant has been confirmed.

³ Relative TSR (Total Shareholder Return): [(Fair value at the end of the contract - Fair value at the beginning of the contract) + (Total amount of dividend per share paid during the contract period)] / Fair value at the beginning of the contract

⁴ Performance results of company and employee

⁵ EPS (Earnings Per Share), Asset Quality, HCROI (Human Capital Return on Investment), Profit from non-banking segments

⁶ EPS, Asset Quality



32.2.1.2 Details of stock grants linked to short-term performance as of December 31, 2021, are as follows:

<i>(In number of shares)</i>	Estimated number of vested shares *	Vesting conditions
KB Financial Group Inc.		
Stock granted in 2015	5,352	Satisfied
Stock granted in 2016	5,409	Satisfied
Stock granted in 2017	2,489	Satisfied
Stock granted in 2018	7,400	Satisfied
Stock granted in 2019	18,692	Satisfied
Stock granted in 2020	34,658	Satisfied
Stock granted in 2021	34,965	Proportional to service period
Kookmin Bank		
Stock granted in 2015	5,019	Satisfied
Stock granted in 2016	12,867	Satisfied
Stock granted in 2017	3,862	Satisfied
Stock granted in 2018	38,067	Satisfied
Stock granted in 2019	83,778	Satisfied
Stock granted in 2020	135,336	Satisfied
Stock granted in 2021	109,561	Proportional to service period
Other subsidiaries		
Stock granted in 2015	7,777	Satisfied
Stock granted in 2016	34,345	Satisfied
Stock granted in 2017	58,052	Satisfied
Stock granted in 2018	226,242	Satisfied
Stock granted in 2019	408,353	Satisfied
Stock granted in 2020	606,891	Satisfied
Stock granted in 2021	267,649	Proportional to service period
	2,106,764	

* Executives and employees were given the right of choice about the timing of the deferred payment (after the date of retirement), payment ratio, and payment period. Accordingly, a certain percentage of the granted shares is deferred for up to five years after the date of retirement after the deferred grant has been confirmed.

32.2.1.3 Stock grants are measured at fair value using the MonteCarlo simulation model and assumptions used in measuring the fair value as of December 31, 2021, are as follows:

<i>(In Korean won)</i>	Risk-free rate (%)	Fair value (market performance condition)	Fair value (non-market performance condition)
Linked to long-term performance			
(KB Financial Group Inc.)			
Series 22	1.35	50,023~56,379	50,023~56,379
Series 23	1.35	50,023~56,379	50,023~56,379
Series 25	1.35	50,023~56,379	50,023~56,379
Series 27	1.35	-	48,344~51,523
Series 28	1.35	43,391~47,774	46,978~51,724
Series 29	1.35	48,344~56,379	48,344~56,379
Series 30	1.35	46,800~51,523	46,800~51,523
Series 31	1.35	46,800~51,523	46,800~51,523
Series 32	1.35	50,023~56,379	50,023~56,379
Deferred grant in 2015	1.35	-	48,344~56,379
Deferred grant in 2016	1.35	-	51,523~56,379
Deferred grant in 2017	1.35	-	53,308~56,379
Deferred grant in 2018	1.35	-	51,523~56,379
Deferred grant in 2019	1.35	-	53,308~56,379
Deferred grant in 2020	1.35	-	48,344~56,379
(Kookmin Bank)			
Series 76	1.35	50,023~56,379	50,023~56,379
Series 77	1.35	50,023~56,379	50,023~56,379
Series 78	1.35	49,885~56,223	50,023~56,379
Series 79	1.35	50,023~56,379	50,023~56,379
Series 80	1.35	48,344~53,308	48,344~53,308
Series 81	1.35	48,344~56,379	48,344~56,379
Series 82	1.35	46,800~51,523	46,800~51,523
Series 83	1.35	46,800~51,523	46,800~51,523
Series 84	1.35	46,800~51,523	46,800~51,523
Grant deferred in 2015	1.35	-	56,379~56,379
Grant deferred in 2016	1.35	-	47,153~56,379
Grant deferred in 2017	1.35	-	51,523~56,379
Grant deferred in 2018	1.35	-	51,523~56,379
Grant deferred in 2019	1.35	-	45,096~56,379
Grant deferred in 2020	1.35	-	51,523~56,379
(Other subsidiaries)			
Stock granted in 2010	1.35	-	53,308~53,308
Stock granted in 2011	1.35	-	53,308~53,308
Stock granted in 2012	1.35	-	51,523~53,308
Stock granted in 2013	1.35	-	51,523~53,308
Stock granted in 2014	1.35	-	51,523~51,523
Stock granted in 2015	1.35	-	46,800~56,379
Stock granted in 2016	1.35	-	46,436~56,502
Stock granted in 2017	1.35	-	45,096~61,294
Stock granted in 2018	1.35	-	45,096~56,502
Stock granted in 2019	1.35	46,800~56,502	45,096~56,502
Stock granted in 2020	1.35	48,344~56,502	45,096~56,502
Stock granted in 2021	1.35	46,800~56,379	46,800~56,502



32.2.1.3 Stock grants are measured at fair value using the MonteCarlo simulation model and assumptions used in measuring the fair value as of December 31, 2021, are as follows: (cont'd)

<i>(In Korean won)</i>	<u>Risk-free rate (%)</u>	<u>Fair value (market performance condition)</u>	<u>Fair value (non-market performance condition)</u>
Linked to short-term performance			
(KB Financial Group Inc.)			
Stock granted in 2015	1.35	-	48,344~56,379
Stock granted in 2016	1.35	-	45,304~56,379
Stock granted in 2017	1.35	-	51,523~56,379
Stock granted in 2018	1.35	-	51,523~56,379
Stock granted in 2019	1.35	-	53,308~56,379
Stock granted in 2020	1.35	-	48,344~56,379
Stock granted in 2021	1.35	-	50,023~53,308
(Kookmin Bank)			
Stock granted in 2015	1.35	-	47,153~56,379
Stock granted in 2016	1.35	-	47,153~56,379
Stock granted in 2017	1.35	-	51,523~56,379
Stock granted in 2018	1.35	-	51,523~56,379
Stock granted in 2019	1.35	-	53,308~56,379
Stock granted in 2020	1.35	-	51,523~56,379
Stock granted in 2021	1.35	-	50,023~54,229
(Other subsidiaries)			
Stock granted in 2015	1.35	-	46,800~56,502
Stock granted in 2016	1.35	-	46,800~56,502
Stock granted in 2017	1.35	-	45,096~56,502
Stock granted in 2018	1.35	-	45,096~56,502
Stock granted in 2019	1.35	-	45,096~56,502
Stock granted in 2020	1.35	-	46,800~56,502
Stock granted in 2021	1.35	-	46,800~54,649

The Group uses the volatility of the stock price over the previous year as the expected volatility, and uses the arithmetic mean of the price-dividend ratio of one year before, two years before, and three years before the base year as the dividend yield and uses one-year risk-free rate of Korea Treasury Bond in order to measure the fair value.

32.2.1.4 The accrued expenses for share-based payments related to stock grants are ₩ 193,023 million and ₩ 135,327 million as of December 31, 2021 and 2020, respectively, and the compensation costs amounting to ₩ 101,897 million and ₩ 48,712 million were recognized for the years ended December 31, 2021 and 2020, respectively.

32.2.2 Mileage stock

32.2.2.1 Details of mileage stock as of December 31, 2021, are as follows:

<i>(In number of shares)</i>	<u>Grant date</u>	<u>Number of granted shares ¹</u>	<u>Expected exercise period (years) ²</u>	<u>Remaining shares</u>
	<i>Stock granted in 2019</i>			
	Jan. 11, 2019	26,580	0.00~0.03	14,907
	Apr. 1, 2019	167	0.00~0.25	73
	Apr. 18, 2019	105	0.00~0.29	45
	Apr. 22, 2019	33	0.00~0.30	17
	Jul. 1, 2019	109	0.00~0.50	87
	Aug. 29, 2019	39	0.00~0.66	35
	Sep. 2, 2019	50	0.00~0.67	28
	Nov. 1, 2019	119	0.00~0.83	71
	Nov. 8, 2019	14	0.00~0.85	6
	Dec. 5, 2019	56	0.00~0.93	43
	Dec. 6, 2019	84	0.00~0.93	82
	Dec. 31, 2019	87	0.00~1.00	65
	<i>Stock granted in 2020</i>			
	Jan. 18, 2020	28,645	0.00~1.05	19,435
	May 12, 2020	46	0.00~1.36	44
	Jun. 30, 2020	206	0.00~1.50	206
	Aug. 26, 2020	40	0.00~1.65	40
	Oct. 29, 2020	160	0.00~1.83	160
	Nov. 6, 2020	45	0.00~1.85	37
	Nov. 30, 2020	35	0.00~1.92	34
	Dec. 2, 2020	57	0.00~1.92	53
	Dec. 4, 2020	154	0.00~1.93	141
	Dec. 30, 2020	88	0.00~2.00	86
	<i>Stock granted in 2021</i>			
	Jan. 15, 2021	28,156	0.00~2.04	26,708
	Apr. 1, 2021	89	0.00~2.26	89
	Jul. 1, 2021	54	0.00~2.50	54
	Jul. 2, 2021	11	0.00~2.50	11
	Jul. 27, 2021	70	0.00~2.57	70
	Nov. 1, 2021	71	0.00~2.84	71
	Nov. 16, 2021	53	0.00~2.88	53
	Dec. 3, 2021	91	0.00~2.92	91
	Dec. 6, 2021	87	0.00~2.93	87
	Dec. 30, 2021	76	0.00~3.00	76
		<u>85,677</u>		<u>63,005</u>

¹ Mileage stock is exercisable for two years after one year from the grant date at the closing price of the end of the previous month. However, mileage stock can be exercised at the closing price of the end of the previous month on the date of occurrence of retirement or transfer despite a one-year grace period.

² Assessed based on the stock price as of December 31, 2021. These shares are vested immediately at grant date.



32.2.2.2 The accrued expenses for share-based payments related to mileage stock are ₩ 3,465 million and ₩ 2,862 million as of December 31, 2021 and 2020, respectively. The compensation costs amounting to ₩ 2,116 million and ₩ 1,086 million were recognized as expenses for the years ended December 31, 2021 and 2020, respectively.

32.2.3 Long-term share-based payments

The Group calculates the short-term performance bonus of executives of Prudential Life Insurance Company of Korea Ltd. based on the result of performance evaluation as of the grant date and defers the bonus for three years and pays it in cash reflecting the stock price of KB Financial Group Inc. at that time.

32.2.3.1 Details of long-term share-based payments as of December 31, 2021, are as follows:

(In number of shares)

	Grant date	Vested shares	Expected exercise period (years)	Vesting condition
Granted in 2020	2020	13,402	2.00	Services fulfillment

32.2.3.2 Long-term share-based payments are measured at fair value using the MonteCarlo simulation model and assumptions used in measuring the fair value as of December 31, 2021, are as follows:

(In Korean won)

	Risk-free rate (%)	Fair value (market performance condition)	Fair value (non-market performance condition)
Granted in 2020	1.35	-	51,523

The Group uses the volatility of the stock price over the previous year as the expected volatility, and uses the arithmetic mean of the price-dividend ratio of one year before, two years before, and three years before the base year as the dividend yield and uses one-year risk-free rate of Korea Treasury Bond in order to measure the fair value.

32.2.3.3 The accrued expenses for long-term share-based payments are ₩ 690 million and ₩ 652 million as of December 31, 2021 and 2020, respectively. The compensation costs amounting to ₩ 38 million and ₩ 652 million were recognized as expenses for the years ended December 31, 2021 and 2020, respectively.

33. Net Other Non-Operating Income and Expenses

Details of other non-operating income and expenses for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	2021	2020
Other non-operating income		
Gains on disposal of property and equipment	₩ 9,045	₩ 111,132
Rental income	34,791	113,075
Gains on a bargain purchase	288	145,067
Others	81,210	96,931
	<u>125,334</u>	<u>466,205</u>
Other non-operating expenses		
Losses on disposal of property and equipment	6,552	11,945
Donation	103,647	113,083
Restoration costs	3,436	5,043
Management cost for written-off loans	4,054	3,018
Others	117,182	143,726
	<u>234,871</u>	<u>276,815</u>
Net other non-operating income (expenses)	₩ (109,537)	₩ 189,390

34. Income Tax Expense

34.1 Details of income tax expense for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	2021	2020
Income tax payable		
Current income tax expense	₩ 1,571,947	₩ 1,099,171
Adjustments of income tax of prior years recognized in current tax	7,952	(13,434)
	<u>1,579,899</u>	<u>1,085,737</u>
Changes in deferred income tax assets and liabilities *	<u>214,660</u>	<u>326,918</u>
Income tax recognized directly in equity and others		
Remeasurements of net defined benefit liabilities	18,638	4,949
Currency translation differences	(15,675)	14,988
Net gains or losses on financial assets at fair value through other comprehensive income	(71,421)	(88,907)
Share of other comprehensive income or loss of associates and joint ventures	(7)	2,976
Gains or losses on cash flow hedging instruments	(21,534)	7,580
Gains or losses on hedging instruments of net investments in foreign operations	25,599	(24,500)
Other comprehensive income or loss arising from separate account	24,206	3,671
Fair value changes of financial liabilities designated at fair value through profit or loss due to own credit risk	(5,202)	(3,350)
Net gains or losses on overlay adjustment	(46,834)	(61,637)
Consideration for exchange right of exchangeable bonds	-	(4,526)
	<u>(92,230)</u>	<u>(148,756)</u>
Others	<u>(5,104)</u>	<u>495</u>
Income tax expense	₩ 1,697,225	₩ 1,264,394

* Effect of business combination is excluded.



34.2 Analysis of the relationship between net profit before income tax expense and income tax expense for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	2021		2020	
	Tax rate (%)	Amount	Tax rate (%)	Amount
Profit before income tax expense		₩ 6,081,606		₩ 4,779,972
Income tax at the applicable tax rate *	27.33	1,662,080	27.28	1,304,130
Non-taxable income	(0.67)	(40,708)	(1.55)	(73,855)
Non-deductible expenses	0.42	25,739	0.35	16,541
Tax credit and tax exemption	(0.01)	(361)	(0.08)	(4,016)
Temporary difference for which no deferred tax is recognized	0.08	5,065	0.47	22,189
Changes in recognition and measurement of deferred tax	0.10	5,997	0.24	11,616
Income tax refund for tax of prior years	(0.23)	(13,953)	(0.46)	(22,139)
Income tax expense of overseas branches	0.31	18,571	0.23	10,739
Others	0.57	34,795	(0.02)	(811)
Average effective tax rate and income tax expense	27.90	₩ 1,697,225	26.45	₩ 1,264,394

* Applicable income tax rate for ₩ 200 million and below is 11%, for over ₩ 200 million to ₩ 20 billion is 22%, for over ₩ 20 billion to ₩ 300 billion is 24.2% and for over ₩ 300 billion is 27.5% for the years ended December 31, 2021 and 2020.

35. Dividends

The annual dividends paid to the shareholders of the Parent Company in 2021 and 2020 were ₩ 689,653 million (₩ 1,770 per share) and ₩ 861,092 million (₩ 2,210 per share), respectively. Meanwhile, the quarterly dividends of ₩ 292,226 million (₩ 750 per share) with dividends record date of June 30, 2021 were paid on August 6, 2021 according to the resolution of the board of directors on July 22, 2021. The annual dividends to the shareholders of the Parent Company for the year ended December 31, 2021, amounting to ₩ 853,299 million (₩ 2,190 per share) is to be proposed at the general shareholders' meeting scheduled for March 25, 2022. The Group's consolidated financial statements as of and for the year ended December 31, 2021, do not reflect this dividend payable.

36. Accumulated Other Comprehensive Income (Loss)

Changes in accumulated other comprehensive income (loss) for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

2021

	2021					
	Beginning	Changes except for reclassification	Reclassification to profit or loss	Transfer within equity	Tax effect	Ending
Remeasurements of net defined benefit liabilities	₩ (282,650)	₩ (64,380)	₩ -	₩ -	₩ 18,638	₩ (328,392)
Currency translation differences	(131,113)	248,998	1,995	(7,671)	(15,675)	96,534
Gains on financial instruments at fair value through other comprehensive income	717,230	(62,043)	20,537	314,624	(71,421)	918,927
Share of other comprehensive income (loss) of associates and joint ventures	(3,529)	3,276	(2,720)	-	(7)	(2,980)
Losses on cash flow hedging instruments	(28,597)	95,478	(53,080)	-	(21,534)	(7,733)
Gains (losses) on hedging instruments of net investments in foreign operations	22,277	(88,729)	5,195	-	25,599	(35,658)
Other comprehensive income (loss) arising from separate account	8,698	(81,601)	(6,419)	-	24,206	(55,116)
Fair value changes of financial liabilities designated at fair value through profit or loss due to own credit risk	(11,507)	18,917	-	-	(5,202)	2,208
Gains on overlay adjustment	339,202	257,574	(90,458)	-	(46,834)	459,484
Assets of a disposal group held for sale	-	-	-	7,671	-	7,671
	₩ 630,011	₩ 327,490	₩ (124,950)	₩ 314,624	₩ (92,230)	₩ 1,054,945



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

(In millions of Korean won)

2020

	2020					
	Beginning	Changes except for reclassifi- cation	Reclassification to profit or loss	Transfer within equity	Tax effect	Ending
Remeasurements of net defined benefit liabilities	₩ (269,505)	₩ (18,094)	₩ -	₩ -	₩ 4,949	₩ (282,650)
Currency translation differences	31,793	(177,894)	-	-	14,988	(131,113)
Gains on financial instruments at fair value through other comprehensive income	487,331	757,236	(112,020)	(326,410)	(88,907)	717,230
Share of other comprehensive income (loss) of associates and joint ventures	3,318	(3,923)	(5,900)	-	2,976	(3,529)
Losses on cash flow hedging instruments	(27,333)	(48,034)	39,190	-	7,580	(28,597)
Gains (losses) on hedging instruments of net investments in foreign operations	(41,992)	88,769	-	-	(24,500)	22,277
Other comprehensive income arising from separate account	18,381	2,834	(16,188)	-	3,671	8,698
Fair value changes of financial liabilities designated at fair value through profit or loss due to own credit risk	(20,326)	12,169	-	-	(3,350)	(11,507)
Gains on overlay adjustment	187,077	248,688	(34,926)	-	(61,637)	339,202
	₩ 368,744	₩ 861,751	₩ (129,844)	₩ (326,410)	₩ (144,230)	₩ 630,011

37. Earnings per Share

37.1 Basic Earnings per Share

Basic earnings per share is calculated by dividing profit attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares outstanding.

37.1.1 Weighted average number of ordinary shares outstanding

(In number of shares)

	2021		2020	
	Number of shares	Accumulated number of shares	Number of shares	Accumulated number of shares
Number of issued ordinary shares	415,807,920	151,769,890,800	415,807,920	152,185,698,720
Number of treasury shares	(26,173,585)	(9,553,358,525)	(26,173,585)	(9,579,532,110)
Average number of ordinary shares outstanding	389,634,335	142,216,532,275	389,634,335	142,606,166,610
Number of days		365		366
Weighted average number of ordinary shares outstanding		389,634,335		389,634,335

37.1.2 Basic earnings per share

(In Korean won and in number of shares)

	2021	2020
Profit attributable to shareholders of the Parent Company	₩ 4,409,543,288,213	₩ 3,468,447,701,501
Deduction: Dividends on hybrid securities	(71,537,500,000)	(22,859,500,000)
Profit attributable to ordinary equity holders of the Parent Company (A)	4,338,005,788,213	3,445,588,201,501
Weighted average number of ordinary shares outstanding (B)	389,634,335	389,634,335
Basic earnings per share (A/B)	₩ 11,134	₩ 8,843

37.2 Diluted Earnings per Share

Diluted earnings per share is calculated through increasing the weighted average number of ordinary shares outstanding by the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares. The Group has dilutive potential ordinary shares such as stock grants and ordinary share exchange right of exchangeable bonds.

A calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market share price for the year) based on the monetary value of stock grants. The number of shares calculated above is compared with the number of shares that would have been issued assuming the settlement of stock grants.

Exchangeable bonds are included in potential ordinary shares from the exercisable date of the exchange right, and interest expense after tax for the period is added to profit for diluted earnings per share.

37.2.1 Adjusted profit for diluted earnings per share

(In Korean won)

	2021	2020
Profit attributable to shareholders of the Parent Company	₩ 4,409,543,288,213	₩ 3,468,447,701,501
Deduction: Dividends on hybrid securities	(71,537,500,000)	(22,859,500,000)
Profit attributable to ordinary equity holders of the Parent Company	4,338,005,788,213	3,445,588,201,501
Adjustments: Interest expense on exchangeable bonds	2,347,186,871	798,012,332
Adjusted profit for diluted earnings per share	₩ 4,340,352,975,084	₩ 3,446,386,213,833

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

(In number of shares)

	2021	2020
Weighted average number of ordinary shares outstanding	389,634,335	389,634,335
Adjustment:		
Stock grants	3,945,208	3,416,737
Exchangeable bonds	5,000,000	1,707,650
Adjusted weighted average number of ordinary shares outstanding for diluted earnings per share	398,579,543	394,758,722

37.2.3 Diluted earnings per share

(In Korean won and in number of shares)

	2021	2020
Adjusted profit for diluted earnings per share	₩ 4,340,352,975,084	₩ 3,446,386,213,833
Adjusted weighted average number of ordinary shares outstanding for diluted earnings per share	398,579,543	394,758,722
Diluted earnings per share	₩ 10,890	₩ 8,730



38. Insurance Contracts

38.1 Insurance Assets

38.1.1 Details of deferred acquisition costs included in other assets as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021		December 31, 2020	
Non-life insurance	₩	1,230,375	₩	965,683
Life insurance		345,831		205,289
	₩	1,576,206	₩	1,170,972

38.1.2 Changes in deferred acquisition costs included in other assets for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	2021			
	Beginning	Increase	Amortization	Ending
Non-life insurance	₩ 965,683	₩ 965,735	₩ (701,043)	₩ 1,230,375
Life insurance	205,289	258,653	(118,111)	345,831
	₩ 1,170,972	₩ 1,224,388	₩ (819,154)	₩ 1,576,206

(In millions of Korean won)

	2020			
	Beginning	Increase	Amortization	Ending
Non-life insurance	₩ 786,626	₩ 872,811	₩ (693,754)	₩ 965,683
Life insurance	134,739	144,429	(73,879)	205,289
	₩ 921,365	₩ 1,017,240	₩ (767,633)	₩ 1,170,972

38.1.3 Details of reinsurance assets included in other assets as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

		December 31, 2021		December 31, 2020	
Non-life insurance	Reserve for outstanding claims:				
	General insurance	₩	879,936	₩	732,579
	Automobile insurance		16,989		14,916
	Long-term insurance		178,531		156,234
Unearned premium reserve:	General insurance		262,020		285,634
	Automobile insurance		5,575		10,870
			1,343,051		1,200,233
Life insurance	Reserve for outstanding claims		2,169		2,081
	Unearned premium reserve		985		951
			3,154		3,032
Others	Reserve for outstanding claims		2,103		2,427
	Unearned premium reserve		620		895
			2,723		3,322
Total reinsurance assets			1,348,928		1,206,587
Less: Allowances for impairment losses			(436)		(879)
		₩	1,348,492	₩	1,205,708

38.1.4 Changes in reinsurance assets included in other assets for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

		2021		
		Beginning	Net increase (decrease)	Ending
Non-life insurance	Reserve for outstanding claims:			
	General insurance	₩ 732,579	₩ 147,357	₩ 879,936
	Automobile insurance	14,916	2,073	16,989
	Long-term insurance	156,234	22,297	178,531
	Unearned premium reserve:			
	General insurance	285,634	(23,614)	262,020
	Automobile insurance	10,870	(5,295)	5,575
		1,200,233	142,818	1,343,051
Life insurance	Reserve for outstanding claims	2,081	88	2,169
	Unearned premium reserve	951	34	985
		3,032	122	3,154
Others	Reserve for outstanding claims	2,427	(324)	2,103
	Unearned premium reserve	895	(275)	620
		3,322	(599)	2,723
Total reinsurance assets		1,206,587	142,341	1,348,928
Less: Allowances for impairment losses		(879)	443	(436)
		₩ 1,205,708	₩ 142,784	₩ 1,348,492

(In millions of Korean won)

		2020			
		Beginning	Net increase (decrease)	Business combination	Ending
Non-life insurance	Reserve for outstanding claims:				
	General insurance	₩ 361,065	₩ 371,514	₩ -	₩ 732,579
	Automobile insurance	16,555	(1,639)	-	14,916
	Long-term insurance	130,758	25,476	-	156,234
	Unearned premium reserve:				
	General insurance	208,820	76,814	-	285,634
	Automobile insurance	19,952	(9,082)	-	10,870
		737,150	463,083	-	1,200,233
Life insurance	Reserve for outstanding claims	1,639	(564)	1,006	2,081
	Unearned premium reserve	408	(27)	570	951
		2,047	(591)	1,576	3,032
Others	Reserve for outstanding claims	2,563	(136)	-	2,427
	Unearned premium reserve	844	51	-	895
		3,407	(85)	-	3,322
Total reinsurance assets		742,604	462,407	1,576	1,206,587
Less: Allowances for impairment losses		(1,953)	1,074	-	(879)
		₩ 740,651	₩ 463,481	₩ 1,576	₩ 1,205,708



38.2 Insurance Liabilities

38.2.1 Details of insurance liabilities by insurance type as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021			
	Non-life insurance	Life insurance	Others	Total
Premium reserve *	₩ 26,086,004	₩ 24,363,509	₩ -	₩ 50,449,513
Reserve for outstanding claims	3,378,427	259,848	2,102	3,640,377
Unearned premium reserve	1,909,327	9,358	622	1,919,307
Reserve for dividend to policyholders	122,025	40,960	-	162,985
Reserve for distribution of earnings to policyholders	63,093	4,857	-	67,950
Reserve for loss compensation on participating insurance	24,790	6,108	-	30,898
Guarantee reserve	-	894,906	-	894,906
	₩ 31,583,666	₩ 25,579,546	₩ 2,724	₩ 57,165,936

(In millions of Korean won)

	December 31, 2020			
	Non-life insurance	Life insurance	Others	Total
Premium reserve *	₩ 24,990,530	₩ 23,264,955	₩ -	₩ 48,255,485
Reserve for outstanding claims	2,885,006	252,883	2,426	3,140,315
Unearned premium reserve	1,859,367	9,450	896	1,869,713
Reserve for dividend to policyholders	129,660	41,024	-	170,684
Reserve for distribution of earnings to policyholders	51,292	5,009	-	56,301
Reserve for loss compensation on participating insurance	20,090	6,818	-	26,908
Guarantee reserve	-	895,890	-	895,890
	₩ 29,935,945	₩ 24,476,029	₩ 3,322	₩ 54,415,296

* Includes negative VOBA amounting to ₩ 2,390,985 million and ₩ 2,698,010 million as of December 31, 2021 and 2020, respectively.

38.2.2 Changes in insurance liabilities for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	2021		
	Beginning	Net increase (decrease) ¹	Ending
Non-life insurance	₩ 1,568,741	₩ 222,543	₩ 1,791,284
General insurance			
Automobile insurance	1,897,872	127,693	2,025,565
Long-term insurance	26,362,479	1,373,257	27,735,736
Long-term investment contract	106,853	(75,772)	31,081
Life insurance	7,570,349	436,999	8,007,348
Pure endowment insurance	15,706,051	810,366	16,516,417
Death insurance	1,188,299	(142,962)	1,045,337
Endowment insurance	11,330	(885)	10,445
Group insurance and others ²	3,322	(599)	2,723
Others	₩ 54,415,296	₩ 2,750,640	₩ 57,165,936

(In millions of Korean won)

	2020			
	Beginning	Net increase (decrease) ¹	Business combination	Ending
Non-life insurance	₩ 1,064,913	₩ 503,828	₩ -	₩ 1,568,741
General insurance				
Automobile insurance	1,623,846	274,026	-	1,897,872
Long-term insurance	25,006,078	1,356,401	-	26,362,479
Long-term investment contract	108,938	(2,085)	-	106,853
Life insurance	5,236,128	318,109	2,016,112	7,570,349
Pure endowment insurance	642,963	404,456	14,658,632	15,706,051
Death insurance	1,270,855	(156,688)	74,132	1,188,299
Endowment insurance	9,555	(2,238)	4,013	11,330
Group insurance and others ²	3,407	(85)	-	3,322
Others	₩ 34,966,683	₩ 2,695,724	₩ 16,752,889	₩ 54,415,296

¹ Includes exchange differences effect and decrease in liabilities related to investment contracts.

² Includes reserve for distribution of earnings to policyholders and reserve for loss compensation on participating insurance.

38.3 Liability Adequacy Test

According to the revision of the Detailed Regulations on Supervision of Insurance Business, the criteria for the insurance liability adequacy test were changed, and the Group accounted for the change as a change in accounting policy because it provided reliable and more relevant information about current estimates of future cash flows. This change in accounting policy has no effect on the consolidated financial statements, but comparative notes have been restated.

38.3.1 KB Insurance Co., Ltd.

Assumptions and calculation basis for the insurance liability adequacy test of KB Insurance Co., Ltd. as of December 31, 2021 and 2020, are as follows:

	Assumptions (%)		Calculation basis
	December 31, 2021	December 31, 2020	
Long-term insurance			
Discount rate	-3.39 ~ 19.54	-3.98 ~ 23.96	Calculated by applying an interest rate scenario which is a risk-free rate scenario adjusted by liquidity premium presented by director of the Financial Supervisory Service
Expense ratio	6.25	6.46	Calculated using future expense plan based on the recent one-year experience statistics
Lapse ratio	1.49 ~ 35.98	1.48 ~ 35.44	Calculated based on the recent five-year experience statistics
Risk ratio	7.4 ~ 1,143.8	11.9 ~ 1,055.2	Calculated by ratio of insurance claim payments to risk premiums based on the recent seven-year experience statistics
General insurance			
Lapse ratio	0.9	1.1	Ratio of surrender value to direct insurance premiums by type of contracts for the preceding five years
Sales cost ratio	6.3	6.5	Ratio of sales cost to direct insurance premiums by type of contracts for the preceding year (applicable only to unpaid premiums)
Maintenance cost ratio	10.5	10.7	Ratio of maintenance cost to earned premiums by type of contracts for the preceding year
Claim survey cost ratio	4.7	4.7	Ratio of claim survey cost to insurance claim payments by type of contracts for the preceding three years
Loss ratio	78.5	71.0	Ratio of final loss incurred to earned premiums by type of contracts for the preceding five years
Automobile insurance			
Lapse ratio	4.7	4.6	Ratio of surrender value to direct insurance premiums by type of contracts for the preceding five years
Sales cost ratio	7.6	8.1	Ratio of sales cost to direct insurance premiums by type of contracts for the preceding year (applicable only to unpaid premiums)
Maintenance cost ratio	8.8	9.0	Ratio of maintenance cost to earned premiums by type of collaterals for the preceding year
Claim survey cost ratio	8.1	8.4	Ratio of claim survey cost to insurance claim payments by type of collaterals for the preceding three years
Loss ratio	78.2	78.2	Ratio of final loss incurred to earned premiums by type of collaterals for the preceding five years

38.3.1 KB Insurance Co., Ltd. (cont'd)

Results of the insurance liability adequacy test of KB Insurance Co., Ltd. as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021		
	Recognized liabilities *	Estimated adequate liabilities	Surplus (shortfall)
General insurance	₩ 465,812	₩ 437,555	₩ 28,257
Automobile insurance	1,401,462	1,322,026	79,436
Long-term insurance	21,812,939	14,277,162	7,535,777
	₩ 23,680,213	₩ 16,036,743	₩ 7,643,470

(In millions of Korean won)

	December 31, 2020		
	Recognized liabilities *	Estimated adequate liabilities	Surplus (shortfall)
General insurance	₩ 461,227	₩ 391,040	₩ 70,187
Automobile insurance	1,363,104	1,290,439	72,665
Long-term insurance	20,892,077	13,671,990	7,220,087
	₩ 22,716,408	₩ 15,353,469	₩ 7,362,939

* In the case of long-term insurance, premium reserve and unearned premium reserve are recognized; the premium reserve is the amount of subtracting deferred acquisition costs and insurance contract loans from the net insurance premium reserve in accordance with Article 6-3 of the Regulations on Supervision of Insurance Business.

As a result of the liability adequacy test, the Group did not set additional reserve as it shows net surplus. As such, there was no amount recorded as a result of the liability adequacy test as of December 31, 2021.



38.3.2 KB Life Insurance Co., Ltd.

Assumptions and calculation basis for the insurance liability adequacy test of KB Life Insurance Co., Ltd. as of December 31, 2021 and 2020, are as follows:

	Assumptions (%)		Calculation basis
	December 31, 2021	December 31, 2020	
Lapse ratio	0 ~ 65.57	0 ~ 65.50	Ratio of canceled premiums to premiums by product group, method of payment, channel, and elapsed period, based on the recent five-year experience statistics
Loss ratio	22 ~ 162	24 ~ 156	Ratio of number of accidents to the number of holding contracts, by collateral, gender, and elapsed period, based on the recent seven-year experience statistics
Discount rate	-3.39 ~ 19.54	-3.62 ~ 23.48	Estimated investment yield based on the interest rate scenario provided by the Financial Supervisory Service adjusted by risk spread

Indirect costs included in administration expenses were calculated by applying the unit cost based on the experience statistics of the actual executed costs over the past year according to the expense allocations standard set by the Detailed Regulations on Supervision of Insurance Business. Direct costs such as acquisition cost were calculated based on estimates of future expense according to the Group's internal policies such as solicitation commission policy.

The insurance liability adequacy test of KB Life Insurance Co., Ltd. is performed by contract type such as interest rate type and dividend type. Results of the insurance liability adequacy test as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

		December 31, 2021		
		Recognized liabilities	Estimated adequate liabilities	Surplus (shortfall)
Fixed interest type	Participating	₩ 30,828	₩ 51,443	₩ (20,615)
	Non-participating	664,569	5,876	658,693
Variable interest type	Participating	896,754	913,067	(16,313)
	Non-participating	5,754,214	5,263,775	490,439
Variable type		(7,822)	(101,418)	93,596
		₩ 7,338,543	₩ 6,132,743	₩ 1,205,800

(In millions of Korean won)

		December 31, 2020		
		Recognized liabilities	Estimated adequate liabilities	Surplus (shortfall)
Fixed interest type	Participating	₩ 30,447	₩ 57,162	₩ (26,715)
	Non-participating	395,766	66,380	329,386
Variable interest type	Participating	970,376	1,010,383	(40,007)
	Non-participating	5,508,172	5,275,939	232,233
Variable type		(26,685)	(125,530)	98,845
		₩ 6,878,076	₩ 6,284,334	₩ 593,742

As a result of the liability adequacy test, the Group did not set additional reserve as it shows net surplus. As such, there was no amount recorded as a result of the liability adequacy test as of December 31, 2021.

38.3.3 Prudential Life Insurance Company of Korea Ltd.

Assumptions and calculation basis for the insurance liability adequacy test of Prudential Life Insurance Company of Korea Ltd. as of December 31, 2021 and 2020, are as follows:

	Assumptions (%)		Calculation basis
	December 31, 2021	December 31, 2020	
Discount rate	-3.39 ~ 19.54	-3.98 ~ 23.96	Calculated by applying an interest rate scenario which is a risk-free rate scenario adjusted by liquidity premium presented by the Financial Supervisory Service
Lapse ratio	1 ~ 26	2 ~ 28	Calculated based on the amount of insurance coverage by elapsed period based on the recent five-year experience statistics
Risk ratio	28 ~ 545	21 ~ 312	Calculated by ratio of insurance claim payments to risk premiums by elapsed period based on the recent five-year experience statistics

The insurance liability adequacy test of Prudential Life Insurance Company of Korea Ltd. is performed by contract type such as interest rate type and dividend type. Results of the insurance liability adequacy test as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

		Surplus (shortfall)	
		December 31, 2021	December 31, 2020
Fixed interest type	Participating	₩ (7,687)	₩ (14,701)
	Non-participating	787,200	(865,083)
Variable interest type	Non-participating	128,963	100,825
	Variable type	1,278,620	1,584,469
		₩ 2,187,096	₩ 805,510

As a result of the liability adequacy test, the Group did not set additional reserve as it shows net surplus. As such, there was no amount recorded as a result of the liability adequacy test as of December 31, 2021.

38.4 Net Insurance Income

Details of insurance income and insurance expenses for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	2021	2020
Insurance income		
Premium income	₩ 14,684,383	₩ 12,872,727
Reinsurance income	990,437	823,500
Reversal of policy reserve	599	85
Separate account income	286,967	216,485
Income from changes in reinsurance assets	135,159	467,729
Other insurance income	10,313	6,114
	<u>16,107,858</u>	<u>14,386,640</u>
Insurance expenses		
Insurance claims paid	5,777,899	5,264,829
Dividend expenses	14,038	11,661
Refunds of surrender value	4,032,209	3,286,150
Reinsurance expenses	1,163,056	1,127,304
Provision for policy reserve	2,761,735	2,709,903
Separate account expenses	112,180	113,703
Administration expenses	644,947	563,085
Amortization of deferred acquisition costs	819,154	767,633
Expenses from changes in reinsurance assets	-	163
Claim survey expenses paid	60,234	58,873
Other insurance expenses	165,695	183,343
	<u>15,551,147</u>	<u>14,086,647</u>
Net insurance income	₩ 556,711	₩ 299,993

38.5 Risk Management of KB Insurance Co., Ltd.

38.5.1 Overview of insurance risk

Insurance risk is the risk that arises from a primary operation of insurance companies that is associated with underwriting of insurance contracts and payment of claims and is classified as insurance price risk and reserves risk. Insurance price risk is the risk of loss that might occur when the actual risk exceeds the expected risk ratio or expected expense ratio set at the time of calculating insurance premium, that is, the possibility of loss due to the differences between actual payment of claims and premiums received from policyholders. Reserve risk means the risk of not being able to cover actual claim payments in the future due to a lack of reserve accumulated at the time of assessment.

38.5.2 Purposes, policies, and procedures to manage risk arising from insurance contracts

The risks associated with insurance contracts that the Group faces are insurance actuarial risk and underwriting risk. Each risk occurs due to insurance contract's pricing and conditions of underwriting. In order to minimize the possibility of acquiring a bad contract, the Group has established and operated detailed underwriting guidelines and underwriting procedures by insurance type that specify detailed underwriting conditions according to the type of risk covered through pre-analysis of insured property. In addition, the Group is making efforts to reduce insurance actuarial risk by follow-up measures such as adjustments of premium rate, changes of sales conditions, termination of selling specific product, development of new product, and others through comparing and analyzing the expected risk level at the date of pricing and actual risk level after the acceptance. The Group has prepared a process to minimize management risk other than insurance actuarial risk and underwriting risk by operating a committee that shares opinions on underwriting policies and premium rate policies and decides important matters.

In addition, by establishing a reinsurance operating strategy according to the reinsurance operating standards, the Group is preparing for the possibility of incurring high claim expenses at once due to unexpected catastrophic accidents while maintaining an appropriate holding level considering the solvency of the Group. The Group supports the protection and stable interests of policyholders, and comprehensively manages risks to maximize corporate value in the mid to long term.

38.5.3 Exposure to insurance price risk

According to Risk Based Capital ("RBC") standard, exposure to insurance price risk is measured as the risk retained premium for all insurance contracts based on the track record for one year up to reference date of calculation. The risk retained premium is measured by adding assumed risk reinsurance premium to direct risk premium and deducting ceded risk reinsurance premium.

The Group's exposure to insurance price risk as of December 31, 2021 and 2020, as follows:

(In millions of Korean won)

	December 31, 2021			
	Direct risk premium	Assumed risk reinsurance premium	Ceded risk reinsurance premium	Total
General	₩ 1,161,427	₩ 93,191	₩ (630,231)	₩ 624,387
Automobile	2,538,277	-	(13,683)	2,524,594
Long-term	3,128,821	-	(462,261)	2,666,560
	<u>₩ 6,828,525</u>	<u>₩ 93,191</u>	<u>₩ (1,106,175)</u>	<u>₩ 5,815,541</u>

(In millions of Korean won)

	December 31, 2020			
	Direct risk premium	Assumed risk reinsurance premium	Ceded risk reinsurance premium	Total
General	₩ 1,088,791	₩ 79,429	₩ (663,750)	₩ 504,470
Automobile	2,491,412	-	(21,433)	2,469,979
Long-term	2,803,532	-	(415,439)	2,388,093
	<u>₩ 6,383,735</u>	<u>₩ 79,429</u>	<u>₩ (1,100,622)</u>	<u>₩ 5,362,542</u>



38.5.4 Concentration of insurance risk

The Group is selling various insurance contracts such as general non-life insurances (fire, maritime, injury, technology, liability, package, title, guarantee, and other special type insurances), automobile insurances (for private use, for business use, for commercial use, bicycle, and others), long-term insurances (long-term non-life, property damage, injury, driver, savings, illness, nursing, and pension), and others. The Group's risk is distributed through reinsurance, joint acceptance, and sales of diversified insurance products. In addition, insurances such as storm and flood insurance, which have a very low probability of occurrence but cover severe levels of risk, are controlled through acceptance limit and joint acquisition.

38.5.5 Claims development tables

The Group verifies and evaluates the adequacy of reserve for outstanding claims for general, automobile, and long-term insurance with two or more methods, including paid loss development trend and incurred loss development trend. If the individually estimated claims are insufficient, the Group recognizes additional reserves. Claims development tables as of December 31, 2021 and 2020, are as follows:

<2021>

General Insurance

(In millions of Korean won)

Accident year	Development year				
	After 1 year	After 2 years	After 3 years	After 4 years	After 5 years
Estimate of gross ultimate claims (A)					
2017.1.1 ~ 2017.12.31	₩ 169,234	₩ 201,406	₩ 205,075	₩ 206,856	₩ 207,252
2018.1.1 ~ 2018.12.31	200,968	241,471	246,499	250,083	-
2019.1.1 ~ 2019.12.31	219,419	263,105	267,687	-	-
2020.1.1 ~ 2020.12.31	232,622	273,531	-	-	-
2021.1.1 ~ 2021.12.31	290,480	-	-	-	-
	1,112,723	979,513	719,261	456,939	207,252
Gross cumulative claim payments (B)					
2017.1.1 ~ 2017.12.31	133,254	185,107	194,511	199,926	202,548
2018.1.1 ~ 2018.12.31	153,770	217,955	235,900	240,171	-
2019.1.1 ~ 2019.12.31	185,645	246,397	258,465	-	-
2020.1.1 ~ 2020.12.31	167,129	244,074	-	-	-
2021.1.1 ~ 2021.12.31	236,265	-	-	-	-
	876,063	893,533	688,876	440,097	202,548
Difference (A-B)	₩ 236,660	₩ 85,980	₩ 30,385	₩ 16,842	₩ 4,704

38.5.5 Claims development tables (cont'd)

Automobile Insurance

(In millions of Korean won)

Accident year	Development year						
	After 1 year	After 2 years	After 3 years	After 4 years	After 5 years	After 6 years	After 7 years
Estimate of gross ultimate claims (A)							
2015.1.1 ~ 2015.12.31	₩ 1,227,107	₩ 1,245,781	₩ 1,256,059	₩ 1,263,044	₩ 1,267,142	₩ 1,271,000	₩ 1,282,673
2016.1.1 ~ 2016.12.31	1,276,939	1,281,381	1,287,728	1,294,735	1,299,964	1,309,221	-
2017.1.1 ~ 2017.12.31	1,342,998	1,348,828	1,358,867	1,368,016	1,371,619	-	-
2018.1.1 ~ 2018.12.31	1,468,784	1,471,807	1,481,509	1,488,890	-	-	-
2019.1.1 ~ 2019.12.31	1,591,793	1,620,609	1,635,704	-	-	-	-
2020.1.1 ~ 2020.12.31	1,624,341	1,632,626	-	-	-	-	-
2021.1.1 ~ 2021.12.31	1,750,508	-	-	-	-	-	-
	10,282,470	8,601,032	7,019,867	5,414,685	3,938,725	2,580,221	1,282,673
Gross cumulative claim payments(B)							
2015.1.1 ~ 2015.12.31	1,020,975	1,198,240	1,228,357	1,245,780	1,254,186	1,261,995	1,264,247
2016.1.1 ~ 2016.12.31	1,052,830	1,235,656	1,264,651	1,282,346	1,288,754	1,291,380	-
2017.1.1 ~ 2017.12.31	1,104,158	1,306,235	1,335,962	1,350,174	1,357,903	-	-
2018.1.1 ~ 2018.12.31	1,224,820	1,428,973	1,456,532	1,471,379	-	-	-
2019.1.1 ~ 2019.12.31	1,332,849	1,570,194	1,598,956	-	-	-	-
2020.1.1 ~ 2020.12.31	1,353,799	1,570,730	-	-	-	-	-
2021.1.1 ~ 2021.12.31	1,445,877	-	-	-	-	-	-
	8,535,308	8,310,028	6,884,458	5,349,679	3,900,843	2,553,375	1,264,247
Difference (A-B)	₩ 1,747,162	₩ 291,004	₩ 135,409	₩ 65,006	₩ 37,882	₩ 26,846	₩ 18,426

Long-term Insurance

(In millions of Korean won)

Accident year	Development year						
	After 1 year	After 2 years	After 3 years	After 4 years	After 5 years	After 6 years	After 7 years
Estimate of gross ultimate claims (A)							
2015.1.1 ~ 2015.12.31	₩ 885,476	₩ 1,219,394	₩ 1,256,051	₩ 1,266,881	₩ 1,270,967	₩ 1,273,615	₩ 1,275,520
2016.1.1 ~ 2016.12.31	1,064,744	1,437,574	1,485,839	1,500,403	1,506,889	1,510,197	-
2017.1.1 ~ 2017.12.31	1,184,224	1,614,903	1,670,929	1,689,768	1,695,477	-	-
2018.1.1 ~ 2018.12.31	1,372,706	1,881,046	1,941,497	1,965,983	-	-	-
2019.1.1 ~ 2019.12.31	1,626,481	2,229,830	2,297,861	-	-	-	-
2020.1.1 ~ 2020.12.31	1,818,316	2,442,633	-	-	-	-	-
2021.1.1 ~ 2021.12.31	2,124,582	-	-	-	-	-	-
	10,076,529	10,825,380	8,652,177	6,423,035	4,473,333	2,783,812	1,275,520
Gross cumulative claim payments(B)							
2015.1.1 ~ 2015.12.31	836,472	1,205,130	1,248,475	1,262,528	1,269,557	1,272,648	1,274,908
2016.1.1 ~ 2016.12.31	1,017,243	1,424,948	1,477,415	1,496,556	1,503,841	1,507,284	-
2017.1.1 ~ 2017.12.31	1,130,868	1,599,227	1,662,978	1,683,997	1,692,323	-	-
2018.1.1 ~ 2018.12.31	1,319,613	1,868,434	1,933,543	1,958,256	-	-	-
2019.1.1 ~ 2019.12.31	1,574,696	2,211,717	2,288,023	-	-	-	-
2020.1.1 ~ 2020.12.31	1,749,647	2,426,351	-	-	-	-	-
2021.1.1 ~ 2021.12.31	2,057,154	-	-	-	-	-	-
	9,685,693	10,735,807	8,610,434	6,401,337	4,465,721	2,779,932	1,274,908
Difference (A-B)	₩ 390,836	₩ 89,573	₩ 41,743	₩ 21,698	₩ 7,612	₩ 3,880	₩ 612



38.5.5 Claims development tables (cont'd)

<2020>

General Insurance

(In millions of Korean won)

Accident year	Development year				
	After 1 year	After 2 years	After 3 years	After 4 years	After 5 years
Estimate of gross ultimate claims (A)					
2016.1.1 ~ 2016.12.31	₩ 145,618	₩ 167,818	₩ 171,206	₩ 178,265	₩ 180,160
2017.1.1 ~ 2017.12.31	168,409	200,699	204,368	206,201	-
2018.1.1 ~ 2018.12.31	200,968	241,474	246,871	-	-
2019.1.1 ~ 2019.12.31	219,881	263,849	-	-	-
2020.1.1 ~ 2020.12.31	232,622	-	-	-	-
	967,498	873,840	622,445	384,466	180,160
Gross cumulative claim payments (B)					
2016.1.1 ~ 2016.12.31	108,098	151,282	162,059	170,353	175,063
2017.1.1 ~ 2017.12.31	132,430	184,333	193,780	199,225	-
2018.1.1 ~ 2018.12.31	153,770	217,955	235,900	-	-
2019.1.1 ~ 2019.12.31	185,645	246,397	-	-	-
2020.1.1 ~ 2020.12.31	167,129	-	-	-	-
	747,072	799,967	591,739	369,578	175,063
Difference (A-B)	₩ 220,426	₩ 73,873	₩ 30,706	₩ 14,888	₩ 5,097

Automobile Insurance

(In millions of Korean won)

Accident year	Development year						
	After 1 year	After 2 years	After 3 years	After 4 years	After 5 years	After 6 years	After 7 years
Estimate of gross ultimate claims (A)							
2014.1.1 ~ 2014.12.31	₩ 1,174,611	₩ 1,193,833	₩ 1,205,524	₩ 1,212,025	₩ 1,212,162	₩ 1,214,524	₩ 1,217,006
2015.1.1 ~ 2015.12.31	1,227,106	1,245,780	1,256,058	1,263,044	1,267,142	1,271,001	-
2016.1.1 ~ 2016.12.31	1,276,939	1,281,381	1,287,728	1,294,735	1,299,964	-	-
2017.1.1 ~ 2017.12.31	1,342,998	1,348,828	1,358,867	1,368,016	-	-	-
2018.1.1 ~ 2018.12.31	1,468,784	1,471,807	1,481,509	-	-	-	-
2019.1.1 ~ 2019.12.31	1,591,793	1,620,609	-	-	-	-	-
2020.1.1 ~ 2020.12.31	1,624,341	-	-	-	-	-	-
	9,706,572	8,162,238	6,589,686	5,137,820	3,779,268	2,485,525	1,217,006
Gross cumulative claim payments (B)							
2014.1.1 ~ 2014.12.31	969,211	1,150,462	1,180,953	1,196,387	1,204,580	1,208,421	1,210,632
2015.1.1 ~ 2015.12.31	1,020,975	1,198,241	1,228,357	1,245,779	1,254,187	1,261,995	-
2016.1.1 ~ 2016.12.31	1,052,830	1,235,656	1,264,651	1,282,346	1,288,754	-	-
2017.1.1 ~ 2017.12.31	1,104,158	1,306,235	1,335,962	1,350,174	-	-	-
2018.1.1 ~ 2018.12.31	1,224,820	1,428,973	1,456,532	-	-	-	-
2019.1.1 ~ 2019.12.31	1,332,849	1,570,194	-	-	-	-	-
2020.1.1 ~ 2020.12.31	1,353,799	-	-	-	-	-	-
	8,058,642	7,889,761	6,466,455	5,074,686	3,747,521	2,470,416	1,210,632
Difference (A-B)	₩ 1,647,930	₩ 272,477	₩ 123,231	₩ 63,134	₩ 31,747	₩ 15,109	₩ 6,374

38.5.5 Claims development tables (cont'd)

Long-term Insurance

(In millions of Korean won)

Accident year	Development year						
	After 1 year	After 2 years	After 3 years	After 4 years	After 5 years	After 6 years	After 7 years
Estimate of gross ultimate claims (A)							
2014.1.1 ~ 2014.12.31	₩ 789,088	₩ 1,083,049	₩ 1,114,820	₩ 1,119,206	₩ 1,122,191	₩ 1,123,240	₩ 1,124,628
2015.1.1 ~ 2015.12.31	885,476	1,219,394	1,256,051	1,266,881	1,270,967	1,273,615	-
2016.1.1 ~ 2016.12.31	1,064,744	1,437,573	1,485,839	1,500,403	1,506,889	-	-
2017.1.1 ~ 2017.12.31	1,184,224	1,614,903	1,670,929	1,689,768	-	-	-
2018.1.1 ~ 2018.12.31	1,372,706	1,881,046	1,941,497	-	-	-	-
2019.1.1 ~ 2019.12.31	1,626,481	2,229,830	-	-	-	-	-
2020.1.1 ~ 2020.12.31	1,818,316	-	-	-	-	-	-
	8,741,035	9,465,795	7,469,136	5,576,258	3,900,047	2,396,855	1,124,628
Gross cumulative claim payments (B)							
2014.1.1 ~ 2014.12.31	744,944	1,065,792	1,104,468	1,114,341	1,119,531	1,122,378	1,123,868
2015.1.1 ~ 2015.12.31	836,471	1,205,130	1,248,475	1,262,528	1,269,557	1,272,648	-
2016.1.1 ~ 2016.12.31	1,017,243	1,424,948	1,477,415	1,496,556	1,503,841	-	-
2017.1.1 ~ 2017.12.31	1,130,868	1,599,227	1,662,978	1,683,997	-	-	-
2018.1.1 ~ 2018.12.31	1,319,613	1,868,434	1,933,543	-	-	-	-
2019.1.1 ~ 2019.12.31	1,574,696	2,211,717	-	-	-	-	-
2020.1.1 ~ 2020.12.31	1,749,647	-	-	-	-	-	-
	8,373,482	9,375,248	7,426,879	5,557,422	3,892,929	2,395,026	1,123,868
Difference (A-B)	₩ 367,553	₩ 90,547	₩ 42,257	₩ 18,836	₩ 7,118	₩ 1,829	₩ 760

38.5.6 Sensitivity analysis of insurance risk

The Group manages insurance risk by performing sensitivity analysis based on lapse ratio, loss ratio, expense ratio, discount rate, and others which are considered to have significant influence on future cash flow, timing, and uncertainty. Sensitivity analysis of insurance liabilities was conducted only in the unfavorable direction where additional insurance liabilities could be reserved as the surplus was sufficient as a result of the insurance liability adequacy test.

(In millions of Korean won)

Assumption change	December 31, 2021			
	Base amount of LAT	Insurance liabilities	Profit before tax	Equity
Lapse ratio	₩ 337,969	₩ -	₩ -	₩ -
Loss ratio	6,065,429	-	-	-
Expense ratio	503,132	-	-	-
Discount rate	1,985,421	-	-	-

(In millions of Korean won)

Assumption change	December 31, 2020			
	Base amount of LAT	Insurance liabilities	Profit before tax	Equity
Lapse ratio	₩ 351,205	₩ -	₩ -	₩ -
Loss ratio	5,203,896	-	-	-
Expense ratio	388,406	-	-	-
Discount rate	2,097,400	-	-	-



38.5.7 Liquidity risk of insurance contracts

Liquidity risk arising from insurance contracts arises from the increase in refunds at maturity caused by concentrations of maturity, the excessive increase in surrender values caused by unexpected mass cancellation, and the increase in payments of claims caused by major accidents. The Group manages payment of refunds at maturity by analyzing remaining maturity of insurance contracts.

Maturity structure of premium reserve as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021 *					
	Up to 1 year	1~5 years	5~10 years	10~20 years	Over 20 years	Total
Long-term insurance non-participating:						
Fixed interest type	₩ 121,988	₩ 64,730	₩ 77,880	₩ 59,042	₩ 324,259	₩ 647,899
Variable interest type	959,348	1,958,267	1,536,690	919,726	16,123,312	21,497,343
	1,081,336	2,022,997	1,614,570	978,768	16,447,571	22,145,242
Annuity:						
Fixed interest type	-	820	2,134	3,813	532	7,299
Variable interest type	252	103,419	407,556	1,324,916	2,121,076	3,957,219
	252	104,239	409,690	1,328,729	2,121,608	3,964,518
Total:						
Fixed interest type	121,988	65,550	80,014	62,855	324,791	655,198
Variable interest type	959,600	2,061,686	1,944,246	2,244,642	18,244,388	25,454,562
	₩ 1,081,588	₩ 2,127,236	₩ 2,024,260	₩ 2,307,497	₩ 18,569,179	₩ 26,109,760

(In millions of Korean won)

	December 31, 2020 *					
	Up to 1 year	1~5 years	5~10 years	10~20 years	Over 20 years	Total
Long-term insurance non-participating:						
Fixed interest type	₩ 70,782	₩ 191,570	₩ 78,092	₩ 51,216	₩ 175,387	₩ 567,047
Variable interest type	663,210	2,304,298	1,937,621	845,404	14,716,753	20,467,286
	733,992	2,495,868	2,015,713	896,620	14,892,140	21,034,333
Annuity:						
Fixed interest type	5	717	2,203	3,817	738	7,480
Variable interest type	242	83,568	390,516	1,301,383	2,195,244	3,970,953
	247	84,285	392,719	1,305,200	2,195,982	3,978,433
Total:						
Fixed interest type	70,787	192,287	80,295	55,033	176,125	574,527
Variable interest type	663,452	2,387,866	2,328,137	2,146,787	16,911,997	24,438,239
	₩ 734,239	₩ 2,580,153	₩ 2,408,432	₩ 2,201,820	₩ 17,088,122	₩ 25,012,766

* Includes long-term investment contracts liabilities classified as investment contracts amounting to ₩ 31,081 million and ₩ 106,853 million, as of December 31, 2021 and 2020, respectively.

38.5.8 Credit risk of insurance contract

Credit risk of an insurance contract refers to economic losses in which the reinsurer, the counterparty, is unable to fulfil its contract obligations due to a decline in credit ratings or default or others. Through an internal review, only the insurers rated BBB- or higher of S&P rating or corresponding rating are selected as reinsurance companies.

Concentration and credit ratings for top three reinsurance companies as of December 31, 2021, are as follows:

Reinsurance company	Ratio	Credit rating
KOREAN RE	38.65%	AA
MUNICH RE	5.75%	AAA
ALLIANZGLOBAL	5.67%	AAA

Exposures to credit risk related to reinsurance as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021		December 31, 2020	
Reinsurance assets ¹	₩	1,342,615	₩	1,199,354
Receivables from reinsurers ²		377,619		252,064
	₩	1,720,234	₩	1,451,418

¹ Net carrying amount after impairment losses

² Net carrying amount after allowances for credit losses

38.5.9 Interest rate risk of insurance contract

Interest rate risk exposure from the Group's insurance contracts is the risk of unexpected losses due to the fluctuations of net interest income or net assets arising from changes in interest rate and it is managed to minimize unexpected losses. The Group calculates exposure to interest-bearing assets and interest-bearing liabilities for long-term, non-life insurance contracts. Liabilities exposure is premium reserve less surrender charge plus unearned premium reserve. Assets exposure is interest-bearing assets and assets that generate only fees without interest income are excluded from interest-bearing assets. Exposures to interest rate risk as of December 31, 2021 and 2020, are as follows:

38.5.9.1 Exposure to interest rate risk

(In millions of Korean won)

	December 31, 2021		December 31, 2020	
Interest-bearing liabilities				
Fixed interest rate type	₩	489,399	₩	501,147
Variable interest rate type		24,246,760		23,213,667
	₩	24,736,159	₩	23,714,814
Interest-bearing assets				
Due from financial institutions measured at amortized cost and cash equivalents	₩	81,806	₩	160,249
Financial assets at fair value through profit or loss		3,863,978		3,823,603
Financial assets at fair value through other comprehensive income		4,488,443		3,983,567
Securities measured at amortized cost		8,514,272		8,700,196
Loans measured at amortized cost		6,433,839		6,271,484
	₩	23,382,338	₩	22,939,099

38.5.9.2 Measurement and recognition method

Duration is used to measure interest rate risk within a risk-based solvency test. The internal model system is utilized to manage interest rate risk internally. In addition, the Risk Management Committee sets asset allocation strategies every year to manage interest rate risk.

38.5.9.3 Sensitivity to changes in interest rate

Interest rate sensitivity is measured and managed by duration. Generally, when interest rate rises, the value and duration of assets and liabilities decrease, and when interest rate falls, the value and duration of assets and liabilities increase. If the duration of assets is shorter than that of liabilities, interest rate risk increases since the incremental portion of liabilities exceeds that of assets when interest rate falls.

38.5.9.4 Negative margin risk control

In order to manage negative margin risk between interest expenses on liabilities and investment income on invested assets, the Group determines the applied interest rate for premium calculation, the minimum guaranteed interest rate, and the disclosed interest rate by fully considering the market interest rate and the Group's investment yield. It is set in accordance with the interest rate guideline set by the risk management department every year, and the set applicable interest rate and minimum guaranteed interest rate are determined with the approval of the Risk Management Committee.

38.6 Risk Management of KB Life Insurance Co., Ltd.

38.6.1 Overview of insurance risk

Insurance risk is the risk that arises from a primary operation of insurance companies that is associated with underwriting of insurance contracts and payment of claims and refers to the possibility of losses that may occur because the risk at the time of claim payment is greater than the risk expected at the time of underwriting. Insurance risk can be divided into insurance price risk and policy reserve risk.

Insurance price risk is the possibility of loss due to the differences between actual payment of claims and premiums received from policyholders. Policy reserve risk is possibility of loss due to the differences between policy reserve and actual claims to be paid in the future. Therefore, losses are recognized if actual claims are more than policy reserve.

Life insurance company measures only insurance price risk under RBC requirement because life insurance claim payments are mainly in a fixed amount with less volatility and the period from insured event to claim payments is not long, therefore benefit of measurement of policy reserve risk is low.

38.6.2 Concentration of insurance risk and reinsurance policy

The Group is using reinsurance to mitigate the concentration of insurance risk and increase capital management efficiency using advanced techniques. The reinsurance guidelines are operated separately into individual contracts and group contracts, and reinsurance is ceded through the following process:

(a) In the decision-making process of launching a new product, the Group decides on ceding reinsurance. Subsequently, the Group selects the reinsurer through bidding, and decides whether to reinsure or not through agreements with the relevant departments, and final approval by executive of department in charge.

(b) The reinsurance department analyzes the object of reinsurance, the maximum limit of reinsurance, and the loss ratio through consultation with the relevant departments.

38.6.3 Characteristic and exposure to insurance price risk

The exposure to insurance price risk is measured as the risk retained premium for all insurance contracts based on the track record for one year up to reference date of calculation. The risk retained premium is measured by adding assumed risk reinsurance premium to direct risk premium and deducting ceded risk reinsurance premium. If the risk retained premium is less than zero, the exposure to insurance price risk is measured as zero.

Insurance risk of a life insurance company is mainly measured by insurance price risk. Policy reserve risk is managed by liability adequacy test because the life insurance claim payments are mainly in a fixed amount with less volatility and the period from insured event to claim payments is not long. Insurance price risk is managed through insurance risk management regulation established by the Risk Management Committee.

Maximum exposures to insurance price risk as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021		December 31, 2020	
	Before reinsurance mitigation	After reinsurance mitigation	Before reinsurance mitigation	After reinsurance mitigation
Death	₩ 14,977	₩ 11,976	₩ 13,509	₩ 10,409
Disability	586	296	672	349
Hospitalization	1,124	730	1,213	787
Operation and diagnosis	5,088	1,110	4,809	1,783
Actual medical expense	1,194	262	1,095	23
Others	972	316	1,045	474
	₩ 23,941	₩ 14,690	₩ 22,343	₩ 13,825

Average ratios of claims paid to risk premium received for the preceding three years based on exposure before risk mitigation as of December 31, 2021 and 2020, are 63.0% and 65.1%, respectively.

Exposures to market risk arising from embedded derivatives included in host insurance contracts as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021		December 31, 2020	
	Policyholders' reserve *	Guarantee reserve	Policyholders' reserve *	Guarantee reserve
Variable annuity	₩ 611,283	₩ 3,014	₩ 490,551	₩ 2,782
Variable universal	78,689	2,768	90,337	2,515
Variable saving	556,196	393	720,197	504
	₩ 1,246,168	₩ 6,175	₩ 1,301,085	₩ 5,801

* Excludes the amount of the lapsed insurance reserve.

38.6.4 Assumptions used in measuring insurance liabilities

The Group continues to apply estimated ratio defined in the premium and policy reserve calculation manual, as prescribed by the Insurance Business Act and the Regulations on Supervision of Insurance Business when measuring insurance liabilities at every reporting period. However, in the case of variable interest type insurance, adjusted interest rate reflecting the external index interest rate according to Article 6-12 of the Regulations on Supervision of Insurance Business and disclosed interest rate reflecting the rate of return on managed assets stated in the premium and policy reserve calculation manual are used.



38.6.4 Assumptions used in measuring insurance liabilities (cont'd)

Reserve amount should be equal to or more than the standard reserve which is calculated using the standard interest rate and standard risk ratio as prescribed by the Enforcement Rules of the Insurance Business Act and the Regulations on Supervision of Insurance Business.

38.6.5 Maturity structure of premium reserve and unearned premium reserve as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021						
	Up to 3 years	3-5 years	5-10 Years	10-15 years	15-20 years	Over 20 years	Total
Premium reserve	₩ 651,638	₩ 285,623	₩ 578,102	₩ 386,515	₩ 545,270	₩ 5,403,252	₩ 7,850,400
Unearned premium reserve	156	-	24	-	-	5,763	5,943

(In millions of Korean won)

	December 31, 2020						
	Up to 3 years	3-5 years	5-10 Years	10-15 years	15-20 years	Over 20 years	Total
Premium reserve	₩ 739,485	₩ 350,639	₩ 605,931	₩ 412,563	₩ 451,074	₩ 4,770,046	₩ 7,329,738
Unearned premium reserve	162	-	23	1	-	6,291	6,477

38.6.6 Sensitivity analysis of insurance risk

The Group manages insurance risk by performing sensitivity analysis based on lapse ratio, claim ratio, expense ratio, discount rate, and others which are considered to have significant influence on future cash flow, timing, and uncertainty. Sensitivity analysis of insurance liabilities was conducted only in the unfavorable direction where additional insurance liabilities could be reserved as the surplus was sufficient as a result of the insurance liability adequacy test.

(In millions of Korean won)

	December 31, 2021				
	Assumption change	Effect on			
		Base amount of LAT	Insurance liabilities	Profit before tax	Equity
Lapse ratio	+10%	₩ 82,811	₩ -	₩ -	₩ -
Claim ratio	+10%	50,899	-	-	-
Expense ratio	+10%	53,511	-	-	-
Discount rate	-0.5%p	482,638	-	-	-

(In millions of Korean won)

	December 31, 2020				
	Assumption change	Effect on			
		Base amount of LAT	Insurance liabilities	Profit before tax	Equity
Lapse ratio	+10%	₩ 51,370	₩ -	₩ -	₩ -
Claim ratio	+10%	31,020	-	-	-
Expense ratio	+10%	33,616	-	-	-
Discount rate	-0.5%p	511,913	-	-	-

38.7 Risk Management of Prudential Life Insurance Company of Korea Ltd.

38.7.1 Overview of insurance risk

Insurance risk is the risk that arises from a primary operation of insurance companies that is associated with underwriting of insurance contracts and payment of claims and refers to the possibility of losses that may occur because the risk at the time of claim payment is greater than the risk expected at the time of underwriting. Insurance risk can be divided into insurance price risk and policy reserve risk.

Insurance price risk is the possibility of loss due to the differences between actual payment of claims and premiums received from policyholders.

Policy reserve risk is possibility of loss due to the differences between policy reserve and actual claims to be paid in the future. Therefore, losses are recognized if actual claims are more than policy reserve.

Life insurance company measures mainly insurance price risk and manages policy reserve risk using liability adequacy test because life insurance claim payments are mainly in a fixed amount with less volatility and the period from insured event to claim payments is not long.

38.7.2 Insurance risk management

The Group considers insurance risk inherent in products from the time of product development and continues to measure and mitigate insurance risk in various ways after launch. Insurance risk related to death and illness are mitigated through reinsurance, and the Group selects an appropriate reinsurer based on credit risk and determines the appropriate level of insurance risk exposure for each reinsurer prior to entering into a contract with the reinsurer. The Group manages insurance risk through voluntary reinsurance for the amount in excess of the predetermined insurance risk retention limit.

In addition, the Group monitors the loss ratio, effect of selection, and others every quarter, measures risks through an internal model, and reports the results to the Risk Management Committee.

38.7.3 Exposure to insurance price risk

The exposure to insurance price risk is measured as the risk retained premium for all insurance contracts based on the track record for one year up to reference date of calculation. The risk retained premium is measured by adding assumed risk reinsurance premium to direct risk premium and deducting ceded risk reinsurance premium. If the risk retained premium is less than zero, the exposure to insurance price risk is measured as zero.

Maximum exposures to insurance price risk as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021		December 31, 2020	
	Before reinsurance mitigation	After reinsurance mitigation	Before reinsurance mitigation	After reinsurance mitigation
Death	₩ 253,325	₩ 250,045	₩ 244,975	₩ 240,121
Disability	10,331	10,230	10,485	9,964
Hospitalization	34,194	34,194	33,321	33,321
Operation and diagnosis	81,429	79,850	77,820	76,530
	₩ 379,279	₩ 374,319	₩ 366,601	₩ 359,936



38.7.4 Details of the ceded reinsurance premiums by credit rating of reinsurer for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	2021		2020	
	Ceded reinsurance premium	Proportion (%)	Ceded reinsurance premium	Proportion (%)
AA- or higher	₩ 5,223	100.00	₩ 6,444	100.00
A+ ~ A-	-	-	-	-
BBB+ or lower	-	-	-	-
Others	-	-	-	-
	₩ 5,223	100.00	₩ 6,444	100.00

38.7.5 Assumptions used in measuring insurance liabilities

The Group continues to apply estimated ratio defined in the premium and policy reserve calculation manual, as prescribed by the Insurance Business Act and the Regulations on Supervision of Insurance Business when measuring insurance liabilities at every reporting period. However, in the case of variable interest type insurance, adjusted interest rate reflecting the external index interest rate according to Article 6-12 of the Regulations on Supervision of Insurance Business and disclosed interest rate reflecting the rate of return on managed assets stated in the premium and policy reserve calculation manual are used.

Reserve amount should be equal to or more than the standard reserve which is calculated using the standard interest rate and standard risk ratio as prescribed by the Enforcement Rules of the Insurance Business Act and the Regulations on Supervision of Insurance Business.

38.7.6 Liquidity risk of insurance contracts

Liquidity risk arising from insurance contracts arises from the increase in refunds at maturity caused by concentrations of maturity, the excessive increase in surrender values caused by unexpected mass cancelation, and the increase in payments of claims caused by major accidents. The Group manages payment of refunds at maturity by analyzing remaining maturity of insurance contracts.

Maturity structure of premium reserve and unearned premium reserve as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021						
	Up to 3 years	3-5 years	5-10 Years	10-15 years	15-20 years	Over 20 years	Total
Premium reserve	₩ 39,578	₩ 40,894	₩ 154,062	₩ 237,021	₩ 528,373	₩ 13,122,197	₩ 14,122,125
Unearned premium reserve	31	15	50	51	65	4,092	4,304

(In millions of Korean won)

	December 31, 2020						
	Up to 3 years	3-5 years	5-10 Years	10-15 years	15-20 years	Over 20 years	Total
Premium reserve	₩ 48,807	₩ 37,502	₩ 139,973	₩ 215,470	₩ 418,684	₩ 12,376,772	₩ 13,237,208
Unearned premium reserve	31	16	58	51	77	3,633	3,866

38.7.7 Sensitivity analysis of insurance risk

The Group manages insurance risk by performing sensitivity analysis based on lapse ratio, claim ratio, expense ratio, discount rate, and others which are considered to have significant influence on future cash flow, timing, and uncertainty. Sensitivity analysis of insurance liabilities was conducted only in the unfavorable direction where additional insurance liabilities could be reserved as the surplus was sufficient as a result of the insurance liability adequacy test.

(In millions of Korean won)

	Assumption change	December 31, 2021			
		Base amount of LAT	Insurance liabilities	Profit before tax	Equity
Lapse ratio	+10%	₩ 114,427	₩ -	₩ -	₩ -
Claim ratio	+10%	571,446	-	-	-
Expense ratio	+10%	157,924	-	-	-
Discount rate	-0.5%p	1,563,571	-	-	-

(In millions of Korean won)

	Assumption change	December 31, 2020			
		Base amount of LAT	Insurance liabilities	Profit before tax	Equity
Lapse ratio	+10%	₩ 158,219	₩ -	₩ -	₩ -
Claim ratio	+10%	719,689	-	-	-
Expense ratio	+10%	213,675	-	-	-
Discount rate	-0.5%p	1,687,116	-	-	-



38.8 Application of the Overlay Approach

Upon initial application of Korean IFRS No.1109, the Group applied the overlay approach in accordance with Korean IFRS No.1104.

38.8.1 Details of financial assets subject to the overlay approach as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021	December 31, 2020
Financial assets at fair value through profit or loss:		
Due from financial institutions	₩ 80,179	₩ 70,312
Debt securities	8,023,999	7,363,457
Equity securities	239,426	305,337
	<u>₩ 8,343,604</u>	<u>₩ 7,739,106</u>

38.8.2 Changes in net gains on overlay adjustment for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	2021	2020
Beginning	₩ 339,202	₩ 187,077
Recognition of other comprehensive income due to acquisition and valuation	185,906	177,500
Reclassification to profit or loss due to disposal	(65,624)	(25,375)
Ending	<u>₩ 459,484</u>	<u>₩ 339,202</u>

39. Statement of Cash Flows

39.1 Details of cash and cash equivalents as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021	December 31, 2020
Cash	₩ 2,496,941	₩ 2,560,970
Checks issued by other banks	150,047	327,781
Due from the Bank of Korea	17,579,643	12,340,532
Due from other financial institutions	10,782,743	10,379,559
	<u>31,009,374</u>	<u>25,608,842</u>
Due from financial institutions measured at fair value through profit or loss	200,743	100,094
	<u>31,210,117</u>	<u>25,708,936</u>
Deduction:		
Restricted due from financial institutions	(20,754,706)	(15,303,363)
Due from financial institutions with original maturities over three months	(1,346,951)	(1,720,481)
	<u>(22,101,657)</u>	<u>(17,023,844)</u>
	<u>₩ 9,108,460</u>	<u>₩ 8,685,092</u>

39.2 Significant non-cash transactions for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	2021	2020
Write-offs of loans	₩ 1,086,296	₩ 1,283,071
Changes in financial investments due to debt-for-equity swap	327	13,820
Changes in accumulated other comprehensive income from valuation of financial instruments at fair value through other comprehensive income	507,175	496,159
Changes in accumulated other comprehensive income from valuation of investments in associates	165	(6,978)
Reclassification to assets of a disposal group held for sale	171,749	-

39.3 Cash inflows and outflows from income tax, interest, and dividends for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	Activities	2021	2020
Income tax paid	Operating	₩ 1,586,750	₩ 1,119,252
Interest received	Operating	15,152,796	14,986,532
Interest paid	Operating	4,062,469	5,266,158
Dividends received	Operating	290,089	187,699
Dividends paid	Financing	1,053,416	883,952

39.4 Changes in liabilities arising from financing activities for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

		2021							
				Non-cash changes					
	Beginning	Net cash flows	Acquisition (disposal)	Exchange differences	Changes in fair value	Subsidiaries	Others	Ending	
Derivatives held for hedging *	₩ (57,196)	₩ 5,870	₩ -	₩ 246,352	₩ (70,225)	₩ -	₩ (150,084)	₩ (25,283)	
Borrowings	112,587,843	11,579,036	-	630,913	(115,440)	(329,512)	(10,278)	124,342,562	
Due to trust accounts	7,542,955	(509,106)	-	-	-	-	-	7,033,849	
Non-controlling interests	857,783	(24,145)	-	-	-	1,994	(2,294)	833,338	
Others	1,019,075	(319,074)	166,336	119	-	-	119,398	985,854	
	₩ 121,950,460	₩ 10,732,581	₩ 166,336	₩ 877,384	₩ (185,665)	₩ (327,518)	₩ (43,258)	₩ 133,170,320	

(In millions of Korean won)

		2020							
				Non-cash changes					
	Beginning	Net cash flows	Acquisition (disposal)	Exchange differences	Changes in fair value	Subsidiaries	Others	Ending	
Derivatives held for hedging *	₩ 187,101	₩ (16,202)	₩ -	₩ (102,347)	₩ 10,553	₩ 1,166	₩ (137,467)	₩ (57,196)	
Borrowings	88,754,443	22,627,875	-	(217,461)	(591,619)	2,131,517	(116,912)	112,587,843	
Due to trust accounts	5,216,460	2,326,495	-	-	-	-	-	7,542,955	
Non-controlling interests	585,407	(25,658)	-	250,904	-	-	47,130	857,783	
Others	868,556	(63,065)	236,860	11	-	-	(23,287)	1,019,075	
	₩ 95,611,967	₩ 24,849,445	₩ 236,860	₩ (68,893)	₩ (581,066)	₩ 2,132,683	₩ (230,536)	₩ 121,950,460	

* Derivatives held for hedging purposes are the net amount after offsetting liabilities and assets.

39.5 The net cash flow associated with the changes in the subsidiaries for the years ended December 31, 2021 and 2020 are ₩ 374,992 million of cash inflow and ₩ 1,951,245 million of cash outflow, respectively.



40. Contingent Liabilities and Commitments

40.1 Details of acceptances and guarantees as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021	December 31, 2020
Confirmed acceptances and guarantees		
Confirmed acceptances and guarantees in Korean won:		
Acceptances and guarantees for KB purchasing loan	₩ 136,914	₩ 144,457
Others	817,470	1,048,848
	<u>954,384</u>	<u>1,193,305</u>
Confirmed acceptances and guarantees in foreign currencies:		
Acceptances of letter of credit	523,037	221,422
Letter of guarantees	83,089	45,693
Bid bond	18,874	72,037
Performance bond	855,247	703,826
Refund guarantees	874,173	801,445
Others	2,505,353	3,072,099
	<u>4,859,773</u>	<u>4,916,522</u>
Financial guarantee contracts:		
Acceptances and guarantees for issuance of debentures	5,040	10,040
Acceptances and guarantees for mortgage	51,053	89,302
Overseas debt guarantees	428,109	410,470
International financing guarantees in foreign currencies	132,114	197,097
Others	50,950	50,950
	<u>667,266</u>	<u>757,859</u>
	<u>6,481,423</u>	<u>6,867,686</u>
Unconfirmed acceptances and guarantees		
Guarantees of letter of credit	3,551,767	2,094,989
Refund guarantees	833,765	344,112
	<u>4,385,532</u>	<u>2,439,101</u>
	<u>₩ 10,866,955</u>	<u>₩ 9,306,787</u>

40.2 Credit qualities of acceptances and guarantees as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021			
	12-month expected credit losses	Lifetime expected credit losses		Total
		Non-impaired	Impaired	
Confirmed acceptances and guarantees				
Grade 1	₩ 4,532,747	₩ 838	₩ -	₩ 4,533,585
Grade 2	1,594,714	32,567	-	1,627,281
Grade 3	105,691	46,174	-	151,865
Grade 4	7,722	149,785	214	157,721
Grade 5	-	774	10,197	10,971
	<u>6,240,874</u>	<u>230,138</u>	<u>10,411</u>	<u>6,481,423</u>
Unconfirmed acceptances and guarantees				
Grade 1	3,083,636	3,391	-	3,087,027
Grade 2	998,204	39,224	-	1,037,428
Grade 3	12,039	34,797	-	46,836
Grade 4	11,925	195,794	-	207,719
Grade 5	-	138	6,384	6,522
	<u>4,105,804</u>	<u>273,344</u>	<u>6,384</u>	<u>4,385,532</u>
	<u>₩ 10,346,678</u>	<u>₩ 503,482</u>	<u>₩ 16,795</u>	<u>₩ 10,866,955</u>

(In millions of Korean won)

	December 31, 2020			
	12-month expected credit losses	Lifetime expected credit losses		Total
		Non-impaired	Impaired	
Confirmed acceptances and guarantees				
Grade 1	₩ 4,377,798	₩ 1,119	₩ -	₩ 4,378,917
Grade 2	2,269,455	47,438	-	2,316,893
Grade 3	27,588	85,321	-	112,909
Grade 4	14,925	33,440	501	48,866
Grade 5	-	453	9,648	10,101
	<u>6,689,766</u>	<u>167,771</u>	<u>10,149</u>	<u>6,867,686</u>
Unconfirmed acceptances and guarantees				
Grade 1	1,422,528	771	-	1,423,299
Grade 2	912,209	28,506	-	940,715
Grade 3	11,399	23,069	-	34,468
Grade 4	2,369	29,934	-	32,303
Grade 5	-	589	7,727	8,316
	<u>2,348,505</u>	<u>82,869</u>	<u>7,727</u>	<u>2,439,101</u>
	<u>₩ 9,038,271</u>	<u>₩ 250,640</u>	<u>₩ 17,876</u>	<u>₩ 9,306,787</u>



40.3 Classifications of acceptances and guarantees by counterparty as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021			
	Confirmed guarantees	Unconfirmed guarantees	Total	Proportion (%)
Large companies	₩ 5,431,921	₩ 3,377,150	₩ 8,809,071	81.06
Small and medium-sized companies	820,327	657,073	1,477,400	13.60
Public sector and others	229,175	351,309	580,484	5.34
	₩ 6,481,423	₩ 4,385,532	₩ 10,866,955	100.00

(In millions of Korean won)

	December 31, 2020			
	Confirmed guarantees	Unconfirmed guarantees	Total	Proportion (%)
Large companies	₩ 5,538,003	₩ 1,770,235	₩ 7,308,238	78.53
Small and medium-sized companies	695,860	459,487	1,155,347	12.41
Public sector and others	633,823	209,379	843,202	9.06
	₩ 6,867,686	₩ 2,439,101	₩ 9,306,787	100.00

40.4 Classifications of acceptances and guarantees by industry as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021			
	Confirmed guarantees	Unconfirmed guarantees	Total	Proportion (%)
Financial institutions	₩ 385,761	₩ 10,114	₩ 395,875	3.64
Manufacturing	2,742,224	2,979,232	5,721,456	52.65
Service	676,440	38,920	715,360	6.58
Wholesale and retail	1,603,085	999,416	2,602,501	23.95
Construction	317,946	38,260	356,206	3.28
Public sector	28,257	99,841	128,098	1.18
Others	727,710	219,749	947,459	8.72
	₩ 6,481,423	₩ 4,385,532	₩ 10,866,955	100.00

(In millions of Korean won)

	December 31, 2020			
	Confirmed guarantees	Unconfirmed guarantees	Total	Proportion (%)
Financial institutions	₩ 632,947	₩ 5,871	₩ 638,818	6.86
Manufacturing	2,992,319	1,285,530	4,277,849	45.96
Service	920,352	89,457	1,009,809	10.85
Wholesale and retail	1,086,772	891,619	1,978,391	21.26
Construction	411,601	14,488	426,089	4.58
Public sector	104,925	103,285	208,210	2.24
Others	718,770	48,851	767,621	8.25
	₩ 6,867,686	₩ 2,439,101	₩ 9,306,787	100.00

40.5 Details of commitments as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021		December 31, 2020	
Commitments				
Corporate loan commitments	₩	45,767,502	₩	40,253,100
Retail loan commitments		47,080,416		46,450,857
Credit line of credit cards		70,534,719		65,325,863
Purchase of other securities		6,835,506		7,104,163
		170,218,143		159,133,983
Financial guarantee contracts				
Credit line		5,729,798		3,522,809
Purchase of securities		495,400		683,800
		6,225,198		4,206,609
	₩	176,443,341	₩	163,340,592



40.6 Other Matters (including litigation)

a) The Group has 126 pending lawsuits as a plaintiff (excluding simple lawsuits related to the collection or management of loans), with aggregate claims amount of ₩ 578,033 million, and 264 pending lawsuits as a defendant (excluding simple lawsuits related to the collection or management of loans) with aggregate claims amount of ₩ 533,573 million, which arose in the normal course of the business, as of December 31, 2021. Details of major pending lawsuits in which the Group is a defendant are as follows:

(In number of cases, in millions of Korean won)

Company	Lawsuits	No. of cases	Amount	Description of the lawsuits	Status of the lawsuits
Kookmin Bank	Request for a return of redemption amount	1	₩ 48,068	Kookmin Bank invested the assets entrusted by OO Asset Management and OO Investment Trust Management in the Fairfield Sentry Limited, and Fairfield Sentry Limited reinvested the assets in Bernard L. Madoff Investment Securities LLC managed by Bernard Madoff (Bernard L. Madoff Investment Securities LLC is in the liquidation process due to Ponzi scheme fraud-related losses). Bankruptcy trustee of Bernard L. Madoff Investment Securities LLC filed a lawsuit against Kookmin Bank seeking to return the amount of redemptions received by Kookmin Bank through Fairfield Sentry Limited.	Application for incineration by the defendant has been denied, and further proceedings are scheduled. [Related litigation is in progress at the New York Southern District Federal Bankruptcy Court (10-3777) at the written complaint review stage]
	Confirm the absence of debt	1	96,200	Galamat-Art LLP is a joint guarantor of the PF loan for the 'Kazakhstan Almaty City Complex Development Project' in which Kookmin Bank Co., Ltd. participated as a lender. OO Bank, the agent bank of the lending group, filed a provisional seizure and a lawsuit on the merits of the guarantee debt to the local court against Galamat-Art LLP. And Galamat-Art LLP filed a counterclaim against the lenders, including Kookmin Bank, to confirm the absence of debt denying the joint guarantee obligation.	Decision in the first trial on December 29, 2021. Won both lawsuits on the merits and counterclaim. Galamat-Art LLP lodged an appeal.
KB Securities Co., Ltd.	Request for a return of transaction amount (Australian fund)	1	100,000	The plaintiffs OOOO Securities and OOOO Life Insurance filed lawsuits, claiming that the KB Securities Co., Ltd. provided false information on major matters in the product description while selling JB Australia NDIS Private Fund No.1 (on April 25, 2019, plaintiffs invested ₩ 50 billion each) (a) (Primary claim) requesting KB Securities Co., Ltd. to return unjust enrichment of ₩ 100 billion for cancelation of sales contracts of beneficiary certificates due to an error or termination of the contract due to default, (b) (Secondary claim) requesting for compensation for damages in investments amounting to ₩ 100 billion due to violation of the investor protection obligation and fraudulent transactions of KB Securities Co., Ltd. and OOO Asset Management.	First trial is in progress (The 4th pleading is scheduled for March 22, 2022).

40.6 Other Matters (including litigation) (cont'd)

b) Kookmin Bank has entered into an agreement with PT Bosowa Corporindo, a major shareholder of PT Bank KB Bukopin Tbk. Under this agreement, Kookmin Bank and PT Bosowa Corporindo have a right of first refusal and a tag-along right. In addition, Kookmin Bank can exercise its drag-along right for two years from the time three years have elapsed since the acquisition date (July 27, 2018) in certain cases, such as violation of the agreement between shareholders.

c) In June 2013, KB Kookmin Card Co., Ltd. had an accident in which cardholders' personal information was stolen (hereinafter referred to as "accident") due to illegal activities by employees of personal credit information company in charge of development of the system upgrading to prevent fraudulent use of credit card. As a result, KB Kookmin Card Co., Ltd. was notified by the Financial Services Commission of the suspension of some new business for 3 months as of February 16, 2014. In respect of the accident, the Group faces 2 legal claims filed as a defendant, with an aggregate claim amount of ₩ 108 million as of December 31, 2021 and 2020. The Group takes out the personal information protection liability insurance as of December 31, 2021.

d) As of December 31, 2021, the Group is not able to dispose, transfer or collateralize the shares or rights of shares of KB KOLAO Leasing Co., Ltd. ("joint-venture lease company") to a third party without the written consent of both KB Kookmin Card Co., Ltd. and LVMC Holdings (formerly Kolao Holdings), for five years (the restriction period for the disposal of its equity) after February 8, 2017. However, KB Kookmin Card Co., Ltd. and KB Capital Co., Ltd. may transfer all or part of their shares in the joint-venture lease company to affiliates of KB Financial Group Inc. who agree to comply with all the terms and conditions of this agreement on the establishment and operation of the joint-venture lease company and agree to succeed their responsibility for the joint-venture lease company. Meanwhile, KB KOLAO Leasing Co., Ltd. is selling LVMC Holdings (formerly Kolao Holdings) allied receivables that are overdue by three months or more to Lanexang Leasing Co., Ltd. in accordance with the agreement.

e) As of December 31, 2021, KB Capital Co., Ltd. and PT Sunindo Primasura are required to hold the shares of PT Sunindo Kookmin Best Finance for five years after May 18, 2020, when the purchase of shares was completed. If one party is going to sell all or part of the shares, provide them as collateral, trade or dispose of them, it should give the opportunity to exercise preemption to the other party by providing written proposal including transfer price, payment method, and others. Meanwhile, the shareholders of PT Sunindo Kookmin Best Finance shall cause PT Sunindo Kookmin Best Finance, starting on the first financial year after the third year with distributable profits, whether continuous or cumulative, to pay the dividend to the shareholders in the maximum amount of 20% from net profit after tax in the respective financial year.

f) KB Securities Co., Ltd., as a sales agency, sold ₩ 326,500 million of private equity funds and trusts, which loans to corporations (borrower) that invest in apartment rental businesses for the disabled in Australia, to individuals and institutional investors. However, management of the fund is impossible due to the breach of contract by local borrowers in Australia, therefore there is a possibility of losses of principal to these funds subscribers. In this regard, there are three lawsuits in which the Group is a defendant as of December 31, 2021. There is a possibility that additional lawsuits will be filed in the future, but the magnitude and final outcome of the lawsuit are unpredictable.



40.6 Other Matters (including litigation) (cont'd)

g) In relation to Lime Asset Management, KB Securities Co., Ltd. has a PIS (Portfolio Index Swap) contract, as of December 31, 2021, associated with 'Lime Thetis Qualified Investor Private Investment Trust No.2' and 'Lime Pluto FI Qualified Investor Private Investment Trust No.D-1' whose redemption were suspended during the fourth quarter of 2019. The notional amount of the underlying assets of the PIS contract is ₩ 191,500 million. Meanwhile, the Group sold ₩ 68,100 million of feeder funds of aforementioned redemption-suspended funds. On October 20, 2020, Lime Asset Management's license as a fund manager was revoked by the Financial Supervisory Service's sanctions review committee, and most of its redemption-suspended funds and normal funds have been transferred to Wellbridge Asset Management (the bridge management company) to continue to collect and distribute investments. It is difficult to predict whether and when the aforementioned redemption-suspended funds will be redeemed. In this regard, KB Securities Co., Ltd. faces one claim filed as a defendant as of December 31, 2021. The Group has accounted for the estimated loss due to the possibility of additional lawsuits in the future as a provision for litigations.

h) The proliferation of COVID-19 has had a negative impact on the global economy, which may have an impact on the expected credit losses and potential impairment of assets in a particular portfolio, and it could negatively affect the revenue generation capability of the Group as follows:

- There is a possibility of uncertainty about the credit risk of a borrower that could be affected by COVID-19.
- Uncertainty may arise about forward-looking macroeconomic information related to expected credit losses.
- Korean won may depreciate against major foreign currencies. This may result in an increase in principal and interest payments on liabilities denominated in foreign currencies, and losses on foreign exchange transactions.
- A significant decrease in the fair value of the Group's investment in an entity that could be affected by COVID-19 pandemic can occur.

Meanwhile, the impact on expected credit losses related to COVID-19 is described in Note 11.1 Changes in allowances for credit losses of loans and Note 24.2 Changes in provisions for credit losses of unused loan commitments, and acceptances and guarantees.

41. Subsidiaries

41.1 Details of major consolidated subsidiaries as of December 31, 2021, are as follows:

Investor	Investee	Ownership (%)	Location	Date of financial statements	Industry
KB Financial Group Inc.	Kookmin Bank	100.00	Korea	Dec. 31	Banking and foreign exchange transaction
	KB Securities Co., Ltd.	100.00	Korea	Dec. 31	Financial investment
	KB Insurance Co., Ltd.	100.00	Korea	Dec. 31	Non-life insurance
	KB Kookmin Card Co., Ltd.	100.00	Korea	Dec. 31	Credit card and installment financing
	Prudential Life Insurance Company of Korea Ltd.	100.00	Korea	Dec. 31	Life insurance
	KB Asset Management Co., Ltd.	100.00	Korea	Dec. 31	Collective investment and advisory
	KB Capital Co., Ltd.	100.00	Korea	Dec. 31	Financial Leasing
	KB Life Insurance Co., Ltd.	100.00	Korea	Dec. 31	Life insurance
	KB Real Estate Trust Co., Ltd.	100.00	Korea	Dec. 31	Real estate trust management
	KB Savings Bank Co., Ltd.	100.00	Korea	Dec. 31	Savings banking
	KB Investment Co., Ltd.	100.00	Korea	Dec. 31	Capital investment
	KB Data System Co., Ltd.	100.00	Korea	Dec. 31	Software advisory, development, and supply
	KB Credit Information Co., Ltd.	100.00	Korea	Dec. 31	Collection of receivables or credit investigation
	Kookmin Bank	Kookmin Bank Cambodia Plc.	100.00	Cambodia	Dec. 31
Kookmin Bank (China) Ltd.		100.00	China	Dec. 31	Banking and foreign exchange transaction
KB Microfinance Myanmar Co., Ltd.		100.00	Myanmar	Dec. 31	Microfinance services
PRASAC Microfinance Institution Plc.		100.00	Cambodia	Dec. 31	Microfinance services
PT Bank KB Bukopin Tbk		67.00	Indonesia	Dec. 31	Banking and foreign exchange transaction
PT Bank Syariah Bukopin		92.78	Indonesia	Dec. 31	Banking
PT Bukopin Finance		97.03	Indonesia	Dec. 31	Installment financing
KB Bank Myanmar Co., Ltd.	100.00	Myanmar	Dec. 31	Banking and foreign exchange transaction	



41.1 Details of major consolidated subsidiaries as of December 31, 2021, are as follows: (cont'd)

Investor	Investee	Ownership (%)	Location	Date of financial statements	Industry
KB Securities Co., Ltd.	KBFG Securities America Inc.	100.00	United States	Dec. 31	Investment advisory and securities trading
	KB Securities Hong Kong Ltd.	100.00	China	Dec. 31	Investment advisory and securities trading
	KB Securities Vietnam Joint Stock Company	99.70	Vietnam	Dec. 31	Investment advisory and securities trading
	KB FINA Joint Stock Company	77.82	Vietnam	Dec. 31	Investment advisory and securities trading
KB Insurance Co., Ltd.	Leading Insurance Services, Inc.	100.00	United States	Dec. 31	Management service
	KBFG Insurance(China) Co., Ltd.	100.00	China	Dec. 31	Non-life insurance
	PT. KB Insurance Indonesia	70.00	Indonesia	Dec. 31	Non-life insurance
	KB Claims Survey & Adjusting	100.00	Korea	Dec. 31	Claim service
	KB Sonbo CNS	100.00	Korea	Dec. 31	Management service
KB Kookmin Card Co., Ltd.	KB Golden Life Care Co., Ltd.	100.00	Korea	Dec. 31	Service
	KB Healthcare Co., Ltd.	100.00	Korea	Dec. 31	Information and communication
KB Kookmin Card Co., Ltd.	KB Daehan Specialized Bank Plc.	95.71	Cambodia	Dec. 31	Auto Installment finance
	PT. KB Finansia Multi Finance	80.00	Indonesia	Dec. 31	Auto Installment finance
KB Capital Co., Ltd.	KB J Capital Co., Ltd.	49.99	Thailand	Dec. 31	Service
	PT Sunindo Kookmin Best Finance	85.00	Indonesia	Dec. 31	Auto Installment finance
KB Kookmin Card Co., Ltd., KB Capital Co., Ltd.	KB KOLAO Leasing Co., Ltd.	80.00	Laos	Dec. 31	Auto Installment finance
Kookmin Bank, KB Data System Co., Ltd.	PT KB Data Systems Indonesia	100.00	Indonesia	Dec. 31	Service
KB Asset Management Co., Ltd.	KBAM Shanghai Advisory Services Co., Ltd.	100.00	China	Dec. 31	General advisory

41.2 Details of consolidated structured entities as of December 31, 2021, are as follows:

	Consolidated structured entities	Reasons for consolidation
Trusts	Kookmin Bank (development trust) and 10 others	The Group controls the trust because it has power to determine management performance of the trust and is significantly exposed to variable returns that absorb losses through the guarantees of payment of principal, or payment of principal and fixed rate of return.
Asset-backed securitization	MS Sejong 4th Co., Ltd. and 125 others	The Group controls these investees because it has power over relevant activities in the event of default, is significantly exposed to variable returns by providing lines of credit, ABCP purchase commitments or acquisition of subordinated debt and has ability to affect those returns through its power.
Investment funds and others	KB Global Platform Fund and 166 others	Funds are consolidated if the Group, as a collective investor or operating manager (member), etc., can manage fund assets on behalf of other investors, or dismiss the collective investor and operating manager, and is substantially exposed to significant variable returns or has such rights.
If the Group holds more than half of the ownership interests but does not have the power over relevant activities of structured entities in accordance with agreements with trust and other related parties, those structured entities are excluded from the consolidation.		



41.3 Condensed financial information of major subsidiaries as of and for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021				2021	
	Assets	Liabilities	Equity	Operating revenue	Profit (loss) attributable to shareholders of the Parent Company	Total comprehensive income (loss) attributable to shareholders of the Parent Company
Kookmin Bank ¹	₩ 483,564,898	₩ 450,675,985	₩ 32,888,913	₩ 26,536,995	₩ 2,590,764	₩ 3,265,921
KB Securities Co., Ltd. ^{1,2}	55,493,985	50,008,422	5,485,563	8,543,590	594,301	628,112
KB Insurance Co., Ltd. ^{1,2}	41,472,227	37,328,954	4,143,273	14,131,278	301,836	107,240
KB Kookmin Card Co., Ltd. ¹	27,349,561	22,793,920	4,555,641	3,527,354	418,898	442,873
Prudential Life Insurance Company of Korea Ltd. ²	26,287,116	23,992,601	2,294,515	1,976,122	336,198	54,587
KB Asset Management Co., Ltd. ¹	375,739	128,589	247,150	254,162	79,899	79,071
KB Capital Co., Ltd. ^{1,2}	14,529,427	12,707,210	1,822,217	1,634,759	209,899	209,719
KB Life Insurance Co., Ltd.	10,634,562	10,174,282	460,280	2,259,301	(46,595)	(121,847)
KB Real Estate Trust Co., Ltd.	496,522	119,700	376,822	168,373	81,480	82,299
KB Savings Bank Co., Ltd.	2,601,134	2,339,037	262,097	150,028	18,932	22,526
KB Investment Co., Ltd. ¹	1,197,720	922,239	275,481	207,367	55,338	55,340
KB Data System Co., Ltd. ¹	44,486	25,911	18,575	174,819	467	1,105
KB Credit Information Co., Ltd.	28,674	12,303	16,371	39,909	388	434

41.3 Condensed financial information of major subsidiaries as of and for the years ended December 31, 2021 and 2020, are as follows: (cont'd)

(In millions of Korean won)

	December 31, 2020				2020	
	Assets	Liabilities	Equity	Operating revenue	Profit (loss) attributable to shareholders of the Parent Company	Total comprehensive income (loss) attributable to shareholders of the Parent Company
Kookmin Bank ¹	₩ 438,444,114	₩ 408,036,040	₩ 30,408,074	₩ 24,519,818	₩ 2,298,195	₩ 2,905,953
KB Securities Co., Ltd. ^{1,2}	57,570,654	52,516,488	5,054,166	10,040,497	425,622	449,507
KB Insurance Co., Ltd. ^{1,2}	39,125,869	35,093,312	4,032,557	13,735,778	177,181	139,290
KB Kookmin Card Co., Ltd. ¹	24,071,644	19,789,958	4,281,686	3,210,581	324,662	308,148
Prudential Life Insurance Company of Korea Ltd. ²	25,121,656	22,681,729	2,439,927	656,062	55,711	(31,718)
KB Asset Management Co., Ltd. ¹	335,601	112,522	223,079	191,427	57,317	57,802
KB Capital Co., Ltd. ^{1,2}	12,823,748	11,392,177	1,431,571	1,300,378	141,646	139,949
KB Life Insurance Co., Ltd.	10,424,916	9,842,789	582,127	1,897,859	(23,185)	(33,210)
KB Real Estate Trust Co., Ltd. ¹	437,619	108,096	329,523	139,070	66,874	66,718
KB Savings Bank Co., Ltd.	1,883,720	1,658,116	225,604	104,397	17,305	16,197
KB Investment Co., Ltd. ¹	848,693	618,552	230,141	128,014	15,387	15,390
KB Data System Co., Ltd.	40,347	23,024	17,323	149,966	(1,729)	(3,367)
KB Credit Information Co., Ltd.	27,711	11,773	15,938	39,767	1,132	1,040

¹ Financial information is based on its consolidated financial statements.

² Includes fair value adjustments arising from the acquisition.

41.4 The Characteristics of Risks Associated with Consolidated Structured Entities

The terms of contractual arrangements to provide financial support to consolidated structured entities are as follows:

41.4.1 The Group has provided payment guarantees of ₩ 4,512,760 million to K plus 1st L.L.C and other consolidated structured entities.

41.4.2 The Group has provided capital commitment to 31 consolidated structured entities including KB Sinansan Line Private Special Asset Fund (SOC). The unexecuted amount of the capital commitment is ₩ 1,642,214 million. Based on the capital commitment, the Group is subject to increase its investment upon the request of the asset management company or the additional agreement among investors.

41.4.3 The Group has provided the guarantees of payment of principal, or principal and fixed rate of return in case the operating results of the trusts are less than the guaranteed principal, or principal and fixed rate of return.

41.5 Changes in Subsidiaries

41.5.1 Subsidiaries newly included in consolidation for the year ended December 31, 2021, are as follows:

Company	Reasons of obtaining control
PT KB Data Systems Indonesia and 15 others Able Guwall 1st Co., Ltd. and 71 others	Holds more than half of the ownership interests Holds the power in the event of default and is exposed to significant variable returns by providing lines of credit, ABCP purchase commitments or acquisition of subordinated debt
KB Global Private Real Estate Debt Fund No.11 and 33 others	Holds the power to determine the operation of the funds and is exposed to variable returns by holding significant amount of ownership interests
KB Global Commerce Private Equity Investment Fund and 4 others	Holds the power as a general partner and is exposed to variable returns by holding significant amount of ownership interests

41.5.2 Subsidiaries excluded from consolidation for the year ended December 31, 2021, are as follows:

Company	Reasons of losing control
Able Hana Co., Ltd. and 72 others	Termination of the commitments
KB SAUDI SEPCO II Private Special Asset Fund and 22 others	Liquidation
Aquila Global Real Assets Fund No.1 LP and 5 others	Disposal
KB Global ESG Securities Feeder Fund (Equity) and 8 others	Decrease in ownership interests to less than majority

42. Unconsolidated Structured Entities

42.1 Nature, purpose, and activities of the unconsolidated structured entities and how the structured entities are financed, are as follows:

Nature	Purpose	Activity	Method of financing
Structured financing	Granting PF loans to SOC and real estate Granting loans to ships/aircrafts SPC	Construction of SOC and real estate Building ships, construction and purchase of aircrafts	Loan commitments through credit line, providing credit line, and investment agreements
Investment funds	Investment in beneficiary certificates Investment in PEF and partnerships	Management of fund assets Payment of fund fees and allocation of fund profits	Sales of beneficiary certificate instruments Investment from general partners and limited partners
Trusts	Management of financial trusts; -Development trust -General unspecified money trust - Trust whose principal is not guaranteed -Other trusts	Management of trusted financial assets Payment of trust fees and allocation of trust profits.	Sales of trusted financial assets
Asset-backed securitization	Early cash generation through transfer of securitized assets Fees earned through services to SPC, such as providing lines of credit and ABCP purchase commitments	Fulfillment of asset-backed securitization plan Purchase and collection of securitized assets Issuance and repayment of ABS and ABCP	Issuance of ABS and ABCP based on securitized assets



42.2 Details of scale of unconsolidated structured entities and nature of the risks associated with the Group's interests in unconsolidated structured entities as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021				
	Structured financing	Investment funds	Trusts	Asset-backed securitization and others	Total
Total assets of unconsolidated structured entities	₩ 89,647,771	₩ 416,401,893	₩ 3,005,720	₩ 144,897,727	₩ 653,953,111
Carrying amount in the financial statements					
Assets:					
Financial assets at fair value through profit or loss	₩ 126,086	₩ 13,340,292	₩ 90,348	₩ 3,602,631	₩ 17,159,357
Derivative financial assets	-	-	-	181	181
Loans measured at amortized cost	8,290,514	479,452	265,173	1,194,705	10,229,844
Financial investments	-	-	-	8,084,101	8,084,101
Investments in associates	-	292,315	-	-	292,315
Other assets	2,496	3,111	119,630	15,638	140,875
	₩ 8,419,096	₩ 14,115,170	₩ 475,151	₩ 12,897,256	₩ 35,906,673
Liabilities:					
Deposits	₩ 650,834	₩ 58,348	₩ -	₩ 330,592	₩ 1,039,774
Derivative financial liabilities	-	-	-	437	437
Other liabilities	8,196	289	-	32,179	40,664
	₩ 659,030	₩ 58,637	₩ -	₩ 363,208	₩ 1,080,875
Maximum exposure *					
Assets held	₩ 8,419,096	₩ 14,115,170	₩ 475,151	₩ 12,897,256	₩ 35,906,673
Purchase and investment commitments	-	6,131,739	131,102	499,682	6,762,523
Unused credit	855,322	-	-	4,990,797	5,846,119
Acceptances and guarantees and loan commitments	1,544,394	-	15,890	496,284	2,056,568
	₩ 10,818,812	₩ 20,246,909	₩ 622,143	₩ 18,884,019	₩ 50,571,883
Methods of determining the maximum exposure	Loan commitments /investment agreements / purchase commitments and acceptances and guarantees	Investments /loans and Investment agreements	Trust paying dividends by results: Total amount of trust exposure	Providing credit lines/ purchase commitments/ loan commitments and acceptances and guarantees	

42.2 Details of scale of unconsolidated structured entities and nature of the risks associated with the Group's interests in unconsolidated structured entities as of December 31, 2021 and 2020, are as follows: (cont'd)

(In millions of Korean won)

	December 31, 2020				
	Structured financing	Investment funds	Trusts	Asset-backed securitization and others	Total
Total assets of unconsolidated structured entities	₩ 56,200,300	₩ 285,528,467	₩ 1,984,006	₩ 116,115,027	₩ 459,827,800
Carrying amount in the financial statements					
Assets:					
Financial assets at fair value through profit or loss	₩ 164,996	₩ 11,151,958	₩ -	₩ 2,308,917	₩ 13,625,871
Derivative financial assets	-	-	-	3,005	3,005
Loans measured at amortized cost	4,655,337	379,727	262,382	1,080,824	6,378,270
Financial investments	-	-	-	7,849,054	7,849,054
Investments in associates	-	396,953	-	-	396,953
Other assets	2,572	3,257	91,297	16,363	113,489
	₩ 4,822,905	₩ 11,931,895	₩ 353,679	₩ 11,258,163	₩ 28,366,642
Liabilities:					
Deposits	₩ 612,023	₩ 26,839	₩ -	₩ 344,221	₩ 983,083
Derivative financial liabilities	-	-	-	1,307	1,307
Other liabilities	8,422	97	1	13,736	22,256
	₩ 620,445	₩ 26,936	₩ 1	₩ 359,264	₩ 1,006,646
Maximum exposure *					
Assets held	₩ 4,822,905	₩ 11,931,895	₩ 353,679	₩ 11,258,163	₩ 28,366,642
Purchase and investment commitments	-	5,650,847	-	761,200	6,412,047
Unused credit	1,322,414	-	18,287	3,020,084	4,360,785
Acceptances and guarantees and loan commitments	883,342	16,650	-	684,257	1,584,249
	₩ 7,028,661	₩ 17,599,392	₩ 371,966	₩ 15,723,704	₩ 40,723,723
Methods of determining the maximum exposure	Loan commitments /investment agreements / purchase commitments and acceptances and guarantees	Investments /loans and Investment agreements	Trust paying dividends by results: Total amount of trust exposure	Providing credit lines/ purchase commitments/ loan commitments and acceptances and guarantees	

* Maximum exposure includes the asset amounts, after deducting loss (provisions for credit losses, impairment losses, and others), recognized in the consolidated financial statements of the Group.



43. Related Party Transactions

According to Korean IFRS No.1024, the Group includes investments in associates, key management personnel (including family members), and post-employment benefit plans of the Group and its related party companies in the scope of related parties. The Group discloses balances (receivables and payables) and other amounts arising from transactions with related parties in the notes to the consolidated financial statements. Refer to Note 13 for details of investments in associates and joint ventures.

43.1 Details of significant profit or loss arising from transactions with related parties for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

		2021		2020	
Associates and joint ventures					
Balhae Infrastructure Company	Fee and commission income	₩	5,689	₩	6,817
Korea Credit Bureau Co., Ltd.	Interest expense		6		7
	Fee and commission income		910		957
	Insurance income		4		5
	Fee and commission expense		4,256		3,280
	Other operating expenses		11		1
KB GwS Private Securities Investment Trust *	Fee and commission income		146		853
Incheon Bridge Co., Ltd.	Interest income		4,069		4,345
	Interest expense		158		334
	Fee and commission income		22		23
	Fee and commission expense		6		6
	Insurance income		230		279
	Gains on financial instruments at fair value through profit or loss		-		899
	Losses on financial instruments at fair value through profit or loss		1,374		-
	Reversal of credit losses		444		-
	Provision for credit losses		1		472
KoFC POSCO Hanwha KB Shared Growth Private Equity Fund No.2	Fee and commission income		-		12
Aju Good Technology Venture Fund	Interest expense		27		18
KB Star Office Private Real Estate Master Fund No.1	Interest income		370		371
	Interest expense		5		61
	Fee and commission income		435		436
RAND Bio Science Co., Ltd.	Interest expense		-		11
SY Auto Capital Co., Ltd.	Interest income		941		1,097
	Interest expense		-		2
	Fee and commission income		88		39
	Fee and commission expense		15		132
	Insurance income		42		40
	Other operating income		710		1,709
	Other operating expenses		64		121
	Reversal of credit losses		11		17

43.1 Details of significant profit or loss arising from transactions with related parties for the years ended December 31, 2021 and 2020, are as follows: (cont'd)

(In millions of Korean won)

		2021		2020	
Food Factory Co., Ltd.	Interest income	₩	70	₩	52
	Interest expense		5		12
	Insurance income		9		5
	Fee and commission expense		2		4
	Gains on financial instruments at fair value through profit or loss		-		72
	Losses on financial instruments at fair value through profit or loss		1		-
	Reversal of credit losses		6		-
	Provision for credit losses		-		8
KB Pre IPO Secondary Venture Fund No.1	Interest expense		1		3
	Fee and commission income		110		110
KB Private Equity Fund No.3 * Acts Co., Ltd.	Fee and commission income		-		463
	Interest income		-		1
	Insurance income		1		-
Dongjo Co., Ltd.	Insurance income		1		1
A-PRO Co., Ltd. *	Interest income		-		7
	Interest expense		-		1
	Insurance income		-		1
	Provision for credit losses		-		1
POSCO-KB Shipbuilding Fund	Fee and commission income		213		387
Dae-A Leisure Co., Ltd.	Interest expense		2		7
Paycoms Co., Ltd.	Interest income		10		10
	Gains on financial instruments at fair value through profit or loss		42		69
Big Dipper Co., Ltd.	Fee and commission expense		655		768
KB-KDBC Pre-IPO New Technology Business Investment Fund	Interest expense		1		23
	Fee and commission income		190		300
KB-TS Technology Venture Private Equity Fund	Fee and commission income		285		126
KB-SJ Tourism Venture Fund	Fee and commission income		279		338
Banksalad Co., Ltd.	Gains on financial instruments at fair value through profit or loss		613		1,636
	Losses on financial instruments at fair value through profit or loss		663		-
	Fee and commission income		36		36
	Fee and commission expense		48		5
Iwon Alloy Co., Ltd.	Insurance income		-		1
Bioprotect Ltd.	Gains on financial instruments at fair value through profit or loss		293		-
	Losses on financial instruments at fair value through profit or loss		-		216



43.1 Details of significant profit or loss arising from transactions with related parties for the years ended December 31, 2021 and 2020, are as follows: (cont'd)

(In millions of Korean won)

		2021	2020
RMGP Bio-Pharma Investment Fund, L.P.	Fee and commission income	₩ 38	₩ 27
	Gains on financial instruments at fair value through profit or loss	531	-
	Losses on financial instruments at fair value through profit or loss	2,373	489
RMGP Bio-Pharma Investment, L.P.	Losses on financial instruments at fair value through profit or loss	-	1
KB-MDI Centauri Fund LP	Fee and commission income	401	308
	Gains on financial instruments at fair value through profit or loss	551	-
	Losses on financial instruments at fair value through profit or loss	284	322
Hibiscus Fund LP	Fee and commission income	372	-
	Gains on financial instruments at fair value through profit or loss	113	-
RMG-KB BioAccess Fund L.P.	Fee and commission income	57	-
	Gains on financial instruments at fair value through profit or loss	5	-
S&E Bio Co., Ltd.	Interest expense	1	1
Contents First Inc.	Interest expense	83	14
December & Company Inc.	Interest expense	-	1
	Insurance income	109	-
GENINUS Inc.	Interest expense	29	70
	Gains on financial instruments at fair value through profit or loss	4,009	-
	Provision for credit losses	6	-
Wyatt Corp.	Insurance income	87	63
KB-Brain KOSDAQ Scale-up New Technology Business Investment Fund	Interest expense	17	40
Spark Biopharma Inc.	Fee and commission income	514	734
Skydigital Inc.	Interest expense	7	-
KB No.17 Special Purpose Acquisition Company	Fee and commission income	3	4
	Gains on financial instruments at fair value through profit or loss	-	4
	Losses on financial instruments at fair value through profit or loss	1,388	-
	Interest expense	14	25
KB No.18 Special Purpose Acquisition Company	Gains on financial instruments at fair value through profit or loss	8	84
	Interest expense	20	31
KB No.19 Special Purpose Acquisition Company	Gains on financial instruments at fair value through profit or loss	36	11
	Interest expense	9	13

43.1 Details of significant profit or loss arising from transactions with related parties for the years ended December 31, 2021 and 2020, are as follows: (cont'd)

(In millions of Korean won)

		2021	2020
KB No.20 Special Purpose Acquisition Company	Fee and commission income	₩ -	₩ 210
	Gains on financial instruments at fair value through profit or loss	68	1,568
	Interest expense	15	25
KB SPROTT Renewable Private Equity Fund No.1	Fee and commission income	487	488
KB-Stonebridge Secondary Private Equity Fund	Fee and commission income	550	1,442
COSES GT Co., Ltd.	Interest income	18	6
	Interest expense	1	-
	Provision for credit losses	-	4
	Reversal of credit losses	3	-
IDTECK Co., Ltd.	Insurance income	1	-
Mantisco Co., Ltd.	Interest expense	1	-
SuperNGine Co., Ltd.	Interest expense	1	-
Desilo Inc.	Interest income	1	-
	Provision for credit losses	2	-
	Interest expense	1	-
Turing Co., Ltd.	Interest expense	1	-
IGGYMOB Co., Ltd.	Interest expense	1	-
WJ Private Equity Fund No.1	Fee and commission income	7	5
UPRISE, Inc.	Interest income	5	2
	Interest expense	1	-
	Provision for credit losses	-	1
	Reversal of credit losses	1	-
CWhy Inc.	Losses on financial instruments at fair value through profit or loss	-	2,000
CellinCells Co., Ltd.	Interest expense	-	4
Bomapp Inc.	Fee and commission expense	5	9
	Insurance income	-	8
	Losses on financial instruments at fair value through profit or loss	1,980	-
KB Social Impact Investment Fund	Fee and commission income	300	300
KB-UTC Inno-Tech Venture Fund	Fee and commission income	471	371
KBSP Private Equity Fund No.4	Fee and commission income	389	480
KB-NAU Special Situation Corporate Restructuring Private Equity Fund	Fee and commission income	1,198	237
JR Global REIT *	Fee and commission income	-	6,210
IGIS No.371 Professional Investors' Real Estate Investment Company *	Fee and commission income	-	200
Koreit Tower Real Estate Investment Trust Company *	Fee and commission income	-	2,852
2020 KB Fintech Renaissance Fund	Fee and commission income	147	60
KB Material and Parts No.1 PEF	Fee and commission income	353	63



43.1 Details of significant profit or loss arising from transactions with related parties for the years ended December 31, 2021 and 2020, are as follows: (cont'd)

(In millions of Korean won)

		2021	2020
FineKB Private Equity Fund No.1	Fee and commission income	₩ 540	₩ 38
Paramark KB Fund No.1	Fee and commission income	100	-
KB Bio Private Equity No.3 Ltd.	Fee and commission income	324	-
K The 15th REIT Co., Ltd. *	Fee and commission income	500	-
	Insurance income	1	-
Bluepointpartners Inc.	Gains on financial instruments at fair value through profit or loss	846	-
	Losses on financial instruments at fair value through profit or loss	-	68
KB-Solidus Global Healthcare Fund	Fee and commission income	167	777
SwatchOn Inc.	Fee and commission income	8	9
	Interest expense	10	47
Gomi corporation Inc.	Interest income	19	-
	Interest expense	1	-
	Provision for credit losses	13	-
BNF Corporation Ltd. *	Interest income	-	401
	Fee and commission income	-	2
	Provision for credit losses	-	8
KB Cape No.1 Private Equity Fund	Fee and commission income	144	144
	Losses on financial instruments at fair value through profit or loss	69	-
Keystone-Hyundai Securities No.1 Private Equity Fund *	Fee and commission income	43	115
Others			
Retirement pension	Fee and commission income	1,338	1,077
	Interest expense	9	3

* Excluded from the Group's related party as of December 31, 2021.

Meanwhile, the Group purchased installment financial assets, etc. from SY Auto Capital Co., Ltd. amounting to ₩ 878,690 million and ₩ 1,504,217 million for the years ended December 31, 2021 and 2020, respectively.

43.2 Details of significant outstanding balances of receivables and payables arising from transactions with related parties as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

		December 31, 2021	December 31, 2020
Associates and joint ventures			
Balhae Infrastructure Company	Other assets	₩ 1,427	₩ 1,733
Korea Credit Bureau Co., Ltd.	Loans measured at amortized cost (gross amount)	36	36
	Deposits	10,200	19,982
	Insurance liabilities	1	1
	Other liabilities	-	623
KB GwS Private Securities Investment Trust *	Other assets	-	641
Incheon Bridge Co., Ltd.	Financial assets at fair value through profit or loss	37,382	38,756
	Loans measured at amortized cost (gross amount)	114,107	133,002
	Allowances for credit losses	26	202
	Other assets	423	545
	Deposits	35,487	39,520
	Provisions	24	292
	Insurance liabilities	79	109
	Other liabilities	99	205
Jungdo Co., Ltd.	Deposits	4	4
Dongjo Co., Ltd.	Insurance liabilities	-	1
Dae-A Leisure Co., Ltd.	Deposits	17	636
	Other liabilities	-	21
Aju Good Technology Venture Fund	Deposits	6,286	3,093
	Other liabilities	10	1
KB Star Office Private Real Estate Master Fund No.1	Loans measured at amortized cost (gross amount)	10,000	10,000
	Allowances for credit losses	5	5
	Other assets	138	137
	Deposits	2,578	4,255
	Other liabilities	-	24
KB-Brain KOSDAQ Scale-up New Technology Business Investment Fund	Deposits	1,524	8,097
	Other liabilities	-	1
WJ Private Equity Fund No.1	Other assets	2	2
	Deposits	260	349
KB Cape No.1 Private Equity Fund	Financial assets at fair value through profit or loss	1,591	2,000
	Other assets	73	144
RAND Bio Science Co., Ltd.	Deposits	443	693
	Loans measured at amortized cost (gross amount)	1	1



43.2 Details of significant outstanding balances of receivables and payables arising from transactions with related parties as of December 31, 2021 and 2020, are as follows: (cont'd)

(In millions of Korean won)

		December 31, 2021	December 31, 2020
SY Auto Capital Co., Ltd.	Loans measured at amortized cost (gross amount)	₩ 40,074	₩ 40,060
	Allowances for credit losses	68	57
	Other assets	630	65
	Deposits	17	6
	Insurance liabilities	14	13
	Other liabilities	36	76
Food Factory Co., Ltd.	Financial assets at fair value through profit or loss	663	662
	Loans measured at amortized cost (gross amount)	3,553	3,210
	Allowances for credit losses	4	8
	Other assets	2	3
	Deposits	839	1,555
	Provisions	-	2
	Insurance liabilities	8	5
	Other liabilities	6	9
KB Pre IPO Secondary Venture Fund No.1	Deposits	103	629
Acts Co., Ltd.	Deposits	154	18
	Insurance liabilities	2	1
	Other liabilities	100	100
POSCO-KB Shipbuilding Fund	Other assets	213	264
Paycoms Co., Ltd.	Other assets	1	1
	Financial assets at fair value through profit or loss	1,269	1,226
	Deposits	1	1
Big Dipper Co., Ltd.	Loans measured at amortized cost (gross amount)	17	4
	Deposits	-	1
KB-KDBC Pre-IPO New Technology Business Investment Fund	Deposits	904	923
Iwon Alloy Co., Ltd.	Insurance liabilities	1	-
RMGP Bio-Pharma Investment Fund, L.P.	Financial assets at fair value through profit or loss	5,423	4,250
	Other liabilities	79	71
RMGP Bio-Pharma Investment, L.P.	Financial assets at fair value through profit or loss	14	9
Wyatt Corp.	Financial assets at fair value through profit or loss	6,000	6,000
	Deposits	1	1
	Insurance liabilities	94	39
Skydigital Inc.	Deposits	85	15
Banksalad Co., Ltd.	Financial assets at fair value through profit or loss	9,090	9,141

43.2 Details of significant outstanding balances of receivables and payables arising from transactions with related parties as of December 31, 2021 and 2020, are as follows: (cont'd)

(In millions of Korean won)

		December 31, 2021	December 31, 2020
Spark Biopharma Inc.	Loans measured at amortized cost (gross amount)	₩ 17	₩ -
	Financial assets at fair value through profit or loss	4,950	-
	Deposits	6,015	-
	Other liabilities	3	-
UPRISE, Inc.	Financial assets at fair value through profit or loss	1,250	250
	Loans measured at amortized cost (gross amount)	-	500
	Allowances for credit losses	-	1
	Deposits	4,001	11
Stratio, Inc.	Financial assets at fair value through profit or loss	1,000	1,000
	Deposits	-	13
Honest Fund, Inc.	Financial assets at fair value through profit or loss	3,999	3,999
CellinCells Co., Ltd.	Financial assets at fair value through profit or loss	2,000	2,000
	Loans measured at amortized cost (gross amount)	6	24
	Deposits	38	260
Jo Yang Industrial Co., Ltd.	Deposits	1	2
KB No.17 Special Purpose Acquisition Company	Financial assets at fair value through profit or loss	1,301	2,687
	Deposits	1,687	1,711
	Other liabilities	12	23
KB No.18 Special Purpose Acquisition Company	Financial assets at fair value through profit or loss	3,881	3,873
	Deposits	2,077	2,101
	Other liabilities	12	19
KB No.19 Special Purpose Acquisition Company	Financial assets at fair value through profit or loss	2,091	2,055
	Deposits	1,013	1,053
	Other liabilities	5	3
KB No.20 Special Purpose Acquisition Company	Financial assets at fair value through profit or loss	3,135	3,067
	Deposits	1,681	1,716
	Other liabilities	3	1



43.2 Details of significant outstanding balances of receivables and payables arising from transactions with related parties as of December 31, 2021 and 2020, are as follows: (cont'd)

(In millions of Korean won)

		December 31, 2021	December 31, 2020
COSES GT Co., Ltd.	Financial assets at fair value through profit or loss	₩ 4,930	₩ 4,930
	Loans measured at amortized cost (gross amount)	515	500
	Allowances for credit losses	2	4
	Other assets	1	1
	Deposits	1,939	292
	Insurance liabilities	-	1
IDTECK Co., Ltd.	Insurance liabilities	1	-
Bomapp Inc.	Financial assets at fair value through profit or loss	19	1,999
	Insurance liabilities	-	2
Channel Corporation	Financial assets at fair value through profit or loss	14,551	4,551
MitolImmune Therapeutics	Financial assets at fair value through profit or loss	7,000	5,000
KB-Solidus Global Healthcare Fund Bioprotect Ltd.	Other assets	620	707
	Financial assets at fair value through profit or loss	3,557	3,264
Gomi corporation Inc.	Financial assets at fair value through profit or loss	2,500	500
	Loans measured at amortized cost (gross amount)	2,233	9
	Allowances for credit losses	12	-
	Other assets	4	-
	Deposits	3,188	37
	Other liabilities	1	-
Copin Communications, Inc.	Financial assets at fair value through profit or loss	4,801	1,500
Go2joy Co., Ltd.	Financial assets at fair value through profit or loss	1,200	1,200
ClavisTherapeutics, Inc.	Financial assets at fair value through profit or loss	2,000	2,000
S&E Bio Co., Ltd.	Financial assets at fair value through profit or loss	2,000	2,000
	Deposits	263	1,142
Bluepointpartners Inc.	Financial assets at fair value through profit or loss	2,278	1,432
4N Inc.	Financial assets at fair value through profit or loss	200	200
	Deposits	39	76
Xenohelix Co., Ltd.	Financial assets at fair value through profit or loss	2,100	2,100

43.2 Details of significant outstanding balances of receivables and payables arising from transactions with related parties as of December 31, 2021 and 2020, are as follows: (cont'd)

(In millions of Korean won)

		December 31, 2021	December 31, 2020
Contents First Inc.	Financial assets at fair value through profit or loss	₩ 7,277	₩ 6,146
	Deposits	12,650	1,823
	Other liabilities	57	7
KB-MDI Centauri Fund LP	Financial assets at fair value through profit or loss	9,633	4,280
	Other assets	104	308
OKXE Inc.	Financial assets at fair value through profit or loss	800	800
GENINUS Inc.	Financial assets at fair value through profit or loss	5,855	5,599
	Loans measured at amortized cost (gross amount)	17	-
	Allowances for credit losses	6	-
	Deposits	34,415	13,630
	Other liabilities	2	15
Mantisco Co., Ltd.	Loans measured at amortized cost (gross amount)	1	-
	Financial assets at fair value through profit or loss	3,000	-
	Deposits	386	-
IMBiologics Corp.	Loans measured at amortized cost (gross amount)	4	-
	Financial assets at fair value through profit or loss	5,000	-
SuperNGine Co., Ltd.	Loans measured at amortized cost (gross amount)	2	-
	Deposits	944	-
	Financial assets at fair value through profit or loss	1,996	-
Desilo Inc.	Financial assets at fair value through profit or loss	3,168	-
	Loans measured at amortized cost (gross amount)	301	-
	Allowances for credit losses	2	-
	Deposits	168	-
Turing Co., Ltd.	Financial assets at fair value through profit or loss	3,000	-
	Deposits	1,054	-
IGGYMOB Co., Ltd.	Financial assets at fair value through profit or loss	5,000	-
	Loans measured at amortized cost (gross amount)	6	-
	Deposits	2,938	-
FineKB Private Equity Fund No.1	Other assets	153	38
Paramark KB Fund No.1	Other liabilities	200	-



43.2 Details of significant outstanding balances of receivables and payables arising from transactions with related parties as of December 31, 2021 and 2020, are as follows: (cont'd)

		December 31,	
		2021	2020
<i>(In millions of Korean won)</i>			
Neomio Corp. *	Deposits	₩ -	₩ 535
December & Company Inc.	Deposits	1	1
	Insurance liabilities	10	-
KB Social Impact Investment Fund	Other assets	150	-
Checkmate Therapeutics Inc.	Financial assets at fair value through profit or loss	2,200	-
G1 Playground Co., Ltd.	Financial assets at fair value through profit or loss	1,000	-
	Deposits	354	-
Pin Therapeutics Inc.	Financial assets at fair value through profit or loss	3,000	-
Hibiscus Fund LP	Financial assets at fair value through profit or loss	4,731	-
	Other assets	251	-
RMG-KB BioAccess Fund L.P.	Financial assets at fair value through profit or loss	353	-
RMG-KB BP Management Ltd.	Financial assets at fair value through profit or loss	7	-
SwatchOn Inc.	Financial assets at fair value through profit or loss	3,345	3,345
	Loans measured at amortized cost (gross amount)	73	59
	Provisions	-	1
	Deposits	686	3,947
	Other liabilities	-	40
Key management personnel	Loans measured at amortized cost (gross amount)	4,591	5,153
	Allowances for credit losses	2	2
	Other assets	4	5
	Deposits	16,996	17,167
	Provisions	1	-
	Insurance liabilities	2,471	2,501
	Other liabilities	345	371
Others			
Retirement pension	Other assets	369	295
	Other liabilities	5,014	10,600

* Excluded from the Group's related party as of December 31, 2021, therefore, the remaining outstanding balances with those entities are not disclosed.

43.3 Details of significant lending transactions with related parties for the years ended December 31, 2021 and 2020, are as follows:

		2021			
		Beginning	Loan	Collection	Ending
<i>(In millions of Korean won)</i>					
Associates and joint ventures					
Korea Credit Bureau Co., Ltd.		₩ 36	₩ 36	₩ (36)	₩ 36
Incheon Bridge Co., Ltd.		171,758	7	(20,276)	151,489
KB Star Office Private Real Estate Master Fund No.1		10,000	-	-	10,000
KB Cape No.1 Private Equity Fund		2,000	-	(409)	1,591
RAND Bio Science Co., Ltd.		1	1	(1)	1
SY Auto Capital Co., Ltd.		40,060	74	(60)	40,074
Food Factory Co., Ltd.		3,872	397	(53)	4,216
Paycoms Co., Ltd.		1,226	43	-	1,269
Big Dipper Co., Ltd.		4	17	(4)	17
RMGP Bio-Pharma Investment Fund, L.P.		4,250	1,173	-	5,423
RMGP Bio-Pharma Investment, L.P.		9	5	-	14
Wyatt Corp.		6,000	-	-	6,000
Banksalad Co., Ltd.		9,141	-	(51)	9,090
UPRISE, Inc.		750	1,000	(500)	1,250
Stratio, Inc.		1,000	-	-	1,000
Honest Fund, Inc.		3,999	-	-	3,999
CellinCells Co., Ltd.		2,024	6	(24)	2,006
KB No.17 Special Purpose Acquisition Company		2,687	-	(1,386)	1,301
KB No.18 Special Purpose Acquisition Company		3,873	8	-	3,881
KB No.19 Special Purpose Acquisition Company		2,055	36	-	2,091
KB No.20 Special Purpose Acquisition Company		3,067	68	-	3,135
COSES GT Co., Ltd.		5,430	15	-	5,445
Bomapp Inc.		1,999	-	(1,980)	19
Channel Corporation		4,551	10,000	-	14,551
MitImmune Therapeutics		5,000	2,000	-	7,000
Bioprotect Ltd.		3,264	293	-	3,557
Gomi corporation Inc.		509	4,233	(9)	4,733
Copin Communications, Inc.		1,500	3,301	-	4,801
Go2joy Co., Ltd.		1,200	-	-	1,200
ClavisTherapeutics, Inc.		2,000	-	-	2,000
S&E Bio Co., Ltd.		2,000	-	-	2,000
Bluepointpartners Inc.		1,432	846	-	2,278
4N Inc.		200	-	-	200
Xenohelix Co., Ltd.		2,100	-	-	2,100
Contents First Inc.		6,146	1,131	-	7,277
KB-MDI Centauri Fund LP		4,280	5,353	-	9,633
SwatchOn Inc.		3,404	73	(59)	3,418
OKXE Inc.		800	-	-	800



43.3 Details of significant lending transactions with related parties for the years ended December 31, 2021 and 2020, are as follows: (cont'd)

(In millions of Korean won)

	2021			
	Beginning	Loan	Collection	Ending
GENIUS Inc.	₩ 5,599	₩ 273	₩ -	₩ 5,872
Checkmate Therapeutics Inc.	-	2,200	-	2,200
Mantisco Co., Ltd.	-	3,001	-	3,001
IMBiologics Corp.	-	5,004	-	5,004
Spark Biopharma Inc.	-	4,967	-	4,967
G1 Playground Co., Ltd.	-	1,000	-	1,000
Pin Therapeutics Inc.	-	3,000	-	3,000
Hibiscus Fund LP	-	4,731	-	4,731
SuperNGine Co., Ltd.	-	1,998	-	1,998
Desilo Inc.	-	3,469	-	3,469
RMG-KB BioAccess Fund L.P.	-	353	-	353
RMG-KB BP Management Ltd.	-	7	-	7
IGGYMOB Co., Ltd.	-	5,006	-	5,006
Turing Co., Ltd.	-	3,000	-	3,000
Key management personnel	5,153	3,421	(3,983)	4,591

(In millions of Korean won)

	2020			
	Beginning	Loan	Collection	Ending
Associates and joint ventures				
Korea Credit Bureau Co., Ltd.	₩ 43	₩ 36	₩ (43)	₩ 36
Incheon Bridge Co., Ltd.	185,564	901	(14,707)	171,758
Carlif Co., Ltd.	-	22	(22)	-
KB Star Office Private Real Estate Master Fund No.1	10,000	-	-	10,000
KB Cape No.1 Private Equity Fund	2,000	-	-	2,000
RAND Bio Science Co., Ltd.	1	1	(1)	1
SY Auto Capital Co., Ltd.	41,990	11,310	(13,240)	40,060
Food Factory Co., Ltd.	2,582	1,314	(24)	3,872
Acts Co., Ltd.	-	74	(74)	-
Paycoms Co., Ltd.	1,157	69	-	1,226
Big Dipper Co., Ltd.	11	4	(11)	4
A-PRO Co., Ltd. *	2,019	2,000	(4,019)	-
RMGP Bio-Pharma Investment Fund, L.P.	3,419	831	-	4,250
RMGP Bio-Pharma Investment, L.P.	8	1	-	9
Wyatt Corp.	6,000	-	-	6,000
Banksalad Co., Ltd.	7,504	1,637	-	9,141
UPRISE, Inc.	250	500	-	750
Stratio, Inc.	1,000	-	-	1,000
Honest Fund, Inc.	3,999	-	-	3,999
CellinCells Co., Ltd.	2,004	24	(4)	2,024
KB No.17 Special Purpose Acquisition Company	2,683	4	-	2,687
KB No.18 Special Purpose Acquisition Company	3,786	87	-	3,873

43.3 Details of significant lending transactions with related parties for the years ended December 31, 2021 and 2020, are as follows: (cont'd)

(In millions of Korean won)

	2020			
	Beginning	Loan	Collection	Ending
KB No.19 Special Purpose Acquisition Company	₩ 2,043	₩ 12	₩ -	₩ 2,055
KB No.20 Special Purpose Acquisition Company	1,499	1,568	-	3,067
COSES GT Co., Ltd.	2,930	2,500	-	5,430
CWhy Inc.	2,000	-	(2,000)	-
Bomapp Inc.	1,999	-	-	1,999
Channel Corporation	2,000	2,551	-	4,551
Mitolmmune Therapeutics	5,000	-	-	5,000
Bioprotect Ltd.	-	3,264	-	3,264
Gomi corporation Inc.	-	509	-	509
Copin Communications, Inc.	-	1,500	-	1,500
Go2joy Co., Ltd.	-	1,200	-	1,200
ClavisTherapeutics, Inc.	-	2,000	-	2,000
S&E bio Co., Ltd.	-	2,000	-	2,000
Bluepointpartners Inc.	-	1,432	-	1,432
4N Inc.	-	200	-	200
Xenohelix Co., Ltd.	-	2,100	-	2,100
Contents First Inc.	-	6,146	-	6,146
KB-MDI Centauri Fund LP	-	4,280	-	4,280
SwatchOn Inc.	1,845	1,559	-	3,404
OKXE Inc.	-	800	-	800
GENIUS Inc.	-	5,599	-	5,599
BNF Corporation Ltd. *	3,659	1,000	(4,659)	-
Key management personnel	3,538	5,141	(3,526)	5,153

* Excluded from the Group's related party as of December 31, 2021.



43.4 Details of significant borrowing transactions with related parties for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	2021				
	Beginning	Borrowing	Repayment	Others ¹	Ending
Associates and joint ventures					
Korea Credit Bureau Co., Ltd.	₩ 19,982	₩ -	₩ (1,000)	₩ (8,782)	₩ 10,200
Incheon Bridge Co., Ltd.	39,520	15,000	(20,000)	967	35,487
Jungdo Co., Ltd.	4	-	-	-	4
Dae-A Leisure Co., Ltd.	636	-	(479)	(140)	17
Skydigital Inc.	15	-	-	70	85
Jo Yang Industrial Co., Ltd.	2	-	-	(1)	1
Aju Good Technology Venture Fund	3,093	3,840	(1,442)	795	6,286
KB-KDBC Pre-IPO New Technology Business Investment Fund	923	-	-	(19)	904
KB-Brain KOSDAQ Scale-up New Technology Business Investment Fund	8,097	-	-	(6,573)	1,524
Neomio Corp. ²	535	-	-	(535)	-
WJ Private Equity Fund No.1	349	-	-	(89)	260
KB Star Office Private Real Estate Master Fund No.1	4,255	-	(1,770)	93	2,578
SY Auto Capital Co., Ltd.	6	-	-	11	17
KB No.17 Special Purpose Acquisition Company	1,711	1,546	(1,525)	(45)	1,687
KB No.18 Special Purpose Acquisition Company	2,101	2,016	(2,063)	23	2,077
KB No.19 Special Purpose Acquisition Company	1,053	1,000	(1,000)	(40)	1,013
KB No.20 Special Purpose Acquisition Company	1,716	1,534	(1,522)	(47)	1,681
RAND Bio Science Co., Ltd.	693	-	(400)	150	443
Food Factory Co., Ltd.	1,555	507	(500)	(723)	839
Acts Co., Ltd.	18	-	-	136	154
Paycoms Co., Ltd.	1	-	-	-	1
Big Dipper Co., Ltd.	1	-	-	(1)	-
Wyatt Corp.	1	-	-	-	1
Stratio, Inc.	13	-	-	(13)	-
UPRISE, Inc.	11	-	-	3,990	4,001
CellinCells Co., Ltd.	260	-	-	(222)	38
COSES GT Co., Ltd.	292	-	-	1,647	1,939
SwatchOn Inc.	3,947	200	(3,501)	40	686
Gomi corporation Inc.	37	-	-	3,151	3,188
S&E Bio Co., Ltd.	1,142	-	-	(879)	263
KB Pre IPO Secondary Venture Fund No.1	629	-	-	(526)	103
4N Inc.	76	-	-	(37)	39
Contents First Inc.	1,823	20,000	(11,000)	1,827	12,650

43.4 Details of significant borrowing transactions with related parties for the years ended December 31, 2021 and 2020, are as follows: (cont'd)

(In millions of Korean won)

	2021				
	Beginning	Borrowing	Repayment	Others ¹	Ending
December & Company Inc.	₩ 1	₩ -	₩ -	₩ -	₩ 1
GENINUS Inc.	13,630	-	(5,000)	25,785	34,415
Mantisco Co., Ltd.	-	-	-	386	386
Spark Biopharma Inc.	-	1,000	(3,000)	8,015	6,015
G1 Playground Co., Ltd.	-	-	-	354	354
SuperNGine Co., Ltd.	-	-	-	944	944
Desilo Inc.	-	-	-	168	168
Turing Co., Ltd.	-	-	-	1,054	1,054
IGGYMOB Co., Ltd.	-	-	-	2,938	2,938
Key management personnel	17,167	16,574	(16,994)	249	16,996

(In millions of Korean won)

	2020				
	Beginning	Borrowing	Repayment	Others ¹	Ending
Associates and joint ventures					
Korea Credit Bureau Co., Ltd.	₩ 17,966	₩ 1,000	₩ -	₩ 1,016	₩ 19,982
Incheon Bridge Co., Ltd.	45,447	20,000	(21,260)	(4,667)	39,520
Jungdo Co., Ltd.	4	-	-	-	4
Dae-A Leisure Co., Ltd.	753	-	-	(117)	636
Computerlife Co., Ltd.	1	-	-	(1)	-
Skydigital Inc.	25	-	-	(10)	15
Jo Yang Industrial Co., Ltd.	2	-	-	-	2
Aju Good Technology Venture Fund	5,456	1,442	-	(3,805)	3,093
KB-KDBC Pre-IPO New Technology Business Investment Fund	7,054	1,500	(6,500)	(1,131)	923
KB-Brain KOSDAQ Scale-up New Technology Business Investment Fund	13,118	-	-	(5,021)	8,097
Neomio Corp. ²	-	-	-	535	535
WJ Private Equity Fund No.1	-	-	-	349	349
KB Star Office Private Real Estate Master Fund No.1	8,293	2,117	(5,630)	(525)	4,255
SY Auto Capital Co., Ltd.	8	-	-	(2)	6
KB No.17 Special Purpose Acquisition Company	1,742	1,525	(1,500)	(56)	1,711
KB No.18 Special Purpose Acquisition Company	2,140	2,063	(2,100)	(2)	2,101
KB No.19 Special Purpose Acquisition Company	1,093	1,000	(1,000)	(40)	1,053
KB No.20 Special Purpose Acquisition Company	1,984	1,522	(1,500)	(290)	1,716
RAND Bio Science Co., Ltd.	4,452	2,250	(3,750)	(2,259)	693
Wise Asset Management Co., Ltd.	21	-	-	(21)	-



43.4 Details of significant borrowing transactions with related parties for the years ended December 31, 2021 and 2020, are as follows: (cont'd)

(In millions of Korean won)

	2020				
	Beginning	Borrowing	Repayment	Others ¹	Ending
Food Factory Co., Ltd.	₩ 1,073	₩ 1,503	₩ (1,003)	₩ (18)	₩ 1,555
Acts Co., Ltd.	1	-	-	17	18
Paycoms Co., Ltd.	1	-	-	-	1
Big Dipper Co., Ltd.	6	-	-	(5)	1
A-PRO Co., Ltd. ²	3,201	-	-	(3,201)	-
Wyatt Corp.	-	-	-	1	1
Stratio, Inc.	726	-	-	(713)	13
UPRISE, Inc.	-	-	-	11	11
CellinCells Co., Ltd.	1,545	-	-	(1,285)	260
COSES GT Co., Ltd.	-	-	-	292	292
SwatchOn Inc.	395	7,002	(3,801)	351	3,947
BNF Corporation Ltd. ²	947	-	-	(947)	-
Gomi corporation Inc.	-	-	-	37	37
S&E bio Co., Ltd.	-	-	-	1,142	1,142
KB IGen Private Equity Fund No.1 ²	147	-	-	(147)	-
KB Pre IPO Secondary Venture Fund No.1	2,955	-	-	(2,326)	629
4N Inc.	-	-	-	76	76
Contents First Inc.	-	4,000	(3,000)	823	1,823
December & Company Inc.	-	-	-	1	1
GENINUS Inc.	-	-	-	13,630	13,630
Key management personnel	15,338	21,319	(20,410)	920	17,167

¹ Transactions between related parties, such as settlements arising from operating activities and deposits, are expressed in net amount.

² Excluded from the Group's related party as of December 31, 2021.

43.5 Details of significant investment and withdrawal transactions with related parties for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	2021		2020	
	Equity investment and others	Withdrawal and others	Equity investment and others	Withdrawal and others
Balhae Infrastructure Company	₩ 279	₩ 9,584	₩ 894	₩ 6,973
KB GwS Private Securities Investment Trust *	-	188,836	-	9,523
KoFC POSCO Hanwha KB Shared Growth Private Equity Fund No.2	-	11,860	-	3,230
POSCO-KB Shipbuilding Fund	-	7,600	5,000	2,125
KB Pre IPO Secondary Venture Fund No.1	-	292	-	585
KB-KDBC Pre-IPO New Technology Business Investment Fund	-	4,800	-	6,400
KB-SJ Tourism Venture Fund	500	-	1,500	-
Korea Credit Bureau Co., Ltd.	-	90	-	90
KB-UTC Inno-Tech Venture Fund	5,085	1,125	16,965	-
KB-Solidus Global Healthcare Fund	-	3,120	10,920	4,940
KB-Stonebridge Secondary Private Equity Fund	13,258	11,578	9,093	-
WJ Private Equity Fund No.1	-	-	10,000	-
All Together Korea Fund No.2	-	-	100,000	90,127
KB Star Office Private Real Estate Master Fund No.1	-	1,246	-	1,273
KB SPROTT Renewable Private Equity Fund No.1	-	-	4,129	-
KB-NAU Special Situation Corporate Restructuring Private Equity Fund	7,692	-	5,700	-
JR Global REIT *	-	65,025	219,493	3,639
KB Bio Private Equity No.3 Ltd.	10,000	-	-	-
K The 15th REIT Co., Ltd. *	8,600	8,600	-	-
IGIS No.371 Professional Investors' Real Estate Investment Company *	-	-	10,000	10,000
Koreit Tower Real Estate Investment Trust Company *	-	-	30,000	30,000
Project Vanilla Co., Ltd.	-	-	2,450	-
December & Company Inc.	-	-	30,000	-
KB Social Impact Investment Fund	1,500	-	1,500	-
2020 KB Fintech Renaissance Fund	-	-	550	-
KB Material and Parts No.1 PEF	-	-	3,400	-
KB Private Equity Fund No.3 *	-	-	-	8,000
KB-TS Technology Venture Private Equity Fund	3,080	5,376	2,240	5,488
Keystone-Hyundai Securities No.1 Private Equity Fund *	-	1,925	-	-
KB-Brain KOSDAQ Scale-up New Technology Business Investment Fund	10,000	10,800	8,000	3,200
Aju Good Technology Venture Fund	-	4,769	-	2,885
G payment Joint Stock Company	9,029	-	-	-
498 Seventh Owners LLC	166,851	-	-	-
KB-KTB Technology Venture Fund	5,600	-	-	-
KB-SOLIDUS Healthcare Investment Fund	1,800	-	-	-
Paramark KB Fund No.1	2,040	-	-	-
FineKB Private Equity Fund No.1	8,375	-	-	-

* Excluded from the Group's related party as of December 31, 2021.



43.6 Unused commitments provided to related parties as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won or in a US Dollar or Malaysian ringgit)

		December 31, 2021	December 31, 2020
Associates and joint ventures			
Balhae Infrastructure Company	Purchase of securities	₩ 6,154	₩ 6,433
Korea Credit Bureau Co., Ltd.	Unused lines of credit for credit card	565	564
Incheon Bridge Co., Ltd.	Loan commitments in Korean won	20,000	20,000
	Unused lines of credit for credit card	93	98
KoFC POSCO Hanwha KB Shared Growth Private Equity Fund No.2	Commitments on loss absorption priority	10,000	14,980
SY Auto Capital Co., Ltd.	Unused lines of credit for credit card	98	90
Food Factory Co., Ltd.	Loan commitments in Korean won	-	388
	Unused lines of credit for credit card	82	73
KB No.17 Special Purpose Acquisition Company	Unused lines of credit for credit card	-	441
KB No.18 Special Purpose Acquisition Company	Unused lines of credit for credit card	15	15
KB No.19 Special Purpose Acquisition Company	Unused lines of credit for credit card	1	-
CellinCells Co., Ltd.	Unused lines of credit for credit card	18	-
RAND Bio Science Co., Ltd.	Unused lines of credit for credit card	24	24
Big Dipper Co., Ltd.	Unused lines of credit for credit card	43	96
SwatchOn Inc.	Unused lines of credit for credit card	127	7
Gomi corporation Inc.	Unused lines of credit for credit card	2	-
COSES GT Co., Ltd.	Unused lines of credit for credit card	15	-
GENINUS Inc.	Unused lines of credit for credit card	43	-
Spark Biopharma Inc.	Unused lines of credit for credit card	33	-
Mantisco Co., Ltd.	Unused lines of credit for credit card	29	-
IMBiologics Corp.	Unused lines of credit for credit card	18	-
SuperNGine Co., Ltd.	Unused lines of credit for credit card	18	-
IGGYMOB Co., Ltd.	Unused lines of credit for credit card	14	-

43.6 Unused commitments provided to related parties as of December 31, 2021 and 2020, are as follows:
(cont'd)

(In millions of Korean won or in a US Dollar or Malaysian ringgit)

		December 31, 2021	December 31, 2020
KB Pre IPO Secondary Venture Fund No.1	Commitments on loss absorption priority	₩ 1,671	₩ 1,671
KB-TS Technology Venture Private Equity Fund	Purchase of securities	616	3,696
KB-SJ Tourism Venture Fund	Purchase of securities	-	500
KB-Brain KOSDAQ Scale-up New Technology Business Investment Fund	Purchase of securities	-	10,000
KB SPROTT Renewable Private Equity Fund No.1	Purchase of securities	18,704	18,704
KB-Stonebridge Secondary Private Equity Fund	Purchase of securities	5,579	18,837
KB Social Impact Investment Fund	Purchase of securities	-	1,500
KB-UTC Inno-Tech Venture Fund	Purchase of securities	-	5,085
KB-NAU Special Situation Corporate Restructuring Private Equity Fund	Purchase of securities	16,608	24,300
All Together Korea Fund No.2	Purchase of securities	-	990,000
KB-KTB Technology Venture Fund	Purchase of securities	22,400	-
KB-SOLIDUS Healthcare Investment Fund	Purchase of securities	88,200	-
KB Co-Investment Private Equity Fund No.1	Purchase of securities	20,000	-
FineKB Private Equity Fund No.1	Purchase of securities	16,625	25,000
KB-Solidus Global Healthcare Fund	Purchase of securities	2,120	2,120
	Commitments on loss absorption priority	4,500	-
Paramark KB Fund No.1	Purchase of securities	27,960	-
RMGP Bio-Pharma Investment Fund, L.P.	Purchase of securities	USD 5,169,932	USD 7,796,423
RMGP Bio-Pharma Investment, L.P.	Purchase of securities	USD 12,615	USD 17,132
KB-MDI Centauri Fund LP	Purchase of securities	USD 6,622,923	USD 13,537,500
Hibiscus Fund LP	Purchase of securities	MYR 33,333,333	-
RMG-KB BP Management Ltd.	Purchase of securities	USD 616,170	-
RMG-KB BioAccess Fund L.P.	Purchase of securities	USD 29,702,324	-
Key management personnel	Loan commitments in Korean won	2,018	1,760

43.7 Details of compensation to key management personnel for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	2021			
	Short-term employee benefits	Post-employment benefits	Share-based payments	Total
Registered directors (executive)	₩ 8,152	₩ 966	₩ 11,655	₩ 20,773
Registered directors (non-executive)	1,061	-	-	1,061
Non-registered directors	12,820	466	14,424	27,710
	₩ 22,033	₩ 1,432	₩ 26,079	₩ 49,544

(In millions of Korean won)

	2020			
	Short-term employee benefits	Post-employment benefits	Share-based payments	Total
Registered directors (executive)	₩ 8,111	₩ 672	₩ 6,369	₩ 15,152
Registered directors (non-executive)	1,133	-	-	1,133
Non-registered directors	10,782	396	6,934	18,112
	₩ 20,026	₩ 1,068	₩ 13,303	₩ 34,397

43.8 Details of collateral provided by related parties as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	Assets held as collateral	December 31, 2021	December 31, 2020
Associates			
KB Star Office Private Real Estate Master Fund No.1	Real estate	₩ 13,000	₩ 13,000
Key management personnel			
	Time deposits and others	745	213
	Real estate	5,176	4,356

As of December 31, 2021, Incheon Bridge Co., Ltd., a related party, provides fund management account, civil engineering works insurance, and management and operations rights as senior collateral amounting to ₩ 611,000 million to the project financing group consisting of the Group and 5 other institutions, and as subordinated collateral amounting to ₩ 384,800 million to subordinated debt holders consisting of the Group and 2 other institutions. Also, it provides certificate of credit guarantee amounting to ₩ 400,000 million as collateral to the project financing group consisting of the Group and 5 other institutions.

44. Events after the reporting period

3,455,426 treasury shares were retired on February 14, 2022 in accordance with the resolution of the board of directors on February 8, 2022.

45. Approval of Issuance of the Consolidated Financial Statements

The issuance of the Group's consolidated financial statements as of and for the year ended December 31, 2021, was approved by the board of directors on March 16, 2022.

Independent Auditors' Report

Based on a report originally issued in Korean



The Board of Directors and Stockholders
KB Financial Group Inc.

Opinion

We have audited the separate financial statements of KB Financial Group Inc. (“the Company”), which comprise the separate statements of financial position as of December 31, 2021 and 2020, the separate statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the separate financial position of the Company as of December 31, 2021 and 2020, and its separate financial performance and its cash flows for the years then ended in accordance with Korean International Financial Reporting Standards (“K-IFRS”).

We also have audited, in accordance with Korean Standards on Auditing (KSAs), the Company’s Internal Control over Financial Reporting (“ICFR”) as of December 31, 2021 based on the criteria established in Conceptual Framework for Designing and Operating Internal Control over Financial Reporting issued by the Operating Committee of Internal Control over Financial Reporting in the Republic of Korea, and our report dated March 17, 2022 expressed an unmodified opinion on the effectiveness of the Company’s internal control over financial reporting.

Basis for Opinion

We conducted our audits in accordance with KSAs. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Separate Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the separate financial statements in Republic of Korea, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

As a matter that does not affect our audit opinion, we draw attention to the following matter.

As described in note 30.2.b) to the separate financial statements, the proliferation of COVID-19 has had a negative influence on the global economy, which may have a greater impact on expected credit losses and potential impairment of assets in a particular portfolio, and it could negatively affect the revenue generation capability of the Company.

Key Audit Matters

We have determined that there are no key audit matters to communicate in our report.

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

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

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

Those charged with governance are responsible for overseeing the Company’s financial reporting process.

Auditors’ Responsibilities for the Audit of the Separate Financial Statements

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

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

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used in the preparation of the separate financial statements and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that

may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

KPMG Samjong Accounting Corp.
Seoul, Korea
March 17, 2022

Separate Statements of Financial Position

December 31, 2021 and 2020

KB Financial Group Inc.

(In millions of Korean won)

	Notes	December 31, 2021	December 31, 2020
Assets			
Cash and due from financial institutions	4,5,6,29	₩ 608,076	₩ 23,084
Financial assets at fair value through profit or loss	4,5,7	440,760	474,262
Loans measured at amortized cost	4,5,8	249,128	179,542
Investments in subsidiaries	9	26,741,438	26,519,880
Property and equipment	10	4,444	7,730
Intangible assets	11	16,673	13,267
Net defined benefit assets	17	221	-
Deferred income tax assets	13	5,583	3,189
Other assets	4,5,14	805,056	887,537
Total assets		₩ 28,871,379	₩ 28,108,491
Liabilities			
Borrowings	4,5,15	₩ -	₩ 100,000
Debentures	4,5,16	5,552,791	6,128,043
Net defined benefit liabilities	17	-	59
Current income tax liabilities		570,519	716,473
Other liabilities	4,5,18	235,095	178,296
Total liabilities		6,358,405	7,122,871
Equity			
Share capital		2,090,558	2,090,558
Hybrid securities		2,837,981	1,695,778
Capital surplus		14,754,747	14,754,747
Accumulated other comprehensive income		(8,330)	(8,032)
Retained earnings		3,974,206	3,588,757
Treasury shares		(1,136,188)	(1,136,188)
Total equity		22,512,974	20,985,620
Total liabilities and equity		₩ 28,871,379	₩ 28,108,491

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

This report is effective as of March 17, 2022, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying consolidated financial statements and notes thereto. Accordingly, the readers of the audit report should understand that the above audit report has not been updated to reflect the impact of such subsequent events or circumstances, if any.



Separate Statements of Comprehensive Income

Years Ended December 31, 2021 and 2020

KB Financial Group Inc. and Subsidiaries

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

	Notes	2021	2020
Interest income		₩ 9,392	₩ 8,044
Interest income from financial instruments at amortized cost		6,548	3,788
Interest income from financial instruments at fair value through profit or loss		2,844	4,256
Interest expense		(120,469)	(132,437)
Net interest expense	21	<u>(111,077)</u>	<u>(124,393)</u>
Fee and commission income		975	841
Fee and commission expense		(9,132)	(9,179)
Net fee and commission expense	22	<u>(8,157)</u>	<u>(8,338)</u>
Net gains on financial instruments at fair value through profit or loss	23	<u>20,250</u>	<u>12,663</u>
Net other operating income	24	<u>1,620,238</u>	<u>1,571,239</u>
General and administrative expenses	25	(85,417)	(71,854)
Operating income before provision for credit losses		<u>1,435,837</u>	<u>1,379,317</u>
Provision for credit losses		(417)	(465)
Net operating income		<u>1,435,420</u>	<u>1,378,852</u>
Net non-operating income	26	1,165	514
Profit before income tax benefit		<u>1,436,585</u>	<u>1,379,366</u>
Income tax benefit	27	2,281	49
Profit for the year		<u>1,438,866</u>	<u>1,379,415</u>
Items that will not be reclassified to profit or loss:			
Remeasurements of net defined benefit liabilities		(298)	(368)
Other comprehensive loss for the year, net of tax		<u>(298)</u>	<u>(368)</u>
Total comprehensive income for the year		<u>₩ 1,438,568</u>	<u>₩ 1,379,047</u>
Earnings per share	28		
Basic earnings per share		₩ 3,509	₩ 3,482
Diluted earnings per share		3,436	3,438

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

Separate Statements of Changes in Equity

Years Ended December 31, 2021 and 2020

KB Financial Group Inc. and Subsidiaries

(In millions of Korean won)

	Share capital	Hybrid securities	Capital surplus	Accumulated other comprehensive income	Retained earnings	Treasury shares	Total equity
Balance as of January 1, 2020	₩ 2,090,558	₩ 399,085	₩ 14,742,814	₩ (7,664)	₩ 3,093,294	₩ (1,136,188)	₩ 19,181,899
Comprehensive income for the year							
Profit for the year	-	-	-	-	1,379,415	-	1,379,415
Remeasurements of net defined benefit liabilities	-	-	-	(368)	-	-	(368)
Total comprehensive income for the year	-	-	-	(368)	1,379,415	-	1,379,047
Transactions with shareholders							
Annual dividends	-	-	-	-	(861,092)	-	(861,092)
Consideration for exchangeable rights	-	-	11,933	-	-	-	11,933
Issuance of hybrid securities	-	1,296,693	-	-	-	-	1,296,693
Dividends on hybrid securities	-	-	-	-	(22,860)	-	(22,860)
Total transactions with shareholders	-	1,296,693	11,933	-	(883,952)	-	424,674
Balance as of December 31, 2020	₩ 2,090,558	₩ 1,695,778	₩ 14,754,747	₩ (8,032)	₩ 3,588,757	₩ (1,136,188)	₩ 20,985,620
Balance as of January 1, 2021	₩ 2,090,558	₩ 1,695,778	₩ 14,754,747	₩ (8,032)	₩ 3,588,757	₩ (1,136,188)	₩ 20,985,620
Comprehensive income for the year							
Profit for the year	-	-	-	-	1,438,866	-	1,438,866
Remeasurements of net defined benefit liabilities	-	-	-	(298)	-	-	(298)
Total comprehensive income for the year	-	-	-	(298)	1,438,866	-	1,438,568
Transactions with shareholders							
Annual dividends	-	-	-	-	(689,653)	-	(689,653)
Quarterly dividends	-	-	-	-	(292,226)	-	(292,226)
Issuance of hybrid securities	-	1,142,203	-	-	-	-	1,142,203
Dividends on hybrid securities	-	-	-	-	(71,538)	-	(71,538)
Total transactions with shareholders	-	1,142,203	-	-	(1,053,417)	-	88,786
Balance as of December 31, 2021	₩ 2,090,558	₩ 2,837,981	₩ 14,754,747	₩ (8,330)	₩ 3,974,206	₩ (1,136,188)	₩ 22,512,974

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



Separate Statements of Cash Flows

Years Ended December 31, 2021 and 2020

KB Financial Group Inc. and Subsidiaries

(In millions of Korean won)

	Notes	2021	2020
Cash flows from operating activities			
Profit for the year		1,438,866	1,379,415
Adjustment for non-cash items			
Depreciation and amortization expense		6,506	4,357
Provision for credit losses		417	465
Share-based payments		9,230	4,034
Net interest expense		4,379	3,705
Valuation losses (gains) on financial assets at fair value through profit or loss		(355)	2,606
Gains on foreign currency transactions		-	(117)
Net other income		(1,668)	(1,162)
		18,509	13,888
Changes in operating assets and liabilities			
Due from financial institutions		(90,000)	-
Deferred income tax assets		(2,281)	4,477
Other assets		4,822	(4,631)
Other liabilities		(23,835)	(3,804)
		(111,294)	(3,958)
Net cash inflow from operating activities		1,346,081	1,389,345
Cash flows from investing activities			
Acquisition of financial assets at fair value through profit or loss		(3,061,906)	(4,872,350)
Disposal of financial assets at fair value through profit or loss		3,096,540	4,809,391
Acquisition of subsidiaries		(219,268)	(2,347,543)
Increase in loans measured at amortized cost		(70,000)	(60,000)
Acquisition of property and equipment		(661)	(5,370)
Disposal of property and equipment		194	-
Acquisition of intangible assets		(3,603)	(2,321)
Disposal of intangible assets		3,482	-
Net increase in guarantee deposits paid		(2,358)	(12,678)
Other investing activities		(1,165)	(3,149)
Net cash outflow from investing activities		(258,745)	(2,494,020)
Cash flows from financing activities			
Increase in borrowings		-	440,000
Decrease in borrowings		(100,000)	(340,000)
Increase in debentures		389,405	1,537,091
Decrease in debentures		(970,000)	(940,000)
Dividends paid to shareholders		(981,879)	(861,092)
Redemption of principal elements of lease payments		(535)	(610)
Issuance of hybrid securities		1,142,203	1,296,693
Dividends paid on hybrid securities		(71,538)	(22,860)
Net cash inflow (outflow) from financing activities		(592,344)	1,109,222
Net increase in cash and cash equivalents		494,992	4,547
Cash and cash equivalents at the beginning of the year	29	23,081	18,534
Cash and cash equivalents at the end of the year	29	518,073	23,081

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

Notes to the Separate Financial Statements

December 31, 2021 and 2020

1. The Company

KB Financial Group Inc. (the "Company"), in accordance with Financial Holding Companies Act, was established on September 29, 2008, through stock transfers with the former shareholders of Kookmin Bank, KB Investment & Securities Co., Ltd., KB Asset Management Co., Ltd., KB Real Estate Trust Co., Ltd., KB Investment Co., Ltd., KB Futures Co., Ltd., KB Credit Information Co., Ltd., and KB Data Systems Co., Ltd., and the Company's main business purpose is to control subsidiaries that engage in the financial business or subsidiaries closely related to the financial business through the stock ownership. The headquarter is located at 26, Gukjegeumyung-ro 8-gil, Yeongdeungpo-gu, Seoul. The Company's share capital as of December 31, 2021, is ₩ 2,090,558 million. In 2011, Kookmin Bank spun off its credit card business segment and established a new separate credit card company, KB Kookmin Card Co., Ltd., and KB Investment & Securities Co., Ltd. merged with KB Futures Co., Ltd. The Company established KB Savings Bank Co., Ltd. in January 2012, acquired Yehansoul Savings Bank Co., Ltd. in September 2013, and KB Savings Bank Co., Ltd. merged with Yehansoul Savings Bank Co., Ltd. in January 2014. In March 2014, the Company acquired Woori Financial Co., Ltd. and changed the name to KB Capital Co., Ltd. Meanwhile, the Company included LIG Insurance Co., Ltd. as an associate and changed the name to KB Insurance Co., Ltd. in June 2015, and KB Insurance Co., Ltd. became one of the subsidiaries through a tender offer in May 2017. Also, the Company included Hyundai Securities Co., Ltd. as an associate in June 2016 and included as a subsidiary in October 2016 by comprehensive exchange of shares. Hyundai Securities Co., Ltd. merged with KB Investment & Securities Co., Ltd. in December 2016 and changed its name to KB Securities Co., Ltd. in January 2017. In August 2020, the Company acquired Prudential Life Insurance Company of Korea Ltd., which was classified as a subsidiary.

The Company has been listed on the Korea Exchange ("KRX") since October 10, 2008, and on the New York Stock Exchange ("NYSE") for its American Depositary Shares ("ADS") since September 29, 2008. Number of shares authorized on its Articles of Incorporation is 1,000 million.

2. Basis of Preparation

2.1 Application of Korean IFRS

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

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

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



2.1.1 The Company has applied the following amended standards for the first time for its annual reporting period commencing January 1, 2021.

- Amendments to Korean IFRS No.1116 Leases – Practical Expedient for COVID-19-Related Rent Exemption, Concessions, Suspension

As a practical expedient, a lessee may elect not to assess whether a rent concession occurring as a direct consequence of the COVID-19 pandemic is a lease modification, and the amounts recognized in profit or loss as a result of applying this exemption should be disclosed. These amendments do not have a significant impact on the financial statements.

- Amendments to Korean IFRS No.1109 Financial Instruments, Korean IFRS No.1039 Financial Instruments: Recognition and Measurement, Korean IFRS No.1107 Financial Instruments: Disclosure, Korean IFRS No.1104 Insurance Contracts, and Korean IFRS No.1116 Leases – Interest Rate Benchmark Reform

In relation to interest rate benchmark reform, the amendments provide a practical expedient allowing entities to change the effective interest rate instead of changing the carrying amount and apply hedge accounting without discontinuance although the interest rate benchmark is replaced in hedging relationship. These amendments do not have a significant impact on the financial statements.

2.1.2 The following amended standards have been published that are not mandatory for December 31, 2021 reporting period and have not been adopted by the Company.

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

The application of the practical expedient, a lessee may elect not to assess whether a rent concession occurring as a direct consequence of the COVID-19 pandemic is a lease modification, is extended to lease payments originally due on or before 30 June 2022. A lessee shall apply the practical expedient consistently to eligible contracts with similar characteristics and in similar circumstances. The amendments should be applied for annual reporting periods beginning on or after April 1, 2021, and earlier application is permitted. The Company does not expect that these amendments have a significant impact on the financial statements.

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

The amendments update a reference of definition of assets and liabilities to qualify for recognition in revised Conceptual Framework for Financial Reporting. However, the amendments add an exception for the recognition of liabilities and contingent liabilities within the scope of Korean IFRS No.1037 *Provisions, Contingent Liabilities and Contingent Assets*, and Korean IFRS No.2121 *Levies*. The amendments also confirm that contingent assets should not be recognized at the acquisition date. The amendments should be applied for annual reporting periods beginning on or after January 1, 2022, and earlier application is permitted. The Company does not expect that these amendments have a significant impact on the financial statements.

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

The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while the entity is preparing the asset for its intended use. Instead, the entity will recognize the proceeds from selling such items, and the costs of producing those items, as profit or loss. The amendments should be applied for annual reporting periods beginning on or after January 1, 2022, and earlier application is permitted. The Company does not expect that these amendments have a significant impact on the financial statements.

2.1.2 The following amended standards have been published that are not mandatory for December 31, 2021 reporting period and have not been adopted by the Company. (cont'd)

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

The amendments clarify that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts when assessing whether the contract is onerous. The amendments should be applied for annual reporting periods beginning on or after January 1, 2022, and earlier application is permitted. The Company does not expect that these amendments have a significant impact on the financial statements.

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

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

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

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

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

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

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

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



2.1.2 The following amended standards have been published that are not mandatory for December 31, 2021 reporting period and have not been adopted by the Company. (cont'd)

- Annual improvements to Korean IFRS 2018-2020

Annual improvements of Korean IFRS 2018-2020 Cycle should be applied for annual reporting periods beginning on or after January 1, 2022, and earlier application is permitted. The Company does not expect that these amendments have a significant impact on the financial statements.

- Korean IFRS No.1101 *First-time Adoption of Korean International Financial Reporting Standards* – Subsidiaries that are first-time adopters
- Korean IFRS No.1109 *Financial Instruments* – Fees related to the 10% test for derecognition of financial liabilities
- Korean IFRS No.1116 *Leases* – Lease incentives
- Korean IFRS No.1041 *Agriculture* – Measuring fair value

2.2 Measurement Basis

The separate financial statements have been prepared under the historical cost convention unless otherwise specified.

2.3 Functional and Presentation Currency

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

2.4 Critical Accounting Estimates

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

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

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

2.4.1 Income taxes

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

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

2.4.2 Fair value of financial instruments

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

As described in the significant accounting policies in Note 3.1 Recognition and Measurement of Financial Instruments, diverse valuation techniques are used to determine the fair value of financial instruments, from generally accepted market valuation models to internally developed valuation models that incorporate various types of assumptions and variables.

2.4.3 Net defined benefit liability

The present value of the net defined benefit liability is affected by changes in the various factors determined by the actuarial method.



3. Significant Accounting Policies

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

3.1 Recognition and Measurement of Financial Instruments

3.1.1 Initial recognition

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

For financial reporting purpose, the Company classifies (a) financial assets as financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, or financial assets at amortized cost and (b) financial liabilities as financial liabilities at fair value through profit or loss, or other financial liabilities. These classifications are based on the business model for managing financial instruments and the contractual cash flow characteristics of the financial instrument at initial recognition.

At initial recognition, a financial asset or financial liability is measured at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. The fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The fair value of a financial instrument on initial recognition is normally the transaction price (that is, the fair value of the consideration given or received) in an arm's length transaction.

3.1.2 Subsequent measurement

After initial recognition, financial instruments are measured at amortized cost or fair value based on classification at initial recognition.

3.1.2.1 Amortized cost

The amortized cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

3.1.2.2 Fair value

The Company uses quoted price in an active market which is based on listed market price or dealer price quotations of financial instruments traded in an active market as best estimate of fair value. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

3.1.2.2 Fair value (cont'd)

If there is no active market for a financial instrument, fair value is determined either by using a valuation technique or independent third-party valuation service. Valuation techniques include using recent arm's length market transactions between knowledgeable and willing parties, if available, referencing the current fair value of another instrument that is substantially the same, discounted cash flow analysis, and option pricing models.

The Company uses valuation models that are commonly used by market participants and customized for the Company to determine fair values of common over-the-counter (OTC) derivatives such as options, interest rate swaps, and currency swaps which are based on the inputs observable in markets. However, for some complex financial instruments that require fair value measurement by valuation techniques based on certain assumptions because some or all inputs used in the model are not observable in the market, the Company uses internal valuation models developed from general valuation models or valuation results from independent external valuation institutions.

In addition, the fair value information recognized in the statement of financial position is classified into the following fair value hierarchy, reflecting the significance of the input variables used in the fair value measurement.

Level 1 : Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date

Level 2 : Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 : Unobservable inputs for the asset or liability

The fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety.

If a fair value measurement uses observable inputs that require significant adjustment using unobservable inputs, that measurement is a Level 3 measurement.

If the valuation technique does not reflect all factors which market participants would consider in pricing the asset or liability, the fair value is adjusted to reflect those factors. Those factors include counterparty credit risk, bid-ask spread, liquidity risk, and others.

The Company uses valuation technique which maximizes the use of market inputs and minimizes the use of entity-specific inputs. It incorporates all factors that market participants would consider in pricing the asset or liability and is consistent with economic methodologies applied for pricing financial instruments. Periodically, the Company calibrates the valuation technique and tests its validity using prices of observable current market transactions of the same instrument or based on other relevant observable market data.

3.1.3 Derecognition

Derecognition is the removal of a previously recognized financial asset or financial liability from the statement of financial position. The derecognition criteria for financial assets and financial liabilities are as follows:

3.1.3.1 Derecognition of financial assets

A financial asset is derecognized when the contractual rights to the cash flows from the financial assets expire or the Company transfers substantially all the risks and rewards of ownership of the financial asset, or the Company neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset and the Company has not retained control. Therefore, if the Company does not transfer substantially all the risks and rewards of ownership of the financial asset, the Company continues to recognize the financial asset to the extent of its continuing involvement in the financial asset.

If the Company transfers the contractual rights to receive the cash flows of the financial asset but retains substantially all the risks and rewards of ownership of the financial asset, the Company continues to recognize the transferred asset in its entirety and recognize a financial liability for the consideration received.

The Company writes off a financial asset when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. In general, the Company considers write-off when it is determined that the debtor does not have sufficient funds or income to cover the principal and interest. The write-off decision is made in accordance with internal regulations. After the write-off, the Company can collect the written-off loans continuously according to the internal policy. Recovered amounts from financial assets previously written-off are recognized in profit or loss.

3.1.3.2 Derecognition of financial liabilities

A financial liability is derecognized from the statement of financial position when it is extinguished (i.e., the obligation specified in the contract is discharged, canceled or expires).

3.1.4 Offsetting

A financial asset and a financial liability are offset, and the net amount is presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on a future event and must be legally enforceable in the normal course of business, the event of default, and the event of insolvency or bankruptcy of the Company and all of the counterparties.

3.2 Cash and Due from Financial Institutions

Cash and due from financial institutions include cash on hand, foreign currency, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and due from financial institutions. Cash and due from financial institutions are measured at amortized cost.

3.3 Non-derivative Financial Assets

3.3.1 Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss unless they are classified as financial assets at amortized cost or at fair value through other comprehensive income.

The Company may designate certain financial assets upon initial recognition as at fair value through profit or loss when the designation eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as an 'accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases.

After initial recognition, a financial asset at fair value through profit or loss is measured at fair value and gains or losses arising from a change in fair value are recognized in profit or loss. Interest income using the effective interest method and dividend income from financial assets at fair value through profit or loss are also recognized in profit or loss.

3.3.2 Financial assets at fair value through other comprehensive income

The Company classifies below financial assets as financial assets at fair value through other comprehensive income:

- Debt instruments that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and where the assets' cash flows represent solely payments of principal and interest on the principal amount outstanding and;
- Equity instruments that are not held for short-term trading but held for strategic investment, and designated as financial assets at fair value through other comprehensive income

After initial recognition, a financial asset at fair value through other comprehensive income is measured at fair value. Gains or losses arising from a change in fair value, other than dividend income, interest income calculated using the effective interest method and exchange differences arising on monetary items which are recognized directly in profit or loss, are recognized in other comprehensive income in equity.

When the financial assets at fair value through other comprehensive income is disposed of, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss. However, cumulative gain or loss of equity instruments designated at fair value through other comprehensive income is reclassified to retained earnings not to profit or loss at disposal.

A financial asset at fair value through other comprehensive income denominated in foreign currency is translated at the closing rate. Exchange differences resulting from changes in amortized cost are recognized in profit or loss, and other changes are recognized in equity.

3.3.3 Financial assets at amortized cost

A financial asset, which is held within the business model whose objective is achieved by collecting contractual cash flows, and where the assets' cash flows represent solely payments of principal and interest on the principal amount outstanding, is classified as a financial asset at amortized cost. After initial recognition, a financial asset at amortized cost is measured at amortized cost using the effective interest method and interest income is calculated using the effective interest method.

3.4 Expected Credit Losses of Financial Assets (Debt Instruments)

The Company recognizes loss allowances for expected credit losses at the end of the reporting period for financial assets at amortized cost and fair value through other comprehensive income except for financial assets at fair value through profit or loss.

Expected credit losses are estimated at present value of probability-weighted amount that is determined by evaluating a range of possible outcomes. The Company measures expected credit losses by reflecting all reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions, and forecasts of future economic conditions.

The approaches of measuring expected credit losses in accordance with Korean IFRS are as follows:

- General approach: for financial assets and unused loan commitments not subject to the below 2 approaches
- Simplified approach: for trade receivables, contract assets, and lease receivables
- Credit-impaired approach: for financial assets that are credit-impaired at the time of acquisition

Application of general approach is differentiated depending on whether credit risk has increased significantly after initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures loss allowances for that financial instrument at an amount equal to 12-month expected credit losses, whereas if the credit risk on a financial instrument has increased significantly since initial recognition, the Company measures loss allowances for a financial instrument at an amount equal to the lifetime expected credit losses. Lifetime is the period until the contractual maturity date of financial instruments and means the expected life.

The Company assesses whether the credit risk has increased significantly using the following criteria, and if one or more of the following criteria are met, it is deemed as significant increase in credit risk. If the contractual cash flows of a financial asset have been renegotiated or modified, the Company assesses whether the credit risk has increased significantly using the same following criteria.

- More than 30 days past due
- Decline in credit rating at the end of the reporting period by certain notches or more compared to the time of initial recognition
- Debt restructuring (except for impaired financial assets) and
- Credit delinquency information of Korea Federation of Banks, etc.

Under simplified approach, the Company always measures loss allowances at an amount equal to lifetime expected credit losses. Under credit-impaired approach, the Company only recognizes the cumulative changes in lifetime expected credit losses since initial recognition as loss allowances at the end of the reporting period. In assessing credit impairment, the Company uses definition of default as in the new Basel Accord which rules calculation of Capital Adequacy Ratio.

The Company generally considers the loan to be credit-impaired if one or more of the following criteria are met:

- 90 days or more past due
- Legal proceedings related to collection
- A borrower registered on the credit management list of Korea Federation of Banks
- A corporate borrower with the credit rating C and D
- Debt restructuring, etc.

3.4.1 Forward-looking information

The Company uses forward-looking information, when determining whether credit risk has increased significantly and measuring expected credit losses.

The Company assumes that the risk components have a constant correlation with the economic cycle and uses statistical methodologies to estimate the relation between key macroeconomic variables and risk components for the expected credit losses.

The correlation between the major macroeconomic variables and the credit risk are as follows:

Key macroeconomic variables	Correlation between the major macroeconomic variables and the credit risk
Domestic GDP growth rate	(-)
Composite stock index	(-)
Rate of change of construction investment	(-)
Rate of change of housing transaction price index	(-)
Interest rate spread	(+)
Private consumption growth rate	(-)

Forward-looking information used in calculation of expected credit losses is based on the macroeconomic forecasts utilized by management of the Company for its business plan considering reliable external agency's forecasts and others. The forward-looking information is generated by KB Research with a comprehensive approach to capture the possibility of various economic forecast scenarios that are derived from the internal and external viewpoints of the macroeconomic situation. The Company determines the macroeconomic variables to be used in forecasting future conditions of the economy, considering the direction of the forecast scenario and the significant relationship between macroeconomic variables and time series data. And there are some changes compared to the macroeconomic variables used in the previous year.

3.4.2 Measuring expected credit losses on financial assets at amortized cost

The expected credit losses of financial assets at amortized cost are measured as present value of the difference between the contractual cash flows to be received and the cash flows expected to be received. The Company estimates expected future cash flows for financial assets that are individually significant. The Company selects the individually significant financial assets by comprehensively considering quantitative and qualitative factors (such as debt restructuring or negative net assets, etc.) among financial assets with the credit risk has increased significantly or credit-impaired (individual assessment of impairment).

For financial assets that are not individually significant, the Company collectively estimates expected credit losses by grouping loans with a homogeneous credit risk profile (collective assessment of impairment).

3.4.2.1 Individual assessment of impairment

Individual assessment of impairment losses is performed using management's best estimate on the present value of expected future cash flows. The Company uses all the available information including financial condition of the borrower such as operating cash flow and net realizable value of any collateral held.



3.4.2.2 Collective assessment of impairment

Collective assessment of impairment losses is performed by using a methodology based on historical loss experience and reflecting forward-looking information. Such a process incorporates factors such as type of collateral, type of product, type of borrower, credit rating, size of portfolio, and recovery period and applies Probability of Default ("PD") on a group of assets and Loss Given Default ("LGD") by type of recovery method. Also, the Company applies certain assumptions to model expected credit losses assessment and to determine input based on loss experience and forward-looking information. These models and assumptions are periodically reviewed to reduce the gap between loss estimate and actual loss experience.

The lifetime expected credit losses are measured by applying the PD to the carrying amount calculated by deducting the expected principal repayment amount from the carrying amount as of the reporting date and the LGD adjusted to reflect changes in the carrying amount.

3.4.3 Measuring expected credit losses on financial assets at fair value through other comprehensive income

The Company measures expected credit losses on financial assets at fair value through other comprehensive income in a manner that is consistent with the requirements that are applicable to financial assets at amortized cost. However, loss allowances are recognized in other comprehensive income. Upon disposal or repayment of financial assets at fair value through other comprehensive income, the amount of loss allowances is reclassified from other comprehensive income to profit or loss.

3.5 Revenue Recognition

The Company recognizes revenues in accordance with the following steps determined in accordance with Korean IFRS No.1115 *Revenue from Contracts with Customers*.

- Step 1: Identify the contract with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

3.5.1 Interest income and expense

Interest income and expense on debt securities at fair value through profit or loss (excluding beneficiary certificates, equity investments, and other debt securities), loans, financial instruments at amortized cost, and debt securities at fair value through other comprehensive income are recognized in the statement of comprehensive income using the effective interest method in accordance with Korean IFRS No.1109 *Financial Instruments*. The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and allocating the interest income or interest expense over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument or, where appropriate, a shorter period, to the gross carrying amount of a financial asset or to the amortized cost of a financial liability. When calculating the effective interest rate, the Company estimates expected cash flows by considering all contractual terms of the financial instrument but does not consider expected credit losses. The calculation includes all fees and points paid (main components of effective interest rate only) or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts. In those rare cases when it is not possible to reliably estimate the cash flows and the expected life of a financial instrument, the Company uses the contractual cash flows over the full contractual term of the financial instrument.

3.5.1 Interest income and expense (cont'd)

Interest income on impaired financial assets is recognized using the interest rate used to discount the expected cash flows for the purpose of measuring the impairment loss.

Interest income on debt securities at fair value through profit or loss is also classified as interest income in the statement of comprehensive income.

3.5.2 Fee and commission income

The Company recognizes financial service fees in accordance with the purpose of charging the fees and the accounting standards of the financial instrument related to the fees earned.

3.5.2.1 Fees that are an integral part of the effective interest of a financial instrument

Such fees are generally treated as adjustments of effective interest rate. Such fees may include compensation for activities such as evaluating the borrower's financial condition, evaluating and recording guarantees, collateral and other security arrangements, negotiating the terms of the instrument, preparing and processing documents, and closing the transaction and origination fees received on issuing financial liabilities at amortized cost. However, fees relating to the creation or acquisition of a financial instrument at fair value through profit or loss are recognized as revenue immediately.

3.5.2.2 Fees related to performance obligations satisfied over time

If the control of a good or service is transferred over time, the Company recognizes revenue related to performance obligations over the period of performance obligations. Fees charged in return for the services for a certain period of time, such as asset management fees, consignment business fees, etc. are recognized over the period of performance obligations.

3.5.2.3 Fees related to performance obligations satisfied at a point in time

Fees earned at a point in time are recognized as revenue when a customer obtains controls of a promised good or service and the Company satisfies a performance obligation.

3.5.3 Net gains/losses on financial instruments at fair value through profit or loss

Net gains or losses on financial instruments at fair value through profit or loss (including changes in fair value, dividends, and gains or losses from foreign currency translation) include gains or losses on financial instruments as follows:

- Gains or losses relating to financial instruments at fair value through profit or loss (excluding interest income using the effective interest rate method)
- Gains or losses relating to derivative financial instruments for trading (including derivative financial instruments for hedging purpose but do not qualify for hedge accounting)

3.5.4 Dividend income

Dividend income is recognized in profit or loss when the right to receive payment is established. Dividend income is recognized as net gains or losses on financial instruments at fair value through profit or loss or other operating income depending on the classification of equity securities.

3.6 Investments in Subsidiaries and Associates

Investments in subsidiaries and associates are accounted at cost method in accordance with Korean IFRS No.1027. The Company determines at each reporting period whether there is any objective evidence that the investments in the subsidiaries and associates are impaired. If this is the case, the Company calculates the amount of impairment as the difference between the recoverable amount of the subsidiaries or associates and its carrying value.

3.7 Property and Equipment

3.7.1 Recognition and measurement

Property and equipment that qualify for recognition as an asset are measured at cost and subsequently carried at its cost less any accumulated depreciation and any accumulated impairment losses.

The cost of property and equipment includes any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Subsequent expenditures are capitalized only when they prolong the useful life or enhance values of the assets but the costs of the day-to-day servicing of the assets such as repair and maintenance costs are recognized in profit or loss as incurred. When part of an item of property and equipment has a useful life different from that of the entire asset, it is recognized as a separate asset.

3.7.2 Depreciation

Land is not depreciated, whereas other property and equipment are depreciated using the method that reflects the pattern in which the asset's future economic benefits are expected to be consumed by the Company. The depreciable amount of an asset is determined after deducting its residual value.

Each part of an item of property and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation method and estimated useful life of property and equipment are as follows:

Property and equipment	Depreciation method	Estimated useful life
Leasehold improvements	Declining-balance	4 years
Equipment and vehicles	Declining-balance	4 years

The residual value, the useful life, and the depreciation method applied to an asset are reviewed at each financial year-end and, if expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

3.8 Intangible Assets

Intangible assets are measured initially at cost and subsequently carried at their cost less any accumulated amortization and any accumulated impairment losses.

Intangible assets, except for membership rights, are amortized using the straight-line method with no residual value over their estimated useful life since the assets are available for use.

Intangible assets	Amortization method	Estimated useful life
Software	Straight-line	4 years
Others	Straight-line	4 ~ 19 years

The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Where an intangible asset is not being amortized because its useful life is indefinite, the Company carries out a review in each accounting period to confirm whether events and circumstances still support an indefinite useful life assessment. If they do not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate.

3.9 Impairment of Non-financial Assets

The Company assesses at the end of each reporting period whether there is any indication that a non-financial asset, except for (a) deferred income tax assets, (b) assets arising from employee benefits and (c) non-current assets (or group of assets to be sold) classified as held for sale, may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset.

The recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the Company determines the recoverable amount of the cash-generating unit to which the asset belongs. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit that are discounted by a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss and recognized immediately in profit or loss.

3.10 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Inevitable risks and uncertainties surrounding related events and circumstances are considered in measuring the best estimate of the provisions, and where the effect of the time value of money is material, the amount of provisions is the present value of the expenditures expected to be required to settle the obligation.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provisions are reversed.

3.11 Equity Instrument Issued by the Company

An equity instrument is any contract or agreement that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

3.11.1 Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or the exercise of stock option are deducted from the equity, net of any tax effects.

3.11.2 Hybrid securities

The financial instruments can be classified as either financial liabilities or equity in accordance with the terms of the contract. The Company classifies hybrid securities as an equity if the Company has the unconditional right to avoid any contractual obligation to deliver cash or another financial asset in relation to the financial instruments.

3.12 Employee Compensation and Benefits

3.12.1 Post-employment benefits

3.12.1.1 Defined contribution plans

When an employee has rendered service to the Company during a period, the Company recognizes the contribution payable to a defined contribution plan in exchange for that service as post-employment benefits for the period.

3.12.1.2 Defined benefit plans

All post-employment benefits, other than defined contribution plans, are classified as defined benefit plans. The amount recognized as a net defined benefit liability is the present value of the defined benefit obligation less the fair value of plan assets at the end of the reporting period.

The present value of the defined benefit obligation is calculated annually by independent actuaries using the Projected Unit Credit method. The rate used to discount post-employment benefit obligations is determined by reference to market yields at the end of the reporting period on high quality corporate bonds. The currency and term of the corporate bonds are consistent with the currency and estimated term of the post-employment benefit obligations. Actuarial gains and losses resulted from changes in actuarial assumptions and experience adjustments are recognized in other comprehensive income.

When the present value of the defined benefit obligation minus the fair value of plan assets results in an asset, it is recognized to the extent of the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting from the introduction or changes to a defined benefit plan. Such past service cost is immediately recognized as an expense for the period.

3.12.2 Short-term employee benefits

Short-term employee benefits are employee benefits that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. When an employee has rendered service to the Company during an accounting period, the Company recognizes the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service as an expense for the period.

The expected cost of profit-sharing and bonus payments is recognized as liabilities when the Company has a present legal or constructive obligation to make payments as a result of past events, such as service rendered by employees, and a reliable estimate of the obligation can be made.

3.12.3 Share-based payment

The Company provides stock grants program to executives and employees of the Company and its subsidiaries. When stock grants are exercised, the Company can either select to distribute newly issued shares or treasury shares or compensate in cash based on the share price.

For a share-based payment transaction in which the terms of the arrangement provide the Company with the choice of whether to settle in cash or by issuing equity instruments, the Company accounts for the transaction in accordance with the requirements applying to cash-settled share-based payment transactions because the Company determines that it has a present obligation to settle in cash based on a past practice and a stated policy of settling in cash.

Therefore, the Company measures the liability incurred as consideration for the service received at fair value and recognizes related expense and accrued expense over the vesting periods. Until the liability is settled, the Company remeasures the fair value of the liability at the end of each reporting period and at the date of settlement, with any changes in fair value recognized in profit or loss as share-based payments.

3.12.4 Termination benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or an employee's decision to accept an offer of benefits in exchange for the termination of employment. The Company recognizes a liability and expense for termination benefits at the earlier of the following dates; when the Company can no longer withdraw the offer of those benefits and when the Company recognizes costs for a restructuring that is within the scope of Korean IFRS No.1037 and involves the payment of termination benefits. If the termination benefits are not expected to be settled wholly before twelve months after the end of the annual reporting period, then the termination benefits are discounted to present value.



3.13 Income Tax Expense

Income tax expense comprises current tax expense and deferred income tax expense. Current and deferred income tax are recognized as income or expense and included in profit or loss for the period, except to the extent that the tax arises from (a) a transaction or event which is recognized, in the same or a different period, outside profit or loss, either in other comprehensive income or directly in equity and (b) a business combination.

3.13.1 Current income tax

Current income tax is the amount of income tax payable (recoverable) in respect of the taxable profit (tax loss) for a period. A difference between the taxable profit and accounting profit may arise when income or expense is included in accounting profit in one period but is included in taxable profit in a different period. Differences may also arise if there is revenue that is exempt from taxation, or expense that is not deductible in determining taxable profit (loss). Current income tax liabilities for the current and prior periods are measured using the tax rates that have been enacted or substantively enacted by the end of the reporting period.

The Company offsets current income tax assets and current income tax liabilities if, and only if, the Company (a) has a legally enforceable right to set off the recognized amounts and (b) intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

3.13.2 Deferred income tax

Deferred income tax is recognized, using the asset-liability method, on temporary differences arising between the tax-based amount of assets and liabilities and their carrying amount in the financial statements. Deferred income tax liabilities are recognized for all taxable temporary differences and deferred income tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized. However, deferred income tax liabilities are not recognized if they arise from the initial recognition of goodwill; deferred income tax assets and liabilities are not recognized if they arise from the initial recognition of an asset or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting nor taxable profit or loss.

The carrying amount of a deferred income tax asset is reviewed at the end of each reporting period. The Company reduces the carrying amount of a deferred income tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred income tax liabilities and deferred income tax assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

The Company offsets deferred income tax assets and deferred income tax liabilities if, and only if the Company has a legally enforceable right to set off current income tax assets against current income tax liabilities and the deferred income tax assets and the deferred income tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current income tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred income tax liabilities or assets are expected to be settled or recovered.

3.13.3 Uncertain tax positions

Uncertain tax positions arise from tax treatments applied by the Company which may be challenged by the tax authorities due to the complexity of the transaction or different interpretation of the tax laws, such as a claim for rectification, a claim for a refund related to additional tax or a tax investigation by the tax authorities. The Company recognizes its uncertain tax positions in the financial statements in accordance with Korean IFRS No.1012 and Interpretation of Korean IFRS No.2123. The income tax asset is recognized if a tax refund is probable for taxes levied by the tax authority, and the amount to be paid as a result of the tax investigation and others is recognized as the current tax payable. However, penalty tax and additional refund on tax are regarded as penalty or interest and are accounted for in accordance with Korean IFRS No.1037.

3.14 Earnings per Share

The Company calculates basic earnings per share amounts and diluted earnings per share amounts for profit or loss for the period and presents them in the statement of comprehensive income. Basic earnings per share is calculated by dividing profit or loss attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is calculated by adjusting the profit or loss attributable to ordinary equity holders of the Parent Company and weighted average number of shares outstanding, taking into account all potential dilution effects, such as exchangeable bonds and share-based payments given to employees.

3.15 Lease

The Company as a lessor recognizes lease payments from operating leases as income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognized as expense over the lease term on the same basis as lease income. The respective leased assets are included in the statement of financial position based on their nature.

A lessee is required to recognize a right-of-use asset (lease assets) representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Assets and liabilities arising from a lease are initially measured at the present value.

Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payments that depend on an index or a rate
- Amounts expected to be payable by the lessee under residual value guarantees
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease

The lease payments are discounted using the interest rate implicit in the lease if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used, which is the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

3.15 Lease (cont'd)

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of the lease liability
- Any lease payments made at or before the commencement date, less any lease incentives received
- Any initial direct costs incurred by the lessee, and
- An estimate of restoration costs

However, the Company can elect not to apply the requirements of Korean IFRS No.1116 to short-term lease (lease that, at the commencement date, has a lease term of 12 months or less) and leases for which the underlying asset is of low value (for example, underlying leased asset under \$ 5,000).

The right-of-use asset is depreciated from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

For sale and leaseback transactions, the Company applies the requirements of Korean IFRS No.1115 *Revenue from Contracts with Customers*, to determine whether the transfer of an asset is accounted for as a sale of that asset.

4. Financial Risk Management

4.1 Summary

4.1.1 Overview of financial risk management policy

The financial risks that the Company is exposed to are credit risk, market risk, liquidity risk, and others.

This note regarding financial risk management provides information about the risks that the Company is exposed to and about its objectives, policies, risk assessment and management procedures, and capital management. Additional quantitative information is disclosed throughout the separate financial statements.

The Company's risk management system focuses on efficiently supporting long-term strategy and management decisions of the Company by increasing risk transparency, preventing risk transfer between subsidiaries and preemptive response to rapidly changing financial environments. Credit risk, market risk, operational risk, interest rate risk, insurance risk, credit concentration risk, strategy risk, and reputation risk are recognized as significant risks and measured and managed by quantifying them in the form of internal capital or Value at Risk ("VaR") using statistical methods.

4.1.2 Risk management organization

4.1.2.1 Risk Management Committee

The Risk Management Committee, as the ultimate decision-making body, deals with risk-related issues, such as establishing risk management strategies in accordance with the strategic direction determined by the board of directors, determining the affordable level of risk appetite, reviewing the level of risk and the status of risk management activities, approving the application of risk management systems, methodologies, and major improvements, and establishing and approving risk management policies and procedures to timely recognize, measure, monitor, and control risks arising from various transactions by the Company and subsidiaries (the "Group").

4.1.2.2 Risk Management Council

The Risk Management Council is responsible for consulting on matters delegated by the Risk Management Committee and requests for review by the Group Management Executive Committee, consulting on details of each subsidiary's risk management policies and procedures, monitoring the Group's risk management status, and establishing and implementing necessary measures.

4.1.2.3 Risk Management Department

The Risk Management Department performs the Company's risk management detailed policies, procedures, and business processes, and is responsible for calculating the Group's risk-weighted assets, monitoring and managing internal capital limits.

4.2 Credit Risk

4.2.1 Overview of credit risk

Credit risk is the risk of loss from the portfolio of assets held due to the counterparty's default, breach of contract, and deterioration of credit quality. For risk management purposes, the Company considers default risk of individual borrowers.

4.2.2 Credit risk management

The Company measures the expected losses of assets subject to credit risk management and uses them as a management indicator.

4.2.3 Maximum exposure to credit risk

The Company's maximum exposures to credit risk without consideration of collateral values in relation to financial instruments other than equity securities as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021		December 31, 2020	
Due from financial institutions	₩	608,076	₩	23,084
Loans measured at amortized cost *		249,128		179,542
Loans measured at fair value through profit or loss		51,154		85,367
Other financial assets *		36,078		33,053
	₩	944,436	₩	321,046

* After netting of allowance

4.2.4 Credit risk of loans

The Company maintains allowances for loan losses associated with credit risk of loans to manage its credit risk.

The Company assesses expected credit losses and recognizes loss allowances of financial assets at amortized cost and financial asset at fair value through other comprehensive income. Financial assets at fair value through profit or loss are excluded. Expected credit losses are a probability-weighted estimate of possible credit losses occurring in a certain range by reflecting reasonable and supportable information that is reasonably available at the end of the reporting period without undue cost or effort, including information about past events, current conditions, and forecasts of future economic conditions. The Company measures the expected credit losses on loans classified as financial assets at amortized cost, by deducting allowances for credit losses. The expected credit losses of loans classified as financial assets at fair value through other comprehensive income are presented in other comprehensive income in the financial statements.

Credit qualities of loans measured at amortized cost as of December 31, 2021 and 2020, are classified as follows:

(In millions of Korean won)

	December 31, 2021				
	12-month expected credit losses	Lifetime expected credit losses		Not applying expected credit losses	Total
		Non-impaired	Impaired		
Loans measured at amortized cost *					
Corporate					
Grade 1	₩ 250,000	₩ -	₩ -	₩ -	₩ 250,000
Grade 2	-	-	-	-	-
Grade 3	-	-	-	-	-
Grade 4	-	-	-	-	-
Grade 5	-	-	-	-	-
	₩ 250,000	₩ -	₩ -	₩ -	₩ 250,000

4.2.4 Credit risk of loans (cont'd)

(In millions of Korean won)

	December 31, 2020				
	12-month expected credit losses	Lifetime expected credit losses		Not applying expected credit losses	Total
		Non-impaired	Impaired		
Loans measured at amortized cost *					
Corporate					
Grade 1	₩ 180,000	₩ -	₩ -	₩ -	₩ 180,000
Grade 2	-	-	-	-	-
Grade 3	-	-	-	-	-
Grade 4	-	-	-	-	-
Grade 5	-	-	-	-	-
	₩ 180,000	₩ -	₩ -	₩ -	₩ 180,000

* Before netting of allowance

Credit qualities of loans graded according to the probability of default as December 31, 2021 and 2020, are as follows:

	Range of probability of default (%)
Grade 1	0.0 ~ 1.0
Grade 2	1.0 ~ 5.0
Grade 3	5.0 ~ 15.0
Grade 4	15.0 ~ 30.0
Grade 5	30.0 ~

4.2.5 Credit risk of due from financial institutions

Credit qualities of due from financial institutions as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021				
	12-month expected credit losses	Lifetime expected credit losses		Not applying expected credit losses	Total
		Non-impaired	Impaired		
Due from financial institutions measured at amortized cost					
Grade 1	₩ 608,076	₩ -	₩ -	₩ -	₩ 608,076
Grade 2	-	-	-	-	-
Grade 3	-	-	-	-	-
Grade 4	-	-	-	-	-
Grade 5	-	-	-	-	-
	₩ 608,076	₩ -	₩ -	₩ -	₩ 608,076



4.2.5 Credit risk of due from financial institutions (cont'd)

(In millions of Korean won)

	December 31, 2020								
	12-month expected credit losses	Lifetime expected credit losses		Not applying expected credit losses	Total				
		Non-impaired	Impaired						
Due from financial institutions measured at amortized cost									
Grade 1	₩ 23,084	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	₩ 23,084
Grade 2	-	-	-	-	-	-	-	-	-
Grade 3	-	-	-	-	-	-	-	-	-
Grade 4	-	-	-	-	-	-	-	-	-
Grade 5	-	-	-	-	-	-	-	-	-
	₩ 23,084	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	₩ 23,084

4.2.6 Credit risk concentration analysis

4.2.6.1 Classifications of loans by country as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021			
	Corporate loans *	%	Allowances	Carrying amount
Korea	₩ 301,154	100.00	₩ (872)	₩ 300,282

(In millions of Korean won)

	December 31, 2020			
	Corporate loans *	%	Allowances	Carrying amount
Korea	₩ 265,367	100.00	₩ (458)	₩ 264,909

* Amount includes loans measured at fair value through profit or loss and amortized cost.

4.2.6.2 Classifications of corporate loans by industry as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021			
	Corporate loans *	%	Allowances	Carrying amount
Financial institutions	₩ 301,154	100.00	₩ (872)	₩ 300,282

(In millions of Korean won)

	December 31, 2020			
	Corporate loans *	%	Allowances	Carrying amount
Financial institutions	₩ 265,367	100.00	₩ (458)	₩ 264,909

* Amount includes loans measured at fair value through profit or loss and amortized cost.

4.2.6.3 Classifications of due from financial institutions by industry as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021			
	Amount	%	Allowances	Carrying amount
Due from financial institutions measured at amortized cost				
Financial institutions	₩ 608,076	100.00	₩ -	₩ 608,076

(In millions of Korean won)

	December 31, 2020			
	Amount	%	Allowances	Carrying amount
Due from financial institutions measured at amortized cost				
Financial institutions	₩ 23,084	100.00	₩ -	₩ 23,084

4.2.6.4 Classifications of due from financial institutions by country as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021			
	Amount	%	Allowances	Carrying amount
Due from financial institutions measured at amortized cost				
Korea	₩ 608,076	100.00	₩ -	₩ 608,076

(In millions of Korean won)

	December 31, 2020			
	Amount	%	Allowances	Carrying amount
Due from financial institutions measured at amortized cost				
Korea	₩ 23,084	100.00	₩ -	₩ 23,084



4.3 Liquidity Risk

4.3.1 Overview of liquidity risk

Liquidity risk is a risk that the Company becomes insolvent due to the mismatch between the inflow and outflow of funds, unexpected cash outflows, or a risk of loss due to financing funds at a high interest rate or disposing of securities at an unfavorable price due to lack of available funds. The Company manages its liquidity risk through analysis of the contractual maturity of all financial assets and liabilities and discloses in six categories such as on demand, less than one month, between one month to three months, between three months to one year, between one year to five years, and over five years.

4.3.2. Liquidity risk management

The liquidity risk is managed by risk management policies and liquidity risk management guidelines set forth in these policies that apply to all risk management policies and procedures that may arise throughout the overall business of the Company.

4.3.3. Analysis of remaining contractual maturity of financial liabilities

The cash flows disclosed in the maturity analysis are undiscounted contractual amounts including principal and future interest payments; as such, amounts in the table below do not match with those in the statements of financial position which are based on discounted cash flows. The future interest payments for floating-rate liabilities are calculated on the assumption that the current interest rate is the same until maturity.

Remaining contractual maturity of financial liabilities as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021						
	On Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Financial liabilities							
Debentures	₩ -	₩ 5,723	₩ 281,461	₩ 910,178	₩ 3,398,017	₩ 1,403,061	₩ 5,998,440
Lease liabilities	-	40	63	263	333	-	699
Other financial liabilities	-	1,491	-	-	-	-	1,491
	₩ -	₩ 7,254	₩ 281,524	₩ 910,441	₩ 3,398,350	₩ 1,403,061	₩ 6,000,630

(In millions of Korean won)

	December 31, 2020						
	On Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Financial liabilities							
Borrowings	₩ -	₩ -	₩ 100,000	₩ -	₩ -	₩ -	₩ 100,000
Debentures	-	86,182	224,662	772,339	3,789,311	1,795,876	6,668,370
Lease liabilities	-	48	54	222	208	-	532
Other financial liabilities	-	2,712	-	-	-	-	2,712
	₩ -	₩ 88,942	₩ 324,716	₩ 772,561	₩ 3,789,519	₩ 1,795,876	₩ 6,771,614

4.4 Market Risk

4.4.1 Concept

Market risk refers to risks that can result in losses due to changes in market factors such as interest rate, stock price, and foreign exchange rate, etc. The Company manages the market risks by dividing them into those arising from the trading position and those arising from the non-trading position.

4.4.2 Trading position

In accordance with Financial Holding Companies Act, the Company's main business is to control financial companies or companies closely related to the financial service. And the Company cannot perform any other business other than managing activities as a holding company, therefore there is no risk of trading position.

4.4.3 Non-trading position

Non-trading position refers to the part except trading position, and the main risk the Company is managing is interest rate risk.

4.4.3.1 Interest rate risk

(a) Definition of interest rate risk

Interest rate risk refers to the risk of changes in the value (fair value) of the items in the statement of financial position due to changes in interest rate and the risk of changes in cash flows related to interest income and interest expense arising from investment and financing activities.

(b) Observation method and management indicator on interest rate risk

The main objective of interest rate risk management is to protect the value changes from interest rate fluctuations. In addition to the Interest Rate Risk in the Banking Book ("IRRBB") standard methodology required for disclosure, the Company applies the IRRBB methodology to measure and manage interest rate risk in a historical-simulation method including interest rate volatility during the past financial crisis (FY2008-FY2009).

(c) Changes in Economic Value of Equity ("ΔEVE") and Changes in Net Interest Income ("ΔNII")

ΔEVE means changes in equity and earnings due to the changes in value of interest-sensitive assets and liabilities, etc. when interest rate changes, and ΔNII means changes in net interest income. The Company calculates ΔEVE by applying following six interest rate shock and stress scenarios, and ΔNII by applying parallel shock up and parallel shock down scenarios. The interest rate risk for the interest rate shock and stress scenario is calculated only when the risk for each scenario is a loss.

- Scenario 1 : Parallel shock up
- Scenario 2 : Parallel shock down
- Scenario 3 : Steepener shock (short rates down and long rates up)
- Scenario 4 : Flattener shock (short rates up and long rates down)
- Scenario 5 : Short rates shock up
- Scenario 6 : Short rates shock down

4.4.3.1 Interest rate risk (cont'd)

Δ EVE is maximum out of six interest rate shock and stress scenarios, and Δ NII is maximum of parallel shock up and parallel shock down scenarios. Results as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021		December 31, 2020	
Δ EVE	₩	733,729	₩	549,940
Δ NII		1,530		10,734

4.5 Capital Management

The Company as a financial holding company under the Financial Holding Companies Act, complies with the consolidated capital adequacy standard established by the financial supervisory authority. This capital adequacy standard is based on Basel III revised by Basel Committee on Banking Supervision in Bank for International Settlements ("BIS") in June 2011 and was implemented in Korea in December 2013. According to this standard, the Group is required to maintain a minimum capital adequacy ratio to risk-weighted assets (Common Equity Tier 1 Capital ratio of 8.0%, Tier 1 Capital ratio of 9.5%, and Total Capital ratio of 11.5%) as of December 31, 2021.

The Group's capital is classified into three categories in accordance with the Detailed Regulations on Supervision of Financial Holding Companies as follows:

- Common Equity Tier 1 Capital: Common equity Tier 1 Capital is the first to take losses of the Group and is the last to be compensated in liquidation of the Group and not repaid except for liquidation. It includes capital, capital surplus, retained earnings, non-controlling interests of the consolidated subsidiaries, accumulated other comprehensive income, and other capital surplus, etc.
- Additional Tier 1 Capital: Additional Tier 1 Capital includes capital, capital surplus, etc. related to the issuance of capital securities of a permanent nature that meets the conditional capital securities requirements.
- Tier 2 Capital: Tier 2 Capital means capital that can compensate for losses of the Group upon liquidation, including (a) the amount of subordinated bonds with maturity of not less than 5 years that meet the conditional capital securities requirements, and (b) the allowances for credit losses accumulated on the loans which are classified as normal or precautionary in accordance with Regulations on Supervision of Financial Holding Companies, and others.

The risk-weighted assets are the magnitude of the amount of risk inherent in the total asset held by the Group. The Group calculates risk-weighted assets by each risk (credit risk, market risk, and operational risk) based on the Detailed Regulations on Supervision of Financial Holding Companies and uses them to calculate capital adequacy ratio.

The Group evaluates and manages capital adequacy through separate internal policies. The evaluation of capital adequacy compares the size of available capital (the amount of capital actually available) to the size of internal capital (the amount of capital required to cover all the significant risks faced by the Group under its target credit rating), which monitors financial soundness and provides a risk-adjusted performance measurement basis.

Internal capital refers to the capital required to prevent the Group's insolvency from future unexpected losses. The Group operates a system to measure, allocate and manage internal capital to major subsidiaries by risk type.

4.5 Capital Management (cont'd)

The Risk Management Committee of the Company determines the risk appetite of the Group, allocates internal capital by risk type and major subsidiaries, and major subsidiaries operate capital efficiently within the range of the allocated internal capital. The Risk Management Department of the Group monitors internal capital limit management and reports it to management and the Risk Management Committee. If the limit of internal capital is expected to be exceeded due to new businesses or business expansion, the Group's capital adequacy management is carried out through review and approval by the Risk Management Committee in advance.

Details of the Company's capital adequacy ratio in accordance with Basel III requirements as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021		December 31, 2020	
Total Capital:	₩	45,882,765	₩	40,080,136
Tier 1 Capital		42,305,442		36,895,778
Common Equity Tier 1 Capital		39,144,259		34,886,283
Additional Tier 1 Capital		3,161,183		2,009,495
Tier 2 Capital		3,577,323		3,184,358
Risk-Weighted Assets:		290,913,570		262,349,242
Total Capital ratio (%):		15.77		15.28
Tier 1 Capital ratio (%)		14.54		14.06
Common Equity Tier 1 Capital ratio (%)		13.46		13.30



5. Financial Assets and Financial Liabilities

5.1 Classification and Fair Value of Financial Instruments

5.1.1 Carrying amount and fair value of financial assets and liabilities by category as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021	
	Carrying amount	Fair value
Financial assets		
Financial assets at fair value through profit or loss		
Hybrid securities	₩ 389,606	₩ 389,606
Loans	51,154	51,154
Financial assets at amortized cost		
Due from financial institutions	608,076	608,076
Loans	249,128	249,128
Other financial assets	36,078	36,078
	₩ 1,334,042	₩ 1,334,042
Financial liabilities		
Financial liabilities at amortized cost		
Debentures	₩ 5,552,791	₩ 5,509,648
Other financial liabilities	13,913	13,913
	₩ 5,566,704	₩ 5,523,561

(In millions of Korean won)

	December 31, 2020	
	Carrying amount	Fair value
Financial assets		
Financial assets at fair value through profit or loss		
Hybrid securities	₩ 388,895	₩ 388,895
Loans	85,367	85,367
Financial assets at amortized cost		
Due from financial institutions	23,084	23,084
Loans	179,542	179,542
Other financial assets	33,053	33,053
	₩ 709,941	₩ 709,941
Financial liabilities		
Financial liabilities at amortized cost		
Borrowings	₩ 100,000	₩ 100,000
Debentures	6,128,043	6,258,394
Other financial liabilities	16,444	16,444
	₩ 6,244,487	₩ 6,374,838

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The Company discloses the fair value of each class of assets and liabilities in a way that permits it to be compared with its carrying amount at the end of each reporting period. The best evidence of fair value of financial instruments is quoted price in an active market.

5.1.1 Carrying amount and fair value of financial assets and liabilities by category as of December 31, 2021 and 2020, are as follows: (cont'd)

Methods of determining fair value of financial instruments are as follows:

Cash and due from financial institutions	Fair value of cash is same as carrying amount. Carrying amount of demand deposit and settlement deposit is a reasonable approximation of fair value because these financial instruments do not have a fixed maturity and are receivable on demand. Fair value of general deposit is measured using Discounted Cash Flow ("DCF") Model.
Securities	Fair value of financial instruments that are quoted in an active market is determined using the quoted prices. If there is no quoted price, fair value is determined using external professional valuation institutions. The institutions use one or more valuation techniques that are deemed appropriate considering the characteristics of the financial instruments among DCF Model, Imputed Market Value Model, Free Cash Flow to Equity Model, Dividend Discount Model, Risk Adjusted Discount Rate Method, and Net Asset Value Method.
Derivatives	Fair value of exchange traded derivatives is determined using quoted price in an active market, and fair value of OTC derivatives is determined using valuation techniques. The Company uses internally developed valuation models that are widely used by market participants to determine fair value of plain vanilla OTC derivatives including options, interest rate swaps, and currency swaps, based on observable market parameters. However, some complex financial instruments are valued using appropriate models developed from generally accepted market valuation models including the Finite Difference Method ("FDM"), and the MonteCarlo Simulation or valuation results from independent external professional valuation institution.
Loans measured at amortized cost	Fair value of loans is determined using DCF model discounting the expected cash flows, which are contractual cash flows adjusted by the expected prepayment rate, at an appropriate discount rate.
Borrowings	DCF model is used to determine the fair value of borrowings, but in the case of short-term maturity, carrying amount is a reasonable approximation of fair value.
Debentures	Fair value is determined by using valuation results of external professional valuation institutions, which are calculated using market inputs.
Other financial assets and other financial liabilities	Carrying amount is a reasonable approximation of fair value because other financial assets and other financial liabilities are temporary accounts used for other various transactions and their maturities are relatively short or not defined.



5.1.2 Fair value hierarchy

The Company believes that valuation techniques used for measuring the fair value of financial instruments are reasonable and that the fair value recognized in the statements of financial position is appropriate. However, the fair value of the financial instruments recognized in the statements of financial position may be different if other valuation techniques or assumptions are used. Additionally, as there are a variety of valuation techniques and assumptions used in measuring fair value, it may be difficult to reasonably compare the fair value with that of other financial institutions.

The Company classifies and discloses fair value of the financial instruments into the three fair value levels as follows:

Level 1 : The fair values are based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 : The fair values are based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 : The fair values are based on unobservable inputs for the asset or liability.

The fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. If an observable input requires an adjustment using an unobservable input and that adjustment results in a significantly higher or lower fair value measurement, the resulting measurement would be categorized within Level 3 of the fair value hierarchy.

5.1.2.1 Fair value hierarchy of financial assets and liabilities at fair value in the statements of financial position

Fair value hierarchy of financial assets at fair value in the statements of financial position as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021			
	Fair value hierarchy			Total
	Level 1	Level 2	Level 3	
Financial assets				
Financial assets at fair value through profit or loss:				
Hybrid securities	₩ -	₩ -	₩ 389,606	₩ 389,606
Loans	-	51,154	-	51,154
	₩ -	₩ 51,154	₩ 389,606	₩ 440,760

(In millions of Korean won)

	December 31, 2020			
	Fair value hierarchy			Total
	Level 1	Level 2	Level 3	
Financial assets				
Financial assets at fair value through profit or loss:				
Hybrid securities	₩ -	₩ -	₩ 388,895	₩ 388,895
Loans	-	85,367	-	85,367
	₩ -	₩ 85,367	₩ 388,895	₩ 474,262

5.1.2.1 Fair value hierarchy of financial assets and liabilities at fair value in the statements of financial position (cont'd)

Valuation techniques and inputs of financial assets and liabilities classified as Level 2 and measured at fair value in the statements of financial position as of December 31, 2021 and 2020, are as follows:

	December 31, 2021			
	Fair value	Valuation techniques	Inputs	
Financial assets				
Financial assets at fair value through profit or loss:				
Loans	₩ 51,154	DCF model	Interest rate, Discount rate, etc.	

	December 31, 2020			
	Fair value	Valuation techniques	Inputs	
Financial assets				
Financial assets at fair value through profit or loss:				
Loans	₩ 85,367	DCF model	Interest rate, Discount rate, etc.	

5.1.2.2 Fair value hierarchy of financial assets and liabilities whose fair value is disclosed

Fair value hierarchy of financial assets and liabilities whose fair value is disclosed as of December 31, 2021 and 2020, are as follows:

	December 31, 2021			
	Fair value hierarchy			Total
	Level 1	Level 2	Level 3	
Financial assets				
Cash and due from financial institutions ¹	₩ -	₩ 608,076	₩ -	₩ 608,076
Loans measured at amortized cost ²	-	-	249,128	249,128
Other financial assets ³	-	-	36,078	36,078
	₩ -	₩ 608,076	₩ 285,206	₩ 893,282
Financial liabilities				
Debentures	₩ -	₩ 5,509,648	₩ -	₩ 5,509,648
Other financial liabilities ³	-	-	13,913	13,913
	₩ -	₩ 5,509,648	₩ 13,913	₩ 5,523,561



5.1.2.2 Fair value hierarchy of financial assets and liabilities whose fair value is disclosed (cont'd)

(In millions of Korean won)

	December 31, 2020						
	Fair value hierarchy						
	Level 1		Level 2		Level 3		Total
Financial assets							
Cash and due from financial institutions ¹	₩	-	₩	23,084	₩	-	₩ 23,084
Loans measured at amortized cost ²		-		-		179,542	179,542
Other financial assets ³		-		-		33,053	33,053
	₩	-	₩	23,084	₩	212,595	₩ 235,679
Financial liabilities							
Borrowings ⁴	₩	-	₩	100,000	₩	-	₩ 100,000
Debentures		-		6,258,394		-	6,258,394
Other financial liabilities ³		-		-		16,444	16,444
	₩	-	₩	6,358,394	₩	16,444	₩ 6,374,838

¹ Because due from financial institutions classified as level 2 are deposits on demand and with remaining maturities of less than one year, carrying amounts are reasonable approximations of fair values.

² Because loans measured at amortized cost classified as level 3 are loans with residual maturity of less than one year, carrying amounts are reasonable approximations of fair values.

³ For other financial assets and other financial liabilities classified as level 3, carrying amounts are reasonable approximations of fair values.

⁴ For borrowings classified as Level 2, carrying amounts are reasonable approximations of fair values.

Financial assets and liabilities whose carrying amount is a reasonable approximation of fair value, valuation techniques and inputs are not disclosed.

Valuation techniques and inputs of financial assets and liabilities classified as Level 2, and whose fair value is disclosed as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	Fair value		Valuation techniques	Inputs
	December 31, 2021	December 31, 2020		
Financial liabilities				
Debentures	₩ 5,509,648	₩ 6,258,394	DCF model	Discount rate

5.2 Disclosure of Fair Value Hierarchy Level 3

5.2.1 Valuation policy and process of Level 3 fair value

The Company uses external, independent and qualified valuation service to determine the fair value of financial instruments at the end of every reporting period.

5.2.2 Changes in fair value (Level 3) measured using valuation technique based on unobservable inputs in the market

5.2.2.1 Changes in financial instruments classified as Level 3 of the fair value hierarchy for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	2021		2020	
	Financial assets at fair value through profit or loss		Financial assets at fair value through profit or loss	
Beginning	₩	388,895	₩	291,501
Total gains or losses:				
- Profit or loss		711		(2,606)
- Other comprehensive income		-		-
Purchases		-		100,000
Sales		-		-
Issues		-		-
Settlements		-		-
Transfers into Level 3		-		-
Transfers out of Level 3		-		-
Ending	₩	389,606	₩	388,895

5.2.2.2 In relation to changes in financial instruments classified as Level 3 of the fair value hierarchy, total gains or losses recognized in profit or loss for the period, and total gains or losses recognized in profit or loss from financial instruments held at the end of the reporting period for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	2021			2020		
	Gains on financial instruments at fair value through profit or loss	Other operating income	Net interest income	Losses on financial instruments at fair value through profit or loss	Other operating income	Net interest income
Total gains (losses) included in profit or loss for the period	₩ 711	₩ -	₩ -	₩ (2,606)	₩ -	₩ -
Total gains (losses) for the period included in profit or loss for financial instruments held at the end of the reporting period	711	-	-	(2,606)	-	-



5.2.3 Sensitivity analysis of changes in unobservable inputs

5.2.3.1 Information about fair value measurements using unobservable inputs as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

December 31, 2021

	Fair value	Valuation techniques	Inputs	Unobservable inputs	Range of unobservable inputs (%)	Relationship of unobservable inputs to fair value
Financial assets						
Financial assets at fair value through profit or loss:						
Hybrid securities	₩ 389,606	Hull and White Model, MonteCarlo Simulation	Matrix YTM, Additional spread by grade, Risk spread of company, Valid credit rating, Disclosed information of securities, Estimated volatility of Interest rate	Discount rate	2.30 ~ 5.05	The lower the discount rate, the higher the fair value
				Volatility of interest rate	0.46	The higher the volatility, the higher the fair value fluctuation

(In millions of Korean won)

December 31, 2020

	Fair value	Valuation techniques	Inputs	Unobservable inputs	Range of unobservable inputs (%)	Relationship of unobservable inputs to fair value
Financial assets						
Financial assets at fair value through profit or loss:						
Hybrid securities	₩ 388,895	Hull and White Model, MonteCarlo Simulation	Matrix YTM, Additional spread by grade, Risk spread of company, Valid credit rating, Disclosed information of securities, Estimated volatility of Interest rate	Discount rate	2.07 ~ 4.69	The lower the discount rate, the higher the fair value
				Volatility of interest rate	0.47	The higher the volatility, the higher the fair value fluctuation



5.2.3.2 Sensitivity analysis of changes in unobservable inputs

Sensitivity analysis of financial instruments is performed to measure favorable and unfavorable changes in fair value of financial instruments which are affected by unobservable parameters, using a statistical technique. When the fair value is affected by more than one input parameter, the amounts represent the most favorable or most unfavorable outcome. There are hybrid securities whose fair value changes are recognized in profit or loss.

Results of the sensitivity analysis of changes in unobservable inputs as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)	December 31, 2021			
	Profit or loss		Other comprehensive income or loss	
	Favorable changes	Unfavorable changes	Favorable changes	Unfavorable changes

Financial assets

Financial assets at fair value through profit or loss:

Hybrid securities *	₩	8,316	₩	(8,072)	₩	-	₩	-
---------------------	---	-------	---	---------	---	---	---	---

* The changes in fair value are calculated by increasing or decreasing discount rates (2.30% ~ 5.05%) by 1%, which are principal unobservable input parameters.

(In millions of Korean won)	December 31, 2020			
	Profit or loss		Other comprehensive income or loss	
	Favorable changes	Unfavorable changes	Favorable changes	Unfavorable changes

Financial assets

Financial assets at fair value through profit or loss:

Hybrid securities *	₩	3,136	₩	(3,031)	₩	-	₩	-
---------------------	---	-------	---	---------	---	---	---	---

* The changes in fair value are calculated by increasing or decreasing discount rates (2.07% ~ 4.69%) by 1%, which are principal unobservable input parameters.

6. Due from Financial Institutions

6.1 Details of due from financial institutions as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)		Financial Institution	Interest rate (%)		
			as of December 31, 2021	December 31, 2021	December 31, 2020
Due from financial institutions in Korean won	Due from banks	Kookmin Bank	0.00 ~ 0.40	₩ 518,076	₩ 23,084
		KB Savings Bank Co., Ltd.	1.30 ~ 1.40	90,000	-
				₩ 608,076	₩ 23,084

6.2 Details of a maturity analysis of due from financial institutions other than restricted due from financial institutions, as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)	December 31, 2021					
	Up to 3 months	3~6 months	6~12 months	1~3 years	Over 3 years	Total
Due from financial institutions in Korean won	₩ 518,073	₩ 90,000	₩ -	₩ -	₩ -	₩ 608,073

(In millions of Korean won)	December 31, 2020					
	Up to 3 months	3~6 months	6~12 months	1~3 years	Over 3 years	Total
Due from financial institutions in Korean won	₩ 23,081	₩ -	₩ -	₩ -	₩ -	₩ 23,081

6.3 Details of restricted due from financial institution as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)	Financial Institution	December 31,		Reasons of restriction
		2021	2020	
Due from financial institutions in Korean won	Kookmin Bank	₩ 3	₩ 3	Pledged as collateral for the overdraft account



7. Financial Assets at Fair Value through Profit or Loss

Details of financial assets at fair value through profit or loss as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021		December 31, 2020	
Financial assets at fair value through profit or loss:				
Hybrid securities	₩	389,606	₩	388,895
Loans		51,154		85,367
	₩	440,760	₩	474,262

8. Loans Measured at Amortized Cost

8.1 Details of loans measured at amortized cost as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021		December 31, 2020	
Loans measured at amortized cost	₩	250,000	₩	180,000
Less: Allowances for loan losses		(872)		(458)
	₩	249,128	₩	179,542

8.2 Details of loan types and customer types of loans to customers other than banks, as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021			
	Retail	Corporate	Credit card	Total
Loans	₩ -	₩ 250,000	₩ -	₩ 250,000
Proportion (%)	-	100.00	-	100.00
Less: Allowances	-	(872)	-	(872)
	₩ -	₩ 249,128	₩ -	₩ 249,128

(In millions of Korean won)

	December 31, 2020			
	Retail	Corporate	Credit card	Total
Loans	₩ -	₩ 180,000	₩ -	₩ 180,000
Proportion (%)	-	100.00	-	100.00
Less: Allowances	-	(458)	-	(458)
	₩ -	₩ 179,542	₩ -	₩ 179,542

9. Investments in Subsidiaries

9.1 Details of subsidiaries as of December 31, 2021, are as follows:

Name of subsidiaries	Industry	Location
Kookmin Bank	Banking and foreign exchange transaction	Korea
KB Securities Co., Ltd.	Financial investment	Korea
KB Insurance Co., Ltd.	Non-life insurance	Korea
KB Kookmin Card Co., Ltd.	Credit card and installment financial business	Korea
Prudential Life Insurance Company of Korea Ltd.	Life insurance	Korea
KB Asset Management Co., Ltd.	Investment advisory and investment trust	Korea
KB Capital Co., Ltd.	Financial leasing	Korea
KB Life Insurance Co., Ltd.	Life insurance	Korea
KB Real Estate Trust Co., Ltd.	Real estate trust management	Korea
KB Savings Bank Co., Ltd.	Savings banking	Korea
KB Investment Co., Ltd.	Capital investment	Korea
KB Data System Co., Ltd.	System software, development and supply	Korea
KB Credit Information Co., Ltd.	Collection of receivables and credit investigation	Korea

9.2 Details of investments in subsidiaries as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won, except for shares)

Name of subsidiaries	As of December 31, 2021		Carrying amount	
	Number of issued shares	Ownership (%)	December 31, 2021	December 31, 2020
Kookmin Bank	404,379,116	100.00	₩ 14,821,721	₩ 14,821,721
KB Securities Co., Ltd.	298,620,424	100.00	3,342,391	3,342,391
KB Insurance Co., Ltd.	66,500,000	100.00	2,375,430	2,375,430
KB Kookmin Card Co., Ltd.	92,000,000	100.00	1,953,175	1,953,175
Prudential Life Insurance Company of Korea Ltd.	15,000,000	100.00	2,310,054	2,310,054
KB Asset Management Co., Ltd.	7,667,550	100.00	96,312	96,312
KB Capital Co., Ltd. ¹	32,175,147	100.00	873,811	673,811
KB Life Insurance Co., Ltd.	91,200,000	100.00	485,314	485,314
KB Real Estate Trust Co., Ltd.	16,000,000	100.00	121,553	121,553
KB Savings Bank Co., Ltd. ²	8,001,912	100.00	176,813	157,544
KB Investment Co., Ltd.	22,525,328	100.00	154,910	154,910
KB Data System Co., Ltd.	800,000	100.00	6,334	6,334
KB Credit Information Co., Ltd. ³	1,252,400	100.00	23,620	21,331
			₩ 26,741,438	₩ 26,519,880

¹ Carrying amount has increased by ₩ 200,000 million due to the capital increase of KB Capital Co., Ltd. for the year ended December 31, 2021.

² Difference between par value (₩ 70,000 million) and fair value (₩ 50,731 million) of subordinated bond issued by KB Savings Bank Co., Ltd. was accounted for as investments in subsidiaries for the year ended December 31, 2021.

³ Reversal of impairment losses of KB Credit Information Co., Ltd. amounting to ₩ 2,289 million was recognized for the year ended December 31, 2021.



9.3 Changes in accumulated impairment losses of investments in subsidiaries for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	2021			
	Beginning	Impairment	Reversal	Ending
Accumulated impairment losses of investments in subsidiaries	₩ (54,031)	₩ -	₩ 2,289	₩ (51,742)

(In millions of Korean won)

	2020			
	Beginning	Impairment	Reversal	Ending
Accumulated impairment losses of investments in subsidiaries	₩ (51,742)	₩ (2,289)	₩ -	₩ (54,031)

10. Property and Equipment

10.1 Details of property and equipment as of December 31, 2021 and 2020, are as follows:

	December 31, 2021			
	Acquisition cost	Accumulated depreciation	Accumulated impairment losses	Carrying amount
Leasehold improvements	₩ 6,856	₩ (5,095)	₩ -	₩ 1,761
Equipment and others	7,079	(5,341)	-	1,738
Right-of-use assets (buildings)	1,684	(1,155)	-	529
Right-of-use assets (vehicles)	1,616	(1,239)	-	377
Right-of-use assets (others)	143	(104)	-	39
	₩ 17,378	₩ (12,934)	₩ -	₩ 4,444

(In millions of Korean won)

	December 31, 2020			
	Acquisition cost	Accumulated depreciation	Accumulated impairment losses	Carrying amount
Leasehold improvements	₩ 6,882	₩ (3,475)	₩ -	₩ 3,407
Equipment and others	7,425	(4,239)	-	3,186
Right-of-use assets (buildings)	1,657	(888)	-	769
Right-of-use assets (vehicles)	1,192	(870)	-	322
Right-of-use assets (others)	91	(45)	-	46
	₩ 17,247	₩ (9,517)	₩ -	₩ 7,730

10.2 Changes in property and equipment for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	2021				
	Beginning	Acquisition	Disposal	Depreciation	Ending
Leasehold improvements	₩ 3,407	₩ 244	₩ -	₩ (1,890)	₩ 1,761
Equipment and others	3,186	417	(204)	(1,661)	1,738
Right-of-use assets (buildings)	769	152	-	(392)	529
Right-of-use assets (vehicles)	322	731	(53)	(623)	377
Right-of-use assets (others)	46	52	-	(59)	39
	₩ 7,730	₩ 1,596	₩ (257)	₩ (4,625)	₩ 4,444

(In millions of Korean won)

	2020				
	Beginning	Acquisition	Disposal	Depreciation	Ending
Leasehold improvements	₩ 1,810	₩ 2,762	₩ -	₩ (1,165)	₩ 3,407
Equipment and others	1,872	2,607	-	(1,293)	3,186
Right-of-use assets (buildings)	193	984	(6)	(402)	769
Right-of-use assets (vehicles)	280	410	(27)	(341)	322
Right-of-use assets (others)	15	55	-	(24)	46
	₩ 4,170	₩ 6,818	₩ (33)	₩ (3,225)	₩ 7,730

11. Intangible Assets

11.1 Details of intangible assets as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021			
	Acquisition cost	Accumulated amortization	Accumulated impairment losses	Carrying amount
Software	₩ 5,716	₩ (4,395)	₩ -	₩ 1,321
Membership rights	10,744	-	(792)	9,952
Other intangible assets	10,925	(5,525)	-	5,400
	₩ 27,385	₩ (9,920)	₩ (792)	₩ 16,673

(In millions of Korean won)

	December 31, 2020			
	Acquisition cost	Accumulated amortization	Accumulated impairment losses	Carrying amount
Software	₩ 6,214	₩ (3,730)	₩ -	₩ 2,484
Membership rights	9,765	-	(800)	8,965
Other intangible assets	6,407	(4,589)	-	1,818
	₩ 22,386	₩ (8,319)	₩ (800)	₩ 13,267



11.2 Changes in intangible assets for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	2021					
	Beginning	Acquisition	Disposal	Amortization	Reversal of impairment *	Ending
Software	₩ 2,484	₩ 482	₩ (814)	₩ (831)	₩ -	₩ 1,321
Membership rights	8,965	979	-	-	8	9,952
Other intangible assets	1,818	5,842	(1,210)	(1,050)	-	5,400
	₩ 13,267	₩ 7,303	₩ (2,024)	₩ (1,881)	₩ 8	₩ 16,673

(In millions of Korean won)

	2020					
	Beginning	Acquisition	Disposal	Amortization	Impairment *	Ending
Software	₩ 1,748	₩ 1,365	₩ -	₩ (629)	₩ -	₩ 2,484
Membership rights	7,979	-	-	-	986	8,965
Other intangible assets	1,365	956	-	(503)	-	1,818
	₩ 11,092	₩ 2,321	₩ -	₩ (1,132)	₩ 986	₩ 13,267

* Impairment losses for membership rights of other intangible assets with indefinite useful life are recognized when its recoverable amount is lower than its carrying amount, and reversal of impairment losses are recognized when its recoverable amount is higher than its carrying amount.

11.3 Changes in accumulated impairment losses of intangible assets for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	2021					
	Beginning	Impairment	Reversal of impairment	Disposal and others	Ending	
Accumulated impairment losses of intangible assets	₩ (800)	₩ (3)	₩ 11	₩ -	₩ (792)	

(In millions of Korean won)

	2020					
	Beginning	Impairment	Reversal of impairment	Disposal and others	Ending	
Accumulated impairment losses of intangible assets	₩ (1,786)	₩ -	₩ 986	₩ -	₩ (800)	

12. Lease

12.1 Amounts Recognized in the Statements of Financial Position

Amounts recognized in the statements of financial position related to lease as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021		December 31, 2020	
Right-of-use property and equipment: ¹				
Real estate	₩	529	₩	769
Vehicles		377		322
Others		39		46
	₩	945	₩	1,137
Lease liabilities ²	₩	689	₩	523

¹ Included in property and equipment.

² Included in other liabilities.

12.2 Amounts Recognized in the Statements of Comprehensive Income

Amounts recognized in the statements of comprehensive income related to lease for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	2021		2020	
Depreciation and amortization of right-of-use assets:				
Real estate	₩	392	₩	402
Vehicles		623		341
Others		59		24
	₩	1,074	₩	767
Interest expenses on the lease liabilities	₩	12	₩	11
Expense relating to short-term lease		27		19
Expense relating to lease of low-value assets that are not short-term lease		2		3

12.3 Total cash outflows for lease for the years ended December 31, 2021 and 2020 are ₩ 565 million and ₩ 631 million, respectively.



13. Deferred Income Tax Assets and Liabilities

13.1 Details of deferred income tax assets and liabilities as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021		
	Assets	Liabilities	Net amount
Share-based payments	₩ 4,486	₩ -	₩ 4,486
Membership rights	218	-	218
Defined benefit obligation	3,189	-	3,189
Plan assets	-	(3,189)	(3,189)
Short-term employee benefits	808	-	808
Losses on valuation of financial assets at fair value through profit or loss	2,858	-	2,858
Others	761	(3,548)	(2,787)
	12,320	(6,737)	5,583
Offsetting of deferred tax assets and liabilities	(6,737)	6,737	-
	₩ 5,583	₩ -	₩ 5,583

(In millions of Korean won)

	December 31, 2020		
	Assets	Liabilities	Net amount
Share-based payments	₩ 3,171	₩ -	₩ 3,171
Membership rights	220	-	220
Defined benefit obligation	3,214	-	3,214
Plan assets	-	(3,214)	(3,214)
Short-term employee benefits	746	-	746
Losses on valuation of financial assets at fair value through profit or loss	3,054	-	3,054
Others	497	(4,499)	(4,002)
	10,902	(7,713)	3,189
Offsetting of deferred tax assets and liabilities	(7,713)	7,713	-
	₩ 3,189	₩ -	₩ 3,189

13.2 Unrecognized Deferred Income Tax Assets

No deferred income tax assets have been recognized for the deductible temporary differences of ₩ 2,896,164 million and ₩ 51,742 million associated with investments in subsidiaries and impairment losses on investments in subsidiaries, respectively, as of December 31, 2021, due to the uncertainty that these temporary differences will be realized in the future. And no deferred income tax assets have been recognized for the deductible temporary differences of ₩ 18,490 million associated subordinated bond as of December 31, 2021, as they affect neither accounting profit nor taxable profit (tax loss) at the time of the transaction.

13.3 Unrecognized Deferred Income Tax Liabilities

No deferred income tax liabilities have been recognized for the taxable temporary differences of ₩ 2,415,073 million associated with investments in subsidiaries as of December 31, 2021, due to the following reasons:

- The Company is able to control the timing of the reversal of the temporary differences.
- It is probable that these temporary differences will not reverse in the foreseeable future.

13.4 Changes in cumulative temporary differences for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	2021			
	Beginning	Decrease	Increase	Ending
Deductible temporary differences				
Share-based payments	₩ 11,531	4,447	9,230	₩ 16,314
Membership rights	800	11	3	792
Investments in subsidiaries	2,896,164	-	-	2,896,164
Defined benefit obligation	11,686	2,805	2,714	11,595
Short-term employee benefits	2,713	2,713	2,937	2,937
Impairment losses of investments in subsidiaries	54,031	2,289	-	51,742
Losses on valuation of financial assets at fair value through profit or loss	11,105	711	-	10,394
Others	1,809	1,642	21,092	21,259
	2,989,839	14,618	35,976	3,011,197
Unrecognized deferred income tax assets:				
Investments in subsidiaries	2,896,164			2,896,164
Impairment losses of investments in subsidiaries	54,031			51,742
Others	-			18,490
	39,644			44,801
Tax rate (%)	27.5			27.5
Total deferred income tax assets	10,902			12,320
Taxable temporary differences				
Investments in subsidiaries	(2,395,805)	-	(19,268)	(2,415,073)
Plan assets	(11,686)	(2,805)	(2,714)	(11,595)
Others	(16,361)	(4,642)	(1,183)	(12,902)
	(2,423,852)	(7,447)	(23,165)	(2,439,570)
Unrecognized deferred income tax liabilities:				
Investments in subsidiaries	(2,395,805)			(2,415,073)
	(28,047)			(24,497)
Tax rate (%)	27.5			27.5
Total deferred income tax liabilities	₩ (7,713)			₩ (6,737)



13.4 Changes in cumulative temporary differences for the years ended December 31, 2021 and 2020, are as follows: (cont'd)

(In millions of Korean won)

	2020			
	Beginning	Decrease	Increase	Ending
Deductible temporary differences				
Share-based payments	₩ 11,856	₩ 4,359	₩ 4,034	₩ 11,531
Membership rights	1,786	986	-	800
Investments in subsidiaries	2,896,164	-	-	2,896,164
Defined benefit obligation	10,504	1,706	2,888	11,686
Short-term employee benefits	4,338	4,338	2,713	2,713
Tax loss carryforwards	66,162	66,162	-	-
Impairment losses of investments in subsidiaries	51,742	-	2,289	54,031
Losses on valuation of financial assets at fair value through profit or loss	8,499	-	2,606	11,105
Others	1,633	1,574	1,750	1,809
	<u>3,052,684</u>	<u>79,125</u>	<u>16,280</u>	<u>2,989,839</u>
Unrecognized deferred income tax assets:				
Investments in subsidiaries	2,896,164			2,896,164
Tax loss carryforwards	66,162			-
Impairment losses of investments in subsidiaries	51,742			54,031
	<u>38,616</u>			<u>39,644</u>
Tax rate (%)	27.5			27.5
Total deferred income tax assets	<u>10,619</u>			<u>10,902</u>
Taxable temporary differences				
Investments in subsidiaries	(2,395,805)	-	-	(2,395,805)
Plan assets	(10,504)	(1,706)	(2,888)	(11,686)
Others	(742)	(742)	(16,361)	(16,361)
	<u>(2,407,051)</u>	<u>(2,448)</u>	<u>(19,249)</u>	<u>(2,423,852)</u>
Unrecognized deferred income tax liabilities:				
Investments in subsidiaries	(2,395,805)			(2,395,805)
	<u>(11,246)</u>			<u>(28,047)</u>
Tax rate (%)	27.5			27.5
Total deferred income tax liabilities	<u>₩ (3,093)</u>			<u>₩ (7,713)</u>

14. Other Assets

14.1 Details of other assets as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021	December 31, 2020
Other financial assets		
Accrued income	₩ 5,270	₩ 4,803
Guarantee deposits	30,818	28,257
Less: Allowances for credit losses	(10)	(7)
	<u>36,078</u>	<u>33,053</u>
Other non-financial assets		
Receivables	767,382	850,385
Prepaid expenses	831	800
Advanced payments	765	3,299
	<u>768,978</u>	<u>854,484</u>
	<u>₩ 805,056</u>	<u>₩ 887,537</u>

14.2 Changes in allowances for credit losses of other assets for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	2021		
	Other financial assets	Other non-financial assets	Total
Beginning	₩ 7	₩ -	₩ 7
Provision	3	-	3
Ending	<u>₩ 10</u>	<u>₩ -</u>	<u>₩ 10</u>

(In millions of Korean won)

	2020		
	Other financial assets	Other non-financial assets	Total
Beginning	₩ -	₩ -	₩ -
Provision	7	-	7
Ending	<u>₩ 7</u>	<u>₩ -</u>	<u>₩ 7</u>



15. Borrowings

15.1 Details of borrowings as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021		December 31, 2020	
	₩	-	₩	100,000
General borrowings				

15.2 Details of general borrowings as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	Lender	Issuance date	Maturity date	Interest rate (%) as of		
				December 31, 2021	December 31, 2021	December 31, 2020
Borrowings Other in Korean won	Kiwoom Securities Co., Ltd.	Nov. 27, 2020	Feb. 2, 2021	-	₩ -	₩ 40,000
		Dec. 17, 2020	Mar. 3, 2021	-	-	60,000
					₩ -	₩ 100,000

15.3 Maturities of general borrowings as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021					
	Up to 3 months	3~6 months	6~12 months	1~3 years	Over 3 years	Total
Borrowings in Korean won	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -

(In millions of Korean won)

	December 31, 2020					
	Up to 3 months	3~6 months	6~12 months	1~3 years	Over 3 years	Total
Borrowings in Korean won	₩ 100,000	₩ -	₩ -	₩ -	₩ -	₩ 100,000

16. Debentures

16.1 Details of debentures as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	Issuance date	Maturity date	Interest rate (%) as of		
			December 31, 2021	December 31, 2021	December 31, 2020
Unguaranteed debentures No.5-2	Mar. 19, 2014	Mar. 19, 2021	-	₩ -	₩ 50,000
Unguaranteed debentures No.6	Feb. 26, 2015	Feb. 26, 2022	2.38	30,000	30,000
Unguaranteed debentures No.9	Jun. 23, 2015	Jun. 23, 2022	2.52	150,000	150,000
Unguaranteed debentures No.12-3	Nov. 27, 2015	Nov. 27, 2022	2.38	50,000	50,000
Unguaranteed debentures No.14-2	Dec. 9, 2015	Dec. 9, 2022	2.38	30,000	30,000
Unguaranteed debentures No.15-2	May 12, 2016	May 12, 2021	-	-	220,000
Unguaranteed debentures No.15-3	May 12, 2016	May 12, 2026	2.01	200,000	200,000
Unguaranteed debentures No.16-2	May 27, 2016	May 27, 2021	-	-	60,000
Unguaranteed debentures No.16-3	May 27, 2016	May 27, 2023	1.91	150,000	150,000
Unguaranteed debentures No.17	Jun. 27, 2016	Jun. 27, 2021	-	-	50,000
Unguaranteed debentures No.18-2	Jul. 25, 2016	Jul. 25, 2021	-	-	110,000
Unguaranteed debentures No.18-3	Jul. 25, 2016	Jul. 25, 2026	1.69	80,000	80,000
Unguaranteed debentures No.19-2	Aug. 25, 2016	Aug. 25, 2021	-	-	100,000
Unguaranteed debentures No.19-3	Aug. 25, 2016	Aug. 25, 2026	1.69	120,000	120,000
Unguaranteed debentures No.20-2	Nov. 28, 2016	Nov. 28, 2021	-	-	50,000
Unguaranteed debentures No.22-2	Feb. 28, 2017	Feb. 28, 2022	2.11	110,000	110,000
Unguaranteed debentures No.25-3	May 24, 2017	May 24, 2022	2.23	270,000	270,000
Unguaranteed debentures No.25-4	May 24, 2017	May 24, 2027	2.62	80,000	80,000
Unguaranteed debentures No.26-1	Jun. 27, 2017	Jun. 27, 2022	2.18	50,000	50,000
Unguaranteed debentures No.26-2	Jun. 27, 2017	Jun. 27, 2024	2.34	200,000	200,000
Unguaranteed debentures No.27	Jul. 19, 2017	Jul. 19, 2024	2.41	100,000	100,000
Unguaranteed debentures No.28-1	Aug. 30, 2017	Aug. 30, 2022	2.30	60,000	60,000
Unguaranteed debentures No.28-2	Aug. 30, 2017	Aug. 30, 2024	2.43	30,000	30,000
Unguaranteed debentures No.28-3	Aug. 30, 2017	Aug. 30, 2027	2.60	60,000	60,000
Unguaranteed debentures No.29-1	Sep. 19, 2017	Sep. 19, 2022	2.29	150,000	150,000
Unguaranteed debentures No.29-2	Sep. 19, 2017	Sep. 19, 2024	2.44	110,000	110,000
Unguaranteed debentures No.30	Jan. 25, 2018	Jan. 25, 2021	-	-	80,000
Unguaranteed debentures No.31-1	Feb. 28, 2018	Feb. 26, 2021	-	-	150,000
Unguaranteed debentures No.31-2	Feb. 28, 2018	Feb. 28, 2023	2.81	50,000	50,000
Unguaranteed debentures No.31-3	Feb. 28, 2018	Feb. 28, 2028	3.02	60,000	60,000
Unguaranteed debentures No.32-1	Apr. 6, 2018	Apr. 6, 2021	-	-	60,000
Unguaranteed debentures No.32-2	Apr. 6, 2018	Apr. 6, 2023	2.71	80,000	80,000
Unguaranteed debentures No.32-3	Apr. 6, 2018	Apr. 6, 2028	2.86	20,000	20,000
Unguaranteed debentures No.33-1	Jun. 12, 2018	Jun. 12, 2023	2.81	100,000	100,000
Unguaranteed debentures No.33-2	Jun. 12, 2018	Jun. 12, 2028	2.92	30,000	30,000
Unguaranteed debentures No.34-1	Jul. 25, 2018	Jul. 23, 2021	-	-	40,000
Unguaranteed debentures No.34-2	Jul. 25, 2018	Jul. 25, 2023	2.65	70,000	70,000
Unguaranteed debentures No.34-3	Jul. 25, 2018	Jul. 25, 2025	2.71	20,000	20,000
Unguaranteed debentures No.34-4	Jul. 25, 2018	Jul. 25, 2028	2.76	20,000	20,000
Unguaranteed debentures No.35	Oct. 5, 2018	Oct. 5, 2023	2.52	120,000	120,000
Unguaranteed debentures No.36-1	Feb. 22, 2019	Feb. 22, 2022	2.03	120,000	120,000
Unguaranteed debentures No.36-2	Feb. 22, 2019	Feb. 22, 2024	2.11	230,000	230,000
Unguaranteed debentures No.36-3	Feb. 22, 2019	Feb. 22, 2029	2.22	60,000	60,000



16.1 Details of debentures as of December 31, 2021 and 2020, are as follows: (cont'd)

(In millions of Korean won)	Issuance date	Maturity date	Interest rate	December 31, 2021	December 31, 2021	December 31, 2020
			(%) as of December 31, 2021			
Unguaranteed debentures No.37-1	Mar. 15, 2019	Mar. 15, 2024	2.06	₩ 140,000	₩ 140,000	
Unguaranteed debentures No.37-2	Mar. 15, 2019	Mar. 15, 2029	2.16	70,000	70,000	
Unguaranteed debentures No.38-1	Jun. 19, 2019	Jun. 19, 2026	1.73	80,000	80,000	
Unguaranteed debentures No.38-2	Jun. 19, 2019	Jun. 19, 2029	1.77	120,000	120,000	
Unguaranteed debentures No.39-1	Oct. 15, 2019	Oct. 15, 2024	1.60	80,000	80,000	
Unguaranteed debentures No.39-2	Oct. 15, 2019	Oct. 15, 2029	1.67	40,000	40,000	
Unguaranteed debentures No.40-1	Dec. 4, 2019	Dec. 4, 2024	1.76	70,000	70,000	
Unguaranteed debentures No.40-2	Dec. 4, 2019	Dec. 4, 2029	1.87	30,000	30,000	
Unguaranteed debentures No.41-1	Jan. 16, 2020	Jan. 16, 2023	1.64	110,000	110,000	
Unguaranteed debentures No.41-2	Jan. 16, 2020	Jan. 16, 2025	1.74	100,000	100,000	
Unguaranteed debentures No.41-3	Jan. 16, 2020	Jan. 16, 2030	1.88	40,000	40,000	
Subordinated debentures No.1-1	Feb. 18, 2020	Feb. 18, 2030	2.21	370,000	370,000	
Subordinated debentures No.1-2	Feb. 18, 2020	Feb. 18, 2035	2.26	30,000	30,000	
Unguaranteed debentures No.42-1	May 13, 2020	May 13, 2025	1.59	130,000	130,000	
Unguaranteed debentures No.42-2	May 13, 2020	May 13, 2030	1.78	70,000	70,000	
Unguaranteed debentures No.43-1	Jun. 16, 2020	Jun. 16, 2023	1.18	50,000	50,000	
Unguaranteed debentures No.43-2	Jun. 16, 2020	Jun. 16, 2025	1.44	110,000	110,000	
Unguaranteed debentures No.43-3	Jun. 16, 2020	Jun. 16, 2030	1.63	50,000	50,000	
Exchangeable bonds No.1 *	Jun. 30, 2020	Jun. 30, 2025	-	240,000	240,000	
Unguaranteed debentures No.44-1	Aug. 11, 2020	Aug. 11, 2022	0.96	80,000	80,000	
Unguaranteed debentures No.44-2	Aug. 11, 2020	Aug. 11, 2023	1.07	50,000	50,000	
Unguaranteed debentures No.44-3	Aug. 11, 2020	Aug. 9, 2024	1.18	30,000	30,000	
Unguaranteed debentures No.44-4	Aug. 11, 2020	Aug. 11, 2027	1.39	20,000	20,000	
Unguaranteed debentures No.45	Nov. 23, 2020	Nov. 23, 2023	1.19	60,000	60,000	
Unguaranteed debentures No.46-1	Jan. 14, 2021	Jan. 13, 2023	1.09	160,000	-	
Unguaranteed debentures No.46-2	Jan. 14, 2021	Jan. 14, 2026	1.43	30,000	-	
Unguaranteed debentures No.46-3	Jan. 14, 2021	Jan. 14, 2028	1.62	10,000	-	
Unguaranteed debentures No.46-4	Jan. 14, 2021	Jan. 14, 2031	1.84	100,000	-	
Unguaranteed debentures No.47	Feb. 24, 2021	Feb. 24, 2023	1.07	90,000	-	
				5,570,000	6,150,000	
			Less: Bond Discounts	(5,490)	(7,000)	
			Less: adjustment on exchange right	(11,719)	(14,957)	
				₩ 5,552,791	₩ 6,128,043	

* Fair value of the liability component of exchangeable bonds is calculated by using market interest rate of bonds under the same conditions without the exchange right. The residual amount, after deducting liability component from the issuance amount, represents the value of exchange right and is recorded in equity. Shares to be exchanged are 5 million treasury shares of KB Financial Group Inc. with the exchange price of ₩ 48,000. Exercise period for exchange right is from the 60th day of the issuance date to 10 days before the maturity date.

16.2 Maturities of debentures as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021					
	Up to 3 months	3~6 months	6~12 months	1~3 years	Over 3 years	Total
Debentures in						
Korean won	₩ 260,000	₩ 470,000	₩ 370,000	₩ 2,080,000	₩ 2,390,000	₩ 5,570,000

(In millions of Korean won)

	December 31, 2020					
	Up to 3 months	3~6 months	6~12 months	1~3 years	Over 3 years	Total
Debentures in						
Korean won	₩ 280,000	₩ 390,000	₩ 300,000	₩ 1,940,000	₩ 3,240,000	₩ 6,150,000

16.3 Changes in debentures based on par value for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	2021			
	Beginning	Issue	Repayment	Ending
Debentures in Korean won	₩ 6,150,000	₩ 390,000	₩ (970,000)	₩ 5,570,000

(In millions of Korean won)

	2020			
	Beginning	Issue	Repayment	Ending
Debentures in Korean won	₩ 5,550,000	₩ 1,540,000	₩ (940,000)	₩ 6,150,000

17. Net Defined Benefit Liabilities

17.1 Defined Benefit Plan

The Company operates defined benefit plans which have the following characteristics:

- The Company has the obligation to pay the agreed benefits to all its current and former employees.
- The Company assumes actuarial risk (that benefits will cost more than expected) and investment risk.

The net defined benefit liabilities recognized in the statements of financial position are calculated in accordance with actuarial valuation method using assumptions based on market data and historical data such as discount rate, future salary increase rate, and mortality. Actuarial assumptions may differ from actual results, due to changes in the market conditions, economic trends, and mortality trends.



17.2 Changes in net defined benefit liabilities for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	2021		
	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities (assets)
Beginning	₩ 21,951	₩ (21,892)	₩ 59
Current service cost	2,104	-	2,104
Interest expense (income)	437	(436)	1
Remeasurements:			
Actuarial gains and losses by changes in demographic assumptions	-	-	-
Actuarial gains and losses by changes in financial assumptions	(523)	-	(523)
Actuarial gains and losses by experience adjustments	696	-	696
Return on plan assets (excluding amounts included in interest income)	-	238	238
Contributions by the Company	-	(2,798)	(2,798)
Payments from plans (benefit payments)	(2,805)	2,805	-
Payments from the Company	(26)	-	(26)
Transfer in	2,623	(2,595)	28
Transfer out	(1,900)	1,900	-
Ending	₩ 22,557	₩ (22,778)	₩ (221)

(In millions of Korean won)

	2020		
	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities (assets)
Beginning	₩ 20,312	₩ (19,875)	₩ 437
Current service cost	2,055	-	2,055
Interest expense (income)	404	(396)	8
Remeasurements:			
Actuarial gains and losses by changes in demographic assumptions	-	-	-
Actuarial gains and losses by changes in financial assumptions	-	-	-
Actuarial gains and losses by experience adjustments	429	-	429
Return on plan assets (excluding amounts included in interest income)	-	79	79
Contributions by the Company	-	(2,970)	(2,970)
Payments from plans (benefit payments)	(1,706)	1,706	-
Payments from the Company	(3)	-	(3)
Transfer in	2,296	(2,272)	24
Transfer out	(1,836)	1,836	-
Ending	₩ 21,951	₩ (21,892)	₩ 59

17.3 Details of the net defined benefit liabilities as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021	December 31, 2020
Present value of defined benefit obligation	₩ 22,557	₩ 21,951
Fair value of plan assets	(22,778)	(21,892)
Net defined benefit liabilities (assets)	₩ (221)	₩ 59

17.4 Details of post-employment benefits recognized in profit or loss for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	2021	2020
Current service cost	₩ 2,104	₩ 2,055
Net interest expense on net defined benefit liabilities	1	8
Post-employment benefits	₩ 2,105	₩ 2,063

17.5 Details of remeasurements of net defined benefit liabilities recognized in other comprehensive income for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	2021	2020
Remeasurements:		
Return on plan assets (excluding amounts included in interest income)	₩ (238)	₩ (79)
Actuarial gains or losses	(173)	(429)
Income tax effect	113	140
Remeasurements after income tax expense	₩ (298)	₩ (368)

17.6 Details of fair value of plan assets as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021		
	Assets quoted in an active market	Assets not quoted in an active market	Total
Cash and due from financial institutions	₩ -	₩ 22,778	₩ 22,778

(In millions of Korean won)

	December 31, 2020		
	Assets quoted in an active market	Assets not quoted in an active market	Total
Cash and due from financial institutions	₩ -	₩ 21,892	₩ 21,892

17.7 Details of significant actuarial assumptions used as of December 31, 2021 and 2020, are as follows:

	December 31, 2021	December 31, 2020
Discount rate (%)	2.60	2.00
Future salary increase rate (%)	4.10	3.75
Turnover rate (%)	1.00	1.00

Mortality assumptions are based on the experience-based mortality table issued by Korea Insurance Development Institute in 2019.



17.8 Results of sensitivity analysis of significant actuarial assumptions as of December 31, 2021, are as follows:

	Changes in assumptions	Effect on defined benefit obligation	
		Increase in assumptions	Decrease in assumptions
Discount rate (%)	0.5%p	4.62% decrease	4.93% increase
Salary increase rate (%)	0.5%p	5.06% increase	4.78% decrease
Turnover rate (%)	0.5%p	0.45% decrease	0.47% increase

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. The sensitivity of the defined benefit obligation to changes in significant actuarial assumptions is calculated using the same projected unit credit method used in calculating the defined benefit obligation recognized in the statement of financial position.

17.9 Expected maturity analysis of undiscounted pension benefit payments (including expected future benefits) as of December 31, 2021, are as follows:

(In millions of Korean won)

	Up to 1 year	1 ~ 2 years	2 ~ 5 years	5 ~ 10 years	Over 10 years	Total
Pension benefits	₩ 212	₩ 1,118	₩ 3,527	₩ 13,831	₩ 39,004	₩ 57,692

The weighted average duration of the defined benefit obligation is 9.8 years.

17.10 Reasonable estimation of expected contribution to plan assets for the next annual reporting period after December 31, 2021 is ₩ 2,100 million.

18. Other Liabilities

Details of other liabilities as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021	December 31, 2020
Other financial liabilities		
Payables	₩ 828	₩ 2,073
Accrued expenses	12,396	13,848
Lease liabilities	689	523
	13,913	16,444
Other non-financial liabilities		
Payables	23,679	11,870
Accrued expenses	197,042	138,740
Withholding taxes	461	11,242
	221,182	161,852
	₩ 235,095	₩ 178,296

19. Equity

19.1 Share Capital

19.1.1 Details of share capital as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021	December 31, 2020
Type of share	Ordinary share	Ordinary share
Number of authorized shares	1,000,000,000	1,000,000,000
Par value per share (In Korean won)	₩ 5,000	₩ 5,000
Number of issued shares	415,807,920	415,807,920
Share capital	₩ 2,090,558	₩ 2,090,558

19.1.2 Changes in shares for the years ended December 31, 2021 and 2020, are as follows:

(In number of shares)

	2021	2020
Beginning	389,634,335	389,634,335
Increase	-	-
Decrease	-	-
Ending	389,634,335	389,634,335

19.2 Hybrid Securities

Details of hybrid securities classified as equity as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

Hybrid securities	Issuance date	Maturity	Interest rate (%) as of December 31, 2021	December 31, 2021	December 31, 2020
The 1-1 st	May 2, 2019	Perpetual bond	3.23	₩ 349,204	₩ 349,204
The 1-2 nd	May 2, 2019	Perpetual bond	3.44	49,881	49,881
The 2-1 st	May 8, 2020	Perpetual bond	3.30	324,099	324,099
The 2-2 nd	May 8, 2020	Perpetual bond	3.43	74,812	74,812
The 3-1 st	Jul. 14, 2020	Perpetual bond	3.17	369,099	369,099
The 3-2 nd	Jul. 14, 2020	Perpetual bond	3.38	29,922	29,922
The 4-1 st	Oct. 20, 2020	Perpetual bond	3.00	433,918	433,918
The 4-2 nd	Oct. 20, 2020	Perpetual bond	3.28	64,843	64,843
The 5-1 st	Feb. 19, 2021	Perpetual bond	2.67	419,056	-
The 5-2 nd	Feb. 19, 2021	Perpetual bond	2.87	59,862	-
The 5-3 rd	Feb. 19, 2021	Perpetual bond	3.28	119,727	-
The 6-1 st	May 28, 2021	Perpetual bond	3.20	165,563	-
The 6-2 nd	May 28, 2021	Perpetual bond	3.60	109,708	-
The 7-1 st	Oct. 8, 2021	Perpetual bond	3.57	208,453	-
The 7-2 nd	Oct. 8, 2021	Perpetual bond	3.80	59,834	-
				₩ 2,837,981	₩ 1,695,778

The above hybrid securities are early redeemable by the Company after 5 or 7 or 10 years from the issuance date.



19.3 Capital Surplus

Details of capital surplus as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021		December 31, 2020	
Paid-in capital in excess of par value	₩	13,190,275	₩	13,190,275
Other capital surplus		1,465,893		1,465,893
Gains on sales of treasury shares		86,646		86,646
Consideration for exchange right of exchangeable bonds		11,933		11,933
	₩	14,754,747	₩	14,754,747

19.4 Accumulated Other Comprehensive Income (Loss)

19.4.1 Details of accumulated other comprehensive income (loss) as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021		December 31, 2020	
Remeasurements of net defined benefit liabilities	₩	(8,330)	₩	(8,032)

19.4.2 Changes in accumulated other comprehensive income (loss) for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	2021							
	Beginning	Changes	Tax effect	Ending				
Remeasurements of net defined benefit liabilities	₩	(8,032)	₩	(411)	₩	113	₩	(8,330)

(In millions of Korean won)

	2020							
	Beginning	Changes	Tax effect	Ending				
Remeasurements of net defined benefit liabilities	₩	(7,664)	₩	(508)	₩	140	₩	(8,032)

19.5 Retained Earnings

19.5.1 Details of retained earnings as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021		December 31, 2020	
Legal reserves	₩	695,348	₩	557,405
Voluntary reserves		982,000		982,000
Regulatory reserve for credit losses		5,154		4,175
Unappropriated retained earnings		2,291,704		2,045,177
	₩	3,974,206	₩	3,588,757

With respect to the allocation of net profit earned in a fiscal term, the Company must set aside in its legal reserve an amount equal to at least 10% of its profit after tax as reported in the financial statements, each time it pays dividends on its net profits earned until its legal reserve reaches the aggregate amount of its paid-in capital in accordance with Article 53 of the Financial Holding Company Act. The reserve is not available for the payment of cash dividends, but may be transferred to share capital, or used to reduce accumulated deficit.

19.5.2 Statement of appropriation of retained earnings

(Expected date of appropriation for 2021: March 25, 2022)
(Date of appropriation for 2020: March 26, 2021)

(In millions of Korean won)

	2021		2020	
Unappropriated retained earnings				
Unappropriated retained earnings carried over from prior years	₩	1,216,602	₩	688,621
Profit for the year		1,438,866		1,379,415
Quarterly dividends		(292,226)		-
Dividends on hybrid securities		(71,538)		(22,860)
		2,291,704		2,045,176
Transfer from voluntary reserves and others				
Regulatory reserve for credit losses		664		-
		664		-
Appropriation of retained earnings				
Legal reserves		143,887		137,942
Regulatory reserve for credit losses		-		979
Cash dividends:		853,299		689,653
(Dividends (rate) per share: ₩ 2,190 (43.8%) in 2021)				
(Dividends (rate) per share: ₩ 1,770 (35.4%) in 2020)				
		997,186		828,574
Unappropriated retained earnings to be carried forward	₩	1,295,182	₩	1,216,602

19.5.3 Regulatory reserve for credit losses

Measurement and disclosure of regulatory reserve for credit losses are required in accordance with Articles 26 through 28 of the Regulations on Supervision of Financial Holding Companies.

19.5.3.1 Details of regulatory reserve for credit losses as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021		December 31, 2020	
Amounts before appropriation	₩	5,154	₩	4,175
Amounts estimated to be appropriated (reversed)		(664)		979
	₩	4,490	₩	5,154



19.5.3.2 Regulatory reserve for credit losses estimated to be appropriated (reversed) and adjusted profit after provision (reversal) of regulatory reserve for credit losses for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won, except for per share amounts)

	2021		2020	
Regulatory reserve for credit losses estimated to be appropriated (reversed)	₩	(664)	₩	979
Adjusted profit after provision (reversal) of regulatory reserve for credit losses ^{1,2}		1,367,992		1,355,576
Adjusted basic earnings per share after provision (reversal) of regulatory reserve for credit losses ¹		3,511		3,479
Adjusted diluted earnings per share after provision (reversal) of regulatory reserve for credit losses ¹		3,438		3,436

¹ Adjusted profit after provision (reversal) of regulatory reserve for credit losses is not based on Korean IFRS. It is calculated by reflecting provision (reversal) of regulatory reserve for credit losses before tax to the net profit for the period.

² After deducting dividends on hybrid securities

19.6 Treasury Shares

Changes in treasury shares for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won and in number of shares)

	2021			
	Beginning	Acquisition	Retirement	Ending
Number of treasury shares *	26,173,585	-	-	26,173,585
Carrying amount	₩ 1,136,188	₩ -	₩ -	₩ 1,136,188

(In millions of Korean won and in number of shares)

	2020			
	Beginning	Acquisition	Retirement	Ending
Number of treasury shares *	26,173,585	-	-	26,173,585
Carrying amount	₩ 1,136,188	₩ -	₩ -	₩ 1,136,188

* 5 million treasury shares are deposited at the Korea Securities Depository for the exchange of exchangeable bonds.

20. Dividends

The annual dividends paid to the shareholders of the Company in 2021 and 2020 were ₩ 689,653 million (₩1,770 per share) and ₩ 861,092 million (₩ 2,210 per share), respectively. Meanwhile, the quarterly dividends of ₩ 292,226 million (₩ 750 per share) with dividends record date of June 30, 2021 were paid on August 6, 2021 according to the resolution of the board of directors on July 22, 2021. The annual dividends to the shareholders of the Company for the year ended December 31, 2021, amounting to ₩ 853,299 million (₩ 2,190 per share) is to be proposed at the general shareholders' meeting scheduled for March 25, 2022. The Company's financial statements as of and for the year ended December 31, 2021, do not reflect this dividend payable.

21. Net Interest Expense

Details of interest income, interest expense, and net interest expense for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	2021		2020	
Interest income				
Due from financial institutions	₩	2,164	₩	69
Loans measured at amortized cost		4,045		3,450
Loans measured at fair value through profit or loss		2,844		4,256
Others		339		269
		<u>9,392</u>		<u>8,044</u>
Interest expense				
Borrowings		141		921
Debentures		120,316		131,505
Others		12		11
		<u>120,469</u>		<u>132,437</u>
Net interest expense	₩	<u>(111,077)</u>	₩	<u>(124,393)</u>

22. Net Fee and Commission Expense

Details of fee and commission income, fee and commission expense, and net fee and commission expense for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	2021		2020	
Fee and commission income				
Fees earned in Korean won	₩	975	₩	841
Fee and commission expense				
Fees paid in Korean won		8,812		8,836
Fees paid in foreign currency		320		343
		<u>9,132</u>		<u>9,179</u>
Net fee and commission expense	₩	<u>(8,157)</u>	₩	<u>(8,338)</u>



23. Net Gains or Losses on Financial Instruments at Fair value through Profit or Loss

Net gains or losses on financial instruments at fair value through profit or loss include dividend income, gains or losses arising from changes in fair value, and gains or losses arising from sales and redemptions. Details of net gains or losses on financial assets at fair value through profit or loss for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	2021	2020
Gains on financial instruments at fair value through profit or loss		
Dividend income from financial assets at fair value through profit or loss	₩ 19,895	₩ 15,269
Gains on valuation of financial assets at fair value through profit or loss	3,911	252
	<u>23,806</u>	<u>15,521</u>
Losses on financial instruments at fair value through profit or loss		
Losses on valuation of financial assets at fair value through profit or loss	3,556	2,858
	<u>3,556</u>	<u>2,858</u>
Net gains on financial instruments at fair value through profit or loss	<u>₩ 20,250</u>	<u>₩ 12,663</u>

24. Net Other Operating Income and Expenses

Details of other operating income and expenses for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	2021	2020
Other operating income		
Dividend income from subsidiaries	₩ 1,617,949	₩ 1,573,411
Reversal of impairment losses of investments in subsidiaries	2,289	-
Gains on foreign currency transactions	-	117
	<u>1,620,238</u>	<u>1,573,528</u>
Other operating expenses		
Impairment losses of investments in subsidiaries	-	2,289
	<u>-</u>	<u>2,289</u>
Net other operating income	<u>₩ 1,620,238</u>	<u>₩ 1,571,239</u>

25. General and Administrative Expenses

25.1 Details of general and administrative expenses for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	2021	2020
Expenses related to employee		
Employee benefits - salaries	₩ 33,178	₩ 30,719
Employee benefits - others	5,499	5,156
Post-employment benefits - defined benefit plans	2,105	2,063
Post-employment benefits - defined contribution plans	523	510
Share-based payments	9,230	4,034
	<u>50,535</u>	<u>42,482</u>
Depreciation and amortization	<u>6,506</u>	<u>4,357</u>
Other general and administrative expenses		
Travel	21	36
Communications	1,502	1,100
Tax and dues	413	416
Publication	371	353
Rental expense	1,636	1,061
Vehicle	142	137
Service fees	13,691	12,278
Advertising	973	937
Training	1,158	928
Others	8,469	7,769
	<u>28,376</u>	<u>25,015</u>
	<u>₩ 85,417</u>	<u>₩ 71,854</u>



25.2.2 Stock grants linked to short-term performance

(In number of shares)

	Estimated number of vested shares *	Vesting conditions
KB Financial Group Inc.		
Stock granted in 2015	5,352	Satisfied
Stock granted in 2016	5,409	Satisfied
Stock granted in 2017	2,489	Satisfied
Stock granted in 2018	7,400	Satisfied
Stock granted in 2019	18,692	Satisfied
Stock granted in 2020	34,658	Satisfied
Stock granted in 2021	34,965	Proportional to service period
Kookmin Bank		
Stock granted in 2015	5,019	Satisfied
Stock granted in 2016	12,867	Satisfied
Stock granted in 2017	3,862	Satisfied
Stock granted in 2018	38,067	Satisfied
Stock granted in 2019	83,778	Satisfied
Stock granted in 2020	135,336	Satisfied
Stock granted in 2021	109,561	Proportional to service period
Other subsidiaries		
Stock granted in 2015	7,777	Satisfied
Stock granted in 2016	34,345	Satisfied
Stock granted in 2017	58,052	Satisfied
Stock granted in 2018	226,242	Satisfied
Stock granted in 2019	408,353	Satisfied
Stock granted in 2020	606,891	Satisfied
Stock granted in 2021	267,649	Proportional to service period
	<u>2,106,764</u>	

* Executives and employees were given the right of choice about the timing of the deferred payment (after the date of retirement), payment ratio, and payment period. Accordingly, a certain percentage of the granted shares is deferred for up to five years after the date of retirement after the deferred grant has been confirmed.

25.2.3 Stock grants are measured at fair value using the MonteCarlo simulation model and assumptions used in measuring the fair value as of December 31, 2021, are as follows:

(In Korean won)

	Risk-free rate (%)	Fair value (market performance condition)	Fair value (non-market performance condition)
Linked to long-term performance			
(KB Financial Group Inc.)			
Series 22	1.35	50,023~56,379	50,023~56,379
Series 23	1.35	50,023~56,379	50,023~56,379
Series 25	1.35	50,023~56,379	50,023~56,379
Series 27	1.35	-	48,344~51,523
Series 28	1.35	43,391~47,774	46,978~51,724
Series 29	1.35	48,344~56,379	48,344~56,379
Series 30	1.35	46,800~51,523	46,800~51,523
Series 31	1.35	46,800~51,523	46,800~51,523
Series 32	1.35	50,023~56,379	50,023~56,379
Deferred grant in 2015	1.35	-	48,344~56,379
Deferred grant in 2016	1.35	-	51,523~56,379
Deferred grant in 2017	1.35	-	53,308~56,379
Deferred grant in 2018	1.35	-	51,523~56,379
Deferred grant in 2019	1.35	-	53,308~56,379
Deferred grant in 2020	1.35	-	48,344~56,379
(Kookmin Bank)			
Series 76	1.35	50,023~56,379	50,023~56,379
Series 77	1.35	50,023~56,379	50,023~56,379
Series 78	1.35	49,885~56,223	50,023~56,379
Series 79	1.35	50,023~56,379	50,023~56,379
Series 80	1.35	48,344~53,308	48,344~53,308
Series 81	1.35	48,344~56,379	48,344~56,379
Series 82	1.35	46,800~51,523	46,800~51,523
Series 83	1.35	46,800~51,523	46,800~51,523
Series 84	1.35	46,800~51,523	46,800~51,523
Grant deferred in 2015	1.35	-	56,379~56,379
Grant deferred in 2016	1.35	-	47,153~56,379
Grant deferred in 2017	1.35	-	51,523~56,379
Grant deferred in 2018	1.35	-	51,523~56,379
Grant deferred in 2019	1.35	-	45,096~56,379
Grant deferred in 2020	1.35	-	51,523~56,379
(Other subsidiaries)			
Stock granted in 2010	1.35	-	53,308~53,308
Stock granted in 2011	1.35	-	53,308~53,308
Stock granted in 2012	1.35	-	51,523~53,308
Stock granted in 2013	1.35	-	51,523~53,308
Stock granted in 2014	1.35	-	51,523~51,523
Stock granted in 2015	1.35	-	46,800~56,379
Stock granted in 2016	1.35	-	46,436~56,502
Stock granted in 2017	1.35	-	45,096~61,294
Stock granted in 2018	1.35	-	45,096~56,502
Stock granted in 2019	1.35	46,800~56,502	45,096~56,502
Stock granted in 2020	1.35	48,344~56,502	45,096~56,502
Stock granted in 2021	1.35	46,800~56,379	46,800~56,502



25.2.3 Stock grants are measured at fair value using the MonteCarlo simulation model and assumptions used in measuring the fair value as of December 31, 2021, are as follows: (cont'd)

(In Korean won)	Risk-free rate (%)	Fair value (market performance condition)	Fair value (non-market performance condition)
Linked to short-term performance			
(KB Financial Group Inc.)			
Stock granted in 2015	1.35	-	48,344~56,379
Stock granted in 2016	1.35	-	45,304~56,379
Stock granted in 2017	1.35	-	51,523~56,379
Stock granted in 2018	1.35	-	51,523~56,379
Stock granted in 2019	1.35	-	53,308~56,379
Stock granted in 2020	1.35	-	48,344~56,379
Stock granted in 2021	1.35	-	50,023~53,308
(Kookmin Bank)			
Stock granted in 2015	1.35	-	47,153~56,379
Stock granted in 2016	1.35	-	47,153~56,379
Stock granted in 2017	1.35	-	51,523~56,379
Stock granted in 2018	1.35	-	51,523~56,379
Stock granted in 2019	1.35	-	53,308~56,379
Stock granted in 2020	1.35	-	51,523~56,379
Stock granted in 2021	1.35	-	50,023~54,229
(Other subsidiaries)			
Stock granted in 2015	1.35	-	46,800~56,502
Stock granted in 2016	1.35	-	46,800~56,502
Stock granted in 2017	1.35	-	45,096~56,502
Stock granted in 2018	1.35	-	45,096~56,502
Stock granted in 2019	1.35	-	45,096~56,502
Stock granted in 2020	1.35	-	46,800~56,502
Stock granted in 2021	1.35	-	46,800~54,649

The Company use the volatility of the stock price over the previous year as the expected volatility, and uses the arithmetic mean of the price-dividend ratio of one year before, two years before, and three years before the base year as the dividend yield and uses one-year risk-free rate of Korea Treasury Bond in order to measure the fair value.

Share-based payments arrangement for subsidiaries was transferred to the Company in 2010, and the related compensation cost paid to the executives and employees of subsidiaries is reimbursed by subsidiaries. The accrued expenses for share-based payments as of December 31, 2021 and 2020, are ₩ 193,023 million and ₩ 135,328 million, respectively, and the receivables to be reimbursed by subsidiaries for the compensation costs as of December 31, 2021 and 2020, are ₩ 176,709 million and ₩ 123,797 million, respectively. And compensation costs from share-based payments amounting to ₩ 9,230 million and ₩ 4,034 million were recognized for the years ended December 31, 2021 and 2020, respectively.

26. Net Other Non-Operating Income and Expenses

Details of other non-operating income and expenses for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	2021	2020
Other non-operating income		
Reversal of impairment losses of intangible assets	₩ 11	₩ 986
Others	2,377	759
	<u>2,388</u>	<u>1,745</u>
Other non-operating expenses		
Losses on disposal of property and equipment	10	-
Impairment losses of intangible assets	3	-
Donation	1,028	1,225
Others	182	6
	<u>1,223</u>	<u>1,231</u>
Net other non-operating income	<u>₩ 1,165</u>	<u>₩ 514</u>

27. Income Tax Benefit

27.1 Details of income tax benefit for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	2021	2020
Income tax payable	₩ -	₩ -
Changes in deferred tax assets and liabilities		
Origination and reversal of temporary differences	(2,394)	4,337
Income tax recognized directly in equity		
Remeasurements of net defined benefit liabilities	113	140
Consideration for exchange right of exchangeable bonds	-	(4,526)
	<u>113</u>	<u>(4,386)</u>
Income tax benefit	<u>₩ (2,281)</u>	<u>₩ (49)</u>

27.2 Analysis of the relationship between net profit before income tax expense and income tax benefit for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	2021		2020	
	Tax rate (%)	Amount	Tax rate (%)	Amount
Profit before income tax expense		₩ 1,436,585		₩ 1,379,366
Income tax at the applicable tax rate *	26.78	384,699	26.75	368,964
Non-taxable income	(27.26)	(391,645)	(28.26)	(389,802)
Non-deductible expenses	0.05	774	0.06	797
Consolidated tax return effect	0.26	3,778	1.77	24,379
Others	0.01	113	(0.32)	(4,387)
Average effective tax rate and income tax benefit	(0.16)	₩ (2,281)	(0.00)	₩ (49)

* Applicable income tax rate for ₩ 200 million and below is 11%, for over ₩ 200 million to ₩ 20 billion is 22%, for over ₩ 20 billion to ₩ 300 billion is 24.2% and for over ₩ 300 billion is 27.5% for the years ended December 31, 2021 and 2020.

28. Earnings per Share

28.1 Basic Earnings per Share

Basic earnings per share is calculated from the earnings attributable to ordinary shares.

28.1.1 Weighted average number of ordinary shares outstanding

(In number of shares)

	2021		2020	
	Number of shares	Accumulated number of shares	Number of shares	Accumulated number of shares
Number of issued ordinary shares	415,807,920	151,769,890,800	415,807,920	152,185,698,720
Number of treasury shares	(26,173,585)	(9,553,358,525)	(26,173,585)	(9,579,532,110)
Average number of ordinary shares outstanding	389,634,335	142,216,532,275	389,634,335	142,606,166,610
Number of days		365		366
Weighted average number of ordinary shares outstanding		389,634,335		389,634,335

28.1.2 Basic earnings per share

(In Korean won and in number of shares)

	2021	2020
Profit for the period	₩ 1,438,865,627,868	₩ 1,379,414,691,239
Deduction: Dividends on hybrid securities	(71,537,500,000)	(22,859,500,000)
Profit attributable to ordinary equity holders (A)	1,367,328,127,868	1,356,555,191,239
Weighted average number of ordinary shares outstanding (B)	389,634,335	389,634,335
Basic earnings per share (A/B)	₩ 3,509	₩ 3,482

28.2 Diluted Earnings per Share

Diluted earnings per share is calculated through increasing the weighted average number of ordinary shares outstanding by the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares. The Company has dilutive potential ordinary shares such as stock grants and ordinary share exchange right of exchangeable bonds.

A calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market share price for the year) based on the monetary value of stock grants. The number of shares calculated above is compared with the number of shares that would have been issued assuming the settlement of stock grants.

Exchangeable bonds are included in potential ordinary shares from the exercisable date of the exchange right, and interest expense after tax for the period is added to profit for diluted earnings per share.

28.2.1 Adjusted profit for diluted earnings per share

(In Korean won)

	2021	2020
Profit attributable to the ordinary equity holders *	₩ 1,367,328,127,868	₩ 1,356,555,191,239
Adjustment:		
Interest expense on exchangeable bonds	2,347,186,871	798,012,332
Adjusted profit for diluted earnings per share	₩ 1,369,675,314,739	₩ 1,357,353,203,571

* The amount is after deducting dividends on hybrid securities.

28.2.2 Weighted average number of ordinary shares outstanding for diluted earnings per share

(In number of shares)

	2021	2020
Weighted average number of ordinary shares outstanding	389,634,335	389,634,335
Adjustment:		
Stock grants	3,945,208	3,416,737
Exchangeable bonds	5,000,000	1,707,650
Adjusted weighted average number of ordinary shares outstanding for diluted earnings per share	398,579,543	394,758,722

28.2.3 Diluted earnings per share

(In Korean won and in number of shares)

	2021	2020
Adjusted profit for diluted earnings per share	₩ 1,369,675,314,739	₩ 1,357,353,203,571
Adjusted weighted average number of ordinary shares outstanding for diluted earnings per share	398,579,543	394,758,722
Diluted earnings per share	₩ 3,436	₩ 3,438

29. Statement of Cash Flows

29.1 Details of cash and cash equivalents as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021		December 31, 2020	
Due from financial institutions	₩	608,076	₩	23,084
Deduction:				
Restricted due from financial institutions		(3)		(3)
Due from financial institutions with original maturities over three months		(90,000)		-
		(90,003)		(3)
	₩	518,073	₩	23,081

29.2 Significant non-cash transactions for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	2021		2020	
Changes in receivables and payables from consolidated tax return	₩	(125,916)	₩	283,444
Changes in receivables and payables related to stock grants		52,912		10,799

29.3 Cash inflows and outflows from income tax, interest, and dividends for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	Activity	2021		2020	
Income tax paid	Operating	₩	1,968	₩	1,390
Interest received	Operating		7,976		6,674
Interest paid	Operating		116,449		127,926
Dividends received	Operating		1,637,727		1,588,631
Dividends paid	Financing		1,053,417		883,951

29.4 Changes in liabilities arising from financing activities for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	2021			
	Beginning	Net cash flows	Non-cash changes	Ending
Borrowings	₩ 100,000	₩ (100,000)	₩ -	₩ -
Debentures	6,128,043	(580,595)	5,343	5,552,791
	₩ 6,228,043	₩ (680,595)	₩ 5,343	₩ 5,552,791

(In millions of Korean won)

	2020			
	Beginning	Net cash flows	Non-cash changes	Ending
Borrowings	₩ -	₩ 100,000	₩ -	₩ 100,000
Debentures	5,543,446	597,091	(12,494)	6,128,043
	₩ 5,543,446	₩ 697,091	₩ (12,494)	₩ 6,228,043

30. Contingent Liabilities and Commitments

30.1 Commitments made with financial institutions as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021		December 31, 2020	
	Amount of commitments	Amount borrowed	Amount of commitments	Amount borrowed
General loan Hana Bank	₩ 200,000	₩ -	₩ 200,000	₩ -

30.2 Other Matters (including litigation)

a) The Company has no pending lawsuit as a defendant as of December 31, 2021.

b) The proliferation of COVID-19 has had a negative impact on the global economy, which may have an impact on the expected credit losses and potential impairment of assets in a particular portfolio, and it could negatively affect the revenue generation capability of the Company as follows:

- There is a possibility of uncertainty about the credit risk of a borrower that could be affected by COVID-19.
- Uncertainty may arise about forward-looking macroeconomic information related to expected credit losses.
- Korean won may depreciate against major foreign currencies. This may result in an increase in principal and interest payments on liabilities denominated in foreign currencies, and losses on foreign exchange transactions.
- A significant decrease in the fair value of the Company's investment in an entity that could be affected by COVID-19 pandemic can occur.



31. Related Party Transactions

According to Korean IFRS No.1024, the Company includes subsidiaries and key management personnel (including family members) in the scope of related parties. The Company discloses balances (receivables and payables) and other amounts arising from transactions with related parties in the notes to the financial statements. Refer to Note 9 for details of subsidiaries. Key management personnel include the executives of the Company, their close family members, and the companies where the executives and/or their close family members have control or joint control.

31.1 Details of significant profit or loss arising from transactions with related parties for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

Subsidiaries	Profit or loss	2021	2020
Kookmin Bank	Interest income	₩ 1,761	₩ 329
	Fee and commission income	926	925
	Net other operating income ¹	917,941	1,330,407
	General and administrative expenses	8,863	8,265
	Net non-operating income ²	1,448	-
KB Securities Co., Ltd.	Fee and commission income	15	-
	Net other operating income ¹	200,000	80,000
	General and administrative expenses	659	858
KB Insurance Co., Ltd.	Fee and commission income	21	-
	General and administrative expenses	1,628	1,245
KB Kookmin Card Co., Ltd.	Fee and commission income	5	-
	Net other operating income ¹	200,008	100,004
	General and administrative expenses	189	638
	Net non-operating income	4	5
Prudential Life Insurance Company of Korea Ltd.	Fee and commission income	4	-
	Net other operating income ¹	200,000	-
	General and administrative expenses	691	97
KB Asset Management Co., Ltd.	Net other operating income ¹	55,000	30,000
	General and administrative expenses	10	38
KB Capital Co., Ltd.	Fee and commission income	2	-
	Net gains on financial assets at fair value through profit or loss	20,606	12,663
	General and administrative expenses	108	117
	Net other operating income ¹	35,000	30,000
KB Life Insurance Co., Ltd.	Fee and commission income	3	-
	General and administrative expenses	452	561
KB Real Estate Trust Co., Ltd.	Net other operating income ¹	35,000	30,000
KB Savings Bank Co., Ltd.	Interest income	2,091	-
	Net other operating income ¹	-	3,000
	Net losses on financial assets at fair value through profit or loss	(356)	-
KB Investment Co., Ltd.	Interest income	4,045	3,450
	Net other operating income ¹	10,000	-
	Provision for credit losses	417	-
KB Data Systems Co., Ltd.	General and administrative expenses	2,022	1,567

¹ Net other operating income includes dividend income from subsidiaries.

² Gains on disposal of intangible assets and others to Kookmin Bank for ₩ 3,676 million in 2021.

31.2 Details of significant outstanding balances of receivables and payables arising from transactions with related parties as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

Subsidiaries	Assets or liabilities	December 31, 2021	December 31, 2020
Kookmin Bank	Cash and due from financial institutions	₩ 518,076	₩ 23,084
	Other assets	462,250	596,618
	Other liabilities	71	736
	Property and equipment	518	703
	Other assets	106,320	86,571
KB Securities Co., Ltd.	Other liabilities	85	-
	Other assets	37,209	20,804
KB Insurance Co., Ltd.	Other liabilities	6	-
	Other assets	88,060	92,294
KB Kookmin Card Co., Ltd.	Other liabilities	700	621
	Other assets	2,626	56
Prudential Life Insurance Company of Korea Ltd.	Other liabilities	7,264	-
	Other assets	20,502	16,993
KB Asset Management Co., Ltd.	Financial assets at fair value through profit or loss	389,606	388,895
	Other assets	40,701	25,426
	Other liabilities	5,196	3,747
KB Life Insurance Co., Ltd.	Other assets	10,877	7,636
	Other liabilities	19,360	22,559
KB Real Estate Trust Co., Ltd.	Other assets	90,000	-
	Cash and due from financial institutions	51,154	-
	Financial assets at fair value through profit or loss	7,984	2,661
KB Savings Bank Co., Ltd.	Other assets	67	-
	Other liabilities	250,000	180,000
	Loans measured at amortized cost (gross amount)	9,157	12,969
KB Investment Co., Ltd.	Other assets	872	458
	Allowances for credit losses	68	40
	Property and equipment	3,341	3,484
	Intangible assets	2,554	1,700
KB Data Systems Co., Ltd.	Other assets	160	1,016
	Other liabilities	1,239	897
	Other assets	-	75

31.3 Right-of-use assets and lease liabilities with related parties as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

Subsidiary	December 31, 2021	December 31, 2020
Kookmin Bank	₩ 518	₩ 703
Right-of-use assets		



31.4 Unused commitments provided from related parties as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

		December 31, 2021		December 31, 2020	
Subsidiary	KB Kookmin Card Co., Ltd.	Unused lines of credit for credit card	₩ 2,300	₩ 2,379	

31.5 Share transactions with related parties for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

		2021		2020	
Subsidiary	KB Capital Co., Ltd.	Paid-in capital increase of ordinary shares	₩ 200,000	₩ 50,000	
	Prudential Life Insurance Company of Korea Ltd.	Acquisition of shares	-	2,310,054	

31.6 Details of significant lending transactions with related parties for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

		2021			
		Beginning	Loan	Collection	Ending
Subsidiary	KB Investment Co., Ltd.	₩ 180,000	₩ 70,000	₩ -	₩ 250,000
	KB Savings Bank Co., Ltd. *	-	70,000	-	70,000

* Par value of subordinated bond issued by KB Savings Bank Co., Ltd. The difference between par value and fair value at the acquisition date was accounted for as investments in subsidiaries.

(In millions of Korean won)

		2020			
		Beginning	Loan	Collection	Ending
Subsidiary	KB Investment Co., Ltd.	₩ 120,000	₩ 60,000	₩ -	₩ 180,000

31.7 Details of compensation to key management personnel for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

		2021			
		Short-term employee benefits	Post-employment benefits	Share-based payments	Total
Registered directors (executive)	₩	871	₩ 29	₩ 1,937	₩ 2,837
Registered directors (non-executive)		666	-	-	666
Non-registered directors		5,746	61	7,293	13,100
	₩	7,283	₩ 90	₩ 9,230	₩ 16,603

(In millions of Korean won)

		2020			
		Short-term employee benefits	Post-employment benefits	Share-based payments	Total
Registered director (executive)	₩	1,138	₩ 23	₩ 818	₩ 1,979
Registered director (non-executive)		701	-	-	701
Non-registered director		4,450	99	3,215	7,764
	₩	6,289	₩ 122	₩ 4,033	₩ 10,444

31.8 The Company paid ₩ 30 million and ₩ 125 million to KB Securities Co., Ltd., a subsidiary, for the underwriting and arrangement of debentures and hybrid securities for the years ended December 31, 2021 and 2020, respectively.

32. Events after the reporting period

3,455,426 treasury shares were retired on February 14, 2022 in accordance with the resolution of the board of directors on February 8, 2022.

33. Approval of Issuance of the Financial Statements

The issuance of the Company's financial statements as of and for the year ended December 31, 2021, was approved by the board of directors on March 16, 2022.

 KB Financial Group