



Annual Report 2023

ANSWERS for the future

KB Financial Group Annual Report 2023

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NAVIGATING THE REPORT

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CEO Message

Dear shareholders and esteemed members of KB Financial Group's stakeholder community, let me begin by thanking all of you for your unwavering interest in and support of KB Financial Group.

In 2023, global markets were engulfed by uncertainties arising from an economic slowdown and geopolitical risks. The domestic market also had to deal with concerns over real estate risks spilling over into a financial crisis and swelling household debt amidst a high interest rate and high inflation environment.

Despite these domestic and international difficulties, KB Financial Group continued to ensure internal stability while sustaining our position as the leading financial group most trusted by customers. In particular, our balanced business portfolio across the banking and non-banking sectors underpinned our stable growth amidst uncertain business environments. In fact, our eleven subsidiaries generated significant achievements in their respective sectors, thus contributing to our goal of becoming the No.1 financial platform company in Korea.

At the same time, our relentless endeavors toward a better customer experience paid off, as KB Star Banking saw its monthly active users (MAUs) surpass 12 million. This milestone, unprecedented by any Korean legacy bank, was achieved by our super app, which functions as a financial hub that integrates the primary financial functions of both banks and non-bank subsidiaries, as well as life-embedded services such as KB Wallet, thereby enhancing customer convenience and accessibility.

Additionally, we revamped our group membership program, KB Star Club, to enhance customer benefits, aligning with our business philosophy that prioritizes customer value. At the same time, KB Pay—our one-stop digital payment platform—expanded its services to include commerce and travel options.

Most importantly, I am pleased to report that our steadfast dedication to ESG leadership was recognized globally when we became the first Korean financial institution to achieve the highest rating (AAA) in the MSCI (Morgan Stanley Capital International) ESG evaluation. This recognition underscores our ongoing expansion of ESG financial product offerings, our efforts to reduce greenhouse gas emissions and energy use, and our commitment to inclusive finance for diverse demographics.

Furthermore, in the CIB sector, we led the domestic market in syndicated loans, debt capital markets (DCM), and mergers and acquisitions (M&A). In the WM/pension sector, we solidified our leading position in the retirement pension market when we became the first Korean retirement pension manager whose AUM size surpassed the KRW 40 trillion milestone.

Now, let me briefly discuss our business performance over the past year. In 2023, KB Financial Group recorded a net profit of KRW 4.63 trillion, marking an increase of KRW 478.9 billion from the previous year. This growth can be attributed to increased interest income driven by asset growth and a rising net interest margin (NIM), along with operating profit growth from improved gains on securities and derivatives, despite higher proactive provisioning for credit costs amid prolonged high interest rates and economic slowdowns both domestically and internationally.

In terms of asset size, KB Financial Group's total assets as of the end of 2023 amounted to KRW 715.74 trillion, an increase of KRW 27.07 trillion from a year ago. This can be attributed to the continued growth in corporate loans that focused on premium clients and the pursuit of profitability-driven securities growth.

I believe that this robust performance in both net profit and asset size amidst difficult business environments was made possible because of the unshakable support of our customers and shareholders, as well as the relentless efforts of all KB Financial Group employees.

As we move forward, everyone at KB Financial Group will continue to embrace change and innovation, aiming to enhance our prosperity as a leading financial group.

Respected shareholders,

Today, societal and customer expectations for financial companies are becoming increasingly diverse and complex. Moreover, technological advancements are driving structural changes within the financial industry, presenting market players with unprecedented risks.

Determined to evolve as an unwavering leader in the face of these formidable challenges, KB Financial Group has firmly set a long-term vision to become the “**No.1 digital financial group that grows alongside customers as a lifetime financial partner.**” To achieve this vision, we have formulated strategic initiatives aimed at ensuring our continued growth and resilience.

- **First**, we aim to secure a sustainable growth and revenue base by enhancing the competitiveness of our Super Core business areas to capture new opportunities and pursue further investments.
- **Second**, we will strive to elevate customer trust and enhance our competitiveness in key growth engines, including investment management, wealth management, insurance, and global operations, to bolster our Core Business domains.
- **Third**, in the realms of non-financial businesses and ESG—our Next Core areas for future leadership—we are committed to solidifying the Group's position and refining our global business models.
- **Fourth**, we strive to differentiate our customer channels by providing convenient services through our digital platforms that match in-person interactions, while also enhancing our embedded finance offerings.
- **Fifth**, we will leverage comprehensive technology and AI (Tech·AI) to further enhance our operational efficiency and create new value, thereby achieving our transition into a tech-driven financial company.
- **Finally**, we are dedicated to fostering a culture where our employees—all dignified professionals—lead the way in embracing change, continuous learning, and developing proactive responses to new risks.



Dear shareholders,

KB Financial Group is committed to continuous innovation and growth, even within the most demanding environments, to meet and exceed our shareholders' expectations and deliver enhanced value.

Today, our efforts remain resolute in realizing the Group mission of “Financial services delivering change—happier life and better world” while we pursue more extensive ESG initiatives. Furthermore, we are dedicated to achieving mutual growth with society and our customers as we strive to be a financial group that coexists with all stakeholders.

In conclusion, I would like to extend my deepest gratitude to all our shareholders for your unceasing support of KB Financial Group. It is my sincere wish that the coming year brings you unparalleled success and continued good health.

Yang Jong-hee
Chairman & CEO | KB Financial Group Inc.

THE HISTORY OF CEO

1987	Seoul National University (B.A of Korean History)
1997	SoGang University Business School (Graduate)
2008	General Manager, Seochoyeok Br. (KB Kookmin Bank)
2008 ~ 2010	General Manager, Office of Board of Directors (KB Financial Group Inc.)
2011 ~ 2013	General Manager, Strategic Planning (KB Financial Group Inc.)
2014	Managing Director, Strategic Planning (KB Financial Group Inc.)
2015	Deputy President, Financial Planning/HR/IR (KB Financial Group Inc.)
2016 ~ 2020	CEO (KB Insurance Inc.)
2019 ~ 2020	Head, Insurance Business Unit (KB Financial Group Inc.)
2021 ~ 2023.11	Vice Chairman & COO (KB Financial Group Inc.)
2023.11 ~	Chairman & CEO (KB Financial Group Inc.)

What initiatives is KB undertaking to ENHANCE SOCIAL VALUE?

Businesses can thrive sustainably when they balance their financial goals with customer and social value. Today, the financial industry is making a concerted effort to solve urgent environmental and social issues such as climate change and income disparity through trusted financial solutions, ensuring we all meet our social responsibility and drive enduring societal change.



KB Financial Group envisions a society that **THRIVES TOGETHER WITH ITS PEOPLE.**

2023 KB ESG Highlights

We are committed to fostering balanced and inclusive growth based on diversity. Our strategy emphasizes synergy and coexistence as we align the growth trajectories of KB with our customers and the broader community. Driven by a commitment to social responsibility, we remain focused on enhancing our societal roles through financial contributions.

ESG Strategic Directions

First and only among domestic financial companies



8th DJSI World Index

DJSI World Index for an eighth straight year in 2023

MSCI ESG Ratings for 2023

AAA
(grade)

The first domestic financial company to receive the highest AAA rating for two consecutive years

Renewable energy generation/ facilities (annual basis)

1,908 (Mwh) / **37** (sites)

KB Financial Group is fulfilling its social responsibilities and roles as a leading ESG company by expanding the use of renewable energy and contributing to the transition to a low-carbon economy

KB ESG Financing

36.5
(tn won, cumulative)

By the end of December 2023, KB Financial Group's ESG products, investments, and loans reached KRW 36.5 trillion. The scale of ESG financial products is growing annually across environmental, social responsibility, corporate governance, and integrated ESG sectors.



What powers KB'S DISTINCTIVE CUSTOMER EXPERIENCE?

The future of the financial industry is characterized by the rapid adoption of technologies like Generative AI, big data, cloud computing, and blockchain, as these tools facilitate personalized financial services and innovate business models. The future of finance hinges on the ability to deliver novel experiences in customer interactions.



KB offers customers the best experience by **CREATING PRACTICAL VALUE THROUGH NEW TECHNOLOGIES.**

No.1 Digital Finance Group

STT·TA

Speech to Text and Text Analysis enabling precise communication with customers



AI chatbot and callbot services

24/365

AI services processing customer inquiries to appropriate subsidiaries for resolution

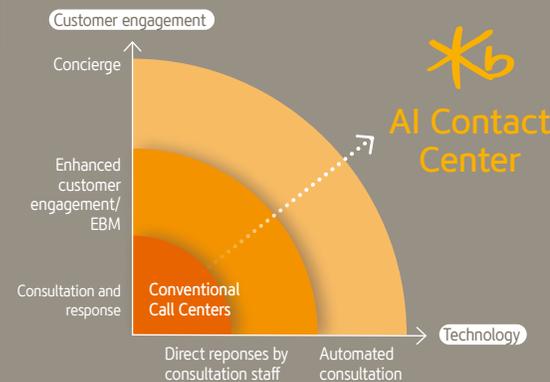
One Platform

One System for universal Group-wide usage

One Brand

KB Link Service facilitating seamless consultation transitions between subsidiaries

KB Financial Group is reinforcing its digital competitiveness as we continue to implement bold initiatives for future growth. Our AI Contact Center (AICC) exemplifies our digital innovation, offering seamless, integrated services across our subsidiaries based on a Group-wide infrastructure. By harnessing cloud technology, data analytics, and AI, we tailor our services to meet specific customer needs, transforming our contact center into a pivotal non-face-to-face channel that redefines traditional service values.



KB AI Contact Center Goals



Advancing the consultation process

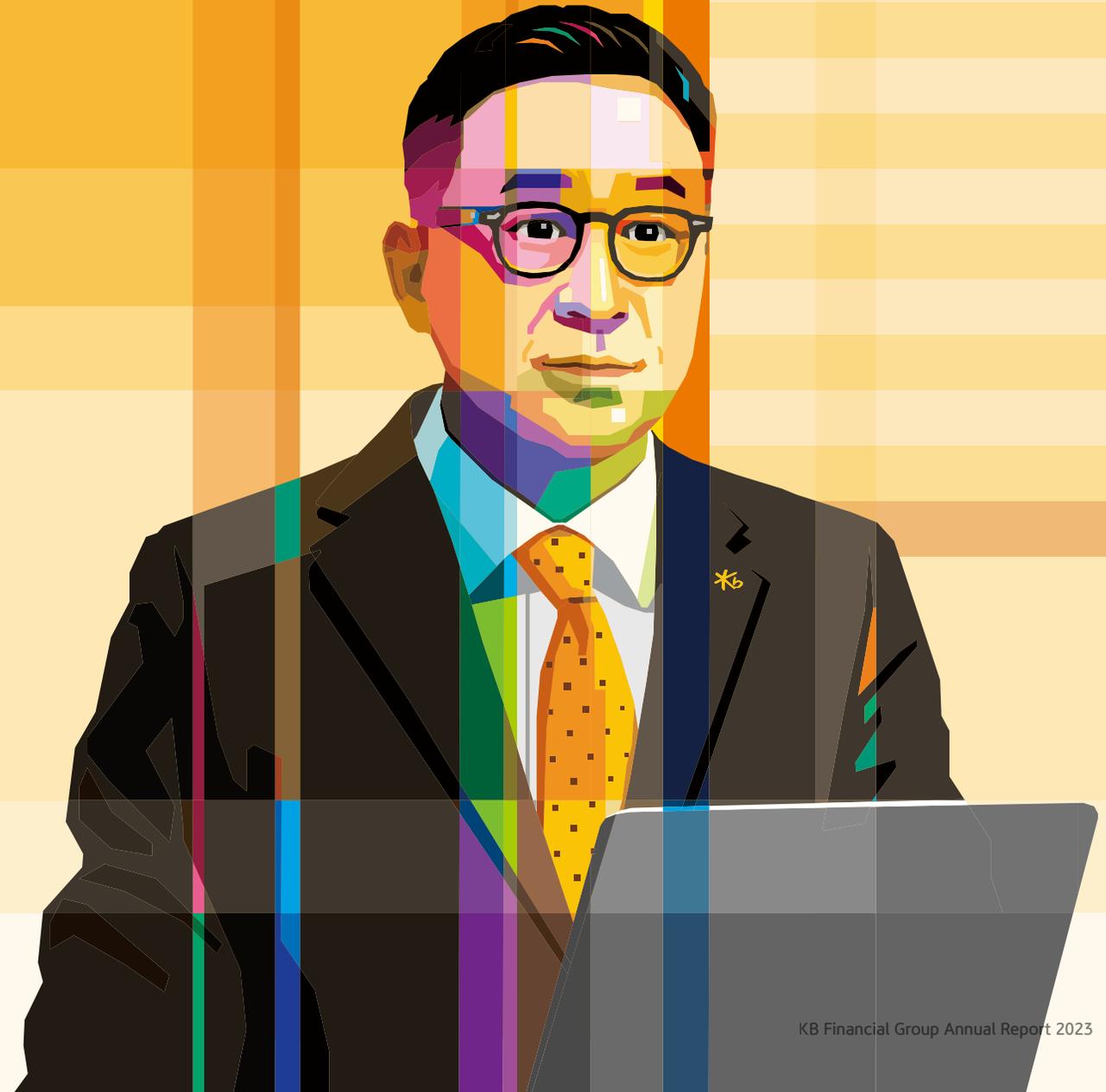
Channels for customer engagement and marketing activities

Internalizing specialized competencies

Operating system for innovative technologies

What are the **UNIQUE COMPETITIVE STRENGTHS OF KB FINANCIAL GROUP** amid intensifying competition within the industry?

As of the end of 2023, the BIS capital ratio of Korean banks exceeded 15%, a very stable figure, while the common equity tier 1 (CET1) ratio, an indicator of a total loss absorption capacity (TLAC) in the event of economic shocks, has also improved. However, as a potential for increased volatility in the financial markets still lies in 2024, the top priority for financial groups is seen as expanding the revenue sources of the non-banking sectors and enhancing synergies between the Group's subsidiaries.



KB Financial Group's core competitive strength lies in its **HIGHEST CAPITAL ADEQUACY** in the Korean banking sector and a **DIVERSIFIED BUSINESS PORTFOLIO**, which ensures robust profitability.

As of the end of 2023, KB Financial Group's BIS ratio stood at 16.73% and the CET1 ratio at 13.59%, all while maintaining the industry's highest capital adequacy based on solid earning power. The non-banking sector's contribution to the Group's net profit improved to 34% in 2023, with KB Financial Group's well diversified business portfolio, which includes not only banking but also brokerage, insurance, credit cards, asset management and specialized credit financing, considered the most balanced model in the industry.

Our Core Competencies

Highest level of CET1 amid increasing RWA

13.59%

The Group maintained industry-leading capital adequacy with a BIS ratio of 16.73% and CET1 of 13.59%, supported by strong earnings and strategic capital management.

Customer base

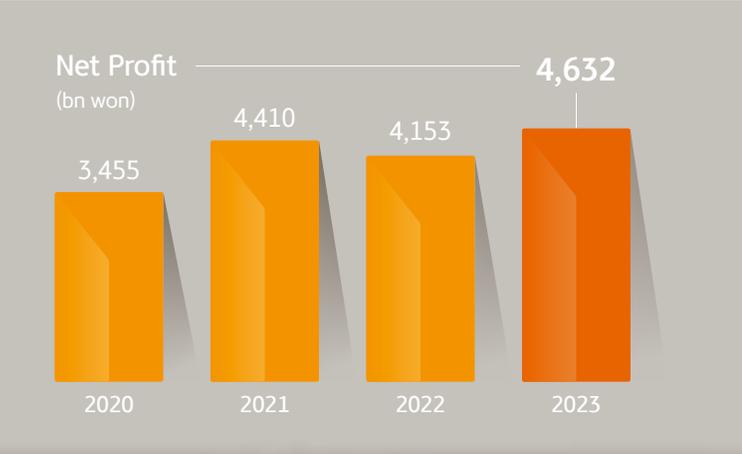
37.6 M
(Customer base)

As of 2023 end, the number of KBFG's customers was 37.6 million. Approximately 70% of the population of Korea are KB customers.

Well-balanced Growth

Bank **66%**
Non-bank **34%**

Continue to pursue diversified revenue sources by enhancing competitiveness of core non-banking businesses



Non-bank Net Profit Contribution

34%

The business portfolio of KB Financial Group, encompassing banking, securities, insurance, cards, and capital, is currently being evaluated as the most balanced model in the industry.

Group Network

2,062

As of the end of 2023, KBFG's group network totaled 2,062, including 597 branches overseas

Vision & Strategy

Mission

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

Mid- to Long-term Direction

No.1 Digital Financial Group that Grows Alongside Customers as a Lifetime Financial Partner
- Connected with everyone, always, delivering the highest value

Three Business Domains

 SUPER CORE Reinforcing traditional core businesses	 CORE BIZ Creating customer value and key performance	 NEXT CORE Leading future business competitiveness					
Establishing the No.1 DNA in all subsidiaries	Strengthening NIM and revenue bases	Maximizing investment management operations	Differentiating WM services based on customer trust	Growing customer-oriented insurance operations	Driving a global 3X3 strategy	Generating tangible outcomes from non-financial operations	Enhancing the ESG·Social Values

Three Operational Models

CHANNEL	TECH·AI	HUMAN
Developing new channel strategies starting from digital	Internalizing and streamlining technological capabilities	Accelerating the comprehensive 'Reskill·Upskill' initiative
Enhancing platform competitiveness & diversifying touchpoints	Value creation through AI Transformation	Strengthening new risk management capabilities
Redefining face-to-face channel operation models		

Management Goals for 2024

The 2024 market outlook poses significant challenges for businesses at home and abroad. A worldwide economic slowdown, coupled with geopolitical risks, exacerbates the prevailing uncertainty in the global market environment. Domestically, heightened concerns stem from soaring interest rates and high inflation trends, sparking fears of a potential financial market crisis triggered by a volatile real estate market and inflated household debt.

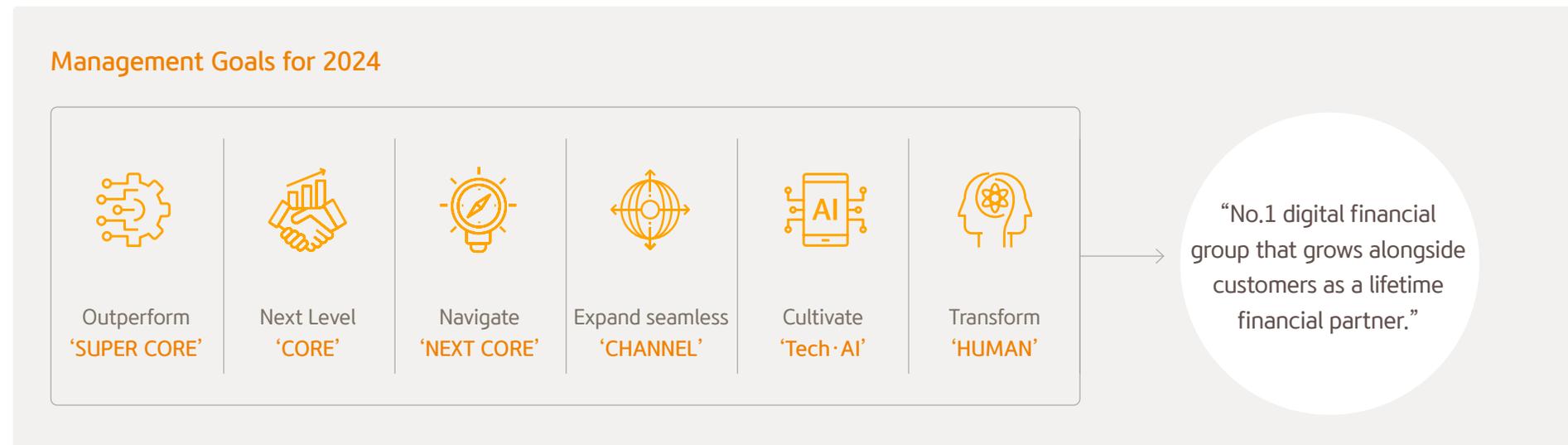
In Korea, the financial landscape appears even more daunting as industry players grapple with unprecedented challenges arising from technological innovation and paradigm shifts, in addition to evolving demands from society and customers.

In response to these challenges, KB Financial Group is committed to emerging as a steadfast leader, with our mid- to long-term goal set at becoming the No.1 digital financial group, fostering lifelong partnerships with our customers and seizing new opportunities for growth. We have outlined six management goals for 2024 as follows:

- **First**, we will start by strengthening the competitiveness of our traditional core business (Super Core) to secure sustainable growth and profitability, then turning this into new opportunities and investments.
- **Second**, we will enhance customer trust and our core competencies in investment management, WM, insurance, and global operations to expand our core growth drivers (Core).

- **Third**, we will further strengthen KB’s status in the future financial industry (Next Core), including non-financial businesses, ESG, and global operations.
- **Fourth**, we are dedicated to establishing a differentiated customer channel (Channel) that integrates the convenience of in-person interactions with our digital channels, while also adding embedded financial products and services.

- **Fifth**, we will comprehensively leverage technology and AI (Tech·AI) to drive business efficiency and create new value, thus facilitating our transformation into a tech-savvy financial group.
- **Lastly**, we will promote a corporate culture where employees (Human) with expertise and dignity take proactive initiatives, continuously adapt, and never stop learning. At the same time, we are preparing for emerging risks through proactive response systems.



GROUP REVIEW

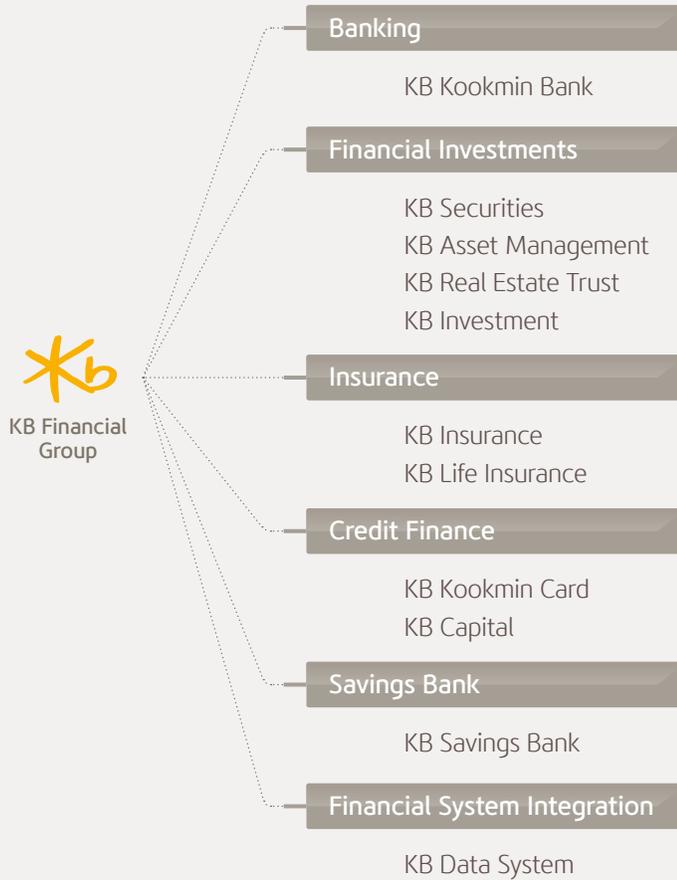
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Despite facing both domestic and international challenges, KB Financial Group maintained internal stability and continued to be the most trusted financial group among customers. Our stable growth was particularly supported by a balanced business portfolio across banking and non-banking sectors, which helped us navigate uncertain business environments. Additionally, our 11 subsidiaries achieved significant success in their respective areas, contributing to our objective of becoming the top financial platform company in Korea.

Company Profile

KB Financial Group is Korea's leading financial services provider offering broad range of financial products and services. The Group was founded in 2008 to better serve clients, enable growth and deliver value in a rapidly changing financial environment. Our core strengths are expertise, broad customer base, wide distribution network and strong brand.

Subsidiaries



Group Network



Total 2,062



Group Customers

37.6 million
(37,570,217 persons)

Group Employees

23,660

Credit Ratings

Moody's **A1** Stable

S&P **A** Stable



ESG Performance

Dow Jones Sustainability Indices
Powered by the S&P Global CSA

DJSI
Listed on the DJSI World Index for eight straight years (2016~2023)



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



Bloomberg Gender-Equality Index
First Korean company to be listed for five straight years (2019~2023)



Carbon Disclosure Project (CDP)
Acquisition of 'Leadership A-' in the Climate Change Response Sector



Morgan Stanley Capital International (MSCI)
The first Korean financial company to achieve AAA rating two consecutive years

Year in Review

Launch of the New KB Life Insurance

KB Life Insurance, the resultant entity after the merger between Prudential Life Insurance and KB Life Insurance, has officially commenced operations. The merger is set to amplify synergies by combining the two companies' solid financial base and exceptional human resources, alongside the competitive edge and expansive network of KB Financial Group, with the promise of unprecedented integration benefits.



Achieving the Highest AAA Grade in the MSCI ESG Ratings

KB Financial Group has become the first domestic financial company to receive the highest AAA rating for two consecutive years in the MSCI ESG Ratings. This landmark achievement can be attributed to the comprehensive and Groupwide implementation of its carbon neutrality initiative, KB Net Zero S.T.A.R, alongside its expansive ESG financial strategy, Green Wave 2030. At the vanguard of global ESG management, KB Financial Group remains steadfast in its commitment to its social responsibilities and contributions.



KB Financial Group Signs MOU with Japan's Sompo Holdings for Entry into the Nursing Care and Seniors' Business Industry

KB Financial Group has signed an MOU with Japan's Sompo Holdings for the development of the nursing care and seniors' business industry. With this agreement, KB Financial Group is learning from the extensive experience and know-how that its Japanese counterpart has accumulated by operating within the nursing care and seniors' business infrastructure. This includes the care product and service development capabilities it has developed, which will allow KB Financial Group to deliver high-quality nursing care and seniors' services to its customers.



JANUARY

KB Financial Group: A Global Sustainability Leader in 2023

KB Financial Group has been the only domestic financial company to be selected for two consecutive years in the Global 100 Most Sustainable Corporations in the World list by Corporate Knights, a prominent global ESG advisory group.



MARCH

KB Capital Receives Korea's First Climate Bonds Award

KB Capital achieved a milestone when it was named the winner in the Largest Financial Corporate Sustainability Bonds category by the Climate Bonds Initiative (CBI), a distinguished international climate bond organization.



MAY

KB Kookmin Bank Engages in KB Ocean Forest Project in Agreement with the Ministry of Oceans and Fisheries

KB Kookmin Bank has signed an MOU with the Ministry of Oceans and Fisheries to conserve the marine ecosystem in and around the Republic of Korea. Under the terms of the agreement, the Bank is committing itself to the KB Ocean Forest Project, an initiative aimed at conserving Korea's marine ecosystem, which includes creating seagrass beds in the southern coastal area of the South Sea and conducting coastal cleanup activities.



JUNE

KB Kookmin Bank: Korea's First Financial Institution to Acquire APEC CBPR Certification

KB Kookmin Bank has become the first Korean financial company to acquire certification according to the Asia-Pacific Economic Cooperation Cross-Border Privacy Rules (APEC CBPR).



Year in Review

KB Credit Information Merged by KB Kookmin Card

KB Kookmin Card has incorporated KB Credit Information under its wing. The merger aims to consolidate the overlapping operations of the two counterparts, such as bad debt management, so as to maximize the operational efficiency and synergies within the Group. This was part of the Groupwide portfolio realignment of its subsidiaries to strengthen the Group's competitiveness.



KB Kookmin Bank Signs an MOU with VNPT EPAY to Expand Corporate Banking Services

KB Kookmin Bank has signed an MOU with VNPT EPAY, a leading electronic payment company in Vietnam. The Bank expects the partnership to strengthen its corporate financial services, particularly in cash management for businesses in Vietnam. In addition to the enhanced cash management services for its local corporate clients, KB Kookmin Bank in Vietnam will continue to provide safe, convenient services to a wide range of companies.



Inauguration of KB Financial Group's 7th Chairman

Yang Jong Hee has officially taken office as the 7th chairman of KB Financial Group. In his inauguration speech, Chairman Yang pledged to practice management that continuously coexists with society and to create values that share growth with society, customers, employees, and shareholders.



JUNE

AUGUST

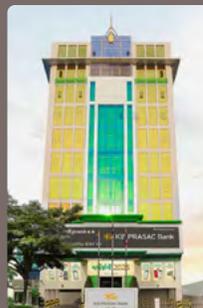
SEPTEMBER

OCTOBER

NOVEMBER

Launch of KB Prasac Bank in Cambodia

KB Kookmin Bank has officially launched KB Prasac Bank after receiving approval from the National Bank of Cambodia to merge its two local subsidiaries, Prasac Microfinance and Kookmin Bank Cambodia PLC. This merger sets the stage for the business expansion of Prasac Microfinance, which was previously limited to retail banking, to include corporate banking and services for corporate clients.



KB Kookmin Bank to Begin Operating at Incheon Airport for 10 years

KB Kookmin Bank was selected as the preferred bidder for three business rights at Incheon International Airport. These rights encompass the operation of bank branches and currency exchange services at Terminals 1 and 2, as well as the boarding concourse, and the tenure can extend up to 10 years.



KB Kookmin Bank Leads with Retirement Pension Assets Surpassing KRW 40 Trillion

KB Kookmin Bank has become Korea's first retirement pension service provider to exceed KRW 40 trillion in retirement pension assets under management. Since 2018, the Bank has led the increase in retirement savings assets for five consecutive years and remains committed to continuously providing differentiated services and products through ongoing innovation and communication.



Financial Highlights

In 2023, KB Financial Group reported a net profit of KRW 4,631.9 billion, an increase of 11.5% from the previous year, demonstrating its robust fundamentals and earning power amidst expanding macroeconomic uncertainties stemming from a global economic slowdown. The strong performance was primarily fueled by improvement in non-interest income and consistent cost management.

Of particular significance is the Group's strong revenue performance across all its top lines, resulting in a record-high operating profit of KRW 16 trillion, a growth of 17.8% year on year. Additionally, the Group-wide concerted efforts toward cost efficiency paid off, with G&A expenses edging up only 0.1% from the previous year. As a result, the Group's CIR (cost-to-income ratio) for 2023 also hit a historic low of 41.0%.

Meanwhile, the Group's credit costs stood at 0.67%. Excluding one-off exceptional factors, the figure is readjusted to a stable level of around 0.40% on a recurring basis. The NPL coverage ratio was 174.5%, securing the industry's top-level loss absorption capacity, despite the conservative classification of asset soundness for watchlist sectors, such as real estate PF and overseas commercial real estate.

As of the end of 2023, the Group's BIS ratio reported 16.73%, with a common equity tier 1 (CET1) ratio of 13.59%, thus maintaining the industry's top-level capital adequacy against macroeconomic uncertainties.

Key Financial Figures

	2023	2022	2021
Profitability (bn won)			
Gross operating income	16,229.1	13,780.6	14,483.6
Operating profit	6,435.3	5,289.2	6,097.6
Net profit ²⁾	4,631.9	4,153.0	4,409.5
ROA (%)	0.65	0.57	0.69
ROE (%) ³⁾	9.18	8.83	10.22
Cost-income ratio (%)	41.0	48.2	49.7
Financial position (tn won)			
Assets	715.7	688.6	663.9
Total assets including AUM	1,216.7	1,146.7	1,118.0
Liabilities	656.8	634.5	615.6
Shareholders' equity	58.9	54.1	48.3
Asset quality (%)			
NPL ratio ⁴⁾	0.57	0.34	0.33
NPL coverage ratio ⁴⁾	174.5	216.3	208.9
Credit cost ratio (CCR)	0.67	0.43	0.30
Capital adequacy (%)			
BIS ratio	16.73	16.16	15.77
Tier 1 ratio	15.37	14.86	14.54
CET 1 ratio	13.59	13.24	13.46

1) The financial results for 2022 have been restated retrospectively under IFRS17

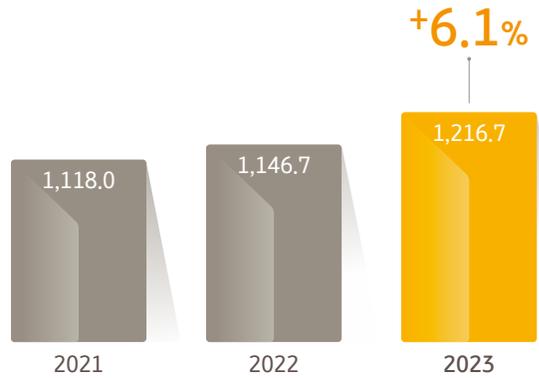
2) Based on profit attributable to controlling interests

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.)

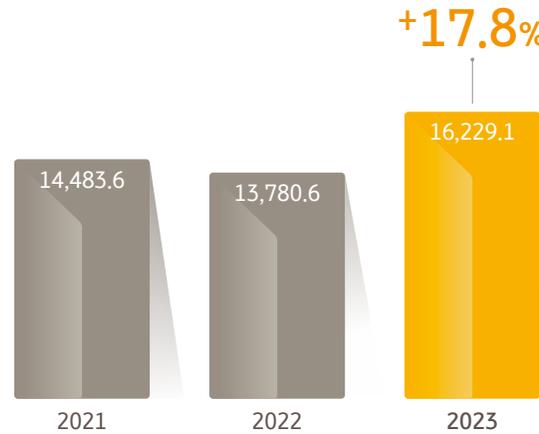
Total Assets (incl. AUM)

(tn won)



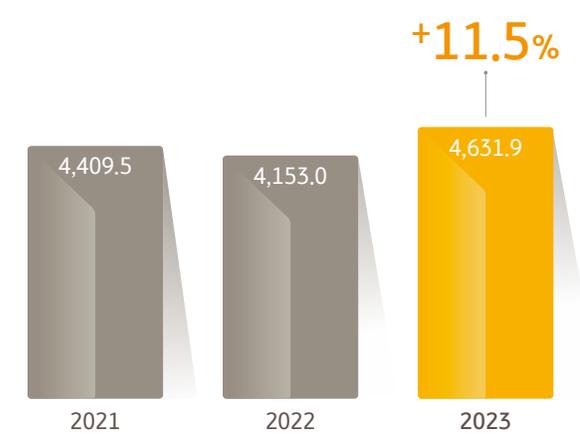
Gross Operating Income

(bn won)



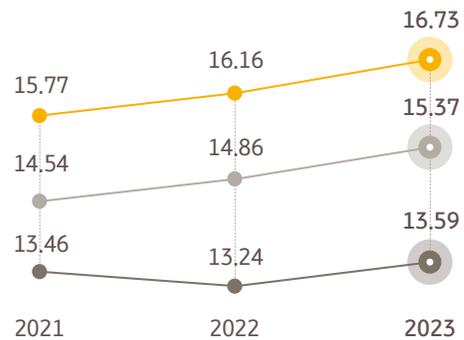
Net Profit

(bn won)



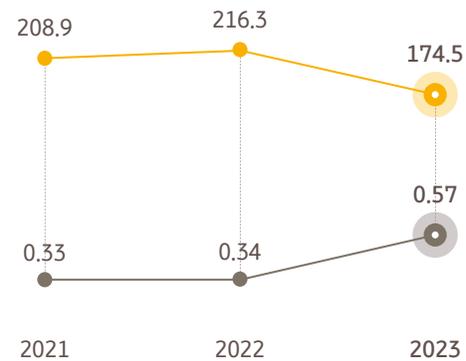
BIS Ratio

(%) ● BIS ● Tier 1 ● CET 1

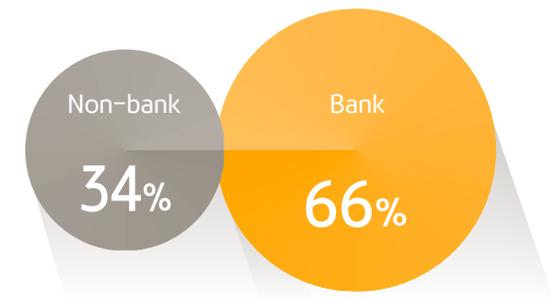


NPL/NPL Coverage Ratio

(%) ● NPL Coverage Ratio ● NPL Ratio



Non-banking Contribution



Shareholder Information

Stock Information

(shares, won)

	2023	2022
Total number of shares issued	403,511,072	408,897,068
Treasury shares	24,847,247	19,262,733
Stocks outstanding	378,663,825	389,634,335
Year-end stock price	54,100	48,500
Market capitalization (bn won)	21,830	19,832
Dividend per share	3,060	2,950
Book value per share	143,163	130,813
Basic earnings per share	11,580	10,334

Share Ownership

(shares, %)

	Number of shares owned	Ownership
Korean National Pension Service	33,473,917	8.30
JPMorgan Chase Bank (ADR) ¹⁾	24,923,235	6.18
Employee Stock Ownership Association	9,584,313	2.38
The Government of Singapore	8,657,962	2.15
NORGES BANK	7,413,673	1.84
STICHTING DEPOSITARY APG EMERGING MARKETS EQUITY POOL	6,375,065	1.58
VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND, A SERIES OF V	5,135,605	1.27
PEOPLES BANK OF CHINA	5,075,482	1.26
POSCO HOLDINGS	3,863,520	0.96
ISHARES CORE MSCI EMERGING MARKETS ETF	3,459,357	0.86

1) Depositary under the ADR program

Share Ownership

(As of the end of 2023)

Foreign investors

72.0%

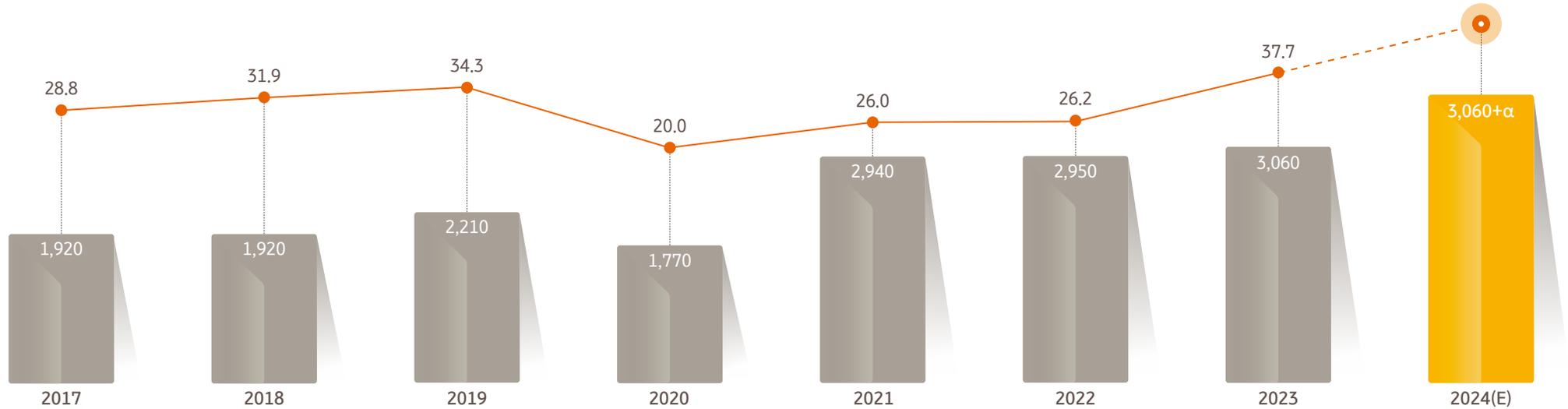
Domestic investors

28.0%



Total Shareholder Return

■ Dividend per share (won)
 ● Total shareholder return (%)



Key Takeaways

Industry's First

- February**
Share buyback of 9.2 million Shares (KRW 300 billion)
- August**
Share buyback of 12.3 million Shares (KRW 500 billion)

- June**
Disposal of treasury shares 4.4 million shares (KRW 216 billion)
* Related to share swaps with KB Insurance and KB Capital
- November**
Share buyback of 4.8 million Shares (KRW 300 billion)

- November**
Share buyback of 6.6 million Shares (KRW 300 billion)

Industry's First

- December**
Cancellation of treasury shares 2.3 million Shares (KRW 100 billion)

- June**
Issuance of KRW 240 billion EB utilizing 5.0 million treasury shares
* Related to strategic alliance with Carlyle Group

- August**
KB's historic first Quarterly dividend payout (KRW 292 billion)

- February**
Cancellation of treasury shares 3.5 million shares (KRW 150 billion)
- August**
Cancellation of treasury shares 3.5 million shares (KRW 150 billion)

- February**
Share buyback & Cancellation 5.4 million Shares (KRW 300 billion)
KBFG Capital Management Plan released
- August**
Share buyback & Cancellation 5.6 million shares (KRW 300 billion)

- February**
Share buyback & Cancellation (KRW 320 billion)

Industry's First

- April**
KBFG New Shareholder Return Policy released Quarterly-even dividends



2023 KBFG Capital Management Plan

KB Financial Group is diligently executing its shareholder return policy in line with the Mid- to Long-Term Capital Management Plan released in February 2023.

Through careful management of capital, the Group aims to ensure the industry’s highest level of capital adequacy. Capital exceeding the CET 1 ratio of 13% will be allocated to executing the capital management plan, except in cases of extraordinary circumstances such as financial market volatility or specific operational needs of the Group.

Mid- to Long-Term Capital Management Plan

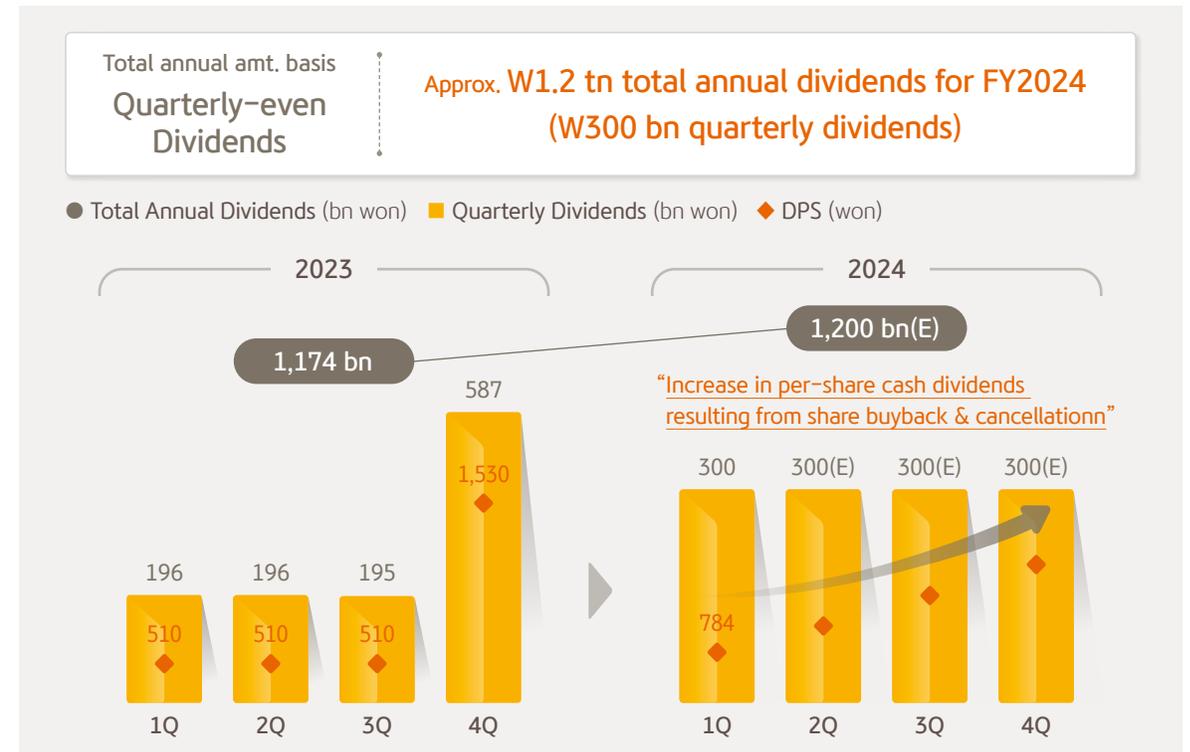
<p>1 Target CET1 Ratio</p> 	<p>13%</p>	<p>KB Financial Group’s target CET1 ratio at a minimum level of 13% based on the Group’s 「Mid- to Long-Term Capital Management Plan」</p> <ul style="list-style-type: none"> Secure reasonable buffer (250bp) to stably manage CET1 Ratio above 10.5% (regulatory requirement) even under severe macro volatility
<p>2 Asset Growth Plan</p> 	<p>Shareholder Value-focused Growth</p>	<p>Shareholder value-focused mid-term growth strategy</p> <ul style="list-style-type: none"> Basically referring to nominal GDP as a benchmark, yet adaptively respond to changes of macro, regulation, managerial objective, etc. Improve ROA & PBR through efficient asset management
<p>3 Excess Capital</p> 	<p>Returning excess capital to shareholders</p>	<p>Utilize excess capital exceeding the target CET1 ratio in enhancing shareholder value, fully aligned with Group’s active shareholder return policy</p> <ul style="list-style-type: none"> Implement adaptive strategies responding to managerial objectives, regulatory changes, financial market volatilities, etc.

2024 KBFG Capital Management Plan

While steadfastly adhering to its mid- to long-term capital management plan, which it announced at the beginning of 2023, KB Financial Group introduced a new shareholder return policy designed to enhance the transparency and predictability of cash dividends. This policy distributes quarterly-even dividends, based on the total annual amount.

Building on its legacy of innovative shareholder returns, KB Financial Group remains committed to advancing an even more robust shareholder return policy in the future.

2024 Shareholder Return Policy



SPECIAL REPORT

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What does a sustainable future look like? What role should finance play for a better future? KB Financial Group looks for the answer in its customers. KB Financial Group is accelerating its efforts to secure future growth engines, such as customer-centric management for sustainable growth and the expansion of non-banking businesses. The Special Report highlights KB Financial Group's key achievements in internalizing ESG through environmental and social responsibility management and the spread of good governance. It also includes efforts to stabilize global operations and actively adopt AI technology to provide differentiated customer convenience and implement One Brand services.

SPECIAL REPORT 1

ESG Leadership



KB Financial Group has adopted ESG leadership as a core value of the Group’s management strategies, based on which it is creating sustainable social value for the prosperity of customers, local communities, and future generations. To create a better world and happier life for our customers, we are actively responding to climate change through “KB Net Zero S.T.A.R.”, which is the Group’s carbon neutrality strategy, and are implementing “KB Green Wave 2030”, our ESG finance expansion strategy, at the Groupwide level. In addition, we established “KB Diversity 2027”, a mid- to long-term strategy that aims at expanding social class and gender diversity by 2027, and are expanding the value of diversity and inclusiveness.

ESG MANAGEMENT STRATEGIC SCHEME

Mission

Financial Services Delivering Change

Happier Life & Better World

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

Strategic goal



Strategic directions



Advancing climate change response strategies

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



Internalizing responsible management for society

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



Spreading the culture of transparent governance

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

Environment

Participation in Environmental Initiatives

As an ESG finance leader and member of society, KB Financial Group takes active part in global activities, thereby expanding its global environmental leadership. In April 2022, KB Financial Group joined TNFD, a global council aimed at protecting and restoring the natural ecosystem. This marked the beginning of KB Financial Group’s continued efforts to prevent any negative impact that the Group’s activities may have on decrease of biodiversity and destruction of the ecosystem.



Strengthening the KB Net Zero S.T.A.R. Strategy in its Third Year

Since its establishment in June 2021 as the Groupwide strategic framework for achieving carbon neutrality, the KB Net Zero S.T.A.R. roadmap has been pivotal in the Group’s response to the escalating climate change crisis. The acronym S.T.A.R. encapsulates the strategy’s core pillars: Supporting eco-friendly businesses, Transforming towards a low-carbon economy, Aligning with the proactive initiatives of the Paris Agreement, and Restoring the world’s ecosystem. KB Financial Group has set its carbon neutrality ambitions in line with the protocols of leading global institutions, such as the Science Based Targets initiative (SBTi) and the Partnership for Carbon Accounting Financials (PCAF). In 2023, our efforts concentrated on reinforcing the impact and comprehensiveness of the KB Net Zero S.T.A.R. strategy, mainly refining our carbon emissions measurement methodology. A significant step in this direction was expanding the scope for measuring financed emissions (Scope 3) to encompass auto financing and personal mortgage loans expanded corporate-financed emissions measurement, lowering the threshold from KRW 3 billion to KRW 2.5 billion based on the baseline year of 2021.

ESRM Policy: An Effective Climate Risk Management Framework

Since the enactment of the Group Environmental and Social Risk Management Policy (ESRM Policy) in 2021, KB Financial Group has achieved a systematic and unified approach to managing both direct and indirect risks on a Groupwide scale. The ESRM Policy serves as a cornerstone for methodically managing the potentially environmentally harmful or socially detrimental areas, or those areas that present significant risks, by categorizing them into Exclusion, Attention to Climate Change, and Support for Green Industries. These categories underscore the Group’s collective commitment to addressing and overcoming the challenges posed by the climate crisis.

Expanding the ESG Financial Product Suite in Line with KB GREEN WAVE 2030 Targets

The KB GREEN WAVE 2030 strategy sets forth a strategic goal to increase the outstanding balance of ESG products, investments, and loans to KRW 50 trillion by 2030. This initiative is designed to foster environmental and social value, while also promoting a positive societal impact through sustainable finance practices. In pursuit of this objective, KB Financial Group expanded its

ESG financial product lineups and refined the management frameworks of these products in 2023. The ESG financial product lineup bolstering efforts included the launch of new products aimed at fostering financial inclusion, expansion of the ESG fund portfolio, introduction of deposit and savings products that encourage ESG engagement among retail customers, and the rollout of loan offerings dedicated to corporate borrowers with excellent ESG practices. In response to the financial industry’s absence of a unified definition for ESG financial products, KB Financial Group took the lead in forming an ESG Financial Product Council’ to facilitate systematic management and oversight of ESG financial services. As of the end of 2023, the Group’s outstanding ESG portfolio—encompassing ESG products, investments, and loans—reached KRW 36.5 trillion.

A Global Sustainability Leader in 2023



Furthering our ESG Leadership through Global Initiative Engagement

KB Financial Group is advancing its global ESG leadership by engaging in pivotal initiatives such as the Glasgow Financial Alliance for Net Zero (GFANZ), the Principles for Responsible Banking (PRB), and the Net-Zero Banking Alliance (NZBA).

In May 2022, KB Financial Group was uniquely appointed, from among all Korean financial institutions, as an advisory member to the Asia-Pacific region of GFANZ, a global coalition aimed at financing transitions to net-zero emissions and effectively addressing the climate crisis. KB Financial Group plans to encourage the participation of financial institutions in transitioning the Asia-Pacific region to a sustainable economy through advisory committee activities and to share knowledge for achieving carbon neutrality.

March 2023 marked another milestone when KB Financial Group was named a member of the Core Group for the PRB, alongside 30 other global financial leaders. Representing global signatory banks. The Core Group is involved in setting the mid- to long-term operational plans and guidance for the next 5 to 10 years, aligning banks with society’s goals as expressed in the Paris Climate Agreement and the United Nations Sustainable Development Goals (UN SDGs).

KB Financial Group joined TNFD, a consortium aiming to protect and restore natural ecosystems, in April 2022. TNFD, recognizing the potential impact of corporate activities on biodiversity loss and ecosystem destruction, emerged as a global consortium to protect nature and biodiversity. KB Financial Group plans to participate in the development of financial disclosure framework related to nature following its TNFD membership.

Additionally, we plan to expand various internal activities aimed at conserving biodiversity. In May 2022, we launched the ‘K-Bee Project’ to restore the ecosystem of honeybees, which have seen a rapid decline due to climate change. KB Kookmin Bank became the first domestic financial institution to join the ‘Business and Biodiversity Platform (BNBP)’ initiative in May 2020. Through the ‘KB Kookmin’s Clear Sky Forestation’ project, we are taking the lead in biodiversity conservation.

KB Financial Group also set a precedent as the first Korean financial group to join the international campaign RE100—the global corporate renewable energy initiative bringing together hundreds of large and ambitious businesses committed to 100% renewable electricity—in September 2021. This commitment ensures that all electricity consumed by the Group and its affiliates is sourced from 100% renewable energy. RE100 is one of the most influential collaborative initiatives among global companies. KB Financial Group plans to achieve

‘RE100’ compliance by converting 100% of its electricity consumption to renewable energy by 2040. This involves installing renewable energy generation facilities at group headquarters, exploring various options such as third-party power purchase agreements (PPAs) and purchasing Renewable Energy Certificates (RECs) from renewable energy suppliers, and actively participating in renewable energy investments.”

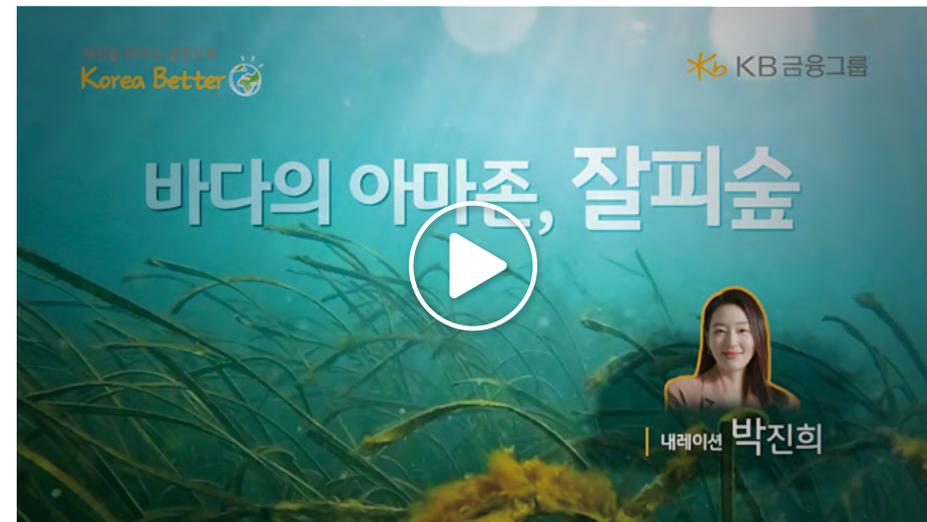
KB Financial Group joined TNFD, a consortium aiming to protect and restore natural ecosystems, in April 2022



36.5 (tn won)
ESG products, investments and loans



▶ KB Financial Group carries out the “KB Sea Forestation Project” to secure biodiversity and preserve the ocean environment



Social Responsibility

Social Contribution Strategy

Aligned with the Group’s mission, “Financial Services Delivering Change”, KB Financial Group is committed to fulfilling its social responsibilities by spearheading initiatives designed to nurture future leaders and generate social value. Our efforts are particularly centered on supporting children and teenagers, providing them with equitable learning and experiential opportunities to help them realize their dreams and grow into the leaders of tomorrow. Furthermore, we are engaged in a wide range of programs aimed at promoting inclusive finance, creating quality job opportunities, fostering community prosperity, and practicing environmental conservation.



Social Contribution Framework

Mission

Financial Services Delivering Change
Happier Life & Better World

Basic directions



Fostering Future Leaders

Supporting underprivileged youth and multicultural families by offering financial education utilizing our financial expertise



Creating Greater Social Value

Catering to social needs
Driving shared growth with local communities

Business domains

Our domains

Underprivileged Youth, Multicultural Families



Job Creation



Local Communities



The Environment



Dreaming Youth
KB Dream Wave 2030

Dreaming School
Establishing and expanding afterschool care programs and affiliated kindergartens



Dreaming Job
KB Good Job

Dreaming Impact
Supporting social enterprises



Dreaming Neighbor
Local community development

Dreaming Global
Supporting multicultural families affiliated kindergartens



Dreaming City
Urban regeneration

Dreaming Green
Eco-friendly projects



UN SDGs

Youth Education

Since 2016, KB Kookmin Bank has been running its youth-targeted KB Dream Wave 2030 project in order to better support future generations. KB Dream Wave 2030 is a life-cycle tailored mentoring program designed to assist in the systematic and continued growth of young people. It consists of various programs such as ‘Learning Mentoring’, which supports learning and growth programs tailored to each stage of development from preschoolers to college students, ‘Career Mentoring’, which provides professional education including expert career lectures and digital talent cultivation, and ‘Support Projects’ aimed at improving educational conditions through scholarship support and creating learning spaces. As of 2023, the program has benefited a total of 203,000 youth.

Economic & Finance Education Programs

Established in 2011, KB Foundation has implemented a number of educational initiatives focused on economic knowledge and financial literacy, skills that are essential for everyday life. A dedicated team of economic and finance education experts travels to education institutions of all levels, from children’s welfare centers to military units, to deliver on-site educational classes. In addition, the Foundation offers online courses designated to facilitate self-directed learning. By 2023, the cumulative enrollment of these in-person and digital programs reached a total of 1,435,000 participants.

All-Day Childcare Project

Dedicated to providing safe and uplifting environments for the next generation, KB Financial Group has made a total commitment of KRW 125 billion since 2018 to its All-Day Childcare Project, which is aimed at bridging the care gap for children. From 2008 to 2022, an initial investment of KRW 75 billion supported the construction and expansion of 2,265 facilities of national and public kindergartens and after-school childcare classrooms nationwide. In February 2023, in a move to further this mission, we entered into an MOU with the Ministry of Education for the development of the Spring Schools and Primary Care System. Under the agreement, the Group is committing a total of KRW 50 billion in investments to open Hub Spring Centers nationwide over the next five years.

Global Family Support

KB Financial Group supports adapting global family members to Korean society with Korean language courses and vocational training programs. The KB Kookmin Card Multicultural Korean Language School, run by KB Kookmin Card, is designated to help children from international and North Korean defector families, as well as teenagers who have immigrated to Korea, overcome language barriers and deepen their understanding of Korean society and culture. Additionally, employment training programs for migrant women are helping international family members establish a more stable life in Korean society.

Job Creation Initiatives

KB Financial Group is addressing youth unemployment and promoting the creation of quality jobs through the KB Good Job program. Launched in 2011, this program offers a wealth of employment-related information, including job listings, resume support, and interview preparation, all accessible through its website. Moreover, the KB Good Job Fair, held annually, stands as Korea’s premier job fair, bridging connections between job seekers and reputable SME and ME employers. As of 2023, the fair had successfully facilitated more than 37,000 job placements.

6,191

6,191 job seekers have successfully found positions through the KB Good Job Fair as of the end of 2023



13/37,000

37,000 services at 13 KB SOHO consulting centers



▶ As of 2023, KB Good Job Fair had successfully facilitated more than 37,000 job placements.



Empowering SOHOs and Microbusinesses

KB Financial Group offers complimentary business consulting services to microbusiness owners facing difficulties and those aspiring to start businesses. Available through 13 KB SOHO Consulting Centers across the nation, including the KB SOHO Consulting Yeouido HUB Center in Seoul, the program encompasses a wide array of consulting services, ranging from guidance on starting a business and conducting market analysis to providing financial and business advice. To date, these centers have provided over 37,000 consulting services.

- ▶ ‘KB planned to convey the message that ‘rich’ encompasses not only those with substantial wealth but also individuals who contribute to creating a better world



Promoting Inclusive Finance

From 2023 to 2025, KB Financial Group is implementing a support project with a total budget of KRW 60 billion (KRW 20 billion annually) aimed at assisting microbusiness owners and self-employed individuals grappling with the challenges of high inflation and interest rates. In 2023, the project provided grants of KRW 300,000 each to selected microcredit recipients and marginal borrowers paying high rates of interests who demonstrated solid payment histories. The grants were meant to help mitigate their operational costs, including energy bills and rent. Plans are also in place to identify and pursue a variety of projects to support microbusiness owners and self-employed individuals in 2024 and 2025.

Additionally, KB Kookmin Bank has initiated a Good Landlord Interest Rate Benefit Program that offers preferential interest rates (0.3%p-0.5%p) to non-residential landlords who have received tax deductions for being good landlords. In collaboration with the delivery app operator Woowa Bros Corp., a total of KRW 7 billion (with each company contributing KRW 3.5 billion) was specially donated to the Korea Credit Guarantee Fund to support the issuance of guaranteed certificates for microbusiness owners in the dining and traditional market sectors through the Financial Support Program for Revitalizing Dining Businesses and Traditional Markets.

Furthermore, the SME Support Financial Assistant Program is currently operational as well, offering benefits such as reduced interest rates for businesses using fixed rates and partial debt forgiveness for low-credit and diligent interest-paying businesses. At the same, the program is helping to reduce the delinquency rate of corporate loans.

Active support measures for underbanked groups, including young people and low-credit customers, are being implemented, too. For example, KB Kookmin Bank recently launched the KB Kookmin Hope Loan, which facilitates the conversion of high-interest microfinancing to lower-interest bank loans, not only to reduce interest expenses but also to aid in improving personal credit ratings for mid- to low-credit customers. This product was acknowledged as an exemplary instance of an Inclusive Finance Innovative Product by the Financial Supervisory Service in June 2023.

To address the escalating social issue of rental fraud, KB Financial Group is collaborating with the Ministry of Land, Infrastructure, and Transport, as well as with the Korea Housing & Urban Guarantee Corporation. A dedicated fund of KRW 5 billion has been allocated to support legal fees and auction service fees for victims of rental fraud. Moreover, we are conducting financial education sessions to alert financially vulnerable groups to rental fraud, with a particular focus on young adults.

7.4 (tn won, approximately)



Social financing of KB Financial Group's ESG activities

KB Kookmin Bank also collaborates with KB Microfinance Foundation, which engages in microcredit projects for underbanked people, and KB Hope Financial Plaza, which offers offline consulting services for microfinance services and online consulting services for those lacking access to brick-and-mortar branches for consulting. Together, they all help to support underfinanced customers through a number of different lending and savings products. These entities waive fees for money transfers via their mobile and internet banking services provided to the microfinance applicants, including the beneficiaries of national basic livelihood guarantees, the disabled, as well as parentless boys and girls.

They also provide special savings and lending programs to underfinanced people, such as low-income workers, the disabled, refugees, and multicultural families.

Corporate Governance

Promoting Transparent Governance Culture

KB Financial Group recognizes transparent and stable corporate governance as vital for sustainable growth, safeguarding the interests of shareholders, financial consumers, and stakeholders. We actively advocate for sound and transparent corporate governance practices, engaging with investee companies under the Stewardship Code to boost their corporate value. Additionally, we aim to foster sustainable value creation by endorsing and investing more in companies committed to robust governance principles, and practicing environmental conservation.



Championing Transparent Governance

KB Financial Group holds the conviction that its transparent and stable corporate governance forms the bedrock of our sustainable growth, safeguarding the interests of shareholders, financial consumers, and other stakeholders. To foster corporate governance practices that are both sound and transparent, we actively engage with investee companies following the Stewardship Code to help enhance their corporate value. Furthermore, we are committed to amplifying sustainable value creation by endorsing the products of—and increasing our investments in—companies that exhibit sound governance.

Maintaining Transparent and Stable Governance

KB Financial Group is committed to enhancing corporate value to achieve continuous growth and development, while diligently protecting the interests of all stakeholders. We tirelessly work towards maintaining a transparent and stable governance structure through measures such as amending the succession plan for the appointment and succession processes of the CEO, strengthening internal controls, proactively updating our stewardship code, and ensuring the independent operation of the board of directors. The principles

of KB Financial Group’s corporate governance are designed to: 1) safeguard the stability of the governance structure by forming a board of directors that provides checks and balances on all executives; 2) maintain transparency and objectivity in governance through the disclosure of standards, procedures, and outcomes related to governance activities; 3) ensure the board of directors, the Group’s highest decision-making body, is comprised of individuals who possess expertise and diversity in the areas relevant to efficiently addressing the various challenges and tasks faced by the Group; and 4) maintain the independence of the governance structure to make sure the board’s management oversight function is not compromised. KB Financial Group’s corporate governance has received positive evaluations both domestically and internationally. In 2023, the Group achieved an A+ grade in all three ESG (Environment, Social, Governance) categories for the fourth consecutive year and an A+ grade in the governance category for the sixth consecutive year in ESG evaluations conducted by the Korea Institute of Corporate Governance and Sustainability (KCGS).

2024 Plans

Throughout 2024, KB Financial Group aims to strengthen its stable governance structure and lay the groundwork for sustainable growth,

corporate value enhancement, and the protection of stakeholders’ interests, including shareholders. At the same time, we will continue to enhance corporate and shareholder value through rational and transparent decision-making.



KB Financial Group appoints its **First female independent director as chairwoman**



Corporate Governance at KB Financial Group

As the supreme decision-making body of the Group, the Board of Directors (BOD) deliberates and decides on material business management issues of KB Financial Group and its subsidiaries. As of the end of 2023, non-executive directors constituted the majority of the BOD (7 non-executive, 1 executive, and 1 non-standing), which ensures that the BOD remains independent and keeps management in check.

Moreover, the Group has in place several institutional aids to preserve the BOD's independence and authority in holding management accountable. All the subcommittees, except the Subsidiaries' CEO Director Nominating Committee and the ESG Committee, are made up solely of non-executive directors. This arrangement safeguards the independence of subcommittee operations while also maintaining oversight over management. Non-executive directors' powers and duties, independent from management, are enshrined in the Group's BOD Regulations. At the same time, the BOD is supported by the Office of the Board of Directors, which attends to its affairs autonomously.

Sustainability Report
 TCFD Report

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

Principles of Director Appointment

Consisting solely of non-executive directors, the CEO Nominating Committee shortlists the candidates through impartial and rigorous qualification checks, subsequently recommending them 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 delineated the fundamental principles for appointing non-executive directors as 'shareholder representativeness, expertise, and diversity.' Adhering to these principles, we maintain an ongoing pool of candidates for non-executive director positions across various fields including finances, management, accounting, finance & risk management, law & regulations, digital & IT and ESG & consumer protection. The nomination process for non-executive director candidates involves three steps—pooling, evaluating, and nominating. Each step is carried out by distinct entities: pooling by shareholders & external search firms, evaluation by external advisory panels and nomination by the committee.

A long list of non-executive director candidates is updated and scrutinized semi-annually through recommendations from shareholders and external search firms. In particular, any shareholder possessing at least one or more shares in the Group can recommend candidates, a pioneering practice introduced by KB Financial Group. To ensure the objectivity of candidate evaluations, we hire advisory panels from outside the Group. The Non-executive Director Nominating Committee finalizes the shortlist based on the results and subsequent reference checks.

The committee then evaluates 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.

6 Subsidiaries
Stewardship Code



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.

2023 Major Achievements of the Board

In 2023, the KBFG Board of Directors (BOD) held a total of 15 meetings to discuss 33 resolutions and 38 reports. At the regular quarterly meetings, the BOD reviewed all business results and discussed the Group's current issues. Notably, the BOD decided on a quarterly dividend payment and semi-annual share buyback and cancellation agenda, thereby implementing a shareholder return policy based on the Group's business performance. In June, the BOD also resolved to merge KB Kookmin Bank's local subsidiary for the launch of a unified commercial bank in Cambodia, preparing the way to become a leading commercial bank in the country.

The newly integrated bank is now poised to expand our market share and enhance our competitiveness.

Later, in November, the BOD resolved the appointment of a new chairman of the board, following a stable management succession protocol. Building on an in-depth

analysis of the Group’s 2023 business results and its business environment, the BOD also discussed and finalized the 2024 Group Management Plan. In addition, the BOD conducted an analysis of the management environment for 2026 and mega-trends up to 2035 to develop a 2026 Group Mid- to Long-Term Management Strategy.

Board Skills Matrix

	Seon Joo Kwon	Wha joon Cho	Gyu Taeg Oh	Jung sung Yeo	Jae hong Choi	Myong Hwal Lee	Sung Yong Kim
Finance	●	●	●			●	
Business Management	●	●					
Finance/ Risk Management/ Economy	●	●	●			●	●
Accounting		●	●				
Laws/Regulations							●
Digital/IT					●		
ESG/ Consumer protection			●	●			●

Board of Directors

- Seon Joo Kwon** | Non-executive Director (Female)
Former Chairman & CEO, Industrial Bank of Korea
- Wha Joon Cho** | Non-executive Director (Female)
Former KT Capital CEO
- Gyu Taeg Oh** | Non-executive Director (Male)
Professor, School of Business Administration, Chung-Ang University
- Jung Sung Yeo** | Non-executive Director (Female)
Professor, Department of Consumer Science, Seoul National University

- Jae Hong Choi** | Non-executive Director (Male)
Professor, Department of Multimedia & IT Engineering, Gangneung-Wonju National University
- Myong Hwal Lee** | Non-executive Director (Male)
Senior Research Fellow at the Korea Institute of Finance (KIF)
- Sung Yong Kim** | Non-executive Director (Male)
Professor, Law School, Sungkyunkwan University
- Jong Hee Yang** | Executive Director (Male)
Chairman & CEO, KB Financial Group
- Jae Keun Lee** | Non-Standing Director (Male)
President & CEO, KB Kookmin Bank

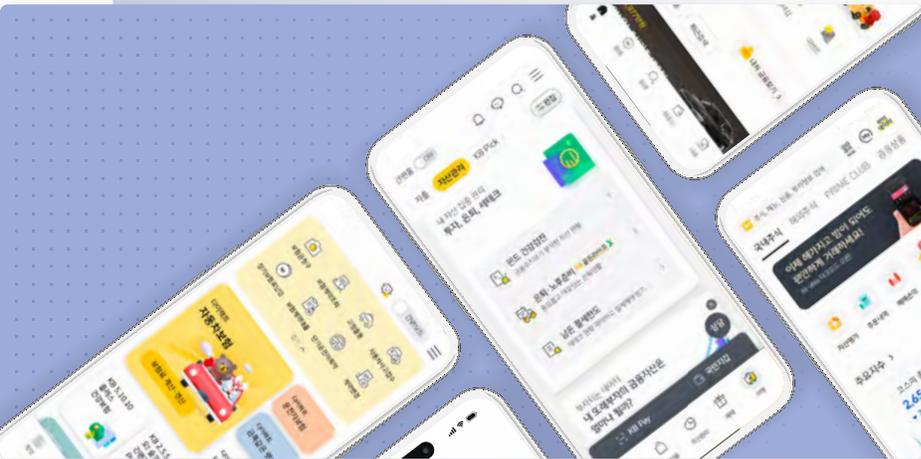
Composition of the Board of Directors

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

	Seon Joo Kwon	Wha joon Cho	Gyu Taeg Oh	Jung sung Yeo	Jae hong Choi	Myong Hwal Lee	Sung Yong Kim	Jong Hee Yang	Jae Keun Lee
Chair	○								
Audit Committee	○	●	○				○		
Risk Management Committee		○		○		○	●		
Evaluation & Compensation Committee	○			●	○	○			
Non-executive Director Nominating Committee	○		●	○	○				
Subsidiaries’ CEO Director Nominating Committee			○		○	○		●	○
CEO Nominating Committee	○	○	○	○	●	○	○		
ESG Committee	○	○	○	○	○	●	○	○	○

SPECIAL REPORT 2

Digital Transformation

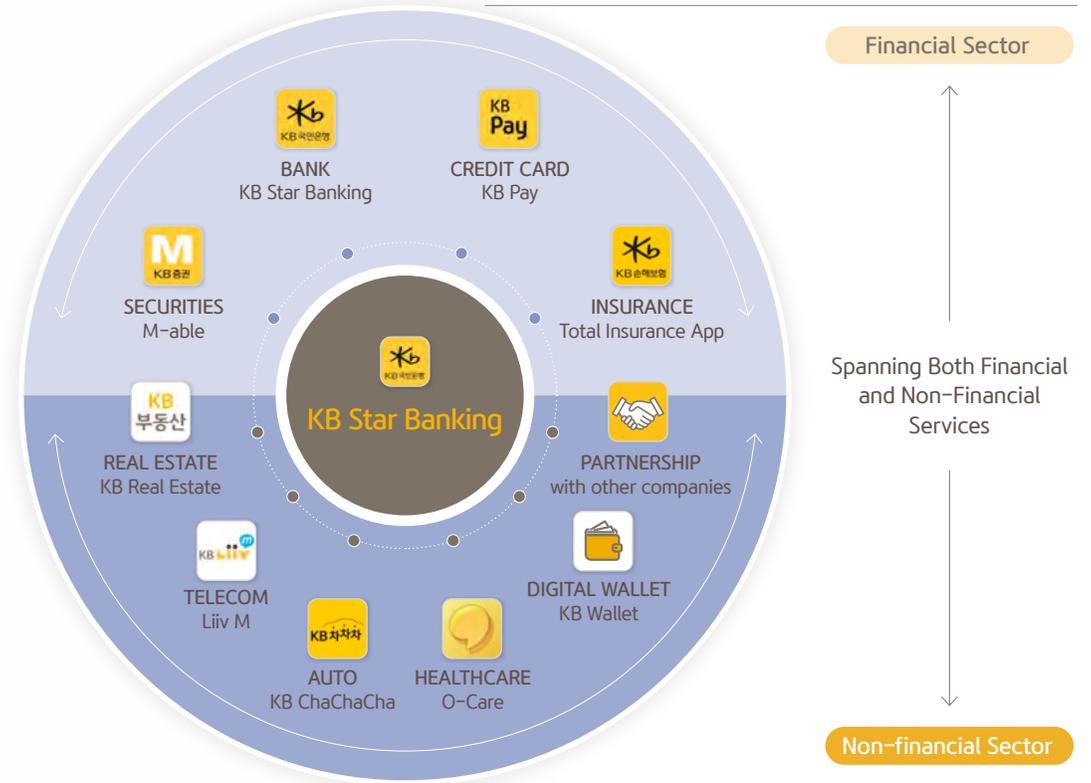


With the goal of emerging as the No.1 Digital Finance Group delivering an unparalleled customer experience, KB Financial Group is committed to bolstering its core competencies within its financial business. To that end, we are expanding our financial offerings to include integrated non-financial services that seamlessly blend into the everyday lives of our customers. Central to this strategy is the KB Star Banking platform, which was envisioned as a comprehensive super app integrating the key services from Group subsidiaries, including KB Pay from KB Kookmin Card and M-able from KB Securities. Furthermore, we strive to be a dependable companion in our customers' day-to-day lives, meeting their financial needs through our life-embedded services that encompass the four related non-financial sectors: real estate, automotive, healthcare, and telecommunications.

STRATEGIC GOALS FOR EACH PLATFORM

KB Star Banking, the flagship app of KB Financial Group, has evolved into a super app offering core financial services and related non-financial public services from Group subsidiaries, thereby solidifying its status as the No.1 financial platform.

No.1 Financial Platform



Performance Results of KB Financial Group Platforms for 2023

• KB Star Banking

As of the end of 2023, KB Financial Group’s super app, KB Star Banking, had surpassed 12.06 million monthly active users (MAU). In February 2023, KB Star Banking launched a new service allowing users to compare and apply for loan products offered by subsidiaries of the Group. Currently, the app provides comprehensive access to over 70 essential financial and non-financial services—spanning real estate, automotive, healthcare, and telecommunications—across six subsidiaries. As of July 2023, KB Star Banking introduced a new streamlined membership system that significantly simplifies the signup process. Users can now effortlessly join the KB Star Banking app without requiring any photo ID or the need to open a bank account. Additionally, the enhanced user interface features personalized home screen configuration options tailored to reflect the unique preferences and interests of each user.

• KB Pay

KB Pay embodies a comprehensive financial platform, enriched with personal finance management (PFM) and open pay functionalities. It facilitates payment services compatible with credit cards from external issuers, significantly improving user convenience. Since December 2021, KB Pay has added the API-based financial MyData service, offering a unified view for managing users’ consumption data across various sources. The 2023 rollout of a shopping and travel lifestyle service marks KB Pay’s expansion into the non-financial domain. This development enhances the platform’s utility and appeal by offering users a broader array of services.

• M-able

M-able is a platform dedicated to providing specialized, high-end PFM services, including fractional share trading for both international and Korean stocks. In April 2023, M-able introduced a personalized investment solution, Direct Indexing, tailored for customers eager to actively manage their investment portfolios, thereby enhancing their wealth management experience. Since January 2022, M-able has offered the MyData service, further enhancing its capability to optimize customer asset portfolios. The launch of M-able Wide (WTS) in October 2023 significantly expanded its digital platform offerings, strengthening M-able’s presence in the digital financial landscape.

Four Specialized Non-Financial Platforms Offering Distinct Services

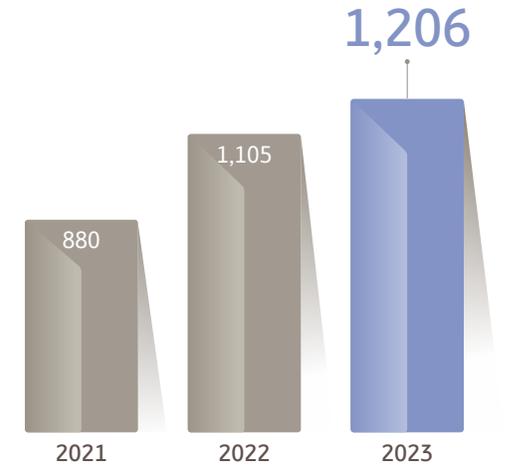
• KB Real Estate

KB Real Estate has enhanced the convenience of the loan application process with its in-app offerings, including the KB Real Estate Online Loan Service. In May 2023, the launch of the My Home service enhanced the platform’s personalized real estate services, improving the reliability of the exchanged information. This enhancement coincides with users register their home addresses for authentication.

• Liiv M

Liiv M has reached a significant milestone, maintaining 420,000 subscriptions and establishing itself as a pioneer in integrating financial services with telecommunications. Additionally, Liiv M has broadened the spectrum of customer choices, as it has secured alliances with all three major carriers: LGU+, KT, and SKT. The introduction of the exclusive KB Liiv Mobile app In April 2023, along with new services utilizing app-specific technologies like location-based services, has further enhanced user convenience. In April 2023, it obtained the final approval as a banking operation from the Financial Services Commission (FSC).

Annual Trends for KB Star Banking MAUs (10,000 users)



KB Liiv M

5 Years as Top MVNO



* Consumer Insight’s Customer Satisfaction

12.1 M

KB Star Banking MAUs



• O-Care

O-Care is a comprehensive daily healthcare platform that delivers tailor-made health solutions based on individual health screening results. It is currently expanding its B2B operations, targeting corporate clients within the KB Financial Group, with plans to enter the B2C market in the future. O-Care is enhancing the synergies between healthcare and financial services, including insurance, through seamless integration of these services.

• KB ChaChaCha

In February 2023, KB ChaChaCha significantly improved customer engagement by introducing community services such as CarTalk and group purchases. A month earlier, it launched KB ChaChaCha LABS, introducing Korea’s first-ever used-car testing function, which includes vehicle displays, video inspections, and remote consultations. Later, in June 2023, KB ChaChaCha launched a new extended warranty product, KB Care, offering customers substantial advantages and benefits.

Non-Account-Based KB Wallet Service for Attracting New Customers

Launched in August 2022, KB Wallet is a digital wallet service that stores a broad range of personal information, including IDs, certifications, and licenses, as well as content that enhances daily convenience. It is accessible to non-account holders, enabling easy and hassle-free usage without the requirement to open an account with any Group subsidiary. Today, KB Wallet is broadening its services by forming partnerships with public organizations and third-party affiliates.

Among its many features, GoodPy, the Korean government’s virtual assistant service for citizens, stands out. Integrated with Gov24—the Korean government’s one-stop civil service portal—GoodPy enables users to access electronic certificates, administrative notifications, consultations, and tax payments on a single platform. Most notably, KB Wallet facilitates a mobile ID check by digitizing a user’s government-issued ID Card. Leveraging these integrated convenience features, KB Wallet surpassed 5.17 million cumulative subscribers by December 2023.

Looking ahead, we plan to further enhance KB Wallet’s offerings and reinforce its position as a leading lifestyle platform. This will be achieved by continuing to provide integrated convenience services and forming strategic alliances with competitive third-party providers.

Support and Collaboration for Startup Incubation

Since 2015, KB Financial Group has committed to fostering and expanding the fintech ecosystem through the KB Innovation HUB Center, an organization dedicated to nurturing and supporting startups. This center identifies promising early-stage startups and offers a range of support services, including office space, business mentoring, and investment opportunities.

In 2023, 53 promising startups with high growth potential were newly selected for incubation, bringing the total to 255 firms. Furthermore, these incubated companies have formed a total of 307 business partnerships with the Group’s subsidiaries. Utilizing the investment infrastructure of its corporate venture capital (CVC) funds and other subsidiaries, the Group has made investments totaling KRW 194.3 billion.

[🔗 2023 HUB DAY Video Clip](#)

▶ Under the theme of ‘Creating the Future with KB’, we conducted presentations of excellent collaboration cases, panel discussions, and networking sessions.



5.2 M

KB Wallet surpassed 5.17 million cumulative subscribers by December 2023



Digital Finance with Artificial Intelligence

Financial AI Center: At the Vanguard of Financial Innovation

KB Kookmin Bank is dedicated not only to leveraging new technologies such as AI to enhance customer experiences but also to offering distinctive financial services beyond its traditional business domains. Through its Financial AI Center, the Group channels its efforts into all facets of AI, including strategizing, talent acquisition, and the deployment of cutting-edge AI technologies. We are committed to bolstering our competitive edge and securing long-term growth by actively embracing AI technologies, including generative AI and voice synthesis.

KB's Focus on AI Technology Development

KB Kookmin Bank prioritizes customer engagement, focusing its efforts on developing technologies that enhance seeing, listening, talking, and understanding to foster better interactions with customers. The bank strategically adopts and integrates AI technologies considering trends in AI usage in the financial sector, technology maturity, and implementation outcomes.

The following outlines the key AI technologies currently being utilized and integrated into our operations.

- **Generative AI**

The ChatGPT from OpenAI, designed for chat interactions, has attracted significant attention from the general public and various industries as a tool to improve work efficiency and generate new business value. Financial AI Center has been actively conducting technical reviews to apply generative AI technologies in business operations. Building on current advancements, we plan to expand the business applications of this technology in 2024.

<p>KB STA 3.0 Natural Language Processing (NLP)</p>	<ul style="list-style-type: none"> - Chatbot/Callbot support - One-KB search - News & Issue Finder - Analysis of consensus on interest rates/FX rates/stock indices - Documentation and integration with other technologies
<p>KB AI-OCR Financially-specialized deep learning image recognition</p>	<ul style="list-style-type: none"> - Corporate/Retail customer due diligence (CDD) - Applications for foreign currency remittance and sanctions document inspection - Retirement pension subscriber registration - Automated paperwork for securities brokerage services - Account photo transfer, coupon OCR
<p>Structured Data Analysis Modeling ML-based classification/forecast models</p>	<ul style="list-style-type: none"> - ML-based BICS - Voice phishing (fake deposit accounts) - Automated STR (suspicious transaction report) checks - Internal control FDS (Abnormal Financial Transaction Detection System)
<p>KB AI Financial Assistant Virtual human-assisted financial services</p>	<ul style="list-style-type: none"> - (Step 1) Application at branch kiosks - (Step 2) Mobile application
<p>KB-GPT Financially-specialized generative AI</p>	<ul style="list-style-type: none"> - Conducting PoC using generative AI - Reviewing generative AI technology and developing internalization plans

• **KB-STA**

KB-STA (KB-State-of-the-Art Text Analytics) is an AI-driven Korean natural language processing (NLP) technology tailored for the financial industry. Developed in-house by the Financial AI Center, its notable strength lies in its accuracy in recognizing financial terms and providing precise responses, surpassing other NLP technology.

Leveraging these functions, KB-STA efficiently extracts significant events from economic news and reports and visually presents the collected data through graphs for wealth management systems. Additionally, it is utilized in AI callbots, chatbots, kiosk-based virtual consultations, and KB AI Financial Assistant services, emphasizing its versatility and utility across various platforms.

• **KB AI-OCR**

KB AI-OCR is an advanced image processing and analysis solution that uses AI neural networks to accurately distinguish text from images. Unlike traditional OCR technology, it can flexibly recognize images of varying locations and specifications for task processing. Currently, the technology is embedded in the KB Star Banking app as a photo capture function and for money transfer transactions. Additionally, foreign currency

remittance applications, sanction document inspections, and CDD (customer due diligence) processes utilize the KB AI-OCR technology.

• **Structured Data Analysis Modeling**

KB Kookmin Bank leverages its extensive data in holdings to apply machine learning-based AI technology across various business processes. The corporate loan review process involves analyzing various financial and non-financial data of potential borrowers using the machine learning-based BICS (Big Data CSS) to inform loan officers of the outcomes. Besides managing spreads for deposits and loans, this technology also protects customers from financial fraud by monitoring voice phishing attempts and using an FDS (Abnormal Financial Transaction Detection System) to scrutinize customer information and transaction histories.

• **KB AI Financial Assistant**

KB Kookmin Bank has successfully developed a virtual, human-like KB AI Financial Assistant service that operates beyond traditional location and channel constraints. The bank's ultimate goal is to offer customized financial services to each retail client, with the end goal being the provision of hyper-personalized KB AI Financial Assistant services.

Moving forward, the bank will continue to embrace AI technologies like generative AI and voice synthesis to drive digital financial innovation and broaden its application across various business sectors, thereby enhancing its competitiveness and ensuring sustained growth.

Furthermore, in conjunction with adopting AI technology, we are committed to establishing a comprehensive AI governance framework. This includes developing risk management policies to mitigate inherent AI risks and fostering an ethical corporate culture, ensuring the responsible and secure use of AI advancements.

KB State-of-the-Art Text Analytics



SPECIAL REPORT 3

Global Business



KB Financial Group has embraced a Groupwide global expansion strategy as the linchpin for sustainable growth, moving beyond the confines of the maturing domestic market. Central to this initiative has been our two-track strategy that targets both the fast-growing markets of Southeast Asia as well as advanced economies known for their investment stability and high appeal among Korean offshore investors. Building upon this strategic base, KB Financial Group is set to advance this in what is dubbed a “3x3 strategy”, with the aim of broadening our geographical footprint and pivoting our investment strategies.

GLOBAL BUSINESS STRATEGY

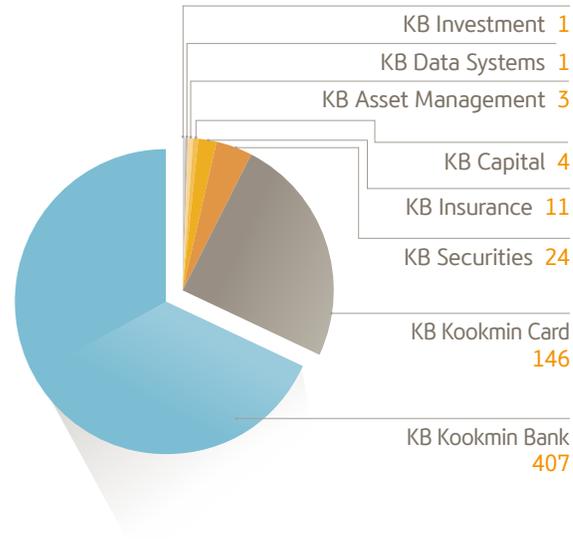
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This refined 3x3 strategy entails a deliberate expansion into three key markets: Southeast Asia, advanced economies, and untapped markets. In addition to the strategic investor-centric M&A activities aimed at securing management rights, the Group intends to shift its investment tactics towards building an investment portfolio as a financial investor through equity investments in and partnerships with local firms. This strategic change in investment approach underscores our commitment to refining global strategy to enhance sustainable growth momentum.

Global 3x3 Strategy



Overseas Network



Total Assets of Global Operations



Achievements & Plans

Indonesia

After strengthening its management control by gaining seats on the management board of PT. Bank KB Bukopin, Tbk., KB Kookmin Bank has made consistent efforts to turn around the business through massive restructuring and by leveraging KB's core competencies.

The bank has its focus on attracting high-quality assets, particularly from large Korean corporate clients and local IB deals in Indonesia. Efforts are now underway to improve sales operations and management systems and to boost product competitiveness within the SME and retail sectors, with the ultimate goal of building a portfolio of high-quality assets. With the installation of a next-generation IT system slated for the latter half of 2024, PT. Bank KB Bukopin, Tbk. is set to upgrade its IT and digital capabilities to match those of leading Indonesian banks, thus preparing itself to offer superior financial services to local clients.

As of February 2022, KB Securities held a 65% stake in PT KB Valbury Sekuritas (KBVS), one of Indonesia's top 10 brokerage houses. In March 2023, the company successfully introduced a mobile trading system (MTS) to strengthen its position in the mobile trading market and attract mass customers. In the second half of 2023, KBVS further diversified its revenue streams by enhancing

its IB capabilities, a move which was facilitated by a significant organizational revamp and strategic personnel enhancements. KBVS also aims to increase its IB Desk's competitiveness and market stature through active deal sourcing and deal arrangements in capital markets for both its local subsidiaries and Indonesian companies.

Since its inception in 2020, KB Capital's Indonesian subsidiary, PT. Sunindo Kookmin Best Finance (SKBF), has maintained stable growth in its main business of auto financing. In 2023, the company expanded into the commercial vehicle financing business, partnering with prominent Korean manufacturers of construction machinery and heavy equipment. Furthermore, with plans now in place to grow its dominance in the Indonesian EV market, SKBF has ventured into the electric motorcycle finance sector through collaborations with a local EV bike manufacturer and a global AI firm. To further elevate its market competitiveness in the mobility market, SKBF is set to bolster collaborations with the Group's established Indonesian entities, such as PT. Bank KB Bukopin, Tbk. and PT. Kookmin Best Insurance Indonesia

Cambodia

In August 2023, KB Kookmin Bank launched KB PRASAC Bank Plc., an integrated entity formed by merging its Cambodian subsidiary, Kookmin Bank Cambodia PLC, with Prasac Microfinance. The merger capitalizes on the former Prasac

Microfinance's 192 nationwide networks, aiming to heighten its distinct competitive edge in microfinance. Additionally, it sets the stage for the bank's transformation into a leading commercial bank in Cambodia, with a focus on enhancing the competitiveness of its commercial banking.

KB Kookmin Card is also pursuing a merger of i-Finance Leasing Plc (iFL), a Cambodian leasing company it acquired in 2022, with KDSB, which specializes in car installment financing in Cambodia, to secure new growth drivers in the local market. Upon completion in 2024, this merger will serve as part of a broader strategy to amplify KDSB's competitive edge in the Cambodian market by expanding the sales network and broadening the reach and diversity of its services and product offerings.

Vietnam

KB Securities Vietnam Joint Stock Company (KBSV), a local subsidiary of KB Securities in Vietnam, acquired a local mid-sized securities company in November 2017, thereby strengthening its business competitiveness and demonstrating solid performance centered on retail brokerage. In order to respond to the large-scale capital expansion and aggressive marketing of local competitors, we continue expanding our customer base and strengthening our retail competitiveness by strengthening our new MTS given IT competitiveness, which we launched in December 2022 (KB Buddy):

for new investors entering the stock market) and December 2023 (KB Buddy Pro: for experienced investors), respectively.

- **Thailand**

KB Kookmin Card acquired a 49.99% stake in KB J Capital Co., Ltd (KBJC) (voting rights require a 50.99% share) in 2021. This made KB Kookmin Card the first Korean credit card issuer to enter the Thai market. After a notable capital increase in 2023, KB Kookmin Card raised its equity holding in KBJC to 77.4%. Through a strategic partnership with Samsung Thailand, the innovative Samsung SF+ product was successfully launched, paving the way for further revenue diversification via ongoing product development and expansion of distribution channels.

- **Laos**

KB Capital ventured into the Laotian market by establishing KB KOLAO Leasing Co., Ltd. (KKLS) in 2017, focusing on auto installment financing as its primary business. Since achieving profitability in March 2018, KKLS has demonstrated consistent growth. Despite the harsh conditions of the market slowdown stemming from the 2023 foreign exchange crisis and inflation, KKLS has preserved its position as the second-largest leasing company in Laos in terms of asset size through sales channel expansion and business diversification, launching new offerings in construction machinery and heavy equipment. Looking forward, KKLS is committed to

achieving profitable growth. The company plans to capitalize on the anticipated boom in Laos throughout several key sectors, such as tourism, resource development, and logistics. By focusing on the expansion of its market presence within the construction machinery and heavy equipment financing sector, KKLS aims to further solidify its position in Laos.

- **India**

KB Kookmin Bank obtained preliminary approval from the Reserve Bank of India in October 2023 to set up new branches in Chennai and Pune. This strategic move enables the bank to increase its presence in India to a total of three branches by September 2024, marking a significant in less than six years since the launch of its first branch in Gurugram in February 2019.

The anticipated synergies among these three branches will serve to broaden the bank's reach across key regions of the country: Northern (Gurugram), Western (Pune), and Southern (Chennai) India. This geographical diversification is expected to strengthen the bank's operational footprint, strengthening relationships with large corporations and their suppliers active in these regions, and making India the focal point of KB Kookmin Bank's operations in South Asian markets.

2024 Plans

In 2024, KB Financial Group is set to pursue more M&A opportunities across its subsidiaries, strategically manage its global business in alignment with the prevailing global macroeconomic landscape, and strive to generate stable global profits through the profitable growth of its existing network.

In Indonesia, home to the largest number of Group subsidiaries outside Korea, there is an ongoing evaluation for further expansion into untapped business areas. The focus will be on fostering synergies among its subsidiaries, including KB Kookmin Bank, KB Securities, KB Insurance, KB Kookmin Card, and KB Capital, and on achieving scalability within each sector. Specifically, for PT. Bank KB Bukopin, Tbk. swiftly achieving a business turnaround is the top priority. Efforts will be concentrated on accruing high-quality assets and improving the bank's financial soundness, rapidly expanding the retail and SME portfolios, and enhancing IT and digital capabilities based on a next-generation IT system.

KB PRASAC Bank Plc., in its transition into a full-fledged commercial bank, intends to expand its banking capabilities. This includes augmenting its loan and deposit product lineup by leveraging KB's expertise and value transfers, enhancing asset quality management, refining credit scoring models, and improving IT and digital capabilities.

Moreover, KB Financial Group plans to establish a Korea Desk in Poland in 2024 as part of its strategy to explore untapped markets. This move aims to actively explore the Eastern European market and extend its business coverage.

SPECIAL REPORT 4

Risk Management



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

RISK MANAGEMENT SYSTEM



BASEL III TIMELINE AT KB FINANCIAL GROUP



Risk Governance

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

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

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

The holding company’s risk management department sets the directions for Groupwide risk management policies and runs all relevant processes to monitor and control Groupwide risk positions and the limits of internal capital. We also have an established risk report system at each subsidiary.

Their risk management departments monitor risk types and/or any emerging developments around the clock and must report any untoward event to their immediate Chief Risk Officers (CROs) at each subsidiary and then to the Group’s CRO, eventually reaching the Group Risk Management Committee and the BOD.

Risk Management Strategies

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

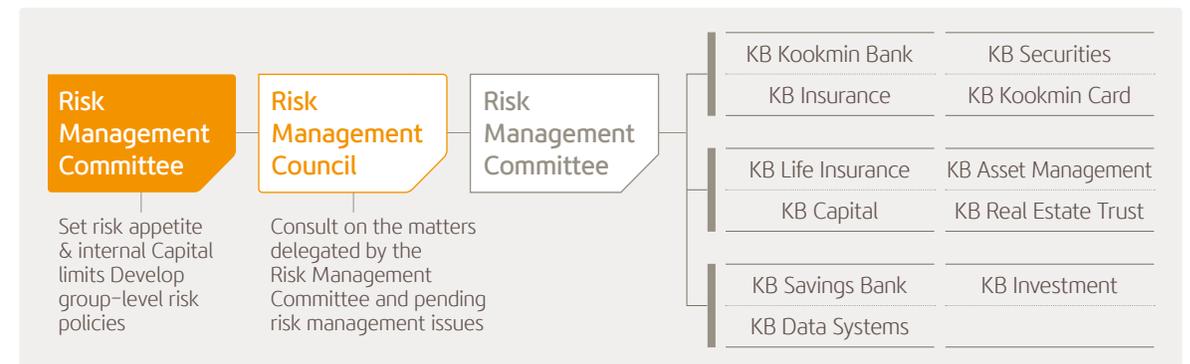
• Stress Testing

KB Financial Group runs Groupwide stress testing at least twice a year. At these times, the business cycle and economic outlook are factored in to measure our potential vulnerabilities to exceptional but possible events. The stress testing process follows the steps of creating a test scenario, estimating the key risk factors by risk type and their impact on key management indicators by scenario, as well as evaluating capital

Risk Management Strategies



Group Risk Governance



adequacy by scenario and developing responsive measures. Based on probable risk factors that could gravely impact the business portfolio from risk factors recognized from the business analysis, stress testing scenarios are set in three stages according to their severity: Base, Medium, and Severe. We apply different stress testing models depending on the risk types. The analysis results concerning the impact of different risk types on profit/loss, capital adequacy by scenario are then reported to management and the Risk Management Committee to assist in the projection of their Groupwide risk appetite and management decision-making.

• **Recovery & Resolution Plans**

KB Financial Group annually formulates and implements a Recovery Plan to ensure a swift and effective response in the event of massive insolvency. This Recovery Plan serves as a set of preemptive, self-help plans prepared by financial institutions to restore financial stability before insolvency exacerbates. The Plan encompasses the core functions/businesses, governance structure, indicators/conditions for the Plan to be implemented, stress testing and recovery actions, and communication with both internal and public stakeholders. Updated yearly, these plans undergo

evaluation by the Financial Supervisory Service (FSS) and receive approval from the Financial Services Commission (FSC). Also, starting from 2023, KB Financial Group has begun executing measures to address any Expected Obstacles to Resolution as identified by resolution authorities, with outcomes reported to the FSC. The Group remains dedicated to continuously refining its risk management framework by enhancing the Recovery Plan and methodically tackling expected challenges during the implementation of the Resolution Plan.

• **Basel III Framework at KB Financial Group**

KB Financial Group’s preparation for the Basel III framework started in December 2013 when the Financial Services Commission (FSC) announced the mandatory adoption plan. Since then, we have aligned the Group’s risk-weighted assets (RWAs) and our capital adequacy ratio with the Basel III standards. To start, we helped subsidiaries improve their risk management levels, as they established and now operate their own credit risk IRB based on the Group Single Model, which won approval for use by the Financial Supervisory Service (FSS) after exhaustive examination. The IRB approach has been adopted for calculating the Group BIS ratio since the end of 2016. Specifically, with the comprehensive revision of the calculation methodology under the Basel III framework’s final reforms, the system was implemented for credit risk areas in September 2020, following FSS approval of its usage. The frameworks for measuring and managing market

and operational risks have been finalized and have been operational since January 2023.

In order to ensure the advanced management of market risks, we have reinforced our marketable asset portfolio management and diversified investment strategies, such as reviewing sensitivity-hedging investment strategies and improving the accuracy of product-specific information through DQM (data quality management) in step with the changes expected to take place in the market environment. At the same time, we are implementing a risk recognition/evaluation system and monitoring/reporting system in accordance with the Principles for the Sound Management of Operational Risk. KB Financial Group will strive to preserve a stable capital adequacy level through seamless operation of the regulated capital management system under the Basel III standards.

Groupwide Stress Testing Process (at least twice a year)



Emerging Risk Management

KB Financial Group defines emerging risks as those arising from economic, environmental, and social changes that may have a significant long-term impact on the Group's business activities. An extensive, multifaceted analysis has been undertaken to discern emerging risks, revealing 911 distinct trends. This analysis aims to evaluate the impact of these trends across short-, mid-, and long-term horizons, pinpointing specific emerging risks that are particularly relevant to KB Financial Group. In response, we have formulated and implemented proactive strategies to address these risks, thereby systematically managing potential future risks.

In light of the business environment megatrends surrounding the Group, this report highlights two critical emerging risks. The first is global rebalancing: the transition from deglobalization to re-globalization. The second is the acceleration of technological innovation: the increase in cybercrime threats due to technological innovations like AI. The precise definition of these risks, their potential long-term impact on our businesses, and the countermeasures we plan are detailed herein.

GLOBAL REBALANCING: The Transition from Deglobalization to Re-globalization

Definition

- Amidst escalating global conflicts, including tensions between the U.S. and China, the Ukraine-Russia war, and the Israel-Palestine conflict, alliances are being re-formed based on national interests. In an era marked by shifts towards a multipolar global power structure, significant transformations are underway in global governance and the global value chain (GVC).
- These alterations in the international order are heightening geopolitical risks, influencing significant developments in international politics, diplomacy, military security, economic trade, and monetary policies. Given Korea's considerable reliance on external circumstances, there is rising concern over political, economic, and social uncertainties within these environments.

Business Impact

- The intensification of international conflicts and the sporadic and serial formation of loose alliances based on ideological blocs are prompting major economies to adopt stringent protectionist trade policies to safeguard their national interests, leading to ongoing disruptions in the supply chain of raw materials and intermediate goods. These disturbances have caused production setbacks in key industries, imposed trade restrictions, and worsened the trading environment, raising the likelihood of extended economic slumps due to shifts in the monetary policies of leading nations.
- The enduring scenarios of a global economic downturn, inflation, and increased interest rate volatility, fueled by geopolitical risks, are placing both retail and corporate borrowers at increased risk of encountering credit challenges. In any of those cases, the credit crisis is anticipated to initially impact those with multiple debts and marginal borrowers, potentially spreading more broadly.

Countermeasures

- KB Financial Group has established 12 possible scenarios from a business environment perspective, while closely monitoring the worst-case scenarios and their ripple effects. Five of these scenarios are identified as geopolitical risks: the escalation of the Israel-Hamas conflict, the impact of the Ukraine-Russia war and the Russian elections, increased military tensions around Taiwan, any sudden changes in North Korea, and the impact of the U.S.-China power struggle on Southeast Asian markets. These scenarios were developed through collaboration and review by the Group's Risk Management Department and Financial Planning Department, along with the KB Financial Group Research Institute. We also plan to refine the crisis management system of the holding company and its subsidiaries by the first half of 2024. The finalized scenarios and their economic impact will then be shared across all subsidiaries within the Group. Guidance will subsequently be provided to assist each subsidiary's business unit in developing response measures for worst-case scenarios.

Furthermore, at the Group level, a system is being established whereby the Contingency Management Committee will act as a crisis response control tower in the event of a worst-case scenario.

- Through stress testing, the Group evaluates its Contingency Plan and establishes action plans tailored to various crisis scenarios, thus maintaining ongoing oversight of the Group’s crisis response capabilities. To facilitate a coordinated Groupwide reaction in the face of geopolitical risks, we have bolstered the uniformity of risk management systems across all subsidiaries. Additionally, we have implemented a management system designed to ensure the stable operation and timely execution of the Recovery Plan.
- In the realm of credit risk management, we have recalibrated high-risk segments to enable continuous monitoring, allowing for the early detection of potential risks. Pursuant to this approach, we have established specific management objectives to adeptly navigate these risks.

ACCELERATION OF TECHNOLOGICAL INNOVATION: The Increase in Cybercrime Threats Due to Technological Innovations Like AI

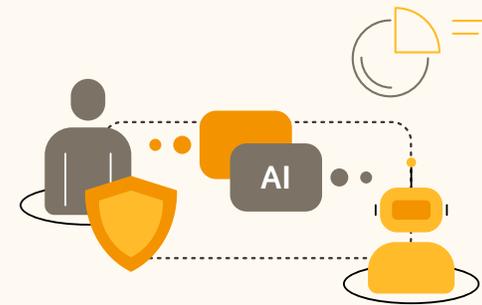
Definition

- The emergence of artificial intelligence (AI), which leverages enormous amounts of online knowledge through machine learning, is acknowledged as a pivotal technology destined to profoundly shape the future of the world and humanity. Nevertheless, the possibility of its exploitation for hacking or cybercrime purposes poses a very real threat that could amplify attack severity, potentially culminating in severe cyber information security challenges, including data breaches and hacking incidents, in the foreseeable future.
- Moreover, the rapid increase in public accessibility to AI tools like ChatGPT engenders profound concerns over an escalation in AI-facilitated cybercrimes. Such incidents could undermine the information security frameworks of financial companies, precipitating widespread social and economic disruption and consequent damages.

Business Impact

- The swift digitalization within the financial sector, aimed at boosting operational efficiency, has resulted in the centralized management of vital data, such as asset/liability details, customer data, and credit information. Despite financial firms’ active pursuit of digital transformation to enhance customer convenience, the surge in digital transactions and the recent trend towards remote work have amplified their vulnerability to cybercrimes.

In this context, there is a growing societal demand for the protection of customer information. The risk of increasingly organized and sophisticated cybercrimes poses a significant threat to the reputation of financial institutions. As a result, establishing robust and methodical security control is crucial for the survival of any financial company.



Countermeasures

- KB Financial Group has established a dedicated organization to prevent information leakage, enhancing its data protection oversight through a unified information security platform and an all-encompassing personal data management system. Rigorous controls are enforced to thwart the unauthorized dissemination of sensitive data, such as customer information. These include compulsory X-ray screenings at data centers and headquarters, along with the obligatory formatting and security software installation on computers upon entry or exit.

KB Kookmin Bank, in particular, segregates all computers into internal and external network zones, prohibits internet usage on devices allocated to external staff, and ensures all files on computers are encrypted. To further secure database information, access is limited strictly to vetted employees through additional authentication procedures. In addition to these rigorous protocols, the Group has proactively acquired electronic financial transaction liability insurance to safeguard against potential financial liabilities resulting from data breaches. This coverage aims to mitigate any financial risks associated with reputation damage or potential collective lawsuits from customers seeking compensation for breaches.

2023 Achievements

In 2023, the global economy experienced a slowdown and a decrease in asset values due to complex crises sparked by global inflation, rapid financial tightening by leading economies, and geopolitical tensions from the Ukraine–Russia war and the U.S.–China power struggle.

In response, we enhanced our risk management for household loans by refining credit review strategies, intensifying the surveillance of high-risk assets, and crafting ML-based recovery models. We have also initiated a proactive risk management framework, one that especially targets high-risk corporate borrowers, which involves pinpointing and intensifying the surveillance of susceptible sectors and formulating detailed risk management strategies tailored to specific industries. Moreover, we have enhanced credit reviews for IB investment assets and refined the risk management system for assets held in overseas strategic hubs.

In preparation for macroeconomic shifts like rising interest rates and the pandemic's transition to endemic status, we advanced our foreign currency liquidity risk management system. To counteract the challenging conditions in the capital and insurance markets and improve the insurance loss ratio, we strengthened our underwriting criteria. In light of the Basel III reforms concerning market and operational risks and the introduction of the K-ICS system in the insurance sector, we also updated our portfolio

management strategies and conducted targeted training for our staff in relevant tasks, ensuring a proactive stance towards regulatory changes.

To adeptly navigate alterations in sustainability reporting standards and regulations, we activated an ESG risk management enhancement task force team (TFT) to develop a climate risk scenario analysis framework. We have also instituted measures to bolster due diligence in client asset management, implementing evaluations for the appropriateness of sales limits for each product and establishing a limit management system. Furthermore, to preserve capital adequacy and ensure risk-weighted profitability, we have created and incorporated a RoRWA-based calculation system into our organizational evaluation system.

• Establishment of a Climate Risk Scenario Analysis Framework

Committed to maintaining our leadership in the ESG sector, we have refined our scenario analysis methodology to reinforce the Group's resilience and adeptness in managing climate risks. This climate risk scenario analysis enables the Group to pinpoint risks and opportunities tied to climate change and evaluate our business strategies' resilience/recovery capacity against potential shifts. More precisely, we conduct assessments on the cost implications of carbon reduction for assets exposed to conversion risks, such as loans, bonds, and stocks, to understand their effects on

borrowers' credit ratings. In addition, we project the likely devaluation resulting from natural disasters on assets carrying physical risks, such as mortgages and commercial real estate, aiming to quantify the potential collateral loss and gauge the fluctuation in the Group's credit loss extent. Through the development of this climate risk scenario analysis framework, our goal is to align with stringent ESG management standards, including adherence to SEC climate regulations and ISSB S2 climate disclosure requirements.

• Development of a Methodology for Recognizing Stranded Assets

To achieve net-zero emissions by 2050, KB Financial Group committed itself to financing industrial decarbonization in 2019 and formulated its Environmental and Social Risk Management Policy (ESRM Policy) in 2021. To accurately identify ESG-related risks within the Group, we have derived a methodology to recognize the scale of stranded assets, that is, assets at risk of failing to yield economic returns due to ESG-related shifts in market and regulatory landscapes. This approach is instrumental in pinpointing industries exposed to the low-carbon transition and analyzing the likelihood for assets to become stranded by examining critical reduction initiatives and procedural phases specific to each industry, thereby facilitating forecasts regarding potential key stranded assets and their estimated impact.

• Adjusting Industry Outlooks According to Megatrend Impacts

As the uncertainty surrounding industry forecasts increases due to the influence of megatrends, there is an evident necessity for reevaluating industry outlooks at the Group level and adapting to industry policies based on megatrend analysis. In light of this, the Group Risk Management Department has initiated a working group that comprises industry experts from the Group's Research Institute, the Bank's Sector Analysis Team, and the KB Securities' Research Center. This collaborative team has embarked on a comprehensive analysis of global megatrends and paradigm shifts, evaluated the repercussions of these megatrends on key industries, and formulated strategies for leveraging the findings of the industry outlooks.

To pinpoint overarching megatrends impacting various sectors, a comprehensive STEEP (society, technology, economy, ecology, and politics) analysis was employed, identifying six key megatrends. Following this, the working group undertook detailed analyses on the current industry status, key characteristics, and trends of 14 selected sub-sectors. The working group also performed quantitative assessments to project the revenue potential of each industry, taking into account the influence of these trends.

The advancement of these analytical techniques has significantly enhanced the Group's industry analysis capabilities and fine-tuned the establishment of industry policies by incorporating rapid changes in the business environment and the influence of megatrends beyond forecasts based solely on experts' experiences and historical data.

- **Improving Capital Efficiency and Strengthening Complex Risk Management**

Starting in 2023, KB Financial Group began incorporating RoRWA (return on risk-weighted assets) as a key performance indicator into its RAPM (risk-adjusted performance measures), supporting management's decision-making in portfolio management and rebalancing, with a focus on maintaining capital adequacy. This ultimately aims to enhance the efficiency of the Group's capital management.

Additionally, to proactively manage complex crises and strengthen crisis response capabilities, the Group established its Recovery Plan in October 2021. The update carried out in 2023 then diversified crisis scenario and honed the analysis of the effectiveness of recovery measures. The Group also conducted fire drills to improve the execution of the Recovery Plan. These efforts have culminated in a practical and cohesive risk management framework, one that is poised to facilitate prompt and effective Groupwide actions in the face of multifaceted crises, significantly enhancing the Group's risk management prowess.

2024 Plans

Anticipating the ongoing effect of the aforementioned geopolitical risks (the Russia-Ukraine war, U.S.-China tensions, and the Israel-Palestine conflict), alongside persistent high oil prices, inflation, interest rates, and exchange rates fueling financial market volatility, our focus for 2024 is dedicated to preserving the Group's asset integrity and ensuring capital adequacy. This will be achieved through exhaustive risk assessments and deployment of comprehensive response mechanisms to major risk factors across Group businesses. As such, we will implement proactive and flexible risk management strategies tailored to specific vulnerable areas by borrower and sector. At the same time, we will enhance credit policies to maintain the soundness of IB and global operations, bolster risk management in capital markets and insurance sectors in response to shifts in market environments, and develop innovative risk management frameworks for customer assets, ICT, and risks associated with third-party outsourcing.

Management's Discussion & Analysis

Group Overview

The year 2023 was marked by a prolonged economic downturn, with decelerated growth in both the global and Korean economies.

KB Financial Group adeptly navigated the uncertainties in this challenging domestic and international environment. Its conservative approach to its provisioning for credit losses—aimed at hedging against market uncertainties—did not deter an increase in net interest income, which was fueled by improvements in the net interest margin (NIM) and growth in quality corporate loans. In addition, our strategic responses to capital market fluctuations and continuous efforts in cost reduction significantly enhanced our efficiency. These factors collectively contributed to an 11.5% increase in net profit over the previous year, reaching KRW 4,632 billion.

In detail, gross operating income rose by 17.8% year on year (YoY) to KRW 16,229 billion, driven by a balanced growth in both interest and non-interest income.

Interest income was bolstered by a 7.7% YoY growth in won-denominated corporate loans, securing a stable revenue base. This growth was further supported by the repricing effects of last year's

interest rate hikes, which led to an improved NIM. NIM contributions from non-banking subsidiaries, including KB Securities and KB Kookmin Card, also expanded, also expanded by 5.4% YoY to KRW 12,142 billion. Non-interest income significantly increased by KRW 1,822 billion over the previous year, driven by higher brokerage fees in securities and a 4.5% increase in net fee and commission income. Performance in securities, derivatives, and FX transactions also markedly improved, reflecting our timely responses to financial market fluctuations.

On the cost side, Group G&A expenses witnessed a marginal increase of 0.1% YoY, reflecting the success of the Group-wide cost-efficiency measures. The Group's cost-income ratio (CIR) achieved a record low of 41.0%.

Credit loss provisions amounted to KRW 3,146 billion, an increase of KRW 1,299 billion from the previous year. This proactive measure was taken in anticipation of future economic uncertainties and aligns with our conservative provisioning policy.

Regarding asset quality, the Group's non-performing loan (NPL) ratio stood at 0.57%, with an NPL Coverage Ratio of 174.5%. Although the NPL coverage ratio slightly declined from the previous year due to the conservative classification of assets

in sectors like real estate project financing (PFs) and overseas commercial real estate, the Group maintained an industry-leading total loss absorption capacity (TLAC).

Under Basel III standards, Group BIS ratio recorded a total capital ratio of 16.73% and a common

equity tier 1 (CET 1) ratio of 13.59%. These figures underscore our highest level of capital adequacy in the financial sector despite increased risk-weighted assets (RWA) from growth in corporate lending and the impact of year-end dividends.

KEY FINANCIAL INDICATOR

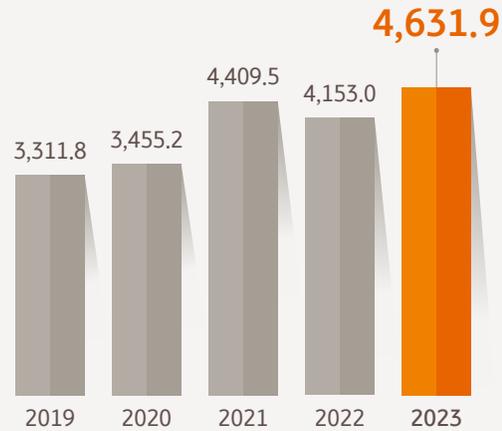
(%, %p)	2023	2022	YoY
ROA (%)	0.65	0.57	0.08
ROE (%) ¹⁾	9.18	8.83	0.35
Basic EPS (KRW)	11,580	10,334	1,245
NIM (Bank+Card)	2.08	1.96	0.12
NIM (Bank)	1.83	1.73	0.10
Cost-Income Ratio (CIR)	41.0	48.2	(7.2)
Credit Cost Ratio (CCR)	0.67	0.43	0.24
NPL Ratio ²⁾	0.57	0.34	0.23
NPL Coverage Ratio ²⁾	174.5	216.3	(41.8)
BIS Ratio	16.73	16.16	0.57
CET1 Ratio	13.59	13.24	0.35

1) Based on return on common equity

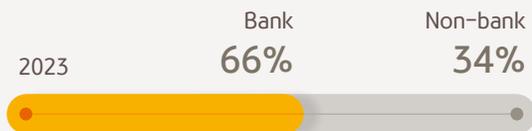
2) Based on a simple arithmetic sum of each subsidiary's figures (excl. overseas local subsidiaries, overseas equity investment, SPC, etc.)

Group Net Profit

(bn won)



Contribution by bank vs. Non-bank



Group Financial Position

As of the end of 2023, KB Financial Group’s total assets reached KRW 715.7 trillion, up KRW 27.0 trillion, or 3.9%, YoY. This increase was primarily driven by a KRW 11.8 trillion YoY expansion in loans and a KRW 6.7 trillion growth in investment banking assets, backed by a strategic focus on quality- and profit-driven corporate loan portfolio-building amidst constraints on household debt growth.

Specifically, household debts saw a modest increase of KRW 1.1 trillion, or 0.7% YoY, even amid rising interest rates and stricter government regulations. Corporate loans experienced significant growth of KRW 13.3 trillion, or 7.5%, with balanced increases across large corporations, SMEs, and SOHO sectors.

The group’s assets under management (AUM) totaled KRW 501.0 trillion, up 9.4% YoY, bolstered by increased WM financial product sales and funds in KB Asset Management’s AUMs. The Group’s total assets, including AUMs, amounted to KRW 1,216.7 trillion, a YoY increase of KRW 70.0 trillion.

GROUP FINANCIAL POSITION

(tn won, %)	2023	2022	YTD
Assets	715.7	688.7	3.9
Cash & Due from Financial Institutions	29.8	32.5	-8.3
FVTPL ¹⁾ Assets	77.0	70.1	9.8
Financial Investments	122.2	115.5	5.8
Loans	444.8	433.0	2.7
Property & Equipment	9.3	8.4	10.7
Other Assets	32.6	29.2	11.6
Liabilities	656.8	634.6	3.5
FVTPL ¹⁾ Liabilities	10.9	12.3	-11.4
Deposits	406.5	393.9	3.2
Debts	69.6	71.7	-2.9
Debentures	69.2	68.7	0.7
Other Liabilities	100.6	88.0	14.3
Shareholder’s Equity	58.9	54.1	8.9
Share Capital	2.1	2.1	-
Hybrid Securities	5.0	4.4	13.6
Capital Surplus	16.7	16.9	-1.2
Accumulated Other Comprehensive Income	2.3	1.3	76.9
Retained Earnings	32.1	28.9	11.1
Treasury Shares	(1.2)	(0.8)	N.A.
Non-Controlling Interests	1.9	1.3	46.2
Group Total Assets²⁾	1,216.7	1,146.7	6.1
AUM³⁾	501.0	458.0	9.4

1) Fair value through profit or loss

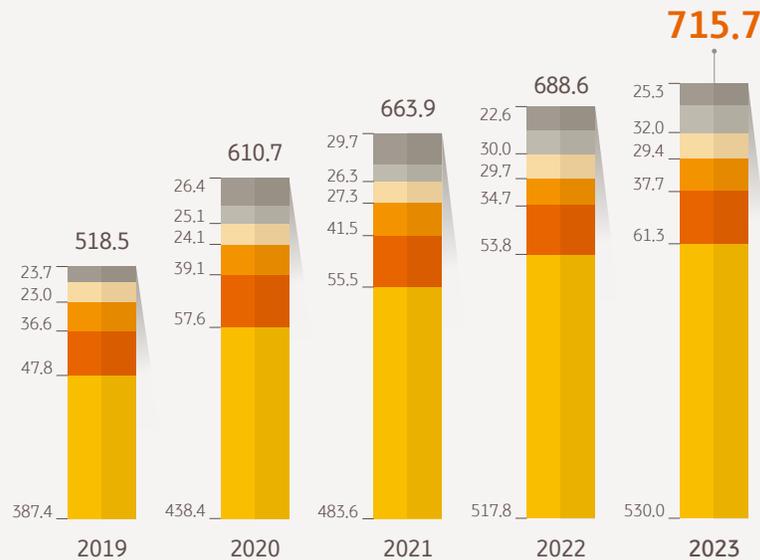
2) sum of assets of consolidated financial Statement and AUM

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

Group Total Assets

(tn won)

- KB Kookmin Bank
- KB Securities
- KB Insurance
- KB Kookmin Card
- KB Life Insurance
- Others
(Incl. adjustment for consolidation)



1) Based on each subsidiary's total assets on the financial statements for group reporting

KB Kookmin Bank, the Group's flagship subsidiary, saw its total assets increase by KRW 12.2 trillion, or 2.4% YoY to KRW 530.0 trillion. Won-denominated loans grew by 4.0% to KRW 341.6 trillion. A sector-wise analysis reveals a reduction in unsecured household lending due to decreased demand amidst persistent high interest rates, although

mortgage lending, focused on actual demand, saw modest growth of 0.3%. On the corporate front, large corporate loans surged by 30.1% due to a contraction in the corporate bond issuance market, while loans to SMEs grew by 2.7%, contributing to an overall 7.7% growth in corporate lending YoY.

KB KOOKMIN BANK LOANS IN WON

(tn won, %)

	2023	2022	YTD
Household	166.5	166.0	0.3
Mortgage	94.3	92.9	1.5
General	72.2	73.1	-1.2
Corporate	175.1	162.6	7.7
SME	136.6	133.0	2.7
[SOHO]	89.0	86.8	2.5
Large Corp, etc.	38.5	29.6	30.1
Total	341.6	328.6	4.0

Profitability

In 2023, KB Financial Group reported a net profit of KRW 4,632 billion, up 11.5% YoY. Despite the global economic downturns and increased macroeconomic

uncertainties, the Group demonstrated robust fundamentals and earnings resilience. This achievement was underpinned by significant improvements in non-interest income and stable cost management.

GROUP PROFITABILITY OVERVIEW

(bn won, %)

	2023	2022	YoY
Net Interest Income	12,141.7	11,515.3	5.4
Net Fee & Commission Income	3,673.5	3,514.9	4.5
Other Operating Profit	413.9	(1,249.6)	N.A.
Gross Operating Income	16,229.1	13,780.6	17.8
G&A Expenses	6,647.4	6,643.7	0.1
Provision for Credit Losses	3,146.4	1,847.7	70.3
Net Operating Profit	6,435.3	5,289.2	21.7
Net Non-Operating Profit	(264.9)	160.6	N.A.
Profit for the Period	4,563.4	3,931.4	16.1
Profit attributable to controlling interests	4,631.9	4,153.0	11.5

1) The financial results for 2022 have been restated retrospectively under IFRS17

Group net interest income reached KRW 12,142 billion, a YoY increase of 5.4%, or KRW 626 billion. This increase was primarily fueled by a 4% growth in won-denominated loans, securing a stable revenue base, coupled with the effects of loan asset repricing following last year's interest rate increases, which contributed to a 12 basis point improvement in the net interest margin (NIM). In 2023, NIMs of both the Group and the bank stood at 2.08% and 1.83%, respectively, showing improvements of 12bp and 10bp from 2022.

The group's net fee & commission income amounted to KRW 3,674 billion, up 4.5%, or KRW 159 billion from the previous year. This expansion was primarily driven by robust increases in business fees from retail customer bases across credit cards, equities, and capital markets despite contractions in the WM products and real estate PF markets.

Other operating income improved significantly, increasing by KRW 1,664 billion to KRW 414 billion, a turnaround from the substantial losses recorded in the previous year. This recovery was driven by diversified asset management portfolios and timely market responses, leading to significant improvements in performance related to securities, derivatives, and FX. Insurance business income also grew by 8.5% YoY, continuing a strong performance trend.

Group G&A expenses totaled KRW 6,647 billion, reflecting a slight YoY increase of 0.1%, which highlights effective workforce restructuring and stringent cost management efforts across the organization.

The Group's credit loss provision in 2023 reached KRW 3,146 billion, an increase of KRW 1,299 billion YoY. This is part of preemptive risk management to conservatively account for future economic outlooks and prepare for potential increases in non-performing loans, particularly in real estate finance.

The Group's credit cost ratio (CCR) increased by 0.24%p to 0.67%, though it remains well-managed at a stable 0.40% on a non-recurring basis.

Among the subsidiaries, KB Kookmin Bank reported a net profit of KRW 3,262 billion; KB Securities, KRW 390 billion; KB Insurance, KRW 753 billion; KB Kookmin Card, KRW 351 billion; and KB Life Insurance, KRW 82 billion. These figures reflect ongoing efforts to stabilize earnings through diversification.

• KB Kookmin Bank

Specifically, KB Kookmin Bank's 2023 net profit of KRW 3,262 billion represents an 8.9% increase over the previous year, driven by growth in large corporate loans and an expanded NIM, despite conservative provisioning and support for retail finance. The bank's provisioning for credit losses was KRW 1,608 billion, indicating preemptive and conservative risk management. The bank's 2023

CCR was 0.30%, maintaining a low level due to growth in high-quality assets. The bank's G&A expenses decreased by KRW 176 billion YoY to KRW 4,522 billion due to workforce reductions and lower provisioning for severance benefits. The bank's cost-income ratio (CIR) for 2023 was 43.2%, demonstrating a continued downward stabilization trend, thanks to comprehensive cost management and workforce efficiency efforts.

KB KOOKMIN BANK PROFITABILITY OVERVIEW

(bn won, %)	2023	2022	YoY
Net Interest Income	9,870.1	9,291.0	6.2
Net Fee and Commission Income	1,168.3	1,096.6	6.5
Other Operating Profit	(580.5)	(733.5)	N.A.
Gross Operating Income	10,457.9	9,654.1	8.3
G&A Expenses	4,521.8	4,698.0	-3.8
Provision for Credit Losses	1,608.1	1,121.1	43.4
Net Operating Profit	4,328.0	3,835.0	12.9
Net Non-Operating Profit	(98.2)	(25.2)	N.A.
Profit for the Period	3,261.5	2,996.0	8.9

• KB Securities

In 2023, KB Securities achieved a net profit of KRW 390 billion, a YoY increase of KRW 202 billion. This performance was driven by strong fixed-income sales in the WM sector, leading to increased WM business revenue, significant deal closures in the investment banking (IB) division, and improved trading gains. Given the continued financial market uncertainties anticipated in 2024, KB Securities plans to reinforce a customer-centric philosophy in its WM operations, focus on sourcing quality deals based on risk management, and stabilize trading gains to establish a sustainable growth structure.

• KB Insurance

KB Insurance recorded a net profit of KRW 753 billion in 2023, up 35.1% from KRW 557 billion in the previous year. This record-high performance was fueled by enhanced competitiveness and proactive market strategies, which led to a 1.5%p increase in the market share for long-term health insurance. The profit increase was also supported by stable loss ratios in long-term and auto insurance and gains from the valuation of beneficiary certificates due to market interest rate fluctuations. By the end of 2023, direct written premiums grew by 4.2% to KRW 12,752 billion, and the contractual services margin (CSM) balance stood at KRW 8.5 trillion.

• KB Kookmin Card

KB Kookmin Card's net profit for 2023 was KRW 351 billion, down 7.3% from the previous year, impacted by increased provisioning due to rising funding costs, higher interest rates, and deteriorating asset quality. However, operating income before provisioning rose 21.3% YoY, driven by a 450,000 increase in active credit cardholders and a 7.1% increase in credit card transaction volume, focusing on profitable transactions and excluding low-profit sales (such as national and local taxes). Moving forward, the company aims to further strengthen its focus on profitability and soundness and enhance earnings power through company-wide process innovation and cost efficiency.

• KB Life Insurance

KB Life Insurance reported a net profit of KRW 82 billion in 2023, primarily attributed to increased sales of short-payment permanent life insurance focusing on protection amid interest rate fluctuations, which significantly expanded the gains from fair value through profit or loss (FVPL) valuation. At the end of 2023, the CSM balance was KRW 3.0 trillion, and the K-ICS ratio was recorded at 308.0%, maintaining the highest level in the industry.

NET PROFIT BY SUBSIDIARIES

(bn won, %)	2023	2022	YoY
Group Net Profit	4,631.9	4,153.0	11.5
KB Kookmin Bank	3,261.5	2,996.0	8.9
KB Securities	389.6	187.8	107.5
KB Insurance	752.9	557.2	35.1
KB Kookmin Card ¹⁾	351.1	378.6	-7.3
KB Life Insurance ²⁾	82.2	(83.4)	N.A.
KB Asset Management	61.5	59.3	3.7
KB Capital	186.5	217.1	-14.1
KB Real Estate Trust	(84.1)	67.7	N.A.
KB Savings Bank	(90.6)	21.8	N.A.
KB Investment	9.2	4.8	91.7
KB Data Systems	0.1	3.2	-96.9

1) On June 30, 2023, KB Financial Group sold 100% of the shares of KB Credit Information to KB Kookmin Card, and KB Credit Information became a second-tier subsidiary of the Group. Accordingly, the total assets, total liabilities, and total equity of KB Credit Information have been fully consolidated to the consolidated financial statements of KB Kookmin Card as of June 30, 2023. Please note that KB Credit Information's net income contributable to KB Financial Group for 2023 is the amount for the six-month period ended before KB Financial Group's sale of the shares of KB Credit Information.

2) Prudential Life merged with KB Life and renamed as KB Life Insurance as of January 1, 2023

Asset Quality

As of the end of 2023, the Group's NPL ratio, based on the simple sum of domestic subsidiaries, was stably managed at 0.57% despite the risks expanded by rising interest rates and economic downturn. The Group's NPL coverage ratio was 174.5%, and including allowance for credit losses,

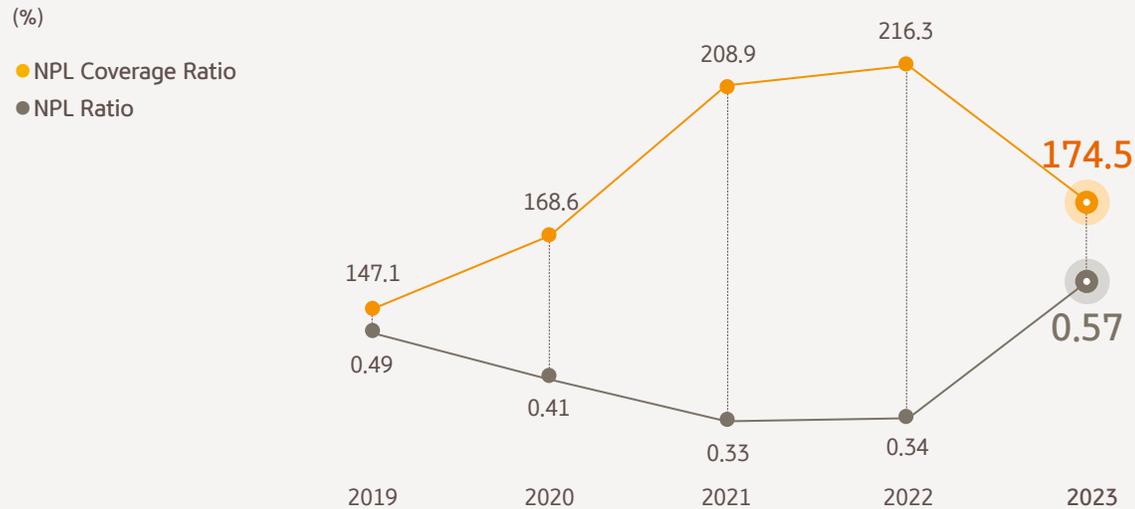
the NPL coverage ratio was 297.3%. Although there was a decline from the end of the previous year, these ratios remain well-managed at stable levels, securing the industry's highest level of loss absorption capacity in response to domestic and international macroeconomic uncertainties. The company will continue to advance its preemptive risk management efforts.

GROUP ASSET QUALITY¹⁾

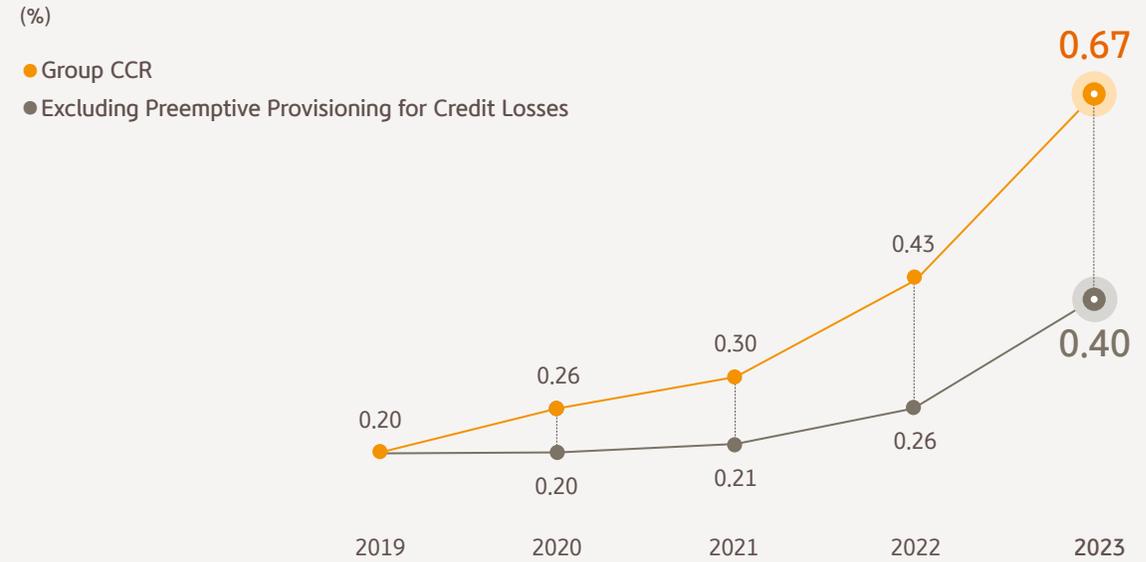
(bn won, %)	2023	2022	YTD
Loans for NPL classification	436,542.0	424,436.6	2.9
Precautionary	4,521.0	3,238.4	39.6
Substandard	1,384.0	709.2	95.1
Doubtful	731.2	537.2	36.1
Estimated Loss	392.6	212.3	84.9
Substandard & Below Loans(NPL)(A)	2,507.8	1,458.7	71.9
NPL Ratio	0.57%	0.34%	0.23%p
Loan Loss Reserves	4,377.4	3,155.6	38.7
NPL Coverage Ratio I (B/A)	174.5%	216.3%	-41.8%p
Reserves for Credit Losses (C)	3,078.1	3,131.0	-1.7
NPL Coverage Ratio II [(B+C)/A]	297.3%	431.0%	-133.7%p

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

Group NPL & NPL Coverage Ratios



Group Credit Cost Ratio



KB Kookmin Bank's delinquency ratio increased to 0.22%, up by 0.06%p from the end of the previous year, and the NPL ratio rose to 0.31%, an increase of 0.11%p. However, the NPL coverage ratio remains very high at 225.6%, ensuring robust loss absorption capacity in response to macroeconomic uncertainties.

KB Kookmin Card's delinquency ratio has risen to 1.03%, up by 0.11%p from the end of the previous year, and the NPL ratio has been maintained at 1.06% over the same period. The NPL coverage ratio is maintained at a high level of 347.5%, indicating stable asset quality management.

NPL Ratio

(%)

- KB Kookmin Card
- KB Kookmin Bank



Delinquency Ratio

(%)

- KB Kookmin Card
- KB Kookmin Bank



Capital Adequacy

As of the end of 2023, the Group's BIS capital adequacy ratio stood at 16.73%, and the common equity tier 1 (CET1) ratio was 13.59%. Owing to strategic capital management, the industry maintained its highest level of capital adequacy despite an increase in risk-weighted assets (RWA).

The bank's BIS ratio and CET1 ratio were recorded at 18.08% and 14.91%, respectively. Despite the growth centered on corporate lending and the increase in RWA due to factors such as currency appreciation and stock price declines, the bank has maintained stable levels above regulatory requirements through robust net profit growth and strategic capital management.

GROUP CAPITAL POSITION

(bn won)	2023	2022	YTD
BIS Capital	53,743.7	48,970.0	9.7
Tier1 Capital	49,390.3	45,032.1	9.7
CET1 Capital	43,663.8	40,103.7	8.9
Tier2 Capital	4,353.4	3,937.9	10.6
Risk-weighted Assets	321,318.9	302,983.9	6.1
BIS Ratio	16.73%	16.16%	0.57%p
Tier1 Ratio	15.37%	14.86%	0.51%p
CET1 Ratio	13.59%	13.24%	0.35%p

KB KOOKMIN BANK BIS RATIO

	2023	2022	YTD
BIS Ratio	18.08%	17.46%	0.62%p
Tier1 Ratio	15.50%	14.92%	0.58%p
CET1 Ratio	14.91%	14.50%	0.41%p

KB Financial Group is a comprehensive financial group with the largest customer base and network in Korea, comprising 11 major subsidiaries and a group network of 2,062 branches in 14 countries. Based on a balanced business portfolio across both banking and non-banking sectors, all subsidiaries are continually strengthening their business competitiveness and carrying out leading business activities. KB Financial Group provides distinctive products and services to customers, leveraging its strong capital base, expansive network, business expertise, and risk management capabilities developed over many years.

OPERATION REVIEW

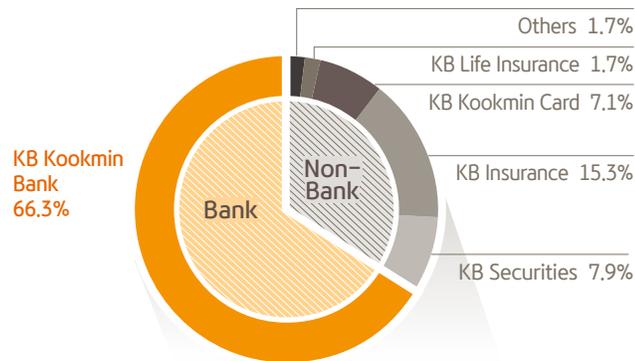
58	Bank
63	Financial Investments
68	Insurance
71	Credit Finance

Bank

— KB Kookmin Bank

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

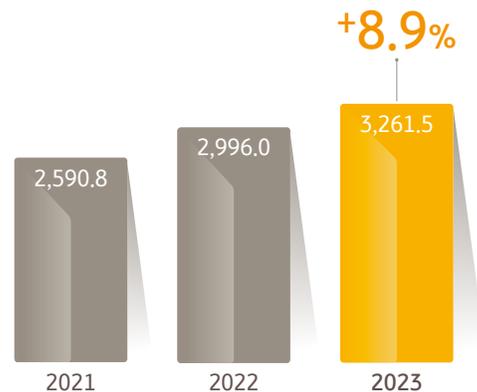
Net Profit Contribution



KB Kookmin Bank

Recognized as Korea's premier bank, KB Kookmin Bank boasts the strongest brand power and best-in-class sales infrastructure in Korea. It also serves the nation's largest number of customers through the most extensive channel network. Leveraging its solid business acumen, the bank leads the market in deposit-taking, won-denominated loan-making, and investment trust sales. In 2023, the bank recorded a net profit of KRW 3,261.5 billion, further cementing its legacy by securing top position in the banking sector of the National Customer Satisfaction Index (NCSI) for a 17th year, the most times any bank has accomplished this feat in Korea.

Net Profit (bn won)



Digital Finance

KB Kookmin Bank's super app initiative aims at advancing its flagship platform, KB Star Banking, into a super app that incorporates life-embedded services offering non-financial services from Group subsidiaries as well as other affiliate services.

To enhance customers' digital accessibility and convenience, the bank established a dedicated group in charge of digital platforms, including KB Star Banking and KB Real Estate, in 2024. Furthermore, to foster mutual growth with corporations and solidify its status as the No.1 financial platform company, a dedicated embedded banking division has been established to offer various banking services in collaboration with third-party platform companies.

Lowering Barriers for New Customers to Become a Scalable Platform

By the end of 2023, KB Star Banking solidified its position as the leading platform among commercial banks, with over 12.06 million monthly active users (MAU)—an unrivaled achievement in the sector.

The boost in MAU was the result of streamlining its subscription process and making services accessible even without a KB account, significantly enhancing customer access. Additionally, the enhancement of the app's UI/UX allows users to personalize the home screen according to their interests, while the search function was also refined, making the retrieval of information both swift and intuitive.

In 2024, the focus will be on bolstering the platform's scalability and strengthening its role as KB Financial Group's universal platform, with the ultimate goal of continuously generating new value for customers.

Liiv Next: Tailored for the Next Generation

Liiv Next, KB Kookmin Bank’s innovative financial platform launched in 2021, has been making strides in connecting with Gen Z through services specifically designed to meet their unique needs and preferences. In 2023, the app introduced a budget-friendly parcel delivery service and enhancements to the Liiv Next remittance function, making financial services more approachable and convenient for younger customers. In 2024, Liiv Next will evolve into a platform that appeals to Gen Alpha by uncovering a wide variety of services and content that cater to their interests.

KB MyData Service: A Personalized Financial Experience

The KB MyData service reached a new milestone in December 2023, with the number of its subscribers surpassing 6.61 million thanks to its commitment to providing a more user-friendly experience, bolstered security, and greater stability in its service. The introduction of the My Cash Flow feature, which offers a comprehensive analysis of transactions over time, signifies a notable expansion of the service’s capabilities. In 2024, we plan to enrich all MyData-based personalized services, aiming to introduce innovative financial solutions to customers.

Establishment of AICC



KB Liiv M: A Fusion of Finance and Telecommunications

Launched in December 2019 as the first mobile virtual network operator (MVNO) in the Korean financial sector, KB Liiv M surpassed 420,000 subscribers by the end of 2023. The service exemplifies the seamless integration of financial and telecommunications services, providing customers with a one-stop solution. This has been achieved through the launch of a dedicated app along with new features for subscription, activation, and inquiry transactions on KB Star Banking. Looking forward, KB Liiv M aims to continue offering unique telecommunications benefits as it contributes to the expansion of KB Kookmin Bank’s new business domains.

KB Real Estate: The One Source for Comprehensive Real Estate Insight

KB Kookmin Bank’s KB Real Estate platform delivers a comprehensive suite of real estate services, consolidating various price data onto a single interface, offering personalized property listings supported by multiple indicators, and facilitating related financial services, including real estate loan arrangements and tax calculation services. In 2024, we aim to expand our collaboration with external real estate IT research firms and further refine our market and statistical analyses to provide our clients with even more valuable real estate insight.

AI(Artificial Intelligence)

Leading Financial Innovation with KB’s AI Financial Assistant Service

KB Kookmin Bank is committed to improving the customer experience, offering distinctive financial services not only in traditional core business areas but also through new technologies such as artificial intelligence (AI).

Our key AI-engineered services include voice phishing monitoring, an automated corporate lending review system (ML Bics), KB AI Financial Assistant, and an AI financial consulting system, as well as the KB AI Translator. These services will help enhance operational efficiency while improving the speed and convenience of customer services. Notably, our industry’s first generative AI technology demo service, KB-GPT.com, recorded approximately 25,000 internal views over a period of eight months, familiarizing bank employees with the generative AI technology. In 2024, KB Kookmin Bank aims to lay the foundation for offering KB-specific generative AI services by applying generative AI technology in all internal business processes.

Retail Banking

Enhancing Retail Banking Business Competencies

In response to shifts in the financial market in 2023, including the domestic launch of Apple Pay and the expansion of big tech firms into the financial arena, KB Kookmin Bank unveiled a number of new products, bolstered total deposits by attracting payment-purpose funds, and strategically handled its range of investment products, while also revamping the KB Star Club system to elevate customer loyalty and more effectively manage premium customers.

In particular, the household loan sector established a foundation for evolution into an open platform, marked by the flexible adjustment of interest rates on key loan products and the introduction of cross-subsidiary loan arrangement services.

In 2024, the bank aims to actively lock in regular customers from across its subsidiaries through Group-wide collaboration efforts as it focuses on developing a practical system for non-face-to-face customer engagement.

Corporate Banking

Quality-Driven Expansion of the Customer Base

In anticipation of prolonged market uncertainties in 2023, KB Kookmin Bank continued to increase its proportion of prime-rated loans, which rose by 1.3%p to 86.0% at the end of the year.

In 2024, the bank will further strengthen its engagement with existing customers, with a particular focus on prime-rated customers. At the same time, and in consideration of factors such as a decrease in the base interest rate and the pace of economic recovery, the bank will actively seek to attract new customers to widen the gap in market share for SME loans among commercial banks.

No.1 Corporate Finance Platform

KB Kookmin Bank is continuously improving its corporate banking services to create a convenient banking service environment that is highly practical for corporate management activities, reflecting the needs of both customers and the market. In 2023, we simplified the new account opening process using the Public MyData service and established a simple membership system that allows customers to join through an easy authentication process. The bank also unified the terminology and UI design of the corporate banking platform and made the app faster and more streamlined to reduce any lag time, striving to provide optimal banking services to corporate customers.

Reinforcing Trade Finance Competitiveness

In 2023, KB Kookmin Bank enhanced the non-face-to-face process of Payment Usance, a strategic product for import companies, and increased the proportion of non-face-to-face usage to 86%. In addition, it opened a branch and currency exchange at Incheon International Airport, the main gateway to Korea, for the first time in ten years, so as to take full advantage of escalating post-pandemic travel demand.

In 2024, the bank plans to continue participating in the government-financial sector joint project for supporting import/export companies, expand the FX customer base through aggressive marketing and sales assistance, and improve non-face-to-face FX services to enhance the competitiveness of its trade finance and FX products and services.

Wealth Management

Product/Channel Sales of Customer-Centered Wealth Management

KB Kookmin Bank is actively transitioning its wealth management paradigm towards a portfolio-centric customer wealth management system. Through a newly built perpetual monitoring framework for customer assets and portfolios, this system allows customers to manage everything from asset allocation to portfolio diagnostics themselves, thereby helping them disperse the concentration of certain products/assets and enabling a robust portfolio-based approach to managing customer returns.

Following the successful launch of the KB GOLD & WISE the FIRST Center in September 2022—a specialized channel designed exclusively for UHNW clients—the bank has been offering its unique team-based personal finance management (PFM) services. These services are delivered on a collaborative basis by private bankers (PB) and investment consultants (IC*), leveraging the comprehensive wealth management expertise of leading global financial institutions within the framework of private banking services.

In 2024, KB Kookmin Bank aims to significantly broaden the reach of its model portfolio-based PFM business model by expanding the GOLD & WISE the FIRST Center’s team-based PFM services so that they can also be offered through STAR PB Centers and general PB Centers.

Money Trust Deposits

41 tn won



Expanding Product Supply to Meet Customer Needs

Prolonged uncertainties in global financial markets drove investor sentiment to flee towards principal-protective financial products and risk-free assets. In response, bond-type products suitable for risk-averse customers were expanded, along with redemption-guaranteed ELTs. Additionally, the ETF product lineup was expanded to align with the latest trends, notably semiconductors of late, and customer needs. As of the end of November 2023, the bank’s money trust deposits stood at KRW 40.5 trillion, accounting for the highest portion of Korean banks’ market share at 31.9%, and specific money trusts reached KRW 36.9 trillion, also ranking first with a market share of 31.4%.

In 2024, KB Kookmin Bank will concentrate on expanding investments in risk-free assets and sales of global investment ETFs to hedge against customer risks and market volatility. Additionally, the bank will actively pursue the growth of property trusts. Furthermore, hyper-personalized wealth management services, such as inheritance and gift trusts, will continue to be provided for UHNW clients.

* IC (investment consultant): This title is reserved for experts specializing in portfolio management, based on collective insights and a strategic outlook of KB Financial Group, known as the House View.

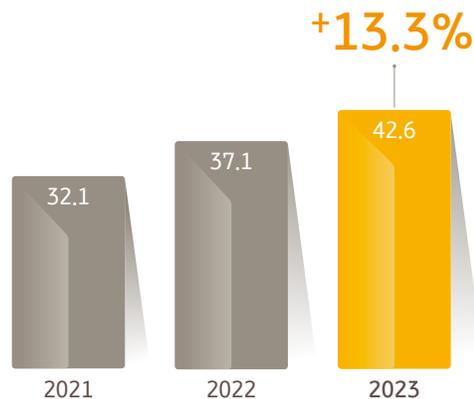
Pensions

Leading the Pension Market as the Top Bank in Pension Services

In a push to maintain its position as the top bank in pension services, KB Kookmin Bank is promoting its retirement pension business with the vision of becoming the most dependable partner for people’s affluent retirement life. In 2023, the bank became the first retirement pension provider to surpass KRW 40 trillion in retirement pension reserves, achieving a record-high annual net increase of KRW 5.6 trillion, solidifying its market-leading position in the Korean retirement pension market. In addition, KB Kookmin Bank’s default option products ranked first in the one-year return rate among all default option products.

To continue growing the individual retirement pension customer base in 2024, a digital marketing team will be established, and the enhancement of an organic marketing system between the front-office and back-office operations will be pursued to expand the base of corporate retirement pension customer transactions.

Retirement Pension Reserves (tn won)



Investment Banking

Strengthening the Foundation for Growth through New Business Discovery

Despite expanding uncertainties in the market throughout 2023, the bank achieved robust growth through several big deals in the IB market, such as the Seoul Eastern Underground Expressway Project and the Hannam District 3 Residential Redevelopment Project. As a result, the CIB Business Group saw its operating profit surpass KRW 1 trillion for the first time since its commencement of operations.

In 2024, the bank will aim to navigate through market developments and strengthen its sustainable foundation for growth by diversifying portfolios across sectors, regions, and products, as well as by actively seeking out new business opportunities. To that end, the bank will begin by tailoring its sales strategies to meet the specific demands of each regional hub—specifically New York, London, Hong Kong, and Singapore—to enhance the success rate of local deals, while also pursuing stable growth through collaboration efforts with leading global general partner (GP) firms. Secondly, the bank will continue to pursue balanced growth in terms of stability and profitability by strategically employing a soundness-oriented sales strategy in the face of uncertain market conditions as it simultaneously manages various risks, with a focus on the return on risk-weighted assets (RoRWA).

Capital Markets

Securing a Stable Revenue Base through Agile Market Response Measures

In 2023, KB Kookmin Bank successfully capitalized on market volatility through rigorous risk management.

In particular, the bond issuance market contracted rapidly amid widespread anxiety over a potential financial system collapse that was triggered by the bankruptcy of Silicon Valley Bank in the U.S. and the sale of Credit Suisse. Despite these challenging market conditions, KB Kookmin Bank successfully issued USD 500 million in senior global bonds and €500 million in 3.5-year euro-denominated covered bonds (dual-recourse debt), a move backed by its outstanding sales performance and the highest credit rating among Korean commercial banks (Moody’s Aa3 Stable, S&P A+ Stable, Fitch A Stable).

In 2024, KB Kookmin Bank will focus on generating stable profits and qualitative growth in overseas earnings. Along with advancing the foreign exchange market, the bank will pursue diversification and enhancement of global revenue sources as it draws on the expertise of its Overseas Capital Markets Unit. Additionally, with the E-Capital Market business set to fully launch, the bank is gaining momentum in its pursuit of future growth engines in capital markets.

Global Operations

Portfolio Diversification to Raise the Profit Contribution from Global Operations

Adopting a two-track approach to its global business strategy, KB Kookmin Bank aims for rapid growth in Asia and emerging markets, leveraging its strengths in retail and digital banking, while seeking profits in advanced markets through expansion in corporate & investment banking (CIB) and capital markets. Now, the bank is considering widening regional coverage and diversifying investment approaches in line with the KBFG's global strategy, which is called '3x3 strategy'. In 2023, the bank inaugurated the new KB PRASAC Bank Plc. in Cambodia, becoming the fourth-largest commercial bank the country following the merger of Kookmin Bank Cambodia PLC. and Prasac Microfinance. In Indonesia, PT. Bank KB Bukopin, Tbk. is enhancing its IT infrastructure and improving business expertise, aiming to have it rank among the top 10 retail banks in the country.

In 2024, the bank plans to establish new branches in Chennai and Pune in India, since the launch of its first branch in Gurugram in 2019.

Meanwhile, the bank is actively considering new market entries. For 2024, plans include establishing a Korea Desk within Bank Pekao in Poland as a stepping stone to entering the Eastern European market.

2024 Plans

In 2024, KB Kookmin Bank has set a strategic goal to be a leading financial partner that prioritizes customer value through digital transformation as the leader in future finance. To this end, the bank is implementing four action plans as follows.

First, the bank aims to widen the gap of its unrivaled position in its core business. This involves enhancing competitiveness in deposit and loan operations and solidifying its market leadership. In addition, it targets both qualitative and quantitative growth in non-interest earnings in WM, CIB, and capital markets, establishing these services as the bank's core businesses.

Second, it will accelerate the pursuit of new business and global expansion initiatives to strengthen its bedrock for future growth. While expanding into non-financial businesses to secure a future growth foundation, the bank is enhancing its global business management system and will increase the profit contribution of its global operations through new investments and active market expansion in key countries.

Third, the bank will bolster its customer touchpoints. For digital channels, KB Star Banking—Korea's top financial super app—will become the Group's universal platform, while the bank will aim to dominate the embedded finance market through strategic alliances and financial services integration with the top non-financial platforms preferred by customers. Also, for in-person channels, the bank will boost employee capabilities, particularly in WM and RM, to realize customer-centered values.

Finally, KB Kookmin Bank will secure long-standing customer trust. It will accomplish this by building a swift response system for a wide range of risk factors that may emerge from market environment changes, applying advanced digital technologies like AI to sophisticate its internal control system, and putting special effort into heightening prevention systems against financial fraud, including voice phishing.

Global Business Strategy

3x3 Strategy



Financial Investments

KB Securities

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

KB Asset Management

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

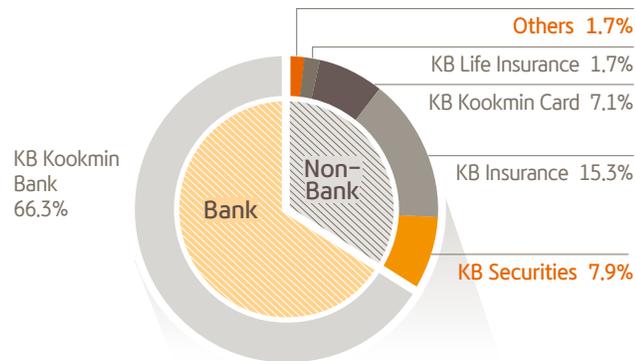
KB Real Estate Trust

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

KB Investment

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

Net Profit Contribution

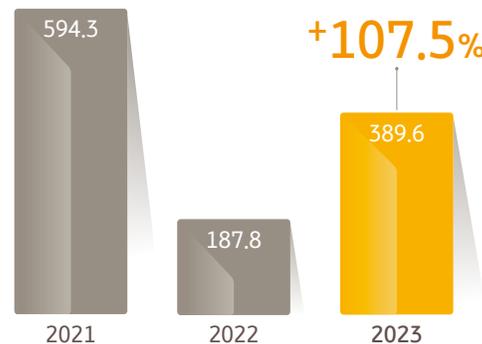


KB Securities

KB Securities recorded a net income of KRW 389.6 billion in 2023. This robust performance was driven by increased revenue from the sale of bonds and other wealth management (WM) financial products, as well as by the sales & trading (S&T) division's enhanced return on investments in fixed income, effectively capitalizing on market interest rate fluctuations. Additionally, the company saw increased revenue from major investment banking (IB) acquisition finance deals.

In 2024, KB Securities aims to enhance risk management protocols for its core operations across all divisions, further develop its customer-centric management system, and expand its dominance in the digital platform-based WM market.

Net Profit (bn won)



Expanding WM AUM for Retail Customers

By closely following its WM transformation strategy, KB Securities has consistently been offering market-driven products, such as market-oriented funds and bonds. As a result, its WM assets under management (AUM) have grown fourfold, from KRW 12.6 trillion at its integrated corporate launch in 2017 to surpass KRW 50 trillion in 2023. Prioritizing a customer value-driven sales strategy, we have augmented retail customers' investment portfolios with an assortment of financial products, such as mutual funds, wraps, and ELSs, as well as retail fixed-income, while maximizing customer satisfaction with a variety of other offerings like services and events that reflect customer needs.

WM AUM surpasses

50 tn won



Solidifying Our Market Position as Korea's Top IB House

In 2023, the IB Division realized industry-top revenue through some high-profile mega-deal closings and equity investments. The corporate finance sector maintained its stronghold in the DCM market while also issuing Korea's first sustainability-linked bonds (SLB), even amid unfavorable market conditions under a high interest rate regime. The project finance sector also successfully diversified its revenue sources based on stable profit generation from reputable construction companies and HUG-guaranteed projects.

In 2023, KB Securities secured a 19.7% share of the DCM market (according to Bloomberg), marking its 13th consecutive year at the top of the DCM league table since 2011. Notably, the firm led the issuance of Korea’s first sustainability-linked bonds (SLB), paving the way for growth in the domestic ESG market and contributing to the market development.

In the ECM, KB Securities captured a 13.8% market share in 2023, ranking third (according to The Bell). The firm managed diverse IPOs across various industries, including EcoEye, a pioneering carbon credit company; LS Materials, an energy storage device manufacturer; DS Danseok, a circular economy company; and Doosan Robotics, a total cooperative robot solutions provider. Taken together as a whole, these IPOs offered investors a wide range of lucrative investment opportunities.

Lastly, in acquisition finance, KB Securities led the significant domestic landmark deal for SK Shieldus, which was valued at KRW 2.35 trillion. Leveraging its domestic prowess, the firm expanded its capabilities into international markets, managing acquisition finances for entities such as VXI Global Solution and Simon & Schuster. This expansion resulted in remarkable underwriting performance, with KB Securities underwriting ten deals totaling KRW 3.3 trillion.

Achieving Excellent ESG Ratings

KB Securities’ ESG financial product balance reached KRW 1.3 trillion in 2023, more than tripling over the past three years. Moreover, we maintained our leading position in the ESG bond market, claiming the industry’s largest market share of the ESG bond lead manager market and serving as the lead manager for Korea’s first KRW-denominated SLB.

Throughout this all, KB Securities’ ESG commitment has not gone unnoticed by major ESG raters. In 2023, we earned an A grade for the fourth consecutive year in the governance category from the Korea Institute for Corporate Governance and Sustainability (KCGS) and the highest A grade in the sector from Belgian-based SUSTINVEST’s ESG evaluation.

ESG Ratings

A

Governance Evaluation
Sector-highest grade
2022, 2023



A

ESG Evaluation
Sector-highest grade
2022, 2023



2024 Plans

With the goal of emerging as a top financial investment company, earning a leading market position with the best financial solutions for the future of our customers, and creating distinctive social value, KB Securities is implementing the following agenda in 2024:

First, we will secure differentiated competitiveness through growth strategies in our super-core businesses, WM, IB, and S&T operations.

The WM sector will further strengthen its role as a main business through customer-centric WM operations. For its part, the IB sector will strategically expand its market dominance in corporate finance and expedite its strategic growth of M&A and acquisition finance, while the S&T sector will further enhance growth and revenue stability by maximizing operational and sales capabilities based on market insights.

Second, we will systematically nurture our global business and new growth businesses in pursuit of future growth drivers and diversified revenue models. In advanced markets like New York and Hong Kong, we will reinforce our competencies as a global player, particularly in global sales and IB. In the emerging markets of Indonesia and Vietnam, we will actively pursue growth strategies to become a leading digital brokerage house in each country by expanding our digital-based mass customer base and improving market share.

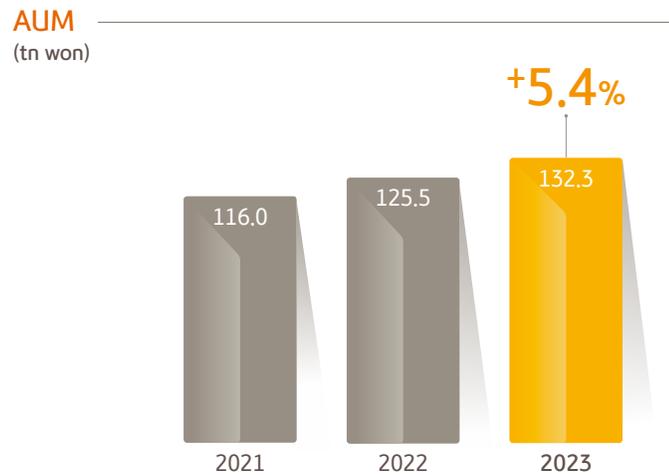
Third, we will solidify our sustainable management system through efforts to spread the value of ESG and enhance customer trust. We are also committing ourselves to practicing the value of mutual prosperity with customers and society by solidifying the foundation for sustainable growth through responsible ESG management practices.

Growth Strategy in Super-core Businesses



KB Asset Management

KB Asset Management (KBAM) operates various investment portfolios, ranging from traditional investments to alternative investments in real estate and infrastructure. In 2024, we will continue strengthening our leadership in ESG investments and our competitiveness as an asset management platform.



Industry's largest AUM size in alternative investment

No.1



Enhancing Customer Value to Become No.1 in the Industry by 2030

Through balanced portfolio management encompassing securities and alternative investments to liability-driven investments (LDI) for the Group's insurance subsidiaries, KBAM saw its AUM surpass KRW 132 trillion in 2023, firmly maintaining its third position in the industry. Particularly notable is our leadership in the alternative investment sector, where we manage the industry's largest AUM size of KRW 31 trillion. This achievement is founded on our ability to select prime assets and robust risk management skills.

Progressive Competency-Building in the Pension Market in Response to Regulatory Shifts

To capitalize on the rapidly expanding pension funds market, driven by increasing demand for long-term investments, KBAM has launched a diverse array of pension and target-date fund (TDF) products. In 2023, we ascended to the third rank in the pension and TDF market (up from fourth in 2022), and we broadened our product lineup across different investment risk grades to take full advantage of the newly introduced Default option for pension products.

Through the continuous supply of pension/asset allocation products, we aim to take over second place in the pension market in 2024 while persisting in fostering co-prosperity with our customers and contributing to society through finance.

Strengthening Our Market Position with ETF & DI-oriented Personalized Investment Solutions

KBAM is committed to enhancing the KB ETF brand's awareness and competitiveness through timely digital marketing strategies, including the provision of online investment content centered on customer

experience. Furthermore, our launch of direct indexing (DI)—a hyper-personalized investment tool—in May 2023 and the subsequent partnership with Kyobo Securities for the DI engine in November, we are pioneering the personalized solutions market.

Taking a Long-Term Perspective to Enhance Accountable Management Practices

In order to deal with ongoing market uncertainties stemming from the divergence between market rates and base rates, along with persistent interest rate volatility due to the economic slowdown and inflation, KBAM is channeling its company-wide resources into advancing its proactive risk management system. We are advancing a robust compliance framework for internal control and risk management and developing AI-based novel risk management programs, to proactively mitigate potential operational risks.

2024 Plans

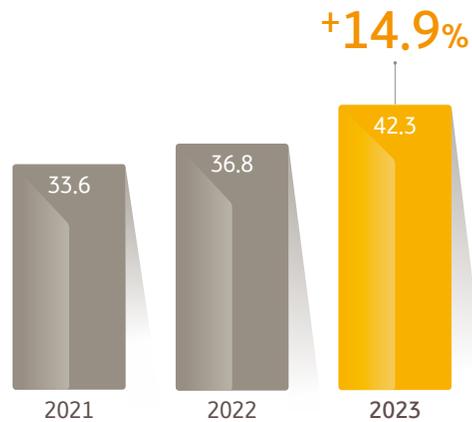
With its priority on delivering superior customer investment returns, KBAM will improve market forecasting through AI-enhanced research, optimize asset portfolios, and maintain periodic performance monitoring.

Aiming to become a leading platform company, we will continue refining our DI services to offer promising portfolios swiftly and efficiently to investors. Our strategy includes forging strategic partnerships and equity investments with top global investors to bolster our international management prowess. Lastly, we commit to rigorous risk verification in new investments, proactive monitoring for signs of insolvency, and continuous improvement of our risk management framework to systematically mitigate market risks.

KB Real Estate Trust

In 2023, under the mission of “Beyond Real Estate Trust 2.0”, KB Real Estate Trust channeled its company-wide resources into defending against the challenges posed by the rapidly declining real estate market and uncertain external economic developments to maintain its profitability and asset quality. In 2024, we are committed to enhancing corporate profitability through business portfolio rebalancing and strengthened risk management to lay the foundation for a turnaround towards sustainable growth.

AUM
(tn won)



Urban Redevelopment Project
-New commitments

21 bn won



Business Portfolio Re-balancing

The real estate market started to deteriorate at the end of 2022 and began to show signs of a long-term downturn in 2023. Consequently, the trust market, which is heavily dependent on the real estate market, is also experiencing a significant slump. KB Real Estate Trust is optimizing its business portfolio to overcome this unfavorable market environment.

Strengthening Urban Redevelopment Project Capabilities

As government policies continue to support urban redevelopment projects, leading to an increase in real estate supply, the market size is expanding. More importantly, a recent regulatory change shifted the project manager role from cooperatives to trust companies, opening up ample opportunities for trust companies. To take full advantage of these opportunities, KB Real Estate Trust has landed urban redevelopment projects in key areas of Seoul and the metropolitan region, with new commitments amounting to KRW 21.3 billion. Today, the company is establishing itself as a leader in the urban redevelopment market by discovering quality projects and subsequently signing related MOUs.

Improving Profitability and Financial Structure

Efforts to boost sales in land trust projects with low pre-sale rates and the on-schedule completion of projects through the sale of completed projects, along with enhanced project management capabilities like the process management of constructors, are all playing an important role in defending against profitability declines.

In anticipation of the potential deterioration in its financial structure, KB Real Estate Trust has strengthened its capital reserves. Despite the liquidity crunch in the market, we have diversified funding sources through negotiations with commercial banks and securities firms, and have successfully established a KRW 505 billion fund through borrowing, commercial papers, and corporate bond issuances.

ESG Management Achievements

As a leader in ESG management activities, KB Real Estate Trust continuously reaches out to the underprivileged and carries out environmental improvement projects. These commitments have led to some significant ESG management achievements, including the Red Cross Merit Medal and the Gangnam District Mayor’s commendation at the Gangnam District Volunteer Fair, contributing to enhancing the brand value of KB Financial Group.

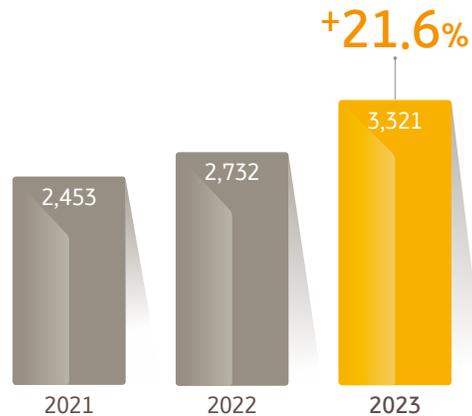
2024 Plans

In 2024, KB Real Estate Trust plans to expand its market share, focusing on low-risk products to establish a stable revenue stream in several business areas. We intend to strengthen the core business in the trust business sector by enhancing management capabilities. We will also solidify our market position through customer-tailored services in urban redevelopment projects and maximize synergies throughout the Group. Furthermore, in the REITs business, we will concentrate on maximizing the value of assets under management and intensively manage potentially problematic assets to control risks more effectively.

KB Investment

KB Investment is an industry-leading venture capital firm that contributes to discovering new growth engines for the national economy by incubating and accelerating tech-driven venture firms. In 2023, to overcome a liquidity crunch due to interest rate hikes, and to continuously build a profitable portfolio, we formed venture and PE funds totaling KRW 598.4 billion and executed investments that were the second largest in size among Korean VCs. In 2024, we plan to enhance our presence in key markets both domestically and internationally based on secured funds, thus building a sustainable growth model.

AUM
(bn won)



Fundraising

598 bn won



Fine-Tuning Fundraising Strategies to Secure Higher AUMs

In 2023, KB Investment successfully raised KRW 598.4 billion through the formation of venture funds and PEFs. Today, we manage 39 venture funds and 7 PE funds, with the total managed fund assets amounting to KRW 3,320.7 billion.

Expanding Our Mid- to Long-Term Global Expansion Strategy

KB Investment is establishing a leading position by building partnerships through the operation of Co-GP (general partner) funds with partners possessing local influence globally and the enhancement of our own investment capabilities in local markets. In 2023, we expanded the size of our global funds by forming new funds targeting emerging markets, such as our Global Platform II and Ascent Fund. Additionally, the establishment of a Boston office in the U.S. laid the groundwork for greater mid- to long-term global performance through a localization strategy in the bio sector. KB Investment plans to continue forming new offshore funds internationally to pursue a differentiated global growth strategy from its competitors.

Expanding Investments in Promising Industries for the Future

In 2023, new investment amounted to KRW 292.3 billion, with 93% of this investment directed at sectors related to the Fourth Industrial Revolution, such as AI, robotics, and fintech. At the same time, we are continuously building a quality portfolio centered on new growth industry sectors, such as AR/VR, Edutech, and cloud services.

2024 Plans

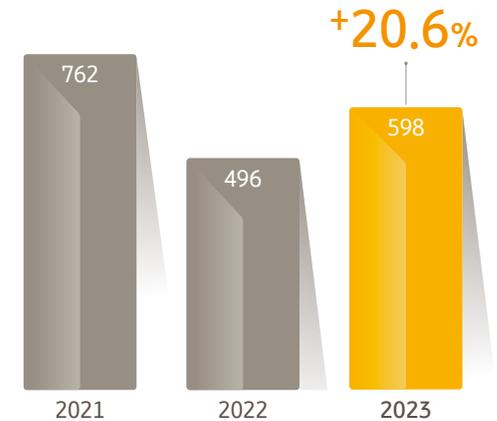
The venture capital market will face a number of challenges in 2024, notably high interest rates and inflation. KB Investment will seize investment and fundraising opportunities by aligning with government policies to energize the venture ecosystem. Moreover, we will intensify our efforts in comprehensive risk management to address startups' liquidity challenges in the venture investment market's downturn. As a leading VC, we are committed to reinforcing KB's brand positioning.

Net Profit in 2023

9.2 bn won



New Venture Funds Raised
(bn won)



Insurance

KB Insurance

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

KB Life Insurance

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

New Growth Engines

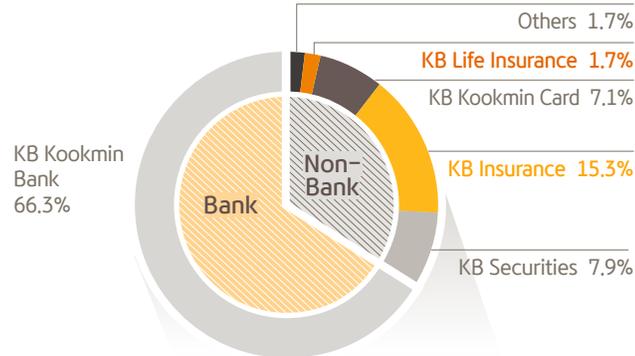
Healthcare | * KB Healthcare

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

Senior Care | * KB Golden Life Care

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

Net Profit Contribution



KB Insurance

In 2023, much of the insurance industry had to deal with financial volatility stemming from the effectuation of IFRS17 as of January and the subsequent guidelines set by the financial authorities, coupled with the intensive competition for securing the contractual service margin (CSM) from new contracts. KB Insurance, however, still managed to sustain a respectable growth trajectory on its way to becoming the preferred insurance company of choice, offering optimal risk protection and comprehensive financial consulting services. Its outstanding financial position and business operations earned it an A credit rating from the globally renowned insurance rating agency AM Best and an A2 grade from Moody's, one of the world's top three credit rating agencies.

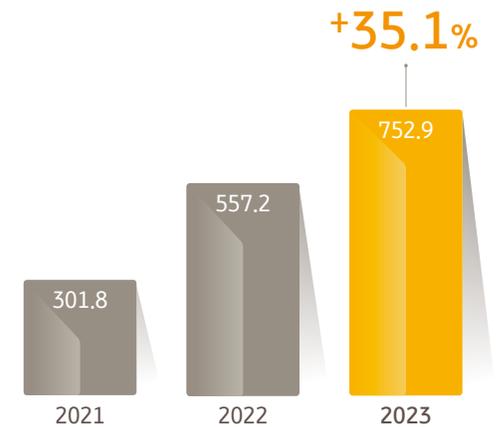
Furthermore, KB Insurance was the first Korean insurer to establish a healthcare subsidiary and the first non-life insurance company authorized for a MyData-linked business. In addition to its active pioneering into new business domains, KB Insurance has also been accelerating its digital innovation with a variety of customer experience enhancement strategies by leveraging artificial intelligence (AI) to recommend insurance products and digitizing the insurance claim process.

Long-Term Insurance

The long-term insurance sector witnessed a 1.8%p increase year on year in new personal insurance sales in 2023, reaching a market share of 15.3%. This growth was driven by market-leading initiatives that enhanced our focus on customers and product competitiveness through expanded eligibility for child insurance and the latest recalibration of risk rates reflecting updated health and demographic statistics. The loss ratio was maintained at 87.7%, which could be attributed to our rigorous review of the loss ratio of non-reimbursed medical expenses.

Net Profit

(bn won)



Automobile Insurance

In 2023, automobile insurance sales exhibited favorable results, with a 4.3% increase from the previous year to KRW 2,938.3 billion to reach a market share of 14.0%. Notably, sales through the direct CM channel totaled KRW 1,210.8 billion, a growth of 14.8% compared to the previous year. The auto insurance loss ratio remained at the previous year's level of 80.2% despite the reduction in insurance premiums at the end of February and an increase in claims due to winter snowfall.

Commercial Lines

Influenced by the withdrawal of the company's U.S. subsidiary and the decrease in sales of group accident/mobile phone insurance products, sales in KB Insurance's commercial lines amounted to KRW 1,249.3 billion in 2023, a 3.3% decrease year on year. The commercial lines' loss ratio reached 92.1%, reflecting a 7.4%p growth from the previous year, primarily due to large fire incidents under property insurance and temporary transactional costs associated with the U.S. subsidiary's withdrawal. However, the domestic business edged down by 2.4%p to 81.3%.

Portfolio Management

Despite the challenges posed by the introduction of IFRS17 and increased financial market volatility in 2023, the portfolio management sector realized an investment return of KRW 959.9 billion and an investment yield of 2.89%, both of which benefited from interest rate arbitrage profit from selling bonds acquired at low yields during a period of rising interest rates, as well as increased dividends/valuation gains from alternative investments. Additionally, in response to rising interest rates and the contraction of global investment sentiment, a new investment yield of 5.13% was achieved by prioritizing investments in high-interest bonds and expanding alternative equity investments. Managed assets grew 7.9% from the previous year to KRW 34,949.5 billion.

2024 Plans

With a mid- to long-term vision of becoming the No.1 choice for customers in the non-life insurance sector, KB Insurance is poised to become the undisputed leader in the industry.

To realize this vision, we aim to grow our sales volume and expand the portfolio of quality contracts under a strategy to maximize the CSM in our long-term insurance operations.

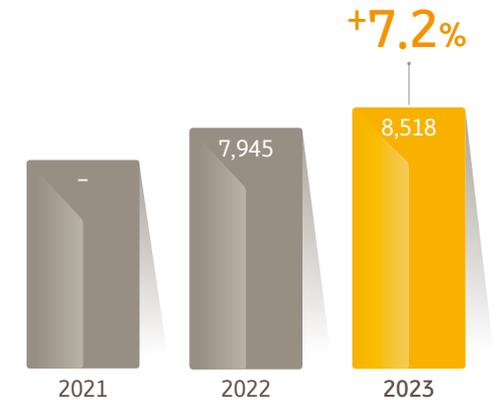
In order to achieve this, we intend to pioneer the market with innovative products that appeal to customers, thus steering clear of the industry's intense competition. Second, through comprehensive evaluation, we commit to providing reasonable prices and products to customers, many of whom are often neglected by insurance companies, as we move away from the blanket rejection of underwriting. Third, we pledge to protect honest customers by preventing claims leakage and combatting insurance fraud, ensuring our promises are met with swift and appropriate compensation.

In the automobile insurance segment, we aim to enhance the loss and expense ratios for cost reductions, secure competitive pricing to lay a foundation for profit and bolster our market standing by focusing on high-quality risks.

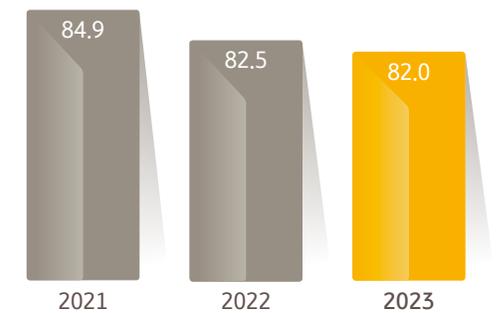
Moreover, we will proactively address emerging markets such as electric and autonomous vehicles by developing innovative products that anticipate future market shifts. In our commercial lines, amidst the heightened uncertainty in profitability caused by large accidents like major fires and natural disasters, our strategy is to drive sales growth centered on products with favorable loss ratios, thereby establishing a sustainable profit-generation model for non-life insurance. In addition, we plan to manage and mitigate our risk exposure through reinsurance and improvements in insurance conditions for large, albeit

rare, accidents. Lastly, we are committed to digitizing and automating all customer interaction processes as we continue to strengthen the competitiveness of our new healthcare ventures, allowing us to lead the way in non-financial new business sectors while securing future growth engines.

CSM (bn won)



Loss Ratio (%)

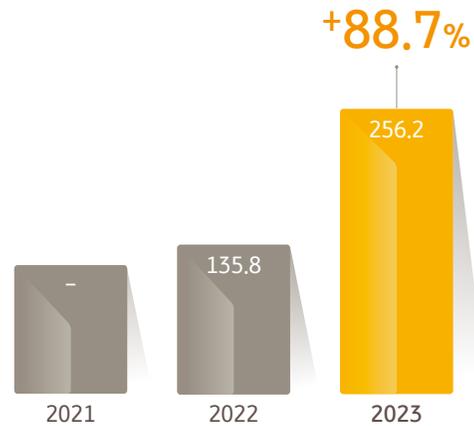


* On the basis of the IFRS-4 standard

KB Life Insurance

On January 1st, 2023, KB Life Insurance was formed through the merger of Prudential Life Insurance and KB Life with the mission of enhancing customer satisfaction and creating a better world through financial transformation. KB Life Insurance seeks to become one of the top 3 life insurance companies by 2030 through their core values of, “Beyond Insurance”, “Beyond Korea”, and “Beyond Business.”

Net Profit
(bn won)



* Figures on stand-alone basis. Figures will differ from consolidated group statements.

Merger and Integration

While KB Life was heavily favored on the bancassurance channel of its parent company focused mainly on retirement and protection products, Prudential of Korea heavily favored the direct sales model, mainly selling protection products. Due to the complementary channel and products of the two companies, the newly merged KB Life Insurance is well balanced in terms of sales channel and product and is now a top 7 life insurance company by net profit, 8th in terms of total assets, 7th in CSM.

Value-oriented sustainable growth by adapting to the market

In 2023, KB Life Insurance achieved an impressive 21.2% year-on-year(YoY) growth in converted monthly initial premiums (CMIP) for protection-type products, totaling KRW 45.1 billion despite intense market competition. KB Life Insurance also boasts a 330% K-ICS ratio under the new K-ICS solvency regime, demonstrating a fortress balance sheet relative to its peers. To enhance product competitiveness and expand the product portfolio, KB Life Insurance is collaborating with Group subsidiaries to create hybrid products and other services resulting in innovative products that meet diverse customer needs.

Acquisition of a premium senior care facility, KB Golden Life Care

KB Life Insurance acquired KB Golden Life Care in September of 2023 to expand its business into the Korean senior retirement home market. KB Life Insurance will provide a differentiated high-quality, specialized senior care service based on our core values of safety, trust and hope. KB Life Insurance, under the umbrella of KB Financial Group, will lead the development of Korea’s senior care industry through our extensive experience, knowledge, and network in financial services.

Improving Portfolio Management

By capitalizing on the financial market volatility of 2023, KB Life Insurance’s investment returns was KRW 119.2 billion with an annualized new investment yield of 4.35%. The Group’s insurance subsidiaries pooled their alternative investment resources and utilized group-wide integrated asset management to harness synergies and take advantage of economies of scale. Renewable energy has taken an even bigger share of portfolio of alternative investments, demonstrating the Group’s commitment toward sustainability.

2024 Plans

KB Life Insurance remains committed to evolve into a platform that offers the full range of financial services to everyone. As such, KB Life Insurance plans to prioritize the following strategies for 2024. First, adopt a CSM (Contractual Service Margin) centric business strategy. KB Life Insurance plans to offer a differentiated CSM-driven health product lineup that will be available through various channels. Collaboration within the Group, as well as KB Life Partners is the key competitive advantage that will enable KB Life Insurance to provide a wider range of financial services that our competitors simply cannot duplicate. Second, stabilize the revenue stream by enhancing asset-liability management(ALM) to reduce insurance liability fluctuations. Improving the investment return volatility management will also help mitigate the fluctuations in financial markets. Third enhancing customer’s digital experience. Innovate the customer experience through expanding one-stop insurance services within the KB Financial Group platform along with better accessibility features and improved digital service convenience. Finally, invest in new engines of future growth. KB Golden Life Care will enhance senior care services and evolve into the leading brand of high-quality seniors’ life care.

Credit Finance

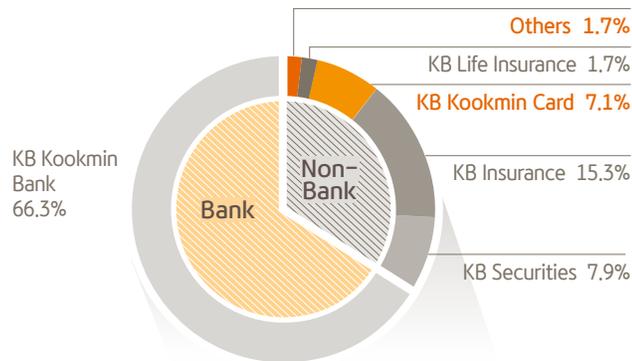
— KB Kookmin Card

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

— KB Capital

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

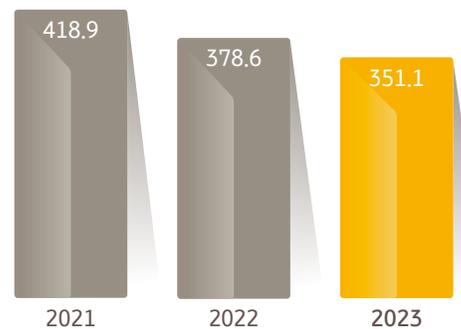
Net Profit Contribution



KB Kookmin Card

KB Kookmin Card generated KRW 351.1 billion in net profit from processing credit card sales of KRW 174 trillion in 2023. This strong performance was the result of sustained efforts guided by the goal of bolstering our core customer base, enhancing the revenue base through the upgrading of new businesses, and reinforcing the strength of our platform for a more innovative customer experience. In terms of future growth, the company's flagship platform, KB Pay, incorporated the Mobile Home and Liiv Mate apps, significantly improving user convenience and offering enriched value as a premier financial platform. In a move to streamline credit management, KB Kookmin Card also completed the full acquisition of KB Credit Information Co., Ltd.

Net Profit (bn won)



2023 Highlights & Achievements

Acquisition of KB Credit Information as a Subsidiary

In June 2023, KB Kookmin Card incorporated KB Credit Information as a subsidiary. Founded in 1999, KB Credit Information is a credit management specialist within the Group, managing 68% of delinquent debt as of 2022. This integration will not only enhance KB Kookmin Card's debt recovery capabilities but also serve to create excellent opportunities for mutual growth through synergies across various business areas.

Issuance of Over 500,000 KB Kookmin WE:SH Cards

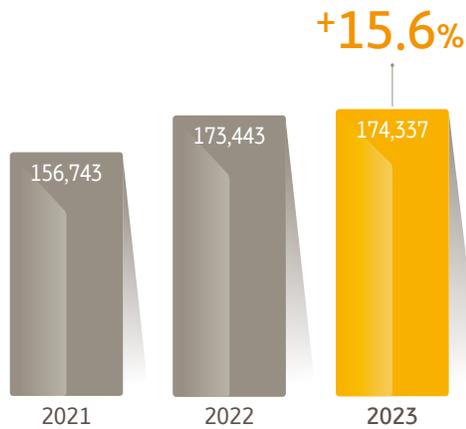
The flagship product of KB Kookmin Card, the KB Kookmin WE:SH Card, had issued more than 500,000 cards just 11 months after its launch, on December 26, 2022. Notably, the My WE:SH card has maintained the top spot for 46 consecutive weeks on the TOP 100 chart of Card-Gorilla, a credit card comparison platform, since March 2023.

KB Pay Reaches 11 Million Users, Monthly Transaction Volume Exceeds KRW 1 Trillion

Launched in October 2020, the KB Pay app has evolved into an open, universal financial platform. Offering a broad range of services, the app enables payments at all on and offline merchants without the need for any physical payment method, such as using an actual credit or debit card. At the same time, it does not require a user to have a KB Bank account. The strategic addition of various services, such as payment with third-party cards and loan refinancing services within the KB Pay platform, has positioned it as a universal platform that seamlessly

integrates finance with everyday life. These efforts paid off as, the number of KB Pay users has grown from 6 million at the end of 2021 and 8.42 million at the end of 2022 to more than 10 million as of June 27, 2023. Furthermore, the platform is continuously expanding its high-quality, life-embedded content, with the promise of delivering an even more innovative customer experience moving forward.

Total Transaction Volume
(bn won)



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

Awarded the Presidential Commendation Grand Prize at the 47th National Productivity Awards

KB Kookmin Card was honored with the Presidential Commendation Grand Prize (corporation/group category) at the 47th National Productivity Awards hosted by the Ministry of Trade, Industry and Energy. In addition to its commitment to innovating the customer experience and providing convenient financial services through its comprehensive financial platform, KB Pay, KB Kookmin Card has been actively engaging in a wide array of corporate social responsibility

activities, such as digital education programs for youth in agricultural and fishery communities and Korean language education support for children from multicultural and North Korean defector families.

Awarded for Excellence in Corporate Governance among Financial Companies in 2023 by KCGS

In 2023, KB Kookmin Card achieved an A grade or higher for the fifth consecutive year in the ESG evaluation conducted by the Korea Institute for Corporate Governance and Sustainability (KCGS). The evaluation looked into the corporate governance of Korean financial companies based on criteria that included shareholder rights, board effectiveness, supervisory mechanisms, internal controls, and disclosure practices. KB Kookmin Card's proactive ESG management efforts, which contribute to the sustainable growth of capital markets, have been recognized across the industry, earning it the highly respected title of being an excellent ESG practitioner.

Ranked No.1 in the NCSI's Credit Card Category for 3 Consecutive Years

KB Kookmin Card topped the credit card company category of the 2023 National Customer Satisfaction Index (NCSI) survey for the third straight year since its first top-ranking in 2021. Under the slogan "Your best partner for a happy life", the company provides customers with differentiated services that encompass both financial and non-financial areas, with all of the services centered on its flagship platform, KB Pay, the industry's first SimplePay platform.

2024 Plans

In anticipation of another challenging business environment characterized by persistent high interest rates and reduced consumer spending, concerns have arisen that the profitability of credit card

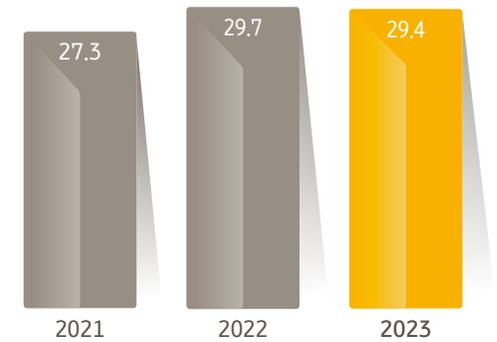
companies could be undermined by rising funding costs and possible credit quality issues. To counter these concerns, KB Kookmin Card is preparing to boost its subscriber revenue through efficient new subscriber acquisition and outperform the market in general sales growth, with a focus on the growth of financial assets for profit and the implementation of comprehensive cost-efficiency improvements.

KB Pay Monthly Transaction Volume

1 tn won



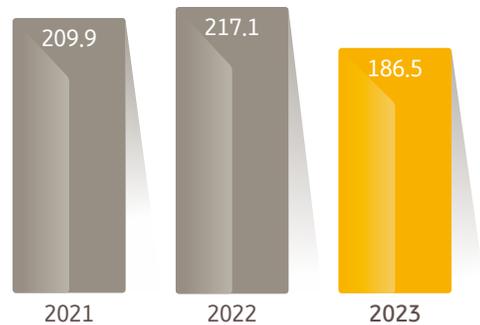
Total Assets
(tn won)



KB Capital

As of the end of 2023, KB Capital's total assets grew by 3.2% from the previous year to KRW 16,585.3 billion. This growth was sustained due in large measure to a diversified business portfolio. Net profit for 2023 was down 14.1% year on year to KRW 186.5 billion, with the number of registered used cars for sale through KB ChaChaCha exceeding 150,000 units.

Net Profit (bn won)



*Based on separate financial statement, which differs from the results for group reporting

Verified Pre-owned Car

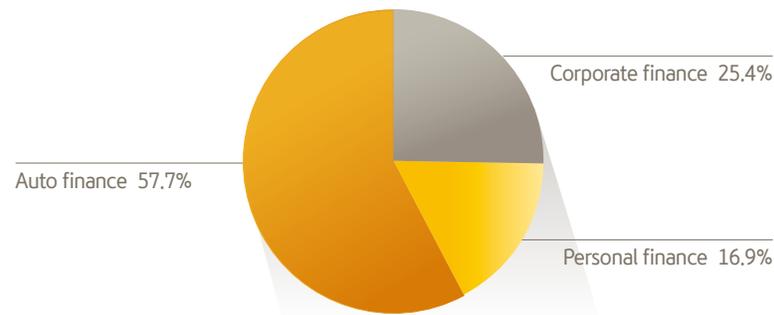
30,000 units



Successful Diversification of Our Business Portfolio

KB Capital has solidified its competitiveness in automobile finance and, through the expansion of personal and corporate finance, diversified its business portfolio. As a result, in 2023, the proportion of auto finance decreased by 3.1%p to 57.7% year on year, while personal finance and corporate finance went up by 0.1%p and 3.0%p, respectively, to make up 16.9% and 25.4% of overall profits. Specifically, personal finance saw an enhancement in mid-interest rate credit loans, with corporate finance strengthening its core business competitiveness by focusing on stability and profitability through an increase in prime corporate lending and an expansion of investment finance.

Proportion of Business Portfolio



Enhancement of the Digital Business Model

The year 2023 marked a year of reinforcing the inherent competitiveness of the ChaChaCha service by bolstering the overall service UX, laying the foundation to become a market-leading platform. Additionally, in response to the market entry of carmakers, KB Friends

Certification products were launched to secure competitiveness in premium used cars. At the same time, we expanded the proportion of verified preowned cars by 36% year on year to 30,000 units by the end of December 2023.

Securing Mid- to Long-Term Growth Drivers through Global Business Expansion

Both overseas subsidiaries of KB Capital in Laos and Indonesia are generating stable results. Established in March 2017, KB KOLAO Leasing has successfully established itself in the Laotian auto finance market, ranking second among leasing companies in Laos by total assets. Our Indonesian subsidiary, PT. Sunindo Kookmin Best Finance (SKBF), became profitable on a monthly basis as of August 2021, just 14 months after commencing operations in June 2020. The company continues to grow steadily based on strategic partnerships with Hyundai InfraCore, Hyundai Construction Equipment, as well as other companies.

2024 PLANS

In 2024, KB Capital aims to lead the specialized lending industry by enhancing efficiency through digital innovation and the strengthening of smart workplace innovation as it increases its overall global competitiveness. While boosting competitiveness in the global and digital sectors, we will achieve sustainable management by improving productivity through the company-wide adoption of RPA (robotic process automation) and smart work environments. Furthermore, by actively responding to the market transition towards digital, mobile, and online-centered markets based on the differentiated competitiveness of our automobile service platforms, such as KB ChaChaCha and KB ChaEasy, we will further consolidate our sustainable growth foundation.

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. 82-2-2073-7807
FAX. 82-2-2073-2848
E-mail. kbir@kbfkg.com

Global Planning Department

19F, 141, Uisadang-daero, Yeongdeungpo-gu, Seoul 07332, Korea
TEL. 82-2-2073-0605
FAX. 82-2-2073-0610

Global Network

KB KOOKMIN BANK

Country	Name	Address	Telephone
Cambodia	KB Prasac Bank Plc	Building no 212, Street 271, Tuol Tumpung2, Chamkarmon, Phnom Penh, Cambodia	855-23-999-911
China	Kookmin Bank(China) Limited	23F, Tower 2, Prosper Center, No.5, Guanghai Road, Chaoyang District, Beijing, 100020, China	86-10-5671-2801
	Kookmin Bank Hong Kong Branch	Suite 1101 and 1106, 11F Central Plaza, 18 Harbour Road, Wanchai, Hong Kong	852-2530-3633
India	Kookmin Bank Gurugram Branch	Unit No.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	62-21-798-8266
Japan	Kookmin Bank Tokyo Branch	14F, Hibiya-dai Bldg. 1-2-2 Uchisaiwaicho, Chiyoda-ku, Tokyo 100-0011, Japan	81-3-5657-0550
Myanmar	KB Microfinance Myanmar Co., Ltd.	3F, University Avenue Street, No.104, Kamaryut Township, Yangon Region, Myanmar	95-1-7532-910
	KB BANK MYANMAR LTD	University Avenue Street, No.104, Kamaryut Township, Yangon Region, Myanmar	95-1-7532-900
New Zealand	Kookmin Bank Auckland Branch	Level 16, 88 Shortland Street, PO BOX 7506, Wellesley, Auckland, New Zealand 1142	64-9-366-1000
Singapore	KB Kookmin Bank Co., Ltd Singapore Branch	Level 9, Unit 01~05, Ocean Financial Centre, 10 Collyer Quay, Raffles Place, Singapore, 049315	65-6309-7100
U.K.	Kookmin Bank London Branch	15F, Dashwood House, 69 Old Broad St, London EC2M 1QS, United Kingdom	44-20-7710-8300
U.S.A.	Kookmin Bank New York Branch	24F, 565 Fifth Avenue, 46 Street, New York, NY 10017, U.S.A.	1-212-697-6100
Vietnam	Kookmin Bank Ho Chi Minh City Branch	3F, Mplaza Saigon, 39 Le Duan Street, Ben Nghe Ward, District 1, Hochiminh City, Vietnam	84-28-3827-9000
	Kookmin Bank Hanoi Branch	25F, Keangnam Hanoi Landmark Tower, E6 Cau Giay New Town, Me Tri, Nam Tu Liem, Hanoi, Vietnam	84-24-3226-3377

KB SECURITIES

Country	Name	Address	Telephone
China	KB Securities Shanghai Representative Office	Room 1405, North Stock Exchange Tower, 528 South Pudong Road, Shanghai, China	86-21-6881-7007
	KB Securities Hong Kong Ltd.	Suite 1105, 11F, Central Plaza, 18 Harbour Road, Wan Chai, Hong Kong	852-2869-0559
Indonesia	PT KB Valbury Sekuritas	Sahid Sudirman Center Lantai 41, Unit AC, Jalan Jendral Sudirman No 86, Desa/Kelurahan Karet Tengsin, Kec. Tanah Abang, Kota Adm. Jakarta Pusat, Provinsi DKI Jakarta	62-21-2509-8300
U.S.A.	KBFG Securities America Inc.	Suite 1900, 1370 Avenue of the Americas, New York, NY 10019, U.S.A.	1-212-265-2333
Vietnam	KB Securities Vietnam Joint Stock Company	Floor 16&17, Tower 02, Capital Place Building, 29 Lieu Giai, Ngoc Khanh Ward, Ba Dinh District, Hanoi City, Vietnam	84-24-7303-5333
	KB FINA Joint Stock Company	Unit 16, 17th floor, Charmvit Tower, No.117 Tran Duy Hung Street, Trung Hoa Ward, Cau Giay District, Hanoi City, Vietnam	84-24-7301-4628

KB INSURANCE

Country	Name	Address	Telephone
China	KBFG Insurance (China) Co., Ltd.	26F, No.2605 and 27F, No.2701-2703, Sunnyworld Center, 188, Lushan Road, Nanjing, Jiangsu Province, China	86-25-8778-0888
Indonesia	PT. Kookmin Best Insurance Indonesia	Sahid Sudirman Center, 53rd Floor Unit A, E & F, Jl. Jendral Sudirman Kav. 86, Jarkarta 10220	62-21-50-101-010
U.S.A.	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 Representiative 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 5602, Bitexco Financial Tower, 2 Hai Trieu, Ben Nhge, Dist 1, HCMC, 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
Cambodia	i-Finance Leasing Plc.	City Tower Building, M Floor, Unit No M1 & M2B, Mao Tse Toung Blvd, Sangkat Phsar Depou Ti Muoy, Khan Toul Kork, Phnom Penh, Cambodia	855-81-761-111
Indonesia	PT. KB Finansia Multi Finance	Office 8 Building, 15th Floor, Jl. Jend Sudirman Kav. 52-53, SCBD Lot 28 Jakarta, Indonesia	62-21-2933-3646
Myanmar	KB Kookmin Card Co., Ltd(Yangon Representative Office)	No.506, 5F, Crystal office, Kamaryut Township, Yangon, Myanmar	070-5214-1303
Thailand	KB J Capital Co., Ltd	AIA Capital Center 3 Floor, 89 Ratchadapisek Road, Din Daeng, Bangkok	66-1258

KB ASSET MANAGEMENT

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

KB CAPITAL

Country	Name	Address	Telephone
Indonesia	PT Sunindo Kookmin Best Finance	50F, Sahid Sudirman center, Karet Tengsin, Tanah abang, Kota Jakarta Pusat DKI Jakarta, Indonesia	62-21-2253-5098
Laos	KB KOLAO Leasing Co., Ltd	7F, Alounmai Tower 23 Singha Rd, Vientiane, Laos	856-21-417-900

KB DATA SYSTEMS

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

KB INVESTMENT

Country	Name	Address	Telephone
U.S.A.	KBFG Investment Boston Branch	1 Main Street, Suite #1150, Cambridge, MA 02142 USA	1-857-472-2096

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

079 Consolidated Financial Statements

254 Separate Financial Statements



Independent Auditor's Report

(English Translation of a Report Originally Issued in Korean)

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

Opinion

We have audited the accompanying consolidated financial statements of KB Financial Group Co., Ltd. and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (Korean IFRS).

We also have audited, in accordance with Korean Standards on Auditing, the Company's Internal Control over Financial Reporting for consolidation purposes as of December 31, 2023, based on *Conceptual Framework for Designing and Operating Internal Control over Financial Reporting*, and our report dated March 3, 2024 expressed an unqualified opinion.

Basis for Opinion

We conducted our audit in accordance with Korean Standards on Auditing. Our responsibilities under those standards are further described in the *Auditor's 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 of the Republic of Korea that are relevant to our audit of the consolidated financial statements and we have fulfilled our other ethical responsibilities in accordance with the ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key Audit Matters

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

1. Allowance for Expected Credit Losses on Loans Measured at Amortized Cost

Reason why the matter was determined to be a Key Audit Matter:

The impairment guidance under Korean IFRS No.1109 *Financial Instruments* requires the determination



of significant increases in credit risk and measurement of expected credit losses using forward-looking information and others. Accordingly, the Group developed a new measurement model utilizing various types of information, which requires a higher level of management's interpretation and judgment.

The Group measures expected credit losses on loans measured at amortized cost based on both individual and collective assessments. Individual assessment of expected credit losses is performed based on estimates of future forecast cash flow, and collective assessment of expected credit losses is involved with a variety and complex variable inputs and assumptions that requires management's estimates and judgments. Due to these facts, expected credit losses of loans measured at amortized costs are determined as a key audit matter.

As described in Note 10, loans measured at amortized cost subject to individual or collective assessments amount to ₩450,268,092 million, with allowances for credit losses of ₩5,462,805 million as of December 31, 2023.

How our audit addressed the Key Audit Matter:

(1) Assessment of expected credit losses on an individual basis

We obtained an understanding and validated the processes and controls relating to the assessment of expected credit losses on an individual basis. In particular, we focused on the reasonableness of the assumptions used in estimating future cash flows. We evaluated whether management's estimation was reasonable and we assessed the key assumptions in the cash flow projection including growth rate of entities subject to individual assessment and collateral valuation. As part of these procedures, we assessed whether sales growth rate, operating income ratio, and assumptions on investment activities were consistent with historical operating performance and current market conditions. Furthermore, we assessed the appropriateness of collateral valuation by conducting our own research on recent property prices and engaged independent appraisal specialists in assessing reasonableness of appraisal reports, models and methodologies used by management.

(2) Assessment of expected credit losses on a collective basis

We obtained an understanding and validated the processes and controls relating to management's calculation of expected credit losses on a collective basis in accordance with impairment requirements under Korean IFRS No.1109 *Financial Instruments*. As explained in Note 3(6) and 4, management assesses credit ratings to recognize lifetime expected credit losses on loans with significant increase in credit risk and impaired loans. Other than these cases, management recognizes 12-months of expected credit losses. To calculate all expected credit losses, management has applied forward-looking information, possible multiple scenarios, probability of default, loss given default and other assumptions estimated through its internal procedures and controls implemented for various assumptions.

We assessed the design and operating effectiveness of controls relating to credit ratings that reasonably reflect both qualitative and quantitative information. Our testing over the accuracy and reliability of the information included agreeing qualitative and quantitative information with relevant evidence.

We reviewed the appropriateness of management policies and procedures to determine significant increases in credit risk, and tested reasonableness of expected credit loss model applied by each of the three stages (Stage 1, 2 and 3) depending on how significantly credit risk was increased.

We used risk specialists in verifying the reasonableness and possibility of forward-looking information and multiple scenarios produced by management. Also, we used risk specialists to statistically analyze the correlation between forward-looking information and probability of default or loss given default. We assessed the appropriateness of methodologies for adjusting the probability of default and loss given default



to reflect forward-looking information on estimation of expected credit losses. We further tested the reasonableness and mathematical accuracy of the information through recalculation and inspection of supporting evidences.

We reviewed the methodologies used by management to verify that probability of default and loss given default were calibrated using sufficient and reasonable historical data. We determined that the default and loss data used were appropriately gathered and applied in accordance with internal control procedures. In addition, we assessed the reasonableness and accuracy of probability of default and loss given default through procedures including recalculation, and evaluated the accuracy of calculations regarding default and loss data used by management through agreeing them with relevant evidence.

2. Loss ratio assumptions used to estimate fulfilment cash flows of the insurance contracts

Reason why the matter was determined to be a Key Audit Matter:

Korean IFRS No.1117 *Insurance Contract* requires insurance liabilities to be measured by estimating all future cash flows of insurance contracts, and the estimates shall reflect conditions existing at the measurement date, including assumptions at that date about the future in a reasonable and unbiased way. The Group has developed a methodology for estimating future cash flows that uses a variety of information to make reasonable estimates of future cash flows, which requires high degree of management interpretation and judgment.

As described in Notes 2 and 3, management estimates future cash flows using various actuarial assumptions as inputs. Among the actuarial assumptions, the calculation of loss ratio assumptions includes various and complex inputs, including historical data, and management's estimates and judgment. Due to these facts, loss ratio assumptions are determined as a key audit matter.

As described in Notes 38, the net book value of the liability for remaining coverage was W43,929,240 million, which is presented as insurance contract liabilities, reinsurance contract liabilities, insurance contract assets, and reinsurance contract assets in the consolidated statement of financial position as of December 31, 2023.

How our audit addressed the Key Audit Matter:

We obtained an understanding of management's processes and validated controls related to loss ratio assumption. We assessed the methodology whether the loss ratio assumption is estimated based on sufficient and reasonable historical data, and evaluated the underlying information including historical data used in estimates was properly compiled and used in accordance with internal control procedures. Also, we obtained an understanding of the calculation of the loss ratio assumption, evaluated the reasonableness and accuracy of the loss ratio assumption by performing recalculations and other procedures, and tested the accuracy and completeness of the historical data used in management's estimates by reconciling the data to supporting documents. Actuarial specialists were involved in performing audit procedures above.

Other Matters

The consolidated financial statements of the Group for the year ended December 31, 2022, were audited by another auditor who expressed an unqualified opinion on those statements on March 7, 2023. The consolidated financial statements audited by another auditor who expressed an unqualified opinion did not reflect the adjustments of Korean IFRS No.1117 *Insurance Contract* described in Note 2. The Group's consolidated financial statements for the year ended December 31, 2022 and consolidated statement of



financial position as of January 1, 2022, presented herein for comparative purposes, were restated to reflect this adjustment.

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

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 Korean 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.

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

Auditor's 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 auditor's 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 Korean Standards on Auditing 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 Korean Standards on Auditing, 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.
- Evaluate the appropriateness of accounting policies used 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 auditor's 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 auditor's 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 internal control 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 to 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 auditor's 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 auditor's report is Yeob Yu, Certified Public Accountant.

/s/ Samil PricewaterhouseCoopers
Seoul, Korea
March 6, 2024

This report is effective as at March 6, 2024, 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 there is a possibility that the above audit report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

KB Financial Group Inc. and Subsidiaries
Consolidated Statements of Financial Position
December 31, 2023 and 2022, and January 1, 2022

(in millions of Korean won)

	Notes	December 31, 2023	December 31, 2022	January 1, 2022
Assets				
Cash and due from financial institutions	4,6,7,8,39	W 29,836,311	W 32,474,750	W 31,677,868
Financial assets at fair value through profit or loss	4,6,8,12	77,038,267	70,092,497	71,656,497
Derivative financial assets	4,6,9	6,157,628	9,446,580	3,721,370
Loans measured at amortized cost	4,6,10,11	444,805,287	433,038,931	414,384,822
Financial investments	4,6,8,12	122,199,529	115,452,659	107,691,616
Investments in associates and joint ventures	13	722,222	682,669	448,718
Insurance contract assets	38	229,640	83,304	4,672
Reinsurance contract assets	38	1,655,168	1,495,966	1,646,494
Property and equipment	14	4,945,699	4,991,467	5,239,898
Investment property	14	4,109,784	3,148,340	2,514,944
Intangible assets	15	1,950,858	1,858,470	1,786,812
Net defined benefit assets	25	374,090	478,934	100,083
Current income tax assets		244,317	204,690	98,798
Deferred income tax assets	17,34	274,225	188,372	159,093
Assets held for sale	18	208,230	211,758	237,318
Assets of a disposal group held for sale		-	-	171,749
Other assets	4,6,19	20,986,897	14,815,439	14,174,195
Total assets		W 715,738,152	W 688,664,826	W 655,714,947
Liabilities				
Financial liabilities at fair value through profit or loss	4,6,20	W 10,920,435	W 12,271,604	W 12,088,980
Derivative financial liabilities	4,6,9	6,210,639	9,509,769	3,684,334
Deposits	4,6,21	406,512,434	393,928,904	377,046,282
Borrowings	4,6,22	69,583,561	71,717,366	56,912,374
Debentures	4,6,23	69,176,668	68,698,203	67,430,188
Insurance contract liabilities	38	50,308,552	45,969,434	54,446,927
Reinsurance contract liabilities	38	36,030	31,728	41,377
Provisions	24	1,444,418	933,701	777,590
Net defined benefit liabilities	25	81,869	85,745	225,521
Current income tax liabilities		145,335	998,681	663,506
Deferred income tax liabilities	17,34	2,179,966	1,561,857	1,876,736
Other liabilities	4,6,26	40,264,935	28,850,033	31,155,093
Total liabilities		656,864,842	634,557,025	606,348,908
Equity				
Share capital		2,090,558	2,090,558	2,090,558
Hybrid securities		5,032,803	4,434,251	2,838,221
Capital surplus		16,647,916	16,940,731	16,940,231
Accumulated other comprehensive income (loss)	36	2,295,165	1,249,922	1,375,644
Accumulated other comprehensive income relating to assets of a disposal group held for sale		-	-	7,671
Retained earnings		32,029,199	28,948,425	26,416,564
Treasury shares		(1,165,837)	(836,188)	(1,136,188)
Equity attributable to shareholders of the Parent Company	27	56,929,804	52,827,699	48,532,701
Non-controlling interests		1,943,506	1,280,102	833,338
Total equity		58,873,310	54,107,801	49,366,039
Total liabilities and equity		W 715,738,152	W 688,664,826	W 655,714,947

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

KB Financial Group Inc. and Subsidiaries
Consolidated Statements of Comprehensive Income
Years Ended December 31, 2023 and 2022

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

	Notes	2023	2022
Interest income		₩ 29,145,079	₩ 20,787,577
Interest income from financial instruments at fair value through other comprehensive income and amortized cost		27,705,759	19,841,175
Interest income from financial instruments at fair value through profit or loss		1,415,366	929,735
Insurance finance interest income		23,954	16,667
Interest expense		(17,003,362)	(9,272,252)
Interest expense		(15,426,706)	(7,776,631)
Insurance finance interest expense		(1,576,656)	(1,495,621)
Net interest income	5,28	<u>12,141,717</u>	<u>11,515,325</u>
Fee and commission income		5,368,074	5,125,930
Fee and commission expense		(1,694,550)	(1,611,028)
Net fee and commission income	5,29	<u>3,673,524</u>	<u>3,514,902</u>
Insurance income		10,978,808	10,072,490
Insurance income		10,295,693	9,550,101
Reinsurance income		683,115	522,389
Insurance expense		(9,555,856)	(8,761,399)
Insurance service expense		(8,718,748)	(7,989,645)
Reinsurance expense		(837,108)	(771,754)
Net insurance income	5,38	<u>1,422,952</u>	<u>1,311,091</u>
Net gains (losses) on financial instruments at fair value through profit or loss	5,30	<u>2,163,065</u>	<u>(1,139,818)</u>
Other insurance finance income (expenses)	38	<u>(459,135)</u>	<u>841,227</u>
Net other operating expenses	5,31	<u>(2,712,989)</u>	<u>(2,262,123)</u>
General and administrative expenses	5,32	<u>(6,647,406)</u>	<u>(6,643,654)</u>
Operating income before provision for credit losses	5	<u>9,581,728</u>	<u>7,136,950</u>
Provision for credit losses	5,7,11,12,19,24	<u>(3,146,409)</u>	<u>(1,847,775)</u>
Net operating income		<u>6,435,319</u>	<u>5,289,175</u>
Share of profit (loss) of associates and joint ventures	13	33,110	(28,755)
Net other non-operating income (expenses)	33	(297,980)	189,324
Net non-operating income (expenses)		<u>(264,870)</u>	<u>160,569</u>
Profit before income tax expense		6,170,449	5,449,744
Income tax expense	34	<u>(1,607,018)</u>	<u>(1,518,343)</u>
Profit for the year	5	<u>4,563,431</u>	<u>3,931,401</u>

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

	Notes	2023	2022
Items that will not be reclassified to profit or loss:			
Remeasurements of net defined benefit liabilities	25	₩ (72,170)	₩ 239,701
Share of other comprehensive income (loss) of associates and joint ventures		(2)	183
Gains (losses) on equity securities at fair value through other comprehensive income		69,605	(932,058)
Fair value changes of financial liabilities designated at fair value through profit or loss due to own credit risk		(52,863)	38,855
		<u>(55,430)</u>	<u>(653,319)</u>
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences		317	165,568
Gains (losses) on debt securities at fair value through other comprehensive income		3,304,471	(5,342,895)
Share of other comprehensive income (loss) of associates and joint ventures		26	(545)
Gains on cash flow hedging instruments	9	53,923	26,168
Losses on hedging instruments of net investments in foreign operations	9	(14,659)	(79,085)
Insurance finance income (expense)	38	(2,222,024)	6,007,276
		<u>1,122,054</u>	<u>776,487</u>
Other comprehensive income for the year, net of tax		<u>1,066,624</u>	<u>123,168</u>
Total comprehensive income for the year		<u>₩ 5,630,055</u>	<u>₩ 4,054,569</u>
Profit attributable to:	5		
Shareholders of the Parent Company		₩ 4,631,932	₩ 4,152,992
Non-controlling interests		(68,501)	(221,591)
		<u>₩ 4,563,431</u>	<u>₩ 3,931,401</u>
Total comprehensive income for the year attributable to:			
Shareholders of the Parent Company		₩ 5,704,929	₩ 4,262,621
Non-controlling interests		(74,874)	(208,052)
		<u>₩ 5,630,055</u>	<u>₩ 4,054,569</u>
Earnings per share	37		
Basic earnings per share		₩ 11,580	₩ 10,334
Diluted earnings per share		11,312	10,099

KB Financial Group Inc. and Subsidiaries
Consolidated Statements of Changes in Equity
Years Ended December 31, 2023 and 2022

(in millions of Korean won)

Notes	Equity attributable to shareholders of the Parent Company									
	Share capital	Hybrid securities	Capital surplus	Accumulated other comprehensive income	Accumulated other comprehensive income relating to assets of a disposal group held for sale	Retained earnings	Treasury shares	Non-controlling interests	Total equity	
Balance as of January 1, 2022 (After the restatement)	₩ 2,090,558	₩ 2,838,221	₩ 16,940,231	₩ 1,047,274	₩ 7,671	₩ 25,672,815	₩ (1,136,188)	₩ 833,338	₩	₩ 48,293,920
Changes in accounting policies	-	-	-	328,370	-	743,749	-	-	-	1,072,119
Balance as of January 1, 2022 (After the restatement)	2,090,558	2,838,221	16,940,231	1,375,644	7,671	26,416,564	(1,136,188)	833,338		49,366,039
Comprehensive income for the year										
Profit (loss) for the year	-	-	-	-	-	4,152,992	-	(221,591)		3,931,401
Remeasurements of net defined benefit liabilities	-	-	-	239,623	-	-	-	78		239,701
Currency translation differences	-	-	-	158,319	(7,671)	-	-	14,920		165,568
Gains (losses) on financial instruments at fair value through other comprehensive income and transfer to retained earnings	-	-	-	(6,516,516)	-	243,022	-	(1,459)		(6,274,953)
Share of other comprehensive loss of associates and joint ventures	-	-	-	(362)	-	-	-	-		(362)
Gains on cash flow hedging instruments	-	-	-	26,168	-	-	-	-		26,168
Losses on hedging instruments of net investments in foreign operations	-	-	-	(79,085)	-	-	-	-		(79,085)
Insurance finance income	-	-	-	6,007,276	-	-	-	-		6,007,276
Fair value changes of financial liabilities designated at fair value through profit or loss due to own credit risk	-	-	-	38,855	-	-	-	-		38,855
Total comprehensive income (loss) for the year	-	-	-	(125,722)	(7,671)	4,396,014	-	(208,052)		4,054,569
Transactions with shareholders										
Annual dividends paid to shareholders of the Parent Company	-	-	-	-	-	(853,299)	-	-		(853,299)
Quarterly dividends paid to shareholders of the Parent Company	-	-	-	-	-	(584,452)	-	-		(584,452)
Issuance of hybrid securities	-	1,596,030	-	-	-	-	-	431,807		2,027,837
Dividends on hybrid securities	-	-	-	-	-	(126,402)	-	(36,094)		(162,496)
Retirement of treasury shares	-	-	-	-	-	(300,000)	300,000	-		-
Others	-	-	500	-	-	-	-	259,103		259,603
Total transactions with shareholders	-	1,596,030	500	-	-	(1,864,153)	300,000	654,816		687,193
Balance as of December 31, 2022	₩ 2,090,558	₩ 4,434,251	₩ 16,940,731	₩ 1,249,922	₩ -	₩ 28,948,425	₩ (836,188)	₩ 1,280,102	₩	₩ 54,107,801
Balance as of January 1, 2023	₩ 2,090,558	₩ 4,434,251	₩ 16,940,731	₩ 1,249,922	₩ -	₩ 28,948,425	₩ (836,188)	₩ 1,280,102	₩	₩ 54,107,801
Comprehensive income for the year										
Profit for the year	-	-	-	-	-	4,631,932	-	(68,501)		4,563,431
Remeasurements of net defined benefit liabilities	-	-	-	(72,525)	-	-	-	355		(72,170)
Currency translation differences	-	-	-	7,306	-	-	-	(6,989)		317
Gains on financial instruments at fair value through other comprehensive income and transfer to retained earnings	-	-	-	3,346,061	-	27,754	-	261		3,374,076
Share of other comprehensive income of associates and joint ventures	-	-	-	24	-	-	-	-		24
Gains on cash flow hedging instruments	-	-	-	53,923	-	-	-	-		53,923
Losses on hedging instruments of net investments in foreign operations	-	-	-	(14,659)	-	-	-	-		(14,659)
Insurance finance expenses	-	-	-	(2,222,024)	-	-	-	-		(2,222,024)
Fair value changes of financial liabilities designated at fair value through profit or loss due to own credit risk	-	-	-	(52,863)	-	-	-	-		(52,863)
Total comprehensive income (loss) for the year	-	-	-	1,045,243	-	4,659,686	-	(74,874)		5,630,055
Transactions with shareholders										
Annual dividends paid to shareholders of the Parent Company	-	-	-	-	-	(564,970)	-	-		(564,970)
Quarterly dividends paid to shareholders of the Parent Company	-	-	-	-	-	(586,931)	-	-		(586,931)
Issuance of hybrid securities	-	598,552	-	-	-	-	-	429,078		1,027,630
Dividends on hybrid securities	-	-	-	-	-	(184,915)	-	(57,179)		(242,094)
Acquisition of treasury shares	-	-	-	-	-	-	(571,745)	-		(571,745)
Retirement of treasury shares	-	-	-	-	-	(242,096)	242,096	-		-
Ownership changes in subsidiaries	-	-	(292,815)	-	-	-	-	366,379		73,564
Total transactions with shareholders	-	598,552	(292,815)	-	-	(1,578,912)	(329,649)	738,278		(864,546)
Balance as of December 31, 2023	₩ 2,090,558	₩ 5,032,803	₩ 16,647,916	₩ 2,295,165	₩ -	₩ 32,029,199	₩ (1,165,837)	₩ 1,943,506	₩	₩ 58,873,310

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

KB Financial Group Inc. and Subsidiaries**Consolidated Statements of Cash Flows****Years Ended December 31, 2023 and 2022***(in millions of Korean won)*

	Notes	2023	2022
Cash flows from operating activities			
Profit for the year	₩	4,563,431	₩ 3,931,401
Adjustment for non-cash items			
Net losses (gains) on financial assets at fair value through profit or loss		(1,793,351)	670,619
Net losses on derivative financial instruments for hedging purposes		53,073	144,780
Provision for credit losses		3,146,409	1,847,775
Net losses on financial investments		255,989	309,868
Share of loss (profit) of associates and joint ventures		(33,110)	28,758
Depreciation and amortization expense		865,927	878,841
Other net losses (gains) on property and equipment/intangible assets		131,270	(251,858)
Share-based payments		69,703	58,275
Provision for policy reserves		-	326
Post-employment benefits		155,720	249,874
Net interest expense (income)		274,681	(83,503)
Gains on foreign currency translation		200,486	622,152
Insurance finance income		(7,781,283)	(8,595,402)
Reinsurance finance expense		1,317,524	1,267,839
Other expenses		827,254	769,310
		<u>(2,309,708)</u>	<u>(2,082,346)</u>
Changes in operating assets and liabilities			
Financial asset at fair value through profit or loss		(6,247,689)	3,048,875
Derivative financial instruments		(152,753)	546,079
Loans measured at fair value through other comprehensive income		(252,695)	(24,342)
Loans measured at amortized cost		(15,308,932)	(21,154,500)
Current income tax assets		(39,627)	(105,892)
Deferred income tax assets		(84,148)	(28,716)
Other assets	39	(3,780,797)	(1,521,781)
Financial liabilities at fair value through profit or loss		(1,467,780)	1,252,549
Deposits		12,195,807	16,566,047
Current income tax liabilities		(853,347)	335,175
Deferred income tax liabilities		279,105	(324,410)
Other liabilities		9,952,434	(2,535,624)
Insurance contract assets		(146,335)	(78,630)
Reinsurance contract assets		(1,470,615)	(1,281,089)
Insurance contract liabilities		9,046,311	8,300,987
Reinsurance contract liabilities		37,217	(333)
Investment contract liabilities		148,937	(82,958)
		<u>1,855,093</u>	<u>2,911,437</u>
Net cash inflow from operating activities		<u>4,108,816</u>	<u>4,760,492</u>

(in millions of Korean won)

	Notes	2023	2022
Cash flows from investing activities			
Net cash flows from derivative financial instruments for hedging purposes		(48,122)	(168,551)
Disposal of financial asset at fair value through profit or loss		12,389,938	9,279,702
Acquisition of financial asset at fair value through profit or loss		(11,312,232)	(12,382,503)
Disposal of financial investments		43,472,217	27,032,376
Acquisition of financial investments		(47,125,014)	(44,228,971)
Disposal of investments in associates and joint ventures		99,834	167,690
Acquisition of investments in associates and joint ventures		(114,904)	(430,400)
Disposal of property and equipment		8,177	31,181
Acquisition of property and equipment		(350,138)	(296,937)
Disposal of investment property		3,669	1,292,114
Acquisition of investment property		(1,018,598)	(649,961)
Disposal of intangible assets		5,359	5,654
Acquisition of intangible assets		(330,427)	(200,535)
Net cash flows from changes in ownership of subsidiaries		1,297,001	932,428
Others		(496,252)	(19,166)
Net cash outflow from investing activities		<u>(3,519,492)</u>	<u>(19,635,879)</u>
Cash flows from financing activities			
Net cash flows from derivative financial instruments for hedging purposes		(73,335)	(105,017)
Net increase (decrease) in borrowings		(2,223,069)	14,669,649
Increase in debentures		83,777,490	107,607,314
Decrease in debentures		(83,683,272)	(106,631,213)
Increase in other payables to trust accounts		2,333,656	-
Decrease in other payables to trust accounts		-	(1,225,402)
Dividends paid to shareholders of the Parent Company		(1,151,900)	(1,437,750)
Issuance of hybrid securities		598,552	1,596,030
Dividends paid on hybrid securities		(184,915)	(126,402)
Acquisition of treasury shares		(571,745)	-
Redemption of principal of lease liabilities		(235,052)	(257,570)
Decrease in non-controlling interests		721,101	395,713
Others		(546,580)	694,472
Net cash inflow (outflow) from financing activities		<u>(1,239,069)</u>	<u>15,179,824</u>
Effect of exchange rate changes on cash and cash equivalents	39	<u>(58,465)</u>	<u>197,199</u>
Net increase (decrease) in cash and cash equivalents		<u>(708,210)</u>	<u>501,636</u>
Cash and cash equivalents at the beginning of the year	39	<u>26,534,798</u>	<u>26,033,162</u>
Cash and cash equivalents at the end of the year	39	<u>₩ 25,826,588</u>	<u>₩ 26,534,798</u>

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

KB Financial Group Inc. and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

1. The Parent Company

KB Financial Group Inc. (the "Parent Company") was incorporated on September 29, 2008, under the Financial Holding Companies Act of Korea. KB Financial Group Inc. and its subsidiaries (the "Group") derive substantially all of their revenue and income from providing a broad range of banking and related financial services to consumers and corporations. The Parent Company's main business purpose is to control subsidiaries that engage in the financial business or subsidiaries closely related to the financial business through the stock ownership. The Parent Company's headquarter is located at 26, Gukjegeumyung-ro 8-gil, Yeongdeungpo-gu, Seoul. In 2011, Kookmin Bank spun off its credit card business segment and established a new separate credit card company, KB Kookmin Card Co., Ltd. and KB Investment & Securities Co., Ltd. merged with KB Futures Co., Ltd. The Group established KB Savings Bank Co., Ltd. in January 2012, acquired Yehansoul Savings Bank Co., Ltd. in September 2013, and KB Savings Bank Co., Ltd. merged with Yehansoul Savings Bank Co., Ltd. in January 2014. In March 2014, the Group acquired Woori Financial Co., Ltd. and changed the name to KB Capital Co., Ltd. Meanwhile, the Group included LIG Insurance Co., Ltd. as an associate and changed the name to KB Insurance Co., Ltd. in June 2015, and KB Insurance Co., Ltd. became one of the subsidiaries through a tender offer in May 2017. Also, the Group included Hyundai Securities Co., Ltd. as an associate in June 2016 and included as a subsidiary in October 2016 by comprehensive exchange of shares. Hyundai Securities Co., Ltd. merged with KB Investment & Securities Co., Ltd. in December 2016 and changed its name to KB Securities Co., Ltd. in January 2017. In August 2020, the Group acquired Prudential Life Insurance Company of Korea Ltd. which was classified as a subsidiary and the name was changed to KB Life Insurance Co., Ltd. in December 2022. Then in January 2023, it merged with another existing KB Life Insurance Co., Ltd. The Parent Company sold 100% shares of KB Credit Information Co., Ltd. to KB Kookmin Card Co., Ltd. on June 30, 2023.

The Parent Company's share capital as of December 31, 2023, is W 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 Depository 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 new and amended standards for the first time for its annual reporting period commencing January 1, 2023.

- Amendments to Korean IFRS No. 1117 Insurance Contract

2.1.1.1 Major Accounting Policy Changes

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

(Measurement of Insurance liabilities, etc.)

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

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

The groups of insurance contracts are measured as the sum of the estimate of future cash flows (including cash flows related to policy loans and reflecting time value of money, etc.), risk adjustment, and the contractual service margin. With the adoption of Korean IFRS No. 1117, account of the contractual service margin was introduced, which means unearned profit that would be recognized by providing insurance service in the future.

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

(Recognition and measurement of financial performance)

Under Korean IFRS No. 1117, the Group recognizes insurance revenue on an accrual basis for services (insurance coverage) provided to the policyholder by each annual reporting period, excluding investment component (refunds due to termination and maturity) to be paid to the policyholder regardless of the insured event.

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

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

(Accounting policy for transition of insurance contracts)

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

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

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

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

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

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

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

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

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

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

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

KB Financial Group Inc. and Subsidiaries

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

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

(In millions of Korean won)

Korean IFRS No.1104		Korean IFRS No.1117		Net increase (decrease)	
Assets					
Cash and due from financial institutions	₩ 32,063,421	Cash and due from financial institutions	₩ 32,474,750	₩	411,329
Financial assets at fair value through profit or loss	64,935,344	Financial assets at fair value through profit or loss	70,092,497		5,157,153
Derivative financial assets	9,446,134	Derivative financial assets	9,446,580		446
Loans measured at amortized cost	436,530,502	Loans measured at amortized cost	433,038,931		(3,491,571)
Financial investments	116,588,575	Financial investments	115,452,659		(1,135,916)
Investments in associates and joint ventures	682,670	Investments in associates and joint ventures	682,669		(1)
		Insurance contract assets	83,304		83,304
		Reinsurance contract assets	1,495,966		1,495,966
Property and equipment	4,991,467	Property and equipment	4,991,467		-
Investment properties	3,148,340	Investment properties	3,148,340		-
Intangible assets	3,200,399	Intangible assets	1,858,470		(1,341,929)
Net defined benefit assets	478,934	Net defined benefit assets	478,934		-
Current income tax assets	204,690	Current income tax assets	204,690		-
Deferred income tax assets	251,085	Deferred income tax assets	188,372		(62,713)
Assets held for sale	211,758	Assets held for sale	211,758		-
Other assets	28,437,529	Other assets	14,815,439		(13,622,090)
Total assets	₩ 701,170,848	Total assets	₩ 688,664,826	₩	(12,506,022)

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

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

(In millions of Korean won)

Korean IFRS No.1104		Korean IFRS No.1117		Net increase (decrease)	
Liabilities					
Financial liabilities at fair value through profit or loss	₩ 12,271,604	Financial liabilities at fair value through profit or loss	₩ 12,271,604	₩	-
Derivative financial liabilities	9,506,709	Derivative financial liabilities	9,509,769		3,060
Deposits	388,888,452	Deposits	393,928,904		5,040,452
Borrowings	71,717,366	Borrowings	71,717,366		-
Debentures	68,698,203	Debentures	68,698,203		-
Insurance contract liabilities	58,230,303	Insurance contract liabilities	45,969,434		(12,260,869)
		Reinsurance contract liabilities	31,728		31,728
Provisions	968,819	Provisions	933,701		(35,118)
Net defined benefit liabilities	85,745	Net defined benefit liabilities	85,745		-
Current income tax liabilities	997,675	Current income tax liabilities	998,681		1,006
Deferred Income tax liabilities	22,693	Deferred Income tax liabilities	1,561,857		1,539,164
Other liabilities	40,140,365	Other liabilities	28,850,033		(11,290,332)
Total liabilities	₩ 651,527,934	Total liabilities	₩ 634,557,025	₩	(16,970,909)
Equity					
Share capital	₩ 2,090,558	Share capital	₩ 2,090,558	₩	-
Hybrid securities	4,434,251	Hybrid securities	4,434,251		-
Capital surplus	16,940,731	Capital surplus	16,940,731		-
Accumulated other comprehensive income	(2,713,053)	Accumulated other comprehensive income	1,249,922		3,962,975
Retained earnings	28,446,513	Retained earnings	28,948,425		501,912
Treasury stock	(836,188)	Treasury stock	(836,188)		-
Non-controlling interests	1,280,102	Non-controlling interests	1,280,102		-
Total equity	₩ 49,642,914	Total equity	₩ 54,107,801	₩	4,464,887

KB Financial Group Inc. and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

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

2) Consolidated statement of comprehensive income for the year ended December 31, 2022

(In millions of Korean won)

Korean IFRS No.1104		Korean IFRS No.1117		Net increase (decrease)
Net interest income	W 13,112,934	Net interest income*	W 11,515,325	W (1,597,609)
	20,788,518	Interest income	20,787,577	(941)
Interest income on financial instruments measured at fair value through other comprehensive income and amortized cost	19,912,128	Interest income on financial instruments measured at fair value through other comprehensive income and amortized cost	19,841,175	(70,953)
Interest income on financial instruments measured at fair value through profit or loss	876,390	Interest income on financial instruments measured at fair value through profit or loss	929,735	53,345
		Insurance finance interest income	16,667	16,667
Interest expenses	(7,675,584)	Interest expenses	(9,272,252)	(1,596,668)
Interest expenses	(7,675,584)	Interest expenses	(7,776,631)	(101,047)
		Insurance finance interest expense	(1,495,621)	(1,495,621)
Net fee and commission income	3,321,632	Net fee and commission income	3,514,902	193,270
Fee and commission income	5,121,520	Fee and commission income	5,125,930	4,410
Fee and commission expense	(1,799,888)	Fee and commission expense	(1,611,028)	188,860
Net insurance income	696,513	Insurance service result	1,311,091	614,578
Insurance income	17,136,842	Insurance income	10,072,490	(7,064,352)
Insurance income	17,136,842	Insurance income	9,550,101	(7,586,741)
		Reinsurance income	522,389	522,389
Insurance expense	(16,440,329)	Insurance expense	(8,761,399)	7,678,930
Insurance expense	(16,440,329)	Insurance service expense	(7,989,645)	8,450,684
		Reinsurance expense	(771,754)	(771,754)
Net gains (losses) on financial instruments at fair value through profit or loss	247,357	Net gains (losses) on financial instruments at fair value through profit or loss	(1,139,818)	(1,387,175)
		Other insurance finance income	841,227	841,227
Net other operating expenses	(2,365,791)	Net other operating expenses	(2,262,123)	103,668
General and administrative expenses	(7,537,802)	General and administrative expenses	(6,643,654)	894,148
Operating profit before credit loss allowance	7,474,843	Operating profit before credit loss allowance	7,136,950	(337,893)
Provision for credit losses	(1,835,988)	Provision for credit losses	(1,847,775)	(11,787)
Operating income	5,638,855	Operating income	5,289,175	(349,680)

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

2) Consolidated statement of comprehensive income for the year ended December 31, 2022 (cont'd)

(In millions of Korean won)

Korean IFRS No.1104		Korean IFRS No.1117		Net increase (decrease)
Net non-operating income	W 156,771	Net non-operating income	W 160,569	W 3,798
Share of profit of associates and joint ventures	(28,758)	Share of profit of associates and joint ventures	(28,755)	3
Net other non-operating income (expenses)	185,529	Net other non-operating income (expenses)	189,324	3,795
Profit before income tax expense	5,795,626	Profit before income tax expense	5,449,744	(345,882)
Income tax expense	(1,622,387)	Income tax expense	(1,518,343)	104,044
Profit for the year	4,173,239	Profit for the year	3,931,401	(241,838)
Other comprehensive income for the year, net of tax	(3,511,437)	Other comprehensive income for the year, net of tax	123,168	3,634,605
Comprehensive income that will not be reclassified to profit or loss	(652,979)	Comprehensive income that will not be reclassified to profit or loss	(653,319)	(340)
Remeasurements of net defined benefit liabilities	239,702	Remeasurements of net defined benefit liabilities	239,701	(1)
Share of other comprehensive income of associates and joint ventures	183	Share of other comprehensive income of associates and joint ventures	183	-
Gains on equity securities at fair value through other comprehensive income	(931,731)	Gains on equity securities at fair value through other comprehensive income	(932,058)	(327)
Fair value changes of financial liabilities designated at fair value through profit or loss due to own credit risk	38,867	Fair value changes of financial liabilities designated at fair value through profit or loss due to own credit risk	38,855	(12)
Comprehensive income that may be reclassified subsequently to profit or loss	(2,858,458)	Comprehensive income that may be reclassified subsequently to profit or loss	776,487	3,634,945
Currency translation differences	164,530	Currency translation differences	165,568	1,038
Losses on debt securities at fair value through other comprehensive income	(2,375,084)	Losses on debt securities at fair value through other comprehensive income	(5,342,895)	(2,967,811)
Share of other comprehensive income (loss) of associates and joint ventures	(545)	Share of other comprehensive income (loss) of associates and joint ventures	(545)	-
Gains (losses) on cash flow hedging instruments	31,474	Gains (losses) on cash flow hedging instruments	26,168	(5,306)

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December 31, 2023 and 2022

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

2) Consolidated statement of comprehensive income for the year ended December 31, 2022 (cont'd)

(In millions of Korean won)

Korean IFRS No.1104	Korean IFRS No.1117	Net increase (decrease)
Gains (losses) on hedging instruments of net investments in foreign operations	Gains (losses) on hedging instruments of net investments in foreign operations	(79,085)
(79,085)	(79,085)	-
Other comprehensive loss arising from separate account		-
(159,619)		159,619
Gains on overlay adjustment		-
(440,129)		440,129
	Insurance finance income(expense)	6,007,276
	6,007,276	6,007,276
Total comprehensive income for the year	Total comprehensive income for the year	3,392,767
661,802	4,054,569	3,392,767
Profit attributable to:	Profit attributable to:	(241,838)
4,173,239	3,931,401	(241,838)
Shareholders of the Parent Company	Shareholders of the Parent Company	(241,838)
4,394,830	4,152,992	-
Non-controlling interests	Non-controlling interests	-
(221,591)	(221,591)	-
Total comprehensive income for the year attributable to:	Total comprehensive income for the year attributable to:	3,392,767
661,802	4,054,569	3,392,767
Shareholders of the Parent Company	Shareholders of the Parent Company	3,392,767
869,854	4,262,621	3,392,767
Non-controlling interests	Non-controlling interests	-
(208,052)	(208,052)	-

* Includes insurance interest income and insurance interest expense on insurance contract assets and liabilities.

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

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

The amendments require an entity to define and disclose their material accounting policy information. IFRS Practice Statement 2 *Making Materiality Judgements* was amended to explain and demonstrate how to apply the concept of materiality. These amendments do not have a significant impact on the consolidated financial statements.

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

The amendments introduce the definition of accounting estimates and clarify how to distinguish changes in accounting estimates from changes in accounting policies. These amendments do not have a significant impact on the consolidated financial statements.

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

The amendments narrow the scope of the deferred tax recognition exemption so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. These amendments do not have a significant impact on the consolidated financial statements.

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

The amendments require disclosures about gains or losses on valuation occurred for the reporting period (but are limited to those included in profit or loss) for the conversion options or warrants (or financial liabilities with warrants), if all or part of the financial instrument whose exercise price is adjusted due to the issuers' stock price fluctuations, are classified as financial liabilities according to paragraph 11 of Korean IFRS No.1032 *Financial Instruments: Presentation*. These amendments do not have a significant impact on the consolidated financial statements.

- Amendments to Korean IFRS No. 1012 Income Taxes – International Tax Reform: Pillar 2 Model Rules

The amendment reflects the enactment of laws reflecting the Pillar 2 Model Rules for International Tax Reform aimed at reforming international taxation for multinational enterprises. It temporarily relaxes the accounting treatment of deferred tax resulting from this law and requires disclosure of related current year income tax effects. The Group has applied a temporary exemption provision regarding the recognition and disclosure of deferred taxes related to the Pillar 2 rules. As this law is scheduled to be enacted on January 1, 2024, it will not have an impact on consolidated financial statements. Meanwhile, the Group is reviewing the impact of the global minimum tax.

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2.1.2 The following new and amended standards have been published that are not mandatory for December 31, 2023 reporting period and have not been adopted by the Group.

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

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

- *Amendment of Korean IFRS No.1007 "Statements of Cash Flow" and Korean IFRS No.1107 "Financial Instruments: Disclosures" - Disclosure of Supplier Finance Arrangements*

The amendments require disclosure of the effects of supplier finance arrangements on the Group's liabilities, cash flows and exposure to liquidity risk. This amendment will be applied to the financial statements for the accounting year beginning on or after January 1, 2024. The Group expects that this amendment will not have a significant impact on the consolidated financial statements.

- *Amendment of Korean IFRS No.1116 "Leases" - Lease Liability in a Sale and Leaseback*

The amendments require a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognize any amount of the gain or loss that relates to the right of use it retains. This amendment will be applied to the financial statements for the accounting year beginning on or after January 1, 2024. The Group expects that this amendment will not have a significant impact on the consolidated financial statements.

- *Amendment of Korean IFRS No.1001 "Presentation of Financial Statements" - Disclosure of Virtual Asset*

The amendments require additional disclosure for virtual assets held by the Group, virtual assets entrusted by customers to the Group, and the issuance and transfer of virtual assets. This amendment will be applied to the financial statements for the accounting year beginning on or after January 1, 2024. The Group expects that this amendment will not have a significant impact on the consolidated financial statements.

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

2.4.3 Allowances and provisions for credit losses

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

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2.4.4 Measurement of net defined benefit assets(liabilities)

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

2.4.5 Impairment of goodwill

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

2.4.6 The judgment and estimation uncertainty in measurement of insurance contracts

2.4.6.1 Methods used to measure the future cash flows and estimation process of input variable

The estimated future cash flows are measured as the probability-weighted average of all possible outcomes, utilizing all reasonable and relevant information available without excessive cost or effort. Market and non-market variables are considered in measuring the cash flows within the boundary of the insurance contract. While deterministic scenarios (representing a range of probabilities) are typically used for calculating the probability-weighted average, probabilistic scenarios are employed when cash flows are influenced by complex underlying factors and nonlinear responses to economic conditions. The cash flows within the boundary of an insurance contract portfolio include both directly attributable cash flows and cash flows allocated from a higher level than the insurance contract portfolio. These cash flows are systematically and reasonably allocated, ensuring consistent methods are applied for similar types of cash flows.

The key assumptions used in estimating the future cash flows of the Group are as follows:

- Loss ratio: The loss ratio refers to the ratio of insurance claims paid to policyholders to the premiums received by the insurance company for providing risk coverage services to policyholders. The loss ratio, which is an estimation of future premiums and claims payable, is estimated based on objective and reliable data, using the best available methods to suit the intended application. Objective and reliable data refers to the most recent measured results made using the Group's experience statistics, insurance industry statistics, or national statistics, and others. It also means the best method that reasonably distinguishes characteristics such as the policyholder's gender, contract type, risk characteristics by distribution channel, and others.
- Expense ratio: Expense ratio refers to the costs incurred by insurance companies for the sale and management of insurance contracts. Expense ratio is calculated primarily considering the ongoing costs incurred by the insurance company, taking into account the going concern, and includes the allocation of both fixed and variable indirect expenses directly related to insurance contracts. Expense ratio also considers costs such as contract acquisition expense (regardless of whether premiums are paid or not), contract maintenance expense, and claims expense, distributed in order to manage cost by product and distribution channel.
- Lapse ratio: The lapse ratio is an estimate of future cancellations or lapses of insurance contracts among current customers of the insurance company. It is calculated for the purpose of predicting the level of future current premium payments and cancellation refunds. The statistics used for estimation primarily rely on experience statistics of the Group, and lapse ratio is calculated based on characteristics such as product type, distribution channel, payment method, and others, which can significantly affect lapse ratio.

2.4.6.2 Estimation of Discretionary Cash Flows

Some contracts issued by the Group grant discretion to the Group regarding cash flows to be paid to policyholders. Changes in discretionary cash flows are considered related to future services, and adjust the contractual service margin. The Group identifies changes in discretionary cash flow by identifying assured cash flows at the initial recognition date of the contract. However, if it is not possible to distinguish between the portion considered assured and the portion considered discretionary, the profit within the estimated fulfillment cash flows is considered assured, and is updated to reflect current assumptions related to financial risk.

2.4.6.3 Estimation of Risk Adjustment for Non-Financial Risk

Risk adjustment for non-financial risk is to adjust the present value estimates of future cash flows to reflect the compensation required by the Group for bearing the uncertainty about the amount and timing of cash flows arising from non-financial risk. This adjustment reflects the uncertainty of cash flows arising from all non-financial risks related to the insurance contracts and is estimated separately from all of the other estimates. The Group uses the confidence lever technique and the cost of capital methods for determining the risk adjustment for non-financial risk. Changes in risk adjustment for non-financial risk are disclosed separately for insurance service results and insurance finance income. The Group calculates this adjustment considering the diversification effect at the consolidated level and then allocated to individual contract units.

2.4.6.4 Estimation of Discount Rate

The discount rate should only include relevant factors such as the time value of money, characteristics of cash flows from insurance contracts, and liquidity characteristics, and should be calculated using observable input variables to the maximum extent possible. The discount rate should also reflect all reasonable and supportable information on internal and external non-market variables available without undue cost or effort. The Group estimates the discount rate using a bottom-up approach. In the bottom-up approach, the discount rate is calculated using an unleveraged yield curve adjusted to reflect the characteristics of cash flows and liquidity of insurance contracts. To reflect the liquidity characteristics of insurance contracts, the risk-free yield curve is adjusted for illiquidity premium.

2.4.6.5 Estimation of Investment Component

The investment component is the amount that the Group must repay to policyholders under insurance contracts in all circumstances, regardless of the occurrence of insurance events. The Group classifies cash outflows such as maturity refunds, cancellation refunds, annuity payments, and cash flows related to insurance policy loans as investment components.

2.4.6.6 Estimation of Coverage Units

The quantity of insurance contract services provided is calculated based on the expected coverage period and maximum coverage amount (insurance amount), and for investment (related) services it is calculated based on the premium reserve (net of insurance policy loans). If insurance contracts within the group provide multiple services, weights are applied based on the total premium of each service. The quantity of services for each period and expected coverage period are calculated based on the expected persistency ratio applied in estimating the fulfillment cash flows, applied the present value effect.

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3. Material 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.

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.

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3.1.3 Structured entity

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

3.1.4 Funds management

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

3.1.5 Intragroup transactions

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

3.2 Foreign Currency

3.2.1 Foreign currency transactions

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

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

3.2.2 Foreign operations

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

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

3.2.2 Foreign operations (cont'd)

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

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

3.2.3 Translation of the net investment in a foreign operation

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

3.3 Recognition and Measurement of Financial Instruments

3.3.1 Initial recognition

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

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

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

3.3.2 Subsequent measurement

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

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3.3.2.1 Amortized cost

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

3.3.2.2 Fair value

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

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

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

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

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

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

Level 3 : Unobservable inputs for the asset or liability

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

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

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

3.3.2.2 Fair value (cont'd)

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

3.3.3 Derecognition

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

3.3.3.1 Derecognition of financial assets

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

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

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

3.3.3.2 Derecognition of financial liabilities

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

3.3.4 Offsetting

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

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3.4 Cash and Due from Financial Institutions

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

3.5 Non-derivative Financial Assets

3.5.1 Financial assets at fair value through profit or loss

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

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

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

3.5.2 Financial assets at fair value through other comprehensive income

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

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

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

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

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

3.5.3 Financial assets at amortized cost

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

3.6 Expected Credit Losses of Financial Assets (Debt Instruments)

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

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

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

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

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

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

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

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

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

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

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

3.6.1 Forward-looking information

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

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

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

Key macroeconomic variables	Correlation between the major macroeconomic variables and the credit risk
Domestic GDP growth rate	(-)
Benchmark interest rate	(+)
Three-year yields of Korea treasury bond	(+)
AA- rated corporate bond (3-year)	(+)
BBB- rated corporate bond (3-year)	(+)
Composite stock index	(-)
Rate of increase in housing transaction price index (Metropolitan Area)	(-)
WTI crude oil price	(+)
Growth rate of construction investment	(-)
Current account balance	(-)
Unemployment rate	(+)
Rate of increase in housing transaction price index (Nationwide)	(-)
Total import	(-)

3.6.1 Forward-looking information (cont'd)

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.

As of December 31, 2023, the Group measures expected credit losses to the financial assets by applying both the worse scenario and the crisis scenario, etc. taking into consideration the uncertain financial environment internally and externally and the potential credit risk resulting from the rapid economic recession.

3.6.2 Measuring expected credit losses on financial assets at amortized cost

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

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

3.6.2.1 Individual assessment of impairment

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

3.6.2.2 Collective assessment of impairment

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

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

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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.

3.7.2 Derivative financial instruments for fair value hedges(cont'd)

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.

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3.8 Property and Equipment

3.8.1 Recognition and measurement

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

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

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

3.8.2 Depreciation

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

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

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

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

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

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
Others	Straight-line / Declining-balance	1 ~ 13 years

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

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3.10.1 Goodwill

3.10.1.1 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.

3.10.1.2 Additional acquisitions of non-controlling interests

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

3.10.1.3 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.

3.10.2 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.

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3.13 Financial Liabilities

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

3.13.1 Financial liabilities at fair value through profit or loss

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

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

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

3.13.2 Other financial liabilities

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

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

3.14 Insurance Contracts

KB Insurance Co., Ltd. and KB Life Insurance Co., Ltd., the subsidiaries of the Group, issue insurance contracts. The Group accounts for these contracts by applying Korean IFRS No.1117.

3.14.1 Definition and classification of insurance contracts

Insurance contract is defined as a contract under which one party (the issuer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. This assessment is carried out for each contract individually at the date of inception. The Group determined that the insurance risk related to the contract is significant if the issuer has to pay a significant additional benefits in any scenario that has commercial substance, even if the insured event is extremely unlikely, or even if the expected present value of the contingent cash flows is a small proportion of the expected present value of the remaining cash flows from the insurance contract.

The Group issues insurance contracts that contain participation features, allowing policyholders to participate in the investment returns of the Group, in addition to being compensated for insurance risks. Contracts with participation features are classified as insurance contracts with direct participation features if they meet the following criteria. At the beginning of an insurance contract, the Group evaluates whether the contract meets the following criteria.

- The contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items
- The Group expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items
- the Group expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in fair value of the underlying items

Furthermore, the Group issues investment contracts with discretionary participation features, which are associated with groups of assets identical to those of insurance contracts and share similar economic characteristics with insurance contracts.

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3.14.2 Level of aggregation

The Group identifies portfolios by aggregating insurance contracts subject to similar risks and managed together. Each portfolio is segmented into groups of insurance contracts applying the recognition and measurement requirements of IFRS 17. The Group distinguishes insurance contracts based on their issuance date at initial recognition. A cohort consists of contracts issued within a 12-month period, and is further segmented into three groups based on the possibility of becoming onerous.

- a group of contracts that are onerous at initial recognition
- a group of contracts that at initial recognition have no significant possibility of becoming onerous subsequently
- a group of the remaining contracts in the portfolio

The possibility of insurance contracts, at the lowest level of group of contracts, becoming onerous is determined based on the expected cash flows (fulfillment cash flow decided based on probability weighting) at initial recognition. The Group does not reassess the composition of the groups decided at the initial recognition date subsequently.

3.14.3 Recognition

The group recognizes a group of insurance contracts it issues from the earliest of the following:

- the beginning of the coverage period of the group of contracts
- the date when the first payment from a policyholder in the group becomes due
- for a group of onerous contracts, when the group becomes onerous.

The group delays the recognition of a group of reinsurance contracts held that provide proportionate coverage until the date that any underlying insurance contract is initially recognized, if that date is later than the beginning of the coverage period of the group of reinsurance contracts held.

The group recognizes investment contracts with discretionary participation features at the date the Group becomes a party to the contract.

3.14.4 Contract boundary

Measurement of group of contracts includes all future cash flows within the contract boundaries. The Group decides that cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the entity can compel the policyholder to pay the premiums or in which the entity has a substantive obligation to provide the policyholder with insurance contract services.

A substantive obligation to provide insurance contract services ends when:

- The Group has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks
- The Group has the practical ability to reassess the risks of the portfolio of insurance contracts that contains the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio; and the pricing of the premiums up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date.

The Group evaluates contract boundaries at initial recognition and each subsequent reporting date to reflect changes in circumstances affecting substantive rights and obligations.

3.14.5 Measurement: Insurance contracts not applying the premium allocation approach

3.14.5.1 Measurement on initial recognition

The group measures group of contracts as the sum of the fulfillment cash flows and the contractual service margin at the initial measurement. Fulfillment cash flows comprise estimates of future cash flows, an adjustment to reflect the time value of money and the financial risks related to the future cash flows, and a risk adjustment for non-financial risk.

Estimates of future cash flows is calculated by the probability-weighted average of all possible outcomes using all reasonable and supportable information available without undue cost or effort, considering both market and non-market variables, for cash flows within the contract boundary. The Group updates the estimates using all new information available, including information about past trends and evidence.

The risk adjustment for non-financial risk represents a liability that reflects the compensation that the insurer requires for bearing the uncertainty about the amounts and timing of cash flows arising from non-financial risk. Non-financial risks that are the subject of risk adjustment include insurance risk and other non-financial risks (such as lapse risk and expense risk). The Group calculates the risk adjustment for non-financial risk using techniques such as the confidence level method and the cost of capital method. The Group calculates the risk adjustment for non-financial risk at the level of the company, and after considering diversification effects, allocates it to individual groups of insurance contracts.

Contractual service margin represents the unearned profit the entity will recognize as it provides insurance contract services in the future. The group measures the contractual service margin on initial recognition of a group of insurance contracts at an amount that results in no income or expenses if the fulfillment cash flows at the initial recognition are net inflows. On the other hand, if the fulfillment cash flows are net outflow at the initial recognition, the Group classifies the group of contracts as an onerous group, recognizes the expected net outflow as an expense and manages loss component for subsequent measurement.

3.14.5.2 Subsequent measurement of the general measurement model

At the end of each reporting period, the carrying amount of group of contracts is the sum of estimated liability for incurred claims and liability for remaining coverage. Liability for remaining coverage comprises contractual service margin and expected fulfillment cash flows related to future services allocated to the group of contracts at the end of the reporting period. Liability for incurred claims comprises unpaid claims and insurance expenses, including reported but not yet paid claims, incurred but not reported claims, and dividends payable according to supervisory regulations.

The Group updates the fulfillment cash flows of both liability for incurred claims and liability for remaining coverage at each reporting date to reflect current estimates of the amounts, timing, and uncertainty of future cash flows, considering not only discount rates and other financial variables but also non-financial risk.

Experience adjustments is the differences between the following:

- The estimated expected cash flows at the beginning of reporting period and the actual cash flows received during the reporting period (including premiums received, cash flows related to insurance acquisition, and premium taxes paid)

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3.14.5.2 Subsequent measurement of the general measurement model (cont'd)

- The estimated expected cash flows at the beginning of reporting period and the actual insurance service expenses incurred during the reporting period (excluding insurance acquisition costs)

Experience adjustments related to current or past services are recognized in profit or loss. For incurred claims (including those that have been incurred but not reported) and other incurred insurance service expenses, experience adjustments are always related to current or past services and are included as part of insurance service expenses in profit or loss. Changes in fulfillment cash flows related to future services are included in liability for remaining coverage by adjusting contractual service margin.

For insurance contracts without direct participation features, the carrying amount of the contractual service margin of a group of contracts at the end of the reporting period equals the carrying amount at the start of the reporting period adjusted for:

- the effect of any new contracts added to the group
- interest accreted on the carrying amount of the contractual service margin during the reporting period, measured at the discount rates determined at initial recognition
- the changes in fulfillment cash flows relating to future service, except to the extent that:
 - (i) such increases in the fulfillment cash flows exceed the carrying amount of the contractual service margin, giving rise to a loss
 - (ii) such decreases in the fulfillment cash flows are allocated to the loss component of the liability for remaining coverage
- the effect of any currency exchange differences on the contractual service margin
- the amount recognized as insurance revenue because of the transfer of insurance contract services in the period, determined by the allocation of the contractual service margin remaining at the end of the reporting period.

When fulfillment cash flows related to future services increase additionally, the cash flows result in an increase in the loss component of the group of contracts, and the increased loss component is recognized in profit or loss when the cash flows occur. Subsequently, decreases in fulfillment cash flows related to future services do not adjust contractual service margin until the loss component is fully recovered through profit or loss.

3.14.5.3 Subsequent Measurement of the Variable Fee Approach

The Group issues insurance contracts with direct participation features that provide significant investment-related services. Except for the following, the Group applies the same accounting policy for measuring insurance contracts under the variable fee approach as for measuring insurance contracts under the general measurement model.

For insurance contracts with direct participation features, the carrying amount of the contractual service margin of a group of contracts at the end of the reporting period equals the carrying amount at the start of the reporting period adjusted for the amounts specified below:

- the effect of any new contracts added to the group
- the change in the amount of the Group's share of the fair value of the underlying items except to the extent that
 - (i) The amount of contractual service margin recognized in profit or loss due to the offsetting effect of risk mitigation instruments
 - (ii) the decrease in the amount of the Group's share of the fair value of the underlying items exceeding the carrying amount of the contractual service margin, giving rise to a loss
 - (iii) the increase in the amount of the Group's share of the fair value of the underlying items that causes reversal of loss component of an onerous group

3.14.5.3 Subsequent Measurement of the Variable Fee Approach (cont'd)

- the changes in fulfillment cash flows relating to future service, except to the extent that:
 - (i) The amount of contractual service margin recognized in profit or loss due to the offsetting effect of risk mitigation instruments
 - (ii) The increases in the fulfillment cash flows that exceeds the carrying amount of the contractual service margin, giving rise to a loss
 - (iii) The decreases in the fulfillment cash flows that causes reversal of loss component of an onerous group
- the effect of any currency exchange differences arising on the contractual service margin
- the amount recognized as insurance revenue because of the transfer of insurance contract services in the period, determined by the allocation of the contractual service margin remaining at the end of the reporting period (before any allocation) over the current and remaining coverage period

All adjustments to contractual service margins are measured, considering the present value of currency, which is currently measured, taking into account all financial variables that affect the fair value gains arising from the underlying items. When applying the variable fee approach, the changes in the fulfillment cash flows adjusting the contractual service margin is composed of changes in the Group's share of the fair value of the underlying items and the changes in the fulfillment cash flows that do not vary based on returns on the underlying items. The changes in the fulfillment cash flows that do not vary based on returns on the underlying items are as follows:

- changes in the effect of currency risk and the effect of financial risk not arising from underlying items, such as the impact of financial guarantees
- experience adjustments arising from premiums received during the period related to future services
- changes in estimated future cash flows of liability for remaining coverage
- differences in the payment timing of investment components
- changes in risk adjustment for non-financial risk related to future services

3.14.5.4 Reinsurance contract

The Group applies the same accounting policy for measuring reinsurance contracts as for measuring insurance contracts, except for the following.

The Group includes all effects of risks related to the reinsurer's default (including effects from security and losses due to disputes) when measuring the reinsurance contract group. The Group remeasures the effects of the reinsurer's default risk at the end of each reporting period and recognizes the changes in the effects of default risk in profit or loss. The Group calculates the risk adjustment for non-financial risks to reflect the risks transferred to the reinsurer. Reinsurance contracts are not classified as onerous groups and do not recognize in profit or loss the expected outflows at the initial recognition, even if the fulfillment cash flows at initial recognition are outflows, considering the nature of reinsurance. However, if the net cost of purchasing reinsurance coverage is related to events that have occurred before the reinsurance contract is purchased, such costs are recognized as expenses immediately.

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3.14.5.5 Insurance revenue

The Group recognizes insurance revenue as the amount the Group expects to be entitled in exchange for provision of services arising from group of insurance contracts. Total insurance revenue for group of contracts is the amount received in premiums for the contracts, adjusted for financial effects and excluding all investment elements.

The amount of contractual service margin recognized as insurance revenue during the reporting period is determined by allocating the unamortized contractual service margin at the end of the reporting period for each unit of coverage provided during the reporting period and expected to be provided in the future. The number of coverage units in a group of contracts is the quantity of insurance contract services provided from insurance contracts within the group, and is determined based on the number of benefits provided and the expected duration of coverage under each contract.

Insurance acquisition cash flows are systematically allocated over each reporting period, recognized in equal amounts of insurance revenue and insurance expenses.

Loss component is allocated systematically, and the total amount allocated to the loss component becomes zero by the end of the coverage period of group of contracts. The portion of the allocated loss component for the reporting period is excluded from recognition in both insurance revenue and insurance expenses.

3.14.5.6 Insurance finance income or expenses

Insurance finance income consists of changes in the carrying amount of the groups of insurance contracts and reinsurance contracts arising from the effect of the time value of money and financial risk. The Group decides whether to disaggregate insurance finance income or expenses for the period between profit or loss and other comprehensive income for each portfolio. Systematic allocation involves allocating the expected total insurance finance income or expenses over the duration of the group of contracts, and recognizing the portion attributed to the reporting period in profit or loss and the remaining portion in other comprehensive income.

For insurance contracts where changes in financial risk related assumptions significantly impact the amounts paid to policyholders, the Group uses a single discount rate to allocate the modified expected insurance finance income or expenses for the remaining coverage period of the group of contracts. Otherwise, the Group calculates insurance finance income or expenses using the discount rate determined at the date of initial recognition.

Insurance finance income or expenses arising from contractual service margin is systematically allocated using the discount rate determined at the date of initial recognition.

When the Group transfers insurance contracts to a third party or derecognize them due to changes in insurance contract terms, the accumulated other comprehensive income related to those insurance contracts is reclassified to profit or loss.

3.14.5.7 Reinsurance revenue and expenses

The Group recognizes separately the amounts recovered from reinsurers and the allocation of reinsurance premiums paid in reinsurance contracts. Changes in the carrying amount of reinsurance assets for remaining coverage resulting from the reinsurance services received are recognized as reinsurance expenses, while amounts recovered from reinsurers are recognized as reinsurance income.

3.14.6 Premium allocation approach

3.14.6.1 Underlying insurance

For general insurance and automobile insurance, if the coverage period of each contract within the group of contracts (including insurance contract services within the contract boundary) is less than one year or if the premium allocation approach is reasonably expected to measure the liability for remaining coverage for the group without significant differences from the application of the general model requirements, the premium allocation approach is applied to simplify the measurement of the group of insurance contracts.

The carrying amount of the liability for remaining coverage at the time of initial recognition of each group of contract is calculated by deducting the insurance acquisition cash flows allocated to the group of insurance at the acquisition date from the premium receipts at the time of initial recognition, and adding or subtracting the amount resulting from removing previously recognized assets or liabilities for cash flows related to the group of contract at the time of initial recognition.

Subsequently, the carrying amount of the liability for remaining coverage is calculated by adding the received premiums and the amortization of the insurance acquisition cash flows, and deducting the insurance acquisition cash flows and the amount recognized as insurance revenue for services provided. However, if the insurance acquisition cash flows recognized as expenses when it incurs those costs because the coverage period of each contract in the group at initial recognition is no more than one year, the insurance acquisition cash flow is not considered for calculating the liability for remaining coverage.

If at any time during the coverage period, facts and circumstances indicate that a group of insurance contracts is onerous, the difference between the carrying amount of the liability for remaining coverage and the current estimate of the fulfillment cash flows related is calculated, added to the liability for remaining coverage, and recognized as a loss in profit or loss.

The Group determines that the liability for remaining coverage subject to the insurance premium allocation approach do not have significant financial elements, and therefore does not adjust the carrying amount of the liability for remaining coverage for reflecting the effect of the time value of money and financial risk.

3.14.6.2 Reinsurance

The Group applies the same accounting policy for measuring reinsurance contracts applying the premium allocation approach (general reinsurance, automobile reinsurance, and long-term non-proportional reinsurance) as for measuring insurance contracts with the exception of the following: The Group includes all effects of risks related to the reinsurer's default (including effects from security and losses due to disputes) when measuring the reinsurance contract group. The Group remeasures the effects of the reinsurer's default risk at the end of each reporting period and recognizes the changes in the effects of default risk in profit or loss. Reinsurance contracts are not classified as onerous groups and do not recognize in profit or loss the expected outflows at the initial recognition, even if the fulfillment cash flows at initial recognition are outflows, considering the nature of reinsurance. However, if the net cost of purchasing reinsurance coverage is related to events that have occurred before the reinsurance contract is purchased, such costs are recognized as expenses immediately.

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3.14.7 Modification and derecognition

The Group derecognizes an insurance contract when the insurance contract is extinguished because of reasons such as obligation specified in the insurance contract having been expired, discharged or cancelled. Additionally, if the conditions of the contract have changed to such an extent that the accounting treatment of the contract would have been significantly different had the new conditions existed from the beginning, the Group derecognizes the existing contract and recognizes it as a new contract. If the change in contract conditions is not significant, the Group accounts for it as a change in the estimate of fulfillment cash flows.

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.

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3.18 Revenue Recognition

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

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

3.18.1 Interest income and expense

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

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

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

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

3.18.2 Fee and commission income

The Group recognizes financial service fees in accordance with the purpose of charging the fees and the accounting standards of the financial instrument related to the fees earned.

3.18.2.1 Fees that are an integral part of the effective interest of a financial instrument

Such fees are generally treated as adjustments of effective interest rate. Such fees may include compensation for activities such as evaluating the borrower's financial condition, evaluating and recording guarantees, collateral and other security arrangements, negotiating the terms of the instrument, preparing and processing documents, and closing the transaction and origination fees received on issuing financial liabilities at amortized cost. However, fees relating to the creation or acquisition of a financial instrument at fair value through profit or loss are recognized as revenue immediately.

3.18.2.2 Fees related to performance obligations satisfied over time

If the control of a good or service is transferred over time, the Group recognizes revenue related to performance obligations over the period of performance obligations. Fees charged in return for the services for a certain period of time, such as asset management fees, consignment business fees, etc. are recognized over the period of performance obligations.

3.18.2.3 Fees related to performance obligations satisfied at a point in time

Fees earned at a point in time are recognized as revenue when a customer obtains controls of a promised good or service and the Group satisfies a performance obligation.

Commission on negotiation or participation in negotiation for the third party such as trading stocks or other securities, arranging merger and acquisition of business, is recognized as revenue when the transaction has been completed.

If the Group arranges a syndicated loan but does not participate in the syndicated loan or participates in the syndicated loan with the same effective profit as other participants, a syndication arrangement fee is recognized as revenue at the completion of the syndication service.

3.18.3 Net gains or losses on financial instruments at fair value through profit or loss

Net gains or losses on financial instruments at fair value through profit or loss (including changes in fair value, dividends, and gains or losses from foreign currency translation) include gains or losses on financial instruments as follows:

- Gains or losses relating to financial instruments at fair value through profit or loss (excluding interest income using the effective interest rate method)
- Gains or losses relating to derivative financial instruments for trading (including derivative financial instruments for hedging purpose but do not qualify for hedge accounting)

3.18.4 Dividend income

Dividend income is recognized in profit or loss when the right to receive payment is established. Dividend income is recognized as net gains or losses on financial instruments at fair value through profit or loss or other operating income depending on the classification of equity securities.

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3.19 Employee Compensation and Benefits

3.19.1 Post-employment benefits

3.19.1.1 Defined contribution plans

When an employee has rendered service to the Group during a period, the Group recognizes the contribution payable to a defined contribution plan in exchange for that service as post-employment benefits for the period.

3.19.1.2 Defined benefit plans

All post-employment benefits, other than defined contribution plans, are classified as defined benefit plans. The amount recognized as a net defined benefit liability is the present value of the defined benefit obligation less the fair value of plan assets at the end of the reporting period.

The present value of the defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount post-employment benefit obligations is determined by reference to market yields at the end of the reporting period on high quality corporate bonds. The currency and term of the corporate bonds are consistent with the currency and estimated term of the post-employment benefit obligations. Actuarial gains and losses resulted from changes in actuarial assumptions and experience adjustments are recognized in other comprehensive income.

When the present value of the defined benefit obligation minus the fair value of plan assets results in an asset, it is recognized to the extent of the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting from the introduction or changes to a defined benefit plan. Such past service cost is immediately recognized as an expense for the period.

3.19.2 Short-term employee benefits

Short-term employee benefits are employee benefits that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. When an employee has rendered service to the Group during an accounting period, the Group recognizes the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service as an expense for the period.

The expected cost of profit-sharing and bonus payments is recognized as liabilities when the Group has a present legal or constructive obligation to make payments as a result of past events, such as service rendered by employees, and a reliable estimate of the obligation can be made.

3.19.3 Share-based payment

The Group provides its executives and employees with stock grants, mileage stock, and long-term share-based payments programs. When stock grants are exercised, the Group can either select to distribute newly issued shares or treasury shares or compensate in cash based on the share price. When mileage stock and long-term share-based payments are exercised, the Group pays the amount equivalent to share price of KB Financial Group Inc. in cash.

3.19.3 Share-based payment (cont'd)

For a share-based payment transaction in which the terms of the arrangement provide the Group with the choice of whether to settle in cash or by issuing equity instruments, the Group accounts for the transaction in accordance with the requirements applying to cash-settled share-based payment transactions because the Group determines that it has a present obligation to settle in cash based on a past practice and a stated policy of settling in cash. Therefore, the Group measures the liability incurred as consideration for the service received at fair value and recognizes related expense and accrued expense over the vesting periods. For mileage stock and long-term share-based payments program, the Group accounts for the transaction in accordance with the requirements applying to cash-settled share-based payment transactions, which are recognized as expense and accrued expenses at the time of vesting.

Until the liability is settled, the Group remeasures the fair value of the liability at the end of each reporting period and at the date of settlement, with any changes in fair value recognized in profit or loss as share-based payments.

3.19.4 Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or an employee's decision to accept an offer of benefits in exchange for the termination of employment. The Group recognizes a liability and expense for termination benefits at the earlier of the following dates; when the Group can no longer withdraw the offer of those benefits and when the Group recognizes costs for a restructuring that is within the scope of Korean IFRS No.1037 and involves the payment of termination benefits. If the termination benefits are not expected to be settled wholly before twelve months after the end of the annual reporting period, then the termination benefits are discounted to present value.

3.20 Income Tax Expense

Income tax expense comprises current tax expense and deferred income tax expense. Current and deferred income tax are recognized as income or expense and included in profit or loss for the period, except to the extent that the tax arises from (a) a transaction or event which is recognized, in the same or a different period, outside profit or loss, either in other comprehensive income or directly in equity and (b) a business combination.

3.20.1 Current income tax

Current income tax is the amount of income tax payable (recoverable) in respect of the taxable profit (tax loss) for a period. A difference between the taxable profit and accounting profit may arise when income or expense is included in accounting profit in one period but is included in taxable profit in a different period. Differences may also arise if there is revenue that is exempt from taxation, or expense that is not deductible in determining taxable profit (loss). Current income tax liabilities for the current and prior periods are measured using the tax rates that have been enacted or substantively enacted by the end of the reporting period.

The Group offsets current income tax assets and current income tax liabilities if, and only if, the Group (a) has a legally enforceable right to set off the recognized amounts and (b) intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

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3.20.2 Deferred income tax

Deferred income tax is recognized, using the asset-liability method, on temporary differences arising between the tax-based amount of assets and liabilities and their carrying amount in the financial statements. Deferred income tax liabilities are recognized for all taxable temporary differences and deferred income tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized. However, deferred income tax liabilities are not recognized if they arise from the initial recognition of goodwill; deferred income tax assets and liabilities are not recognized if they arise from the initial recognition of an asset or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting nor taxable profit or loss.

The Group recognizes a deferred income tax liability for all taxable temporary differences associated with investments in subsidiaries, associates, and joint ventures, except to the extent that the Group is able to control the timing of the reversal of the temporary difference, and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of a deferred income tax asset is reviewed at the end of each reporting period. The Group reduces the carrying amount of a deferred income tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred income tax liabilities and deferred income tax assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

The Group offsets deferred income tax assets and deferred income tax liabilities if, and only if the Group has a legally enforceable right to set off current income tax assets against current income tax liabilities and the deferred income tax assets and the deferred income tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current income tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred income tax liabilities or assets are expected to be settled or recovered.

3.20.3 Uncertain tax positions

Uncertain tax positions arise from tax treatments applied by the Group which may be challenged by the tax authorities due to the complexity of the transaction or different interpretation of the tax laws, such as a claim for rectification, a claim for a refund related to additional tax or a tax investigation by the tax authorities. The Group recognizes its uncertain tax positions in the consolidated financial statements in accordance with Korean IFRS No.1012 and Interpretation of Korean IFRS No.2123. The income tax asset is recognized if a tax refund is probable for taxes levied by the tax authority, and the amount to be paid as a result of the tax investigation and others is recognized as the current tax payable. However, penalty tax and additional refund on tax are regarded as penalty or interest and are accounted for in accordance with Korean IFRS No.1037.

3.21 Earnings per Share

The Group calculates basic earnings per share amounts and diluted earnings per share amounts for profit or loss attributable to ordinary equity holders of the Parent Company and presents them in the consolidated statement of comprehensive income. Basic earnings per share is calculated by dividing profit or loss attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is calculated by adjusting the profit or loss attributable to ordinary equity holders of the Parent Company and weighted average number of shares outstanding, taking into account all potential dilution effects, such as exchangeable bonds and share-based payments given to employees.

3.22 Lease

The Group as a lessor recognizes lease payments from operating leases as income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognized as expense over the lease term on the same basis as lease income. The respective leased assets are included in the consolidated statement of financial position based on their nature.

A lessee is required to recognize a right-of-use asset (lease assets) representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Assets and liabilities arising from a lease are initially measured at the present value.

Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payments that depend on an index or a rate
- Amounts expected to be payable by the lessee under residual value guarantees
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease

The lease payments are discounted using the interest rate implicit in the lease if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used, which is the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of the lease liability
- Any lease payments made at or before the commencement date, less any lease incentives received
- Any initial direct costs incurred by the lessee, and
- An estimate of restoration costs

However, the Group can elect not to apply the requirements of Korean IFRS No.1116 to short-term lease (lease that, at the commencement date, has a lease term of 12 months or less) and leases for which the underlying asset is of low value (for example, underlying leased asset under USD 5,000).

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3.22 Lease (cont'd)

The right-of-use asset is depreciated from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

For sale and leaseback transactions, the Group applies the requirements of Korean IFRS No.1115 *Revenue from Contracts with Customers*, to determine whether the transfer of an asset is accounted for as a sale of that asset.

3.23 Operating Segments

The Group identifies its operating segments based on internal reports which are regularly reviewed by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance.

Segment information includes items which are directly attributable and can be allocated to the segment on a reasonable basis.

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 according to regulatory capital and internal capital standards.

4.1.2 Risk management organization

4.1.2.1 Risk Management Committee

The Risk Management Committee, as the ultimate decision-making body, deals with risk-related issues, such as establishing risk management strategies in accordance with the strategic direction determined by the board of directors, determining the affordable level of risk appetite, reviewing the level of risk and the status of risk management activities, approving the application of risk management systems, methodologies, and major improvements, and establishing and approving risk management policies and procedures to timely recognize, measure, monitor, and control risks arising from various transactions by the Group.

4.1.2.2 Risk Management Council

The Risk Management Council is responsible for consulting on matters delegated by the Risk Management Committee and requests for review by the Management Executive Committee, consulting on details of each subsidiary's risk management policies and procedures, monitoring the Group's risk management status, and establishing and implementing necessary measures.

4.1.2.3 Risk Management Department

The Risk Management Department performs the Group's risk management detailed policies, procedures, and business processes, and is responsible for calculating the Group's risk-weighted assets, monitoring and managing internal capital limits.

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4.2 Credit Risk

4.2.1 Overview of credit risk

Credit risk is the risk of loss from the portfolio of assets held due to the counterparty's default, breach of contract, and deterioration of credit quality. For risk management reporting purposes, the Group considers 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 economic 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 economic 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, 2023 and 2022, are as follows:

<i>(In millions of Korean won)</i>	December 31,		December 31,	
	2023		2022	
Financial assets				
Due from financial institutions measured at amortized cost *	W	27,579,279	W	29,912,097
Financial assets at fair value through profit or loss:				
Due from financial institutions measured at fair value through profit or loss		79,811		69,469
Securities measured at fair value through profit or loss		72,658,432		65,899,397
Loans measured at fair value through profit or loss		183,726		493,562
Financial instruments indexed to the price of gold		93,743		90,006
Derivatives		6,157,628		9,446,580
Loans measured at amortized cost *		444,805,287		433,038,931
Financial investments:				
Securities measured at fair value through other comprehensive income		78,926,437		76,648,353
Securities measured at amortized cost *		39,701,389		35,919,241
Loans measured at fair value through other comprehensive income		801,050		549,272
Other financial assets *		16,544,513		10,718,383
		<u>687,531,295</u>		<u>662,785,291</u>
Off-balance sheet items				
Acceptances and guarantees contracts		13,763,222		12,425,753
Financial guarantee contracts		7,828,205		8,297,042
Commitments		203,906,179		188,295,902
		<u>225,497,606</u>		<u>209,018,697</u>
	W	<u>913,028,901</u>	W	<u>871,803,988</u>

* After netting of allowance

4.2.4 Credit risk of loans

The Group maintains allowances for loan losses associated with credit risk of loans to manage its credit risk.

The Group assesses expected credit losses and recognizes loss allowances of financial assets at amortized cost and financial assets at fair value through other comprehensive income. Financial assets at fair value through profit or loss are excluded. Expected credit losses are a probability-weighted estimate of possible credit losses occurring in a certain range by reflecting reasonable and supportable information that is reasonably available at the end of the reporting period without undue cost or effort, including information about past events, current conditions, and forecasts of future economic conditions. The Group measures the expected credit losses of loans classified as financial assets at amortized cost, by deducting allowances for credit losses. The expected credit losses of loans classified as financial assets at fair value through other comprehensive income are presented in other comprehensive income in the consolidated financial statements.

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4.2.4.1 Credit risk exposure

Credit qualities of loans as of December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

	December 31, 2023				
	12-month	Lifetime expected credit losses		Not applying	Total
	expected credit losses	Non-impaired	Impaired	expected credit losses	
Loans measured at amortized cost *					
Corporate					
Grade 1	W 142,216,615	W 6,765,165	W 2,122	W -	W 148,983,902
Grade 2	65,606,587	10,632,633	40,942	-	76,280,162
Grade 3	3,547,489	3,964,877	8,231	-	7,520,597
Grade 4	654,654	1,285,650	31,645	-	1,971,949
Grade 5	16,188	581,524	2,871,510	-	3,469,222
	<u>212,041,533</u>	<u>23,229,849</u>	<u>2,954,450</u>	<u>-</u>	<u>238,225,832</u>
Retail					
Grade 1	165,579,777	4,147,682	11,945	-	169,739,404
Grade 2	7,133,302	3,664,451	30,019	-	10,827,772
Grade 3	4,941,476	1,614,245	26,804	-	6,582,525
Grade 4	258,300	375,964	24,908	-	659,172
Grade 5	42,561	776,597	1,064,258	-	1,883,416
	<u>177,955,416</u>	<u>10,578,939</u>	<u>1,157,934</u>	<u>-</u>	<u>189,692,289</u>
Credit card					
Grade 1	10,776,164	253,905	-	-	11,030,069
Grade 2	5,854,931	936,657	-	-	6,791,588
Grade 3	1,645,099	1,416,715	-	-	3,061,814
Grade 4	7,827	431,083	-	-	438,910
Grade 5	2,432	229,439	795,719	-	1,027,590
	<u>18,286,453</u>	<u>3,267,799</u>	<u>795,719</u>	<u>-</u>	<u>22,349,971</u>
	<u>408,283,402</u>	<u>37,076,587</u>	<u>4,908,103</u>	<u>-</u>	<u>450,268,092</u>
Loans measured at fair value through other comprehensive income					
Corporate					
Grade1	762,041	-	-	-	762,041
Grade2	39,009	-	-	-	39,009
Grade3	-	-	-	-	-
Grade4	-	-	-	-	-
Grade5	-	-	-	-	-
	<u>801,050</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>801,050</u>
	<u>801,050</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>801,050</u>
	<u>W 409,084,452</u>	<u>W 37,076,587</u>	<u>W 4,908,103</u>	<u>W -</u>	<u>W 451,069,142</u>

4.2.4.1 Credit risk exposure (cont'd)

(In millions of Korean won)

	December 31, 2022				
	12-month	Lifetime expected credit losses		Not applying	Total
	expected credit losses	Non-impaired	Impaired	expected credit losses	
Loans measured at amortized cost *					
Corporate					
Grade 1	W 134,819,382	W 5,877,660	W 3,372	W -	W 140,700,414
Grade 2	65,653,118	8,585,346	4,480	-	74,242,944
Grade 3	4,054,714	3,221,267	14,694	-	7,290,675
Grade 4	570,671	922,748	34,298	-	1,527,717
Grade 5	11,909	419,058	1,959,706	-	2,390,673
	<u>205,109,794</u>	<u>19,026,079</u>	<u>2,016,550</u>	<u>-</u>	<u>226,152,423</u>
Retail					
Grade 1	164,125,295	4,240,281	11,287	-	168,376,863
Grade 2	8,100,613	3,846,756	32,878	-	11,980,247
Grade 3	4,320,640	1,477,297	25,600	-	5,823,537
Grade 4	306,655	315,357	32,330	-	654,342
Grade 5	26,013	742,720	834,178	-	1,602,911
	<u>176,879,216</u>	<u>10,622,411</u>	<u>936,273</u>	<u>-</u>	<u>188,437,900</u>
Credit card					
Grade 1	11,547,014	1,316,136	-	-	12,863,150
Grade 2	4,390,211	1,214,946	-	-	5,605,157
Grade 3	1,142,362	1,925,145	-	-	3,067,507
Grade 4	2,227	302,736	-	-	304,963
Grade 5	666	173,049	595,101	-	768,816
	<u>17,082,480</u>	<u>4,932,012</u>	<u>595,101</u>	<u>-</u>	<u>22,609,593</u>
	<u>399,071,490</u>	<u>34,580,502</u>	<u>3,547,924</u>	<u>-</u>	<u>437,199,916</u>
Loans measured at fair value through other comprehensive income					
Corporate					
Grade1	489,445	-	-	-	489,445
Grade2	59,827	-	-	-	59,827
Grade3	-	-	-	-	-
Grade4	-	-	-	-	-
Grade5	-	-	-	-	-
	<u>549,272</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>549,272</u>
	<u>549,272</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>549,272</u>
	<u>W 399,620,762</u>	<u>W 34,580,502</u>	<u>W 3,547,924</u>	<u>W -</u>	<u>W 437,749,188</u>

* Before netting of allowance

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4.2.4.1 Credit risk exposure (cont'd)

Credit qualities of loans graded according to internal credit ratings as of December 31, 2023 and 2022, are as follows:

	Range of probability of default (%)	Retail	Corporate
Grade 1	0.0 ~ 1.0	1 ~ 5 grade	AAA ~ BBB+
Grade 2	1.0 ~ 5.0	6 ~ 8 grade	BBB ~ BB
Grade 3	5.0 ~ 15.0	9 ~ 10 grade	BB- ~ B
Grade 4	15.0 ~ 30.0	11 grade	B- ~ CCC
Grade 5	30.0 ~	12 grade or under	CC or under

4.2.4.2 Quantification of the extent to which collateral and other credit enhancements mitigate credit risk of loans as of December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

	December 31, 2023			
	12-month expected credit losses		Lifetime expected credit losses	
	Non-impaired	Impaired	Total	
Guarantees	₩ 114,669,115	₩ 7,639,754	₩ 425,696	₩ 122,734,565
Deposits and savings	2,461,434	129,853	15,176	2,606,463
Property and equipment	15,121,688	1,109,156	442,084	16,672,928
Real estate	196,412,901	19,374,276	2,893,235	218,680,412
	₩ 328,665,138	₩ 28,253,039	₩ 3,776,191	₩ 360,694,368

(In millions of Korean won)

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

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, 2023 and 2022, are as follows:

(In millions of Korean won)

	December 31, 2023				
	12-month expected credit losses	Lifetime expected credit losses		Not applying expected credit losses	Total
		Non-impaired	Impaired		
Securities measured at amortized cost *					
Grade 1	₩ 35,812,502	₩ -	₩ -	₩ -	₩ 35,812,502
Grade 2	3,907,307	-	-	-	3,907,307
Grade 3	852	-	-	-	852
Grade 4	-	-	-	-	-
Grade 5	-	-	-	-	-
	39,720,661	-	-	-	39,720,661
Securities measured at fair value through other comprehensive income					
Grade 1	72,574,183	-	-	-	72,574,183
Grade 2	6,326,108	-	-	-	6,326,108
Grade 3	26,146	-	-	-	26,146
Grade 4	-	-	-	-	-
Grade 5	-	-	-	-	-
	78,926,437	-	-	-	78,926,437
	₩ 118,647,098	₩ -	₩ -	₩ -	₩ 118,647,098

(In millions of Korean won)

	December 31, 2022				
	12-month expected credit losses	Lifetime expected credit losses		Not applying expected credit losses	Total
		Non-impaired	Impaired		
Securities measured at amortized cost *					
Grade 1	₩ 34,211,405	₩ -	₩ -	₩ -	₩ 34,211,405
Grade 2	1,713,414	-	-	-	1,713,414
Grade 3	-	-	-	-	-
Grade 4	-	-	-	-	-
Grade 5	-	-	-	-	-
	35,924,819	-	-	-	35,924,819
Securities measured at fair value through other comprehensive income					
Grade 1	70,830,502	-	-	-	70,830,502
Grade 2	5,669,442	53,861	-	-	5,723,303
Grade 3	66,797	9,169	-	-	75,966
Grade 4	13,942	4,640	-	-	18,582
Grade 5	-	-	-	-	-
	76,580,683	67,670	-	-	76,648,353
	₩ 112,505,502	₩ 67,670	₩ -	₩ -	₩ 112,573,172

* Before netting of allowance

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4.2.5 Credit risk of securities (cont'd)

Credit qualities of securities other than equity securities, according to the credit ratings by external credit rating agencies as of December 31, 2023 and 2022, are as follows:

Credit quality	Domestic				Foreign		
	KIS	NICE P&I	KAP	FnPricing Inc.	S&P	Fitch-IBCA	Moody's
Grade 1	AA0 to AAA	AA0 to AAA	AA0 to AAA	AA0 to AAA	A- to AAA	A- to AAA	A3 to Aaa
Grade 2	A- to AA-	A- to AA-	A- to AA-	A- to AA-	BBB- to BBB+	BBB- to BBB+	Baa3 to Baa1
Grade 3	BBB0 to BBB+	BBB0 to BBB+	BBB0 to BBB+	BBB0 to BBB+	BB to BB+	BB to BB+	Ba2 to Ba1
Grade 4	BB0 to BBB-	BB0 to BBB-	BB0 to BBB-	BB0 to BBB-	B+ to BB-	B+ to BB-	B1 to Ba3
Grade 5	BB- or under	BB- or under	BB- or under	BB- or under	B or under	B or under	B2 or under

Credit qualities of debt securities denominated in Korean won are based on the lowest credit rating by the domestic credit rating agencies above, and those denominated in foreign currencies are based on the lowest credit rating by the foreign credit rating agencies above.

4.2.6 Credit risk of due from financial institutions

Credit qualities of due from financial institutions as of December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

	December 31, 2023					
	12-month expected credit losses		Lifetime expected credit losses		Not applying expected credit losses	
	losses	Non-impaired	Impaired	losses	Impaired	Total
Due from financial institutions measured at amortized cost *						
Grade 1	₩ 26,279,729	₩ -	₩ -	₩ -	₩ -	₩ 26,279,729
Grade 2	503,794	-	-	-	-	503,794
Grade 3	108,290	-	-	-	-	108,290
Grade 4	-	-	-	-	-	-
Grade 5	688,487	-	-	-	-	688,487
	₩ 27,580,300	₩ -	₩ -	₩ -	₩ -	₩ 27,580,300

(In millions of Korean won)

	December 31, 2022					
	12-month expected credit losses		Lifetime expected credit losses		Not applying expected credit losses	
	losses	Non-impaired	Impaired	losses	Impaired	Total
Due from financial institutions measured at amortized cost *						
Grade 1	₩ 28,023,879	₩ -	₩ -	₩ -	₩ -	₩ 28,023,879
Grade 2	1,428,663	-	-	-	-	1,428,663
Grade 3	-	-	-	-	-	-
Grade 4	-	-	-	-	-	-
Grade 5	462,298	-	-	-	-	462,298
	₩ 29,914,840	₩ -	₩ -	₩ -	₩ -	₩ 29,914,840

* Before netting of allowance

The classification criteria of the credit qualities of due from financial institutions as of December 31, 2023 and 2022, 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, 2023 and 2022, are as follows:

(In millions of Korean won)

	December 31, 2023		December 31, 2022	
Deposits, savings, securities, and others	₩	1,471,117	₩	2,966,923

4.2.8 Credit risk concentration analysis

4.2.8.1 Classifications of loans by country as of December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

	December 31, 2023 *						Carrying amount
	Retail	Corporate	Credit card	Total	%	Allowances	
Korea	₩ 184,016,939	₩ 210,306,079	₩ 22,304,522	₩ 416,627,540	92.33	₩ (4,013,937)	₩ 412,613,603
Europe	-	4,611,356	-	4,611,356	1.02	(29,267)	4,582,089
China	73,105	7,048,870	537	7,122,512	1.58	(37,624)	7,084,888
Japan	-	912,224	92	912,316	0.20	(2,072)	910,244
United States	-	5,985,577	-	5,985,577	1.33	(168,487)	5,817,090
Cambodia	3,466,607	3,931,738	1,097	7,399,442	1.64	(243,544)	7,155,898
Indonesia	1,474,419	3,216,033	38,198	4,728,650	1.05	(765,195)	3,963,455
Others	661,219	3,198,731	5,525	3,865,475	0.85	(202,679)	3,662,796
	₩ 189,692,289	₩ 239,210,608	₩ 22,349,971	₩ 451,252,868	100.00	₩ (5,462,805)	₩ 445,790,063

(In millions of Korean won)

	December 31, 2022 *						Carrying amount
	Retail	Corporate	Credit card	Total	%	Allowances	
Korea	₩ 183,102,083	₩ 199,258,559	₩ 22,562,372	₩ 404,923,014	92.40	₩ (3,033,033)	₩ 401,889,981
Europe	-	4,694,011	-	4,694,011	1.07	(25,696)	4,668,315
China	140,060	6,901,682	363	7,042,105	1.61	(39,025)	7,003,080
Japan	-	1,150,151	46	1,150,197	0.26	(1,755)	1,148,442
United States	-	5,130,629	-	5,130,629	1.17	(18,229)	5,112,400
Cambodia	2,610,472	3,768,170	-	6,378,642	1.46	(73,723)	6,304,919
Indonesia	1,735,571	2,896,037	43,023	4,674,631	1.07	(795,309)	3,879,322
Others	849,713	3,396,018	3,789	4,249,520	0.96	(174,213)	4,075,307
	₩ 188,437,899	₩ 227,195,257	₩ 22,609,593	₩ 438,242,749	100.00	₩ (4,160,983)	₩ 434,081,766

* Amount includes loans measured at fair value through profit or loss, other comprehensive income, and amortized cost.

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

(In millions of Korean won)

	December 31, 2023			
	Loans	%	Allowances	Carrying amount
Financial institutions	₩ 25,194,810	10.53	₩ (147,964)	₩ 25,046,846
Manufacturing	51,666,785	21.60	(619,644)	51,047,141
Service	106,907,060	44.69	(1,247,642)	105,659,418
Wholesale and retail	29,904,053	12.50	(502,211)	29,401,842
Construction	7,047,906	2.95	(280,598)	6,767,308
Public sector	2,259,364	0.94	(83,029)	2,176,335
Others	16,230,630	6.79	(276,811)	15,953,819
	₩ 239,210,608	100.00	₩ (3,157,899)	₩ 236,052,709

(In millions of Korean won)

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

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

(In millions of Korean won)

	December 31, 2023			
	Loans	%	Allowances	Carrying amount
Housing loan	₩ 97,142,065	45.81	₩ (227,758)	₩ 96,914,307
General loan	92,550,224	43.65	(1,141,322)	91,408,902
Credit card	22,349,971	10.54	(935,826)	21,414,145
	₩ 212,042,260	100.00	₩ (2,304,906)	₩ 209,737,354

(In millions of Korean won)

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

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, 2023 and 2022, are as follows:

(In millions of Korean won)

	December 31, 2023			
	Amount	%	Allowances	Carrying amount
Due from financial institutions measured at amortized cost				
Finance and insurance	₩ 27,580,300	100.00	₩ (1,021)	₩ 27,579,279
	27,580,300	100.00	(1,021)	27,579,279
Due from financial institutions measured at fair value through profit or loss				
Finance and insurance	79,811	100.00	-	79,811
	79,811	100.00	-	79,811
Securities measured at fair value through profit or loss				
Government and government funded institutions				
	21,022,824	28.94	-	21,022,824
Finance and insurance	37,426,249	51.51	-	37,426,249
Others	14,209,359	19.55	-	14,209,359
	72,658,432	100.00	-	72,658,432
Derivative financial assets				
Government and government funded institutions				
	52,508	0.85	-	52,508
Finance and insurance	5,785,110	93.95	-	5,785,110
Others	320,010	5.20	-	320,010
	6,157,628	100.00	-	6,157,628
Securities measured at fair value through other comprehensive income				
Government and government funded institutions				
	44,790,264	56.75	-	44,790,264
Finance and insurance	21,546,428	27.30	-	21,546,428
Others	12,589,745	15.95	-	12,589,745
	78,926,437	100.00	-	78,926,437
Securities measured at amortized cost				
Government and government funded institutions				
	16,391,846	41.27	(655)	16,391,191
Finance and insurance	22,960,878	57.80	(17,965)	22,942,913
Others	367,937	0.93	(652)	367,285
	39,720,661	100.00	(19,272)	39,701,389
	₩ 225,123,269		₩ (20,293)	₩ 225,102,976

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

(In millions of Korean won)

	December 31, 2022			
	Amount	%	Allowances	Carrying amount
Due from financial institutions measured at amortized cost				
Finance and insurance	₩ 29,914,840	100.00	₩ (2,743)	₩ 29,912,097
	29,914,840	100.00	(2,743)	29,912,097
Due from financial institutions measured at fair value through profit or loss				
Finance and insurance	69,469	100.00	-	69,469
	69,469	100.00	-	69,469
Securities measured at fair value through profit or loss				
Government and government funded institutions				
	16,556,811	25.12	-	16,556,811
Finance and insurance	37,674,363	57.17	-	37,674,363
Others	11,668,223	17.71	-	11,668,223
	65,899,397	100.00	-	65,899,397
Derivative financial assets				
Government and government funded institutions				
	58,060	0.61	-	58,060
Finance and insurance	8,988,025	95.15	-	8,988,025
Others	400,495	4.24	-	400,495
	9,446,580	100.00	-	9,446,580
Securities measured at fair value through other comprehensive income				
Government and government funded institutions				
	41,566,376	54.23	-	41,566,376
Finance and insurance	22,463,066	29.31	-	22,463,066
Others	12,618,911	16.46	-	12,618,911
	76,648,353	100.00	-	76,648,353
Securities measured at amortized cost				
Government and government funded institutions				
	16,984,957	47.28	(3)	16,984,954
Finance and insurance	18,368,966	51.13	(5,212)	18,363,754
Others	570,896	1.59	(363)	570,533
	35,924,819	100.00	(5,578)	35,919,241
₩	217,903,458		₩ (8,321)	₩ 217,895,137

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, 2023 and 2022, are as follows:

(In millions of Korean won)

	December 31, 2023			
	Amount	%	Allowances	Carrying amount
Due from financial institutions measured at amortized cost				
Korea	₩ 19,763,609	71.65	₩ (229)	₩ 19,763,380
United States	3,021,300	10.95	(88)	3,021,212
Others	4,795,391	17.40	(704)	4,794,687
	27,580,300	100.00	(1,021)	27,579,279
Due from financial institutions measured at fair value through profit or loss				
Korea	79,811	100.00	-	79,811
	79,811	100.00	-	79,811
Securities measured at fair value through profit or loss				
Korea	65,460,878	90.09	-	65,460,878
United States	3,260,968	4.49	-	3,260,968
Others	3,936,586	5.42	-	3,936,586
	72,658,432	100.00	-	72,658,432
Derivative financial assets				
Korea	2,931,376	47.61	-	2,931,376
United States	1,008,296	16.37	-	1,008,296
France	863,376	14.02	-	863,376
Singapore	141,696	2.30	-	141,696
Japan	326,585	5.30	-	326,585
Others	886,299	14.40	-	886,299
	6,157,628	100.00	-	6,157,628
Securities measured at fair value through other comprehensive income				
Korea	73,226,955	92.78	-	73,226,955
United States	2,354,107	2.99	-	2,354,107
Others	3,345,375	4.23	-	3,345,375
	78,926,437	100.00	-	78,926,437
Securities measured at amortized cost				
Korea	35,344,575	88.99	(14,648)	35,329,927
United States	1,159,699	2.92	(1,070)	1,158,629
Others	3,216,387	8.09	(3,554)	3,212,833
	39,720,661	100.00	(19,272)	39,701,389
₩	225,123,269		₩ (20,293)	₩ 225,102,976

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

(In millions of Korean won)

	December 31, 2022			
	Amount	%	Allowances	Carrying amount
Due from financial institutions measured at amortized cost				
Korea	₩ 22,156,154	74.06	₩ (484)	₩ 22,155,670
United States	2,267,982	7.58	(28)	2,267,954
Others	5,490,704	18.36	(2,231)	5,488,473
	<u>29,914,840</u>	<u>100.00</u>	<u>(2,743)</u>	<u>29,912,097</u>
Due from financial institutions measured at fair value through profit or loss				
Korea	69,469	100.00	-	69,469
	<u>69,469</u>	<u>100.00</u>	<u>-</u>	<u>69,469</u>
Securities measured at fair value through profit or loss				
Korea	60,061,811	91.14	-	60,061,811
United States	3,227,851	4.90	-	3,227,851
Others	2,609,735	3.96	-	2,609,735
	<u>65,899,397</u>	<u>100.00</u>	<u>-</u>	<u>65,899,397</u>
Derivative financial assets				
Korea	4,831,012	51.14	-	4,831,012
United States	1,351,969	14.31	-	1,351,969
France	1,281,270	13.56	-	1,281,270
Singapore	212,710	2.25	-	212,710
Japan	435,592	4.61	-	435,592
Others	1,334,027	14.13	-	1,334,027
	<u>9,446,580</u>	<u>100.00</u>	<u>-</u>	<u>9,446,580</u>
Securities measured at fair value through other comprehensive income				
Korea	70,803,558	92.37	-	70,803,558
United States	2,419,242	3.17	-	2,419,242
Others	3,425,553	4.46	-	3,425,553
	<u>76,648,353</u>	<u>100.00</u>	<u>-</u>	<u>76,648,353</u>
Securities measured at amortized cost				
Korea	30,551,451	85.05	(3,885)	30,547,566
United States	2,880,918	8.02	(949)	2,879,969
Others	2,492,449	6.93	(743)	2,491,706
	<u>35,924,818</u>	<u>100</u>	<u>(5,577)</u>	<u>35,919,241</u>
	<u>₩ 217,903,457</u>		<u>₩ (8,320)</u>	<u>₩ 217,895,137</u>

Due from financial institutions, financial instruments at fair value through profit or loss linked to gold price, and derivative financial instruments are mostly related to the finance and insurance industry with high credit ratings.

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 cumulative liquidity gap, 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 Council and the Risk Management Committee.

4.3.3 Analysis of remaining contractual maturity of financial liabilities

The cash flows disclosed in the maturity analysis are undiscounted contractual amounts including principal and future interest payments; as such, amounts in the table below do not match with those in the consolidated statements of financial position which are based on discounted cash flows. The future interest payments for floating-rate liabilities are calculated on the assumption that the current interest rate is the same until maturity.

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4.3.3.1 Remaining contractual maturity of financial liabilities other than derivatives held for cash flow hedge, and off-balance sheet items as of December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

	December 31, 2023													
	On demand		Up to 1 month		1-3 months		3-12 months		1-5 years		Over 5 years		Total	
Financial liabilities														
Financial liabilities at fair value through profit or loss ¹	W	2,953,472	W	-	W	-	W	-	W	-	W	-	W	2,953,472
Financial liabilities designated at fair value through profit or loss ¹		7,966,963		-		-		-		-		-		7,966,963
Derivatives held for trading ¹		5,966,512		-		-		-		-		-		5,966,512
Derivatives held for hedging ²		7,856		11,887		16,968		48,476		50,888		(4,255)		131,820
Deposits ³		175,103,423		35,688,530		55,092,937		131,347,718		17,325,661		1,764,854		416,323,123
Borrowings		10,729,326		18,654,410		6,594,666		21,356,372		12,432,385		1,195,946		70,963,105
Debentures		10,077		3,843,626		5,556,957		21,137,247		37,653,013		5,727,779		73,928,699
Lease liabilities		243		27,478		43,005		172,528		366,002		34,804		644,060
Other financial liabilities		875,267		25,693,343		166,001		331,289		1,128,101		264,861		28,458,862
	W	203,613,139	W	83,919,274	W	67,470,534	W	174,393,630	W	68,956,050	W	8,983,989	W	607,336,616
Off-balance sheet items														
Commitments ⁴	W	203,906,179	W	-	W	-	W	-	W	-	W	-	W	203,906,179
Acceptances and guarantees contracts		13,763,222		-		-		-		-		-		13,763,222
Financial guarantee contracts ⁵		7,828,205		-		-		-		-		-		7,828,205
	W	225,497,606	W	-	W	-	W	-	W	-	W	-	W	225,497,606

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4.3.3.1 Remaining contractual maturity of financial liabilities other than derivatives held for cash flow hedge, and off-balance sheet items as of December 31, 2023 and 2022, are as follows: (cont'd)

(In millions of Korean won)

	December 31, 2022						
	On demand	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Financial liabilities							
Financial liabilities at fair value through profit or loss ¹	₩ 2,193,210	₩ -	₩ -	₩ -	₩ -	₩ -	₩ 2,193,210
Financial liabilities designated at fair value through profit or loss ¹	10,078,394	-	-	-	-	-	10,078,394
Derivatives held for trading ¹	9,209,537	-	-	-	-	-	9,209,537
Derivatives held for hedging ²	-	11,106	8,886	39,174	221,551	3,502	284,219
Deposits ³	175,530,178	29,911,835	45,245,496	131,765,097	17,979,299	1,129,024	401,560,929
Borrowings	7,831,474	23,821,330	7,676,952	19,120,861	12,839,302	1,159,432	72,449,351
Debentures	11,117	4,011,679	8,353,663	20,995,587	33,216,320	6,485,136	73,073,502
Lease liabilities	164	28,079	45,200	171,449	376,159	2,839	623,890
Other financial liabilities	179,241	17,938,781	368,218	447,898	907,643	428,310	20,270,091
	₩ 205,033,315	₩ 75,722,810	₩ 61,698,415	₩ 172,540,066	₩ 65,540,274	₩ 9,208,243	₩ 589,743,123
Off-balance sheet items							
Commitments ⁴	₩ 188,295,902	₩ -	₩ -	₩ -	₩ -	₩ -	₩ 188,295,902
Acceptances and guarantees contracts	12,425,753	-	-	-	-	-	12,425,753
Financial guarantee contracts ⁵	8,297,042	-	-	-	-	-	8,297,042
	₩ 209,018,697	₩ -	₩ -	₩ -	₩ -	₩ -	₩ 209,018,697

¹ Financial liabilities measured or designated at fair value through profit or loss and derivatives held for trading are not managed by contractual maturity because they are expected to be traded or redeemed before maturity. Therefore, the carrying amounts of those financial instruments are included in the 'On demand' category.

² Cash flows of derivatives held for hedging are shown at net amount of cash inflows and outflows by remaining contractual maturity.

³ Deposits that are contractually repayable on demand or on short notice are included in the 'On demand' category.

⁴ Commitments are included in the 'On demand' category because payments can be requested at any time.

⁵ Cash flows under financial guarantee contracts are classified based on the earliest period that the contract can be executed.

4.3.3.2 Contractual cash flows of derivatives held for cash flow hedge as of December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

	December 31, 2023					
	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	₩ 1,605	₩ 9,596	₩ 28,260	₩ 76,704	₩ 802	₩ 116,967
Cash flow to be received of gross-settled derivatives	35,052	86,391	331,383	2,723,781	-	3,176,607
Cash flow to be paid of gross-settled derivatives	(35,871)	(92,640)	(488,194)	(3,272,506)	-	(3,889,211)

(In millions of Korean won)

	December 31, 2022					
	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Cash flow to be received (paid) of net-settled derivatives	₩ 1,534	₩ 10,994	₩ 25,749	₩ 119,179	₩ 3,526	₩ 160,982
Cash flow to be received of gross-settled derivatives	10,932	30,311	1,003,755	2,894,502	-	3,939,500
Cash flow to be paid of gross-settled derivatives	(10,357)	(54,794)	(1,007,950)	(2,255,613)	-	(3,328,714)

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4.4 Market Risk

4.4.1 Concept

Market risk refers to risks that can result in losses due to changes in market factors such as interest rate, stock price, and foreign exchange rate, etc., which arise from securities, derivatives, and others. The most significant risks associated with trading positions are interest rate risk, currency risk, and additional risks include stock price risk. The non-trading position is also exposed to interest rate risk. The Group manages the market risks by dividing them into those arising from the trading position and those arising from the non-trading position.

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. However, insurance companies that are engaged in the insurance business are not subject to these guidelines and are monitored by setting internal capital limits for market risk and interest rate risk based on K-ICS.

In the case of Kookmin Bank, a major subsidiary, the Risk Management Council establishes and enforces overall market risk management policies for market risk management and decides to establish position limits, loss limits, VaR limits, and approves non-standard new products. In addition, the Market Risk Management Subcommittee, chaired by Chief Risk Officer ("CRO"), is a practical decision-making body for market risk management and determines position limits, loss limits, VaR limits, sensitivity limits, and scenario loss limits for each department of the business group.

Kookmin Bank's Asset-Liability Management Committee ("ALCO") determines interest rate and commission operating standards and Asset Liability Management ("ALM") operation policies and enacts and revises relevant guidelines. The Risk Management Committee and the Risk Management Council monitor the establishment and enforcement of ALM risk management policies and enact and revise ALM risk management guidelines. Interest rate risk limits are set based on future asset and liability positions and expected interest rate volatility, which reflect annual business plans. The Financial Planning Department and the Risk Management Department regularly measure and monitor interest rate risk and report the status and limit of interest rate risk including changes in Economic Value of Equity (" Δ EVE"), changes in Net Interest Income (" Δ NII"), and duration gap to the ALCO and the Risk Management Council on a monthly basis, and to the Risk Management Committee on a quarterly basis. To ensure the adequacy of interest rate risk and liquidity risk management, the Risk Management Department assigns the limits, monitors and reviews the procedures and tasks of ALM operations conducted by the ALM department, and reports related matters to the management independently.

Kookmin Bank is closely monitoring the outputs of various industry groups and markets that manage the transition to the new interest rate benchmark, including announcements by LIBOR regulation authority and various consultative bodies related to the transition to alternative interest rate. In response to these announcements, Kookmin Bank has completed most of the transition and replacement plans according to LIBOR transition programs and plans consisting of major business areas such as finance, accounting, tax, legal, IT, and risk. The program is under the control of the CFO and related matters are reported to the board of directors and consultative bodies with senior management as members. Kookmin Bank continues its efforts as a market participant to actively express opinions so that the index interest rate benchmark reform can be carried out in the direction of minimizing the financial and non-financial impacts and operational risks and minimizing confusion among stakeholders.

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 should be made daily fair value assessment and should have no legal constrictions on sale and hedging.

- 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

From January 2023, Subsidiaries of the Group use the Basel III standardized approach to measure market risk and manage it at the portfolio level (Prior to January 2023, Basel II standardized approach or Basel II internal models such as VaR). 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 Basel III standardized approach

Market risk regulatory capital is calculated as the sum of (a) sensitivities-based risk, (b) default risk, and (c) residual risk according to the Basel III standardized approach introduced in January 2023.

(a) Sensitivities-based risk, which is the basis of the Basel III standardized approach for market risk, calculates the expected loss for each risk factor by applying the risk weights and correlation parameter specified by the Basel Committee and summing them.

(b) Default risk is the risk from default of issuer of securities and derivatives and is calculated by applying risk weights based on the issuer's credit rating.

(c) Residual risk is the risk imposed on atypical underlying instruments and is calculated by applying a certain percentage specified by the Basel Committee to the par value.

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4.4.3.3 Basel III standardized approach (cont'd)

(Basel III standardized approach definitions by risk type)

Sensitivities-based risk	Interest rate risk group	GIRR	The risk associated with risk-free interest rates (typically OIS rates) defined by currency and maturity.
		CSR	The risk associated with the issuer's interest rate credit spread, defined by creditworthiness and sector.
	Equity risk group		The risk factors associated with equity, defined by market capitalization, economic conditions, and sector
	Foreign exchange risk group		The risk factors associated with exchange rate, defined by currency pairs
	Commodity risk group		The risk factors associated with commodities, defined by commodity types.
Default risk			Issuer default risk in securities (bonds, etc.) and derivatives.
Residual risk			Additional risks imposed on non-standard underlying asset products, etc.

Required equity capital of subsidiaries according to Basel III standardized approach for the year ended December 31, 2023 and according to Basel II standardized approach for the year ended 2022, are as follows:

Kookmin Bank

(In millions of Korean won)

2023							
Sensitivities-based risk	Default risk	Residual risk	Dec. 31, 2023				
₩	479,174	₩	85,375	₩	862	₩	565,411

(In millions of Korean won)

2022								
Average	Minimum	Maximum	Dec. 31, 2022					
Interest rate risk	₩	34,923	₩	16,541	₩	64,356	₩	47,093
Stock price risk		8,606		5,142		11,061		9,407
Currency risk		24,054		14,428		41,815		41,189
Diversification effect								(5,140)
Total VaR	₩	49,701	₩	22,144	₩	99,436	₩	92,549

Meanwhile, required equity capital for the positions which are measured according to Basel II standardized approach, and not measured by VaR as of December 31, 2022 are as follows:

(In millions of Korean won)

2022							
Interest rate risk	Stock price risk	Currency risk	Dec. 31, 2022				
₩	18,545	₩	4,686	₩	70,757	₩	93,988

4.4.3.3 Basel III standardized approach (cont'd)

KB Securities Co., Ltd.

(In millions of Korean won)

2023							
Sensitivities-based risk	Default risk	Residual risk	Dec. 31, 2023				
₩	736,052	₩	307,681	₩	7,454	₩	1,051,187

(In millions of Korean won)

2022									
Interest rate risk	Stock price risk	Currency risk	Finance instrument s risk	Dec. 31, 2022					
₩	755,379	₩	171,592	₩	34,109	₩	41	₩	961,121

KB Kookmin Card Co., Ltd.

(In millions of Korean won)

2023							
Sensitivities-based risk	Default risk	Residual risk	Dec. 31, 2023				
₩	43,029	₩	-	₩	-	₩	43,029

(In millions of Korean won)

2022									
Interest rate risk	Stock price risk	Currency risk	Finance instrument s risk	Dec. 31, 2022					
₩	-	₩	-	₩	21,341	₩	41	₩	21,341

KB Asset Management Co., Ltd.

(In millions of Korean won)

2023							
Sensitivities-based risk	Default risk	Residual risk	Dec. 31, 2023				
₩	3,658	₩	-	₩	-	₩	3,658

(In millions of Korean won)

2022									
Interest rate risk	Stock price risk	Currency risk	Finance instrument s risk	Dec. 31, 2022					
₩	-	₩	-	₩	2,455	₩	-	₩	2,455

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4.4.3.3 Basel III standardized approach (cont'd)

KB Capital Co., Ltd.

(In millions of Korean won)

2023				
	Sensitivities-based risk	Default risk	Residual risk	Dec. 31, 2023
₩	11,127	₩ -	₩ -	₩ 11,127

(In millions of Korean won)

2022					
	Interest rate risk	Stock price risk	Currency risk	Finance instrument s risk	Dec. 31, 2022
₩	-	₩ -	₩ 2,045	₩ -	₩ 2,045

KB Investment Co., Ltd.

(In millions of Korean won)

2023				
	Sensitivities-based risk	Default risk	Residual risk	Dec. 31, 2023
₩	74,408	₩ 7,135	₩ -	₩ 81,543

(In millions of Korean won)

2022					
	Interest rate risk	Stock price risk	Currency risk	Finance instrument s risk	Dec. 31, 2022
₩	-	₩ 8,438	₩ 21,727	₩ -	₩ 30,165

KB Data System Co., Ltd.

(In millions of Korean won)

2023				
	Sensitivities-based risk	Default risk	Residual risk	Dec. 31, 2023
₩	325	₩ -	₩ -	₩ 325

(In millions of Korean won)

2022					
	Interest rate risk	Stock price risk	Currency risk	Finance instrument s risk	Dec. 31, 2022
₩	-	₩ -	₩ 155	₩ -	₩ 155

4.4.3.4 Details of risk factors

(a) Interest rate risk

Interest rate risk for trading positions usually arises from debt securities. 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 portfolios using sensitivity analysis (Price Value of a Basis Point: PVBP).

(b) Stock price risk

Stock price risk usually arises from the portfolio of trading stocks. The portfolio of trading stocks consists of stocks listed on the exchange and derivatives linked to stocks, collective investment securities and others.

(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, the Chinese Yuan and the Indonesian Rupiah.

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 ΔEVE and ΔNII.

(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.

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4.4.4.1 Qualitative disclosure (cont'd)

(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 to measure interest rate risk for internal management purposes

The Group measures unfavorable changes in economic value resulting from changes in interest rates, following the interest rate risk calculation standards set by the Financial Supervisory Service.

(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.

(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} ≤1M	1M< t ^{cf} ≤3M	3M< t ^{cf} ≤6M	6M< t ^{cf} ≤9M	9M< t ^{cf} ≤1Y	1Y< t ^{cf} ≤1.5Y	1.5Y< t ^{cf} ≤2Y
Short-term rates		(0.0417Y)	(0.1667Y)	(0.375Y)	(0.625Y)	(0.875Y)	(1.25Y)	(1.75Y)
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.

4.4.4.1 Qualitative disclosure (cont'd)

(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, 2023 and 2022, are as follows:

(In millions of Korean won)

	December 31, 2023		December 31, 2022	
	changes in the economic value of equity capital		changes in the economic value of equity capital	
	Δ EVE	Changes in net interest income Δ NII	Δ EVE	Changes in net interest income Δ NII
Scenario 1 (Parallel shock up)	₩ 1,211,285	494,957	₩ 165,634	162,959
Scenario 2 (Parallel shock down)	-	-	290,330	-
Scenario 3 (Short rates down, long rates up)	338,439		266,737	
Scenario 4 (Short rates up, long rates down)	620,553		268,261	
Scenario 5 (Short rates shock up)	901,087		288,737	
Scenario 6 (Short rates shock down)	90,869		132,998	
Maximum out of six scenarios	1,211,285	494,957	290,330	162,959
Basic capital	33,478,665		30,963,124	

(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, 2023 and 2022, are as follows:

(In millions of Korean won)

	December 31, 2023		December 31, 2022	
	Δ EVE	Δ NII	Δ EVE	Δ NII
KB Securities Co., Ltd.	₩ 38,694	₩ 419,121	₩ 37,498	₩ 242,200
KB Kookmin Card Co., Ltd.	42,562	221,049	96,282	244,602
KB Capital Co., Ltd.	206,305	40,167	126,535	₩ 50,800
KB Savings Bank Co., Ltd.	14,855	156	5,320	14,976

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4.4.5 Financial assets and liabilities denominated in foreign currencies

Details of financial instruments denominated in foreign currencies and translated into Korean won as of December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

	December 31, 2023							Total
	USD	JPY	EUR	GBP	CNY	Others		
Financial assets								
Cash and due from financial institutions	₩ 6,651,597	₩ 579,744	₩ 363,520	₩ 52,992	₩ 408,390	₩ 1,644,720	₩ 9,700,963	
Financial assets at fair value through profit or loss	7,594,682	2,320	699,951	119,801	1,799	348,919	8,767,472	
Derivatives held for trading	399,244	374	22,395	4,012	1,173	52,026	479,224	
Derivatives held for hedging	166,801	-	225	4	-	4,313	171,343	
Loans measured at amortized cost	32,119,823	785,006	2,866,108	979,163	1,648,885	7,093,058	45,492,043	
Financial assets at fair value through other comprehensive income	6,076,271	-	288,852	4,591	654,436	1,063,371	8,087,521	
Financial assets at amortized cost	2,730,263	-	41,406	199,589	32,579	1,850,922	4,854,759	
Other financial assets	3,395,714	100,822	85,263	36,929	515,278	630,366	4,764,372	
	<u>₩ 59,134,395</u>	<u>₩ 1,468,266</u>	<u>₩ 4,367,720</u>	<u>₩ 1,397,081</u>	<u>₩ 3,262,540</u>	<u>₩ 12,687,695</u>	<u>₩ 82,317,697</u>	
Financial liabilities								
Financial liabilities at fair value through profit or loss	₩ 1,123,670	₩ -	₩ -	₩ -	₩ -	₩ -	₩ 1,123,670	
Derivatives held for trading	735,627	4,566	45,359	108	11	206,546	992,217	
Derivatives held for hedging	154,120	-	1,246	252	-	2,314	157,932	
Deposits	25,777,256	1,763,971	1,822,443	761,371	1,787,865	4,200,321	36,113,227	
Borrowings	15,895,866	743,356	944,944	314,177	506,248	2,726,591	21,131,182	
Debentures	8,412,413	-	2,959,534	-	-	1,008,961	12,380,908	
Other financial liabilities	4,773,601	91,519	840,629	8,995	545,722	119,055	6,379,521	
	<u>₩ 56,872,553</u>	<u>₩ 2,603,412</u>	<u>₩ 6,614,155</u>	<u>₩ 1,084,903</u>	<u>₩ 2,839,846</u>	<u>₩ 8,263,788</u>	<u>₩ 78,278,657</u>	

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4.4.5 Financial assets and liabilities denominated in foreign currencies (cont'd)

(In millions of Korean won)

	December 31, 2022						
	USD	JPY	EUR	GBP	CNY	Others	Total
Financial assets							
Cash and due from financial institutions	₩ 6,353,315	₩ 461,826	₩ 456,888	₩ 97,502	₩ 645,271	₩ 2,324,691	₩ 10,339,493
Financial assets at fair value through profit or loss	7,323,969	2,443	595,384	59,263	7,110	330,779	8,318,948
Derivatives held for trading	636,456	159	10,412	10	19,053	167,796	833,886
Derivatives held for hedging	274,662	-	382	-	-	35,149	310,193
Loans measured at amortized cost	32,980,619	683,705	2,813,855	755,912	1,944,500	6,596,283	45,774,874
Financial assets at fair value through other comprehensive income	6,521,435	-	236,352	5,677	556,052	1,012,665	8,332,181
Financial assets at amortized cost	4,196,436	-	-	37,816	60,013	1,051,467	5,345,732
Other financial assets	1,806,272	292,703	360,120	25,046	97,916	360,277	2,942,334
	<u>₩ 60,093,164</u>	<u>₩ 1,440,836</u>	<u>₩ 4,473,393</u>	<u>₩ 981,226</u>	<u>₩ 3,329,915</u>	<u>₩ 11,879,107</u>	<u>₩ 82,197,641</u>
Financial liabilities							
Financial liabilities at fair value through profit or loss	₩ 1,143,413	₩ -	₩ -	₩ -	₩ -	₩ -	₩ 1,143,413
Derivatives held for trading	893,781	9,016	81,119	17,072	6,868	264,833	1,272,689
Derivatives held for hedging	161,785	-	-	-	-	202	161,987
Deposits	25,706,363	1,339,119	1,429,567	344,824	2,307,068	5,238,485	36,365,426
Borrowings	19,700,038	458,856	446,968	588,324	266,727	2,442,313	23,903,226
Debentures	7,771,068	-	2,041,517	-	36,288	975,891	10,824,764
Other financial liabilities	3,540,468	266,505	188,435	14,321	101,048	429,577	4,540,354
	<u>₩ 58,916,916</u>	<u>₩ 2,073,496</u>	<u>₩ 4,187,606</u>	<u>₩ 964,541</u>	<u>₩ 2,717,999</u>	<u>₩ 9,351,301</u>	<u>₩ 78,211,859</u>

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4.5 Operational Risk

4.5.1 Concept

Operational risk of the Group refers to the risk of loss that may occur due to improper or incorrect internal procedures, personnel, systems or external events. Operational risk management plays a role in enhancing the stability and soundness of financial institutions by managing the appropriate level of capital and supplementing the internal control system.

4.5.2 Risk management

The purpose of operational risk management is not only to comply with supervisory and regulatory requirements, but also to spread risk management culture, strengthen internal control, improve processes, and provide timely feedback to management and all employees. The Parent Company manages the Group's overall operational risk, and each subsidiary establishes and implements operational risk management policies according to its own risk level and implements and operates related systems. The Group Risk Management Committee establishes and allocates risk capital of operational risk for each subsidiary, and subsidiaries manage operational risks at an appropriate level within the allocated risk capital.

4.6 Capital Management

The Group complies with the capital adequacy standard established by the financial supervisory authority. This capital adequacy standard is based on Basel III revised by Basel Committee on Banking Supervision in Bank for International Settlements ("BIS") in June 2011 and was implemented in Korea in December 2013. According to this standard, the Group is required to maintain a minimum capital adequacy ratio to risk-weighted assets (Common Equity Tier 1 Capital ratio of 8.0%, Tier 1 Capital ratio of 9.5%, and Total Capital ratio of 11.5%) as of December 31, 2023.

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 actual amount of available capital) 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, 2023 and 2022, are as follows:

	December 31, 2023		December 31, 2022	
	₩		₩	
<i>(In millions of Korean won)</i>				
Total Capital:	₩	53,743,658	₩	48,969,952
Tier 1 Capital		49,390,274		45,032,020
Common Equity Tier 1 Capital		43,663,753		40,103,660
Additional Tier 1 Capital		5,726,521		4,928,360
Tier 2 Capital		4,353,384		3,937,932
Risk-Weighted Assets:		321,318,905		302,983,943
Total Capital ratio (%):		16.73		16.16
Tier 1 Capital ratio (%)		15.37		14.86
Common Equity Tier 1 Capital ratio (%)		13.59		13.24

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	<p>Retail banking Loans, deposit products, and other related financial services to individuals and households</p> <p>Other banking services Trading activities in securities and derivatives, funding, and other supporting activities</p>
Securities business	Investment banking, brokerage services, and other supporting activities
Non-life insurance business	Non-life insurance and other supporting activities
Credit card business	Credit sale, cash advance, card loan, and other supporting activities
Life insurance business	Life insurance and other supporting activities

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

Financial information by business segment as of and for the years ended December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

	2023										
	Banking business				Securities	Non-life insurance	Credit card	Life insurance	Others	Consolidation adjustments	Total
	Corporate banking	Retail banking	Other banking services	Sub-total							
Net operating revenues(expenses) from external customers	₩ 5,640,663	₩ 4,443,943	₩ 30,910	₩ 10,115,516	₩ 1,667,041	₩ 1,173,901	₩ 2,026,032	₩ 187,650	₩ 1,058,994	₩ -	₩ 16,229,134
Intersegment net operating revenues(expenses)	116,967	-	225,401	342,368	52,940	(17,993)	(147,290)	16,209	348,113	(594,347)	-
	₩ 5,757,630	₩ 4,443,943	₩ 256,311	₩ 10,457,884	₩ 1,719,981	₩ 1,155,908	₩ 1,878,742	₩ 203,859	₩ 1,407,107	₩ (594,347)	₩ 16,229,134
Net interest income(expenses)	₩ 5,645,899	₩ 3,397,242	₩ 826,926	₩ 9,870,067	₩ 614,140	₩ (166,932)	₩ 1,639,486	₩ (298,507)	₩ 659,052	₩ (175,589)	₩ 12,141,717
Interest income	11,687,624	7,723,196	2,936,303	22,347,123	1,763,009	811,572	2,343,014	582,241	1,407,564	(109,444)	29,145,079
Interest expense	(6,041,725)	(4,325,954)	(2,109,377)	(12,477,056)	(1,148,869)	(978,504)	(703,528)	(880,748)	(748,512)	(66,145)	(17,003,362)
Net fee and commission income(expenses)	427,004	252,118	489,161	1,168,283	742,613	(34,468)	613,721	(7,636)	1,213,154	(22,143)	3,673,524
Fee and commission income	612,643	403,042	587,135	1,602,820	981,954	20,658	1,740,517	5,478	1,364,830	(348,183)	5,368,074
Fee and commission expense	(185,639)	(150,924)	(97,974)	(434,537)	(239,341)	(55,126)	(1,126,796)	(13,114)	(151,676)	326,040	(1,694,550)
Net insurance income(expenses)	-	-	-	-	-	961,338	9,539	421,902	-	30,173	1,422,952
Insurance income	-	-	-	-	-	10,088,869	19,000	907,002	-	(36,063)	10,978,808
Insurance expense	-	-	-	-	-	(9,127,531)	(9,461)	(485,100)	-	66,236	(9,555,856)
Net gains(losses) on financial instruments at fair value through profit or loss	(6,449)	-	766,434	759,985	356,837	454,729	6,915	658,530	283,591	(357,522)	2,163,065
Net other insurance finance expense	-	-	-	-	-	(25,841)	-	(433,294)	-	-	(459,135)
Net other operating income(expenses)	(308,824)	794,583	(1,826,210)	(1,340,451)	6,391	(32,918)	(390,919)	(137,136)	(748,690)	(69,266)	(2,712,989)

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

(In millions of Korean won)

	2023										
	Banking business				Securities	Non-life insurance	Credit card	Life insurance	Others	Consolidation adjustments	Total
	Corporate banking	Retail banking	Other banking services	Sub-total							
General and administrative expenses	₩ (1,959,016)	₩ (1,952,434)	₩ (610,316)	₩ (4,521,766)	₩ (903,329)	₩ (142,165)	₩ (624,628)	₩ (99,663)	₩ (483,366)	₩ 127,511	₩ (6,647,406)
Operating income(expenses) before provision for credit losses	3,798,614	2,491,509	(354,005)	5,936,118	816,652	1,013,743	1,254,114	104,196	923,741	(466,836)	9,581,728
Reversal(provision) of credit losses	(1,563,255)	(92,464)	47,591	(1,608,128)	(144,016)	(13,988)	(826,922)	(2,190)	(554,176)	3,011	(3,146,409)
Net operating income(expenses)	2,235,359	2,399,045	(306,414)	4,327,990	672,636	999,755	427,192	102,006	369,565	(463,825)	6,435,319
Share of profit(loss) of associates and joint ventures	-	-	117	117	2,898	2,440	1,049	(135)	11,386	15,355	33,110
Net other non-operating income(expenses)	(14,754)	-	(83,576)	(98,330)	(190,199)	15,235	44,310	4,700	(11,162)	(62,534)	(297,980)
Segment profit(loss) before income tax expense	2,220,605	2,399,045	(389,873)	4,229,777	485,335	1,017,430	472,551	106,571	369,789	(511,004)	6,170,449
Income tax benefit(expense)	(633,917)	(633,348)	187,440	(1,079,825)	(102,705)	(264,250)	(121,333)	(24,338)	(64,432)	49,865	(1,607,018)
Profit(loss) for the year	₩ 1,586,688	₩ 1,765,697	₩ (202,433)	₩ 3,149,952	₩ 382,630	₩ 753,180	₩ 351,218	₩ 82,233	₩ 305,357	₩ (461,139)	₩ 4,563,431
Profit(loss) attributable to shareholders of the Parent Company	₩ 1,612,409	₩ 1,765,697	₩ (116,607)	₩ 3,261,499	₩ 389,618	₩ 752,901	₩ 351,133	₩ 82,233	₩ 303,578	₩ (509,030)	₩ 4,631,932
Profit(loss) attributable to non-controlling interests	(25,721)	-	(85,826)	(111,547)	(6,988)	279	85	-	1,779	47,891	(68,501)
Total assets *	221,851,975	165,821,667	142,339,211	530,012,853	61,266,989	37,729,688	29,365,575	31,953,218	63,413,640	(38,003,811)	715,738,152
Total liabilities *	201,871,592	203,560,029	88,032,505	493,464,126	54,967,833	31,474,133	24,545,751	27,823,185	25,562,612	(972,798)	656,864,842

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

(In millions of Korean won)

	2022										
	Banking business				Securities	Non-life insurance	Credit card	Life insurance	Others	Consolidation adjustments	Total
	Corporate banking	Retail banking	Other banking services	Sub-total							
Net operating revenues(expenses) from external customers	₩ 4,994,409	₩ 4,472,888	₩ (188,422)	₩ 9,278,875	₩ 1,124,822	₩ 737,135	₩ 1,785,413	₩ (59,645)	₩ 914,004	₩ -	₩ 13,780,604
Intersegment net operating revenues(expenses)	3,659	-	371,576	375,235	(36,806)	(60,610)	(154,740)	(22,761)	204,208	(304,526)	-
	₩ 4,998,068	₩ 4,472,888	₩ 183,154	₩ 9,654,110	₩ 1,088,016	₩ 676,525	₩ 1,630,673	₩ (82,406)	₩ 1,118,212	₩ (304,526)	₩ 13,780,604
Net interest income(expenses)	₩ 4,720,718	₩ 3,936,872	₩ 633,431	₩ 9,291,021	₩ 538,275	₩ (77,278)	₩ 1,474,209	₩ (271,951)	₩ 559,468	₩ 1,581	₩ 11,515,325
Interest income	7,831,383	5,763,852	1,763,466	15,358,701	1,156,586	709,224	1,983,828	573,663	1,064,529	(58,954)	20,787,577
Interest expense	(3,110,665)	(1,826,980)	(1,130,035)	(6,067,680)	(618,311)	(786,502)	(509,619)	(845,614)	(505,061)	60,535	(9,272,252)
Net fee and commission income(expenses)	385,884	261,350	449,374	1,096,608	784,748	(26,396)	519,502	(2,003)	1,145,308	(2,865)	3,514,902
Fee and commission income	546,634	415,858	567,666	1,530,158	979,215	23,282	1,617,446	7,270	1,301,764	(333,205)	5,125,930
Fee and commission expense	(160,750)	(154,508)	(118,292)	(433,550)	(194,467)	(49,678)	(1,097,944)	(9,273)	(156,456)	330,340	(1,611,028)
Net Insurance income(expenses)	-	-	-	-	-	990,971	10,593	309,316	-	211	1,311,091
Insurance income	-	-	-	-	-	9,271,948	19,702	817,486	-	(36,646)	10,072,490
Insurance expense	-	-	-	-	-	(8,280,977)	(9,109)	(508,170)	-	36,857	(8,761,399)
Net gains on financial instruments at fair value through profit or loss	73,680	-	136,901	210,581	(210,589)	(133,456)	1,725	(887,876)	21,844	(142,047)	(1,139,818)
Net other insurance finance expense	-	-	-	-	-	4,411	-	836,816	-	-	841,227
Net other operating income(expenses)	(182,214)	274,666	(1,036,552)	(944,100)	(24,418)	(81,727)	(375,356)	(66,708)	(608,408)	(161,406)	(2,262,123)

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

(In millions of Korean won)

	2022										
	Banking business				Securities	Non-life insurance	Credit card	Life insurance	Others	Consolidation adjustments	Total
Corporate banking	Retail banking	Other banking services	Sub-total								
General and administrative expenses	₩ (1,972,147)	₩ (2,092,770)	₩ (633,034)	₩ (4,697,951)	₩ (822,409)	₩ (134,380)	₩ (597,159)	₩ (45,892)	₩ (466,509)	₩ 120,646	₩ (6,643,654)
Operating income(expenses) before provision for credit losses	3,025,921	2,380,118	(449,880)	4,956,159	265,607	542,145	1,033,514	(128,298)	651,703	(183,880)	7,136,950
Reversal(provision) of credit losses	(778,260)	(281,868)	(61,042)	(1,121,170)	(28,425)	(17,978)	(500,453)	1,392	(178,173)	(2,968)	(1,847,775)
Net operating income(expenses)	2,247,661	2,098,250	(510,922)	3,834,989	237,182	524,167	533,061	(126,906)	473,530	(186,848)	5,289,175
Share of profit (loss) of associates and joint ventures	-	-	12,666	12,666	3,039	1,104	1,582	-	(7,965)	(39,181)	(28,755)
Net other non-operating income(expenses)	(13,317)	-	(24,548)	(37,865)	12,994	190,466	(7,197)	3,213	(4,717)	32,430	189,324
Segment profit (loss) before income tax expense	2,234,344	2,098,250	(522,804)	3,809,790	253,215	715,737	527,446	(123,693)	460,848	(193,599)	5,449,744
Income tax benefit(expense)	(732,211)	(522,478)	173,206	(1,081,483)	(64,300)	(158,169)	(144,443)	40,315	(113,458)	3,195	(1,518,343)
Profit (loss) for the year	₩ 1,502,133	₩ 1,575,772	₩ (349,598)	₩ 2,728,307	₩ 188,915	₩ 557,568	₩ 383,003	₩ (83,378)	₩ 347,390	₩ (190,404)	₩ 3,931,401
Profit(loss) attributable to shareholders of the Parent Company	₩ 1,505,240	1,575,772	₩ (84,997)	2,996,015	₩ 187,784	₩ 557,219	₩ 378,592	₩ (83,378)	₩ 343,859	₩ (227,099)	₩ 4,152,992
Profit(loss) attributable to non-controlling interests	(3,107)	-	(264,601)	(267,708)	1,131	349	4,411	-	3,531	36,695	(221,591)
Total assets *	211,989,036	165,273,848	140,506,628	517,769,512	53,824,245	34,743,259	29,721,017	29,989,683	60,219,661	(37,602,551)	688,664,826
Total liabilities *	205,382,625	191,786,626	86,877,002	484,046,253	47,946,933	29,017,685	24,998,214	26,172,406	25,973,897	(3,598,363)	634,557,025

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

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5.2 Services and Geographical Segments

5.2.1 Services information

Net operating revenues from external customers by service for the years ended December 31, 2023 and 2022, are as follows:

	2023		2022	
	₩		₩	
(In millions of Korean won)				
Banking service	₩	10,115,516	₩	9,278,875
Securities service		1,667,041		1,124,822
Non-life insurance service		1,173,901		737,135
Credit card service		2,026,032		1,785,413
Life insurance service		187,650		(59,645)
Others		1,058,994		914,004
	₩	<u>16,229,134</u>	₩	<u>13,780,604</u>

5.2.2 Geographical information

Geographical net operating revenues from external customers for the years ended December 31, 2023 and 2022, and major non-current assets as of December 31, 2023 and 2022, are as follows:

	Net operating revenues from external customers				Major non-current assets			
	2023		2022		December 31, 2023		December 31, 2022	
	₩		₩		₩		₩	
(In millions of Korean won)								
Domestic	₩	14,813,546	₩	12,563,066	₩	9,851,765	₩	8,355,707
United States		75,944		101,726		55,125		55,257
New Zealand		12,611		12,378		1,051		1,382
China		177,175		170,239		21,138		19,715
Cambodia		572,858		546,258		53,322		46,060
United Kingdom		52,372		31,685		4,616		5,808
Indonesia		327,599		231,694		418,115		421,982
Others		197,029		123,558		32,405		536,794
Consolidation adjustments		-		-		568,804		555,572
	₩	<u>16,229,134</u>	₩	<u>13,780,604</u>	₩	<u>11,006,341</u>	₩	<u>9,998,277</u>

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, 2023 and 2022, are as follows:

	December 31, 2023			
	Carrying amount		Fair value	
	₩		₩	
(In millions of Korean won)				
Financial assets				
Cash and due from financial institutions	₩	29,836,311	₩	29,833,886
Financial assets at fair value through profit or loss:				
Due from financial institutions		77,038,267		77,038,267
Debt securities		79,811		79,811
Equity securities		72,658,432		72,658,432
Loans		4,022,555		4,022,555
Others		183,726		183,726
Derivatives held for trading		93,743		93,743
Derivatives held for hedging		5,777,682		5,777,682
Loans measured at amortized cost		379,946		379,946
Securities measured at amortized cost		444,805,287		445,144,428
Financial assets at fair value through other comprehensive income:				
Debt securities		39,701,389		38,763,702
Equity securities		82,498,140		82,498,140
Loans		78,926,437		78,926,437
Other financial assets		2,770,653		2,770,653
		801,050		801,050
		16,544,513		16,544,513
	₩	<u>696,581,535</u>	₩	<u>695,980,564</u>
Financial liabilities				
Financial liabilities at fair value through profit or loss	₩	2,953,472	₩	2,953,472
Financial liabilities designated at fair value through profit or loss		7,966,963		7,966,963
Derivatives held for trading		5,966,512		5,966,512
Derivatives held for hedging		244,127		244,127
Deposits		406,512,434		406,711,081
Borrowings		69,583,561		69,390,346
Debentures		69,176,668		68,975,750
Other financial liabilities		37,416,916		37,416,916
	₩	<u>599,820,653</u>	₩	<u>599,625,167</u>

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

(In millions of Korean won)

	December 31, 2022			
	Carrying amount		Fair value	
Financial assets				
Cash and due from financial institutions	₩	32,474,750	₩	32,403,730
Financial assets at fair value through profit or loss:				
Due from financial institutions		70,092,497		70,092,497
Debt securities		69,469		69,469
Equity securities		65,899,397		65,899,397
Loans		3,540,063		3,540,063
Others		493,562		493,562
Derivatives held for trading		90,006		90,006
Derivatives held for hedging		8,984,171		8,984,171
Loans measured at amortized cost		462,409		462,409
Securities measured at amortized cost		433,038,931		430,396,089
Financial assets at fair value through other comprehensive income:				
Debt securities		79,533,418		79,533,418
Equity securities		76,648,353		76,648,353
Loans		2,335,793		2,335,793
Other financial assets		549,272		549,272
	₩	10,718,383	₩	10,718,383
	₩	671,223,800	₩	666,183,928
Financial liabilities				
Financial liabilities at fair value through profit or loss	₩	2,193,210	₩	2,193,210
Financial liabilities designated at fair value through profit or loss				
Derivatives held for trading		10,078,394		10,078,394
Derivatives held for hedging		9,209,537		9,209,537
Deposits		300,232		300,232
Borrowings		393,928,904		393,458,279
Debentures		71,717,366		71,187,130
Other financial liabilities		68,698,203		67,036,661
		26,163,138		26,163,138
	₩	582,288,984	₩	579,626,581

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, 2023 and 2022, are as follows: (cont'd)

Methods of determining fair value of financial instruments are as follows:

Cash and due from financial institutions	Fair value of cash is same as carrying amount. Carrying amount of demand deposit and settlement deposit is a reasonable approximation of fair value because these financial instruments do not have a fixed maturity and are receivable on demand. Fair value of general deposit is measured using Discounted Cash Flow ("DCF") Model.
Securities	Fair value of securities and others that are traded in an active market is determined using the quoted prices. If there is no quoted price, fair value is determined using external professional valuation institutions. The institutions use one or more valuation techniques that are deemed appropriate considering the characteristics of the financial instruments among DCF Model, Free Cash Flow to Equity Model, Comparable Company Analysis, Dividend Discount Model, Risk Adjusted Discount Rate Method, and Net Asset Value Method.
Loans	Fair value of loans is determined using DCF Model discounting the expected cash flows, which are contractual cash flows adjusted by the expected prepayment rate, at an appropriate discount rate.
Derivatives and financial instruments at fair value through profit or loss	Fair value of exchange traded derivatives is determined using quoted price in an active market, and fair value of OTC derivatives is determined using valuation techniques. The Group uses internally developed valuation models that are widely used by market participants to determine fair value of plain vanilla OTC derivatives including options, interest rate swaps, and currency swaps, based on observable market parameters. However, some complex financial instruments are valued using appropriate models developed from generally accepted market valuation models including Finite Difference Method ("FDM"), MonteCarlo Simulation, Black-Scholes Model, Hull-white Model, Closed Form, and Tree Model or valuation results from independent external professional valuation institutions.
Deposits	Carrying amount of demand deposits is a reasonable approximation of fair value because they do not have a fixed maturity and are payable on demand. Fair value of time deposits is determined using DCF Model discounting the expected cash flows, which are contractual cash flows adjusted by the expected prepayment rate, at an appropriate discount rate.
Borrowings	Carrying amount of overdrafts in foreign currency is a reasonable approximation of fair value because they do not have a fixed maturity and are payable on demand. Fair value of other borrowings is determined using DCF Model.
Debentures	Fair value is determined using valuation results of external professional valuation institutions, which are calculated using market inputs.
Other financial assets and other financial liabilities	Carrying amount is a reasonable approximation of fair value because other financial assets and other financial liabilities are temporary accounts used for other various transactions and their maturities are relatively short or not defined.

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6.1.2 Fair value hierarchy

The Group believes that valuation techniques used for measuring the fair value of financial instruments are reasonable and that the fair value recognized in the consolidated statement of financial position is appropriate. However, the fair value of the financial instruments recognized in the consolidated statement of financial position may be different if other valuation techniques or assumptions are used. Additionally, as there are a variety of valuation techniques and assumptions used in measuring fair value, it may be difficult to reasonably compare the fair value with that of other financial institutions.

The Group classifies and discloses fair value of the financial instruments into the three fair value levels as follows:

Level 1: The fair values are based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: The fair values are based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: The fair values are based on unobservable inputs for the asset or liability.

The fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. If an observable input requires an adjustment using an unobservable input and that adjustment results in a significantly higher or lower fair value measurement, the resulting measurement would be categorized within Level 3 of the fair value hierarchy.

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, 2023 and 2022, are as follows:

(In millions of Korean won)

	December 31, 2023			Total
	Fair value hierarchy			
	Level 1	Level 2	Level 3 *	
Financial assets				
Financial assets at fair value through profit or loss:	₩ 20,695,760	₩ 38,118,478	₩ 18,224,029	₩ 77,038,267
Due from financial institutions	-	26,020	53,791	79,811
Debt securities	18,541,335	37,663,855	16,453,242	72,658,432
Equity securities	2,060,682	428,367	1,533,506	4,022,555
Loans	-	236	183,490	183,726
Others	93,743	-	-	93,743
Derivatives held for trading	58,948	5,624,691	94,043	5,777,682
Derivatives held for hedging	-	379,946	-	379,946
Financial assets at fair value through other comprehensive income:	38,630,447	42,416,785	1,450,908	82,498,140
Debt securities	37,921,922	41,004,515	-	78,926,437
Equity securities	708,525	611,220	1,450,908	2,770,653
Loans	-	801,050	-	801,050
	₩ 59,385,155	₩ 86,539,900	₩ 19,768,980	₩ 165,694,035
Financial liabilities				
Financial liabilities at fair value through profit or loss	₩ 2,953,472	₩ -	₩ -	₩ 2,953,472
Financial liabilities designated at fair value through profit or loss	56,686	881,791	7,028,486	7,966,963
Derivatives held for trading	104,866	5,100,869	760,777	5,966,512
Derivatives held for hedging	-	244,127	-	244,127
	₩ 3,115,024	₩ 6,226,787	₩ 7,789,263	₩ 17,131,074

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6.1.2.1 Fair value hierarchy of financial assets and liabilities at fair value in the consolidated statements of financial position (cont'd)

(In millions of Korean won)

	December 31, 2022			
	Fair value hierarchy			Total
	Level 1	Level 2	Level 3 *	
Financial assets				
Financial assets at fair value through profit or loss:	₩ 18,209,969	₩ 35,208,843	₩ 16,673,685	₩ 70,092,497
Due from financial institutions	-	24,444	45,025	69,469
Debt securities	16,240,223	34,425,619	15,233,555	65,899,397
Equity securities	1,879,740	414,291	1,246,032	3,540,063
Loans	-	344,489	149,073	493,562
Others	90,006	-	-	90,006
Derivatives held for trading	182,019	8,678,896	123,256	8,984,171
Derivatives held for hedging	-	462,409	-	462,409
Financial assets at fair value through other comprehensive income:				
Debt securities	32,141,450	45,933,688	1,458,280	79,533,418
Equity securities	31,528,524	45,119,829	-	76,648,353
Loans	612,926	264,587	1,458,280	2,335,793
Loans	-	549,272	-	549,272
	₩ 50,533,438	₩ 90,283,836	₩ 18,255,221	₩ 159,072,495
Financial liabilities				
Financial liabilities at fair value through profit or loss	₩ 2,193,210	₩ -	₩ -	₩ 2,193,210
Financial liabilities designated at fair value through profit or loss	35,687	1,811,404	8,231,303	10,078,394
Derivatives held for trading	442,042	7,984,424	783,071	9,209,537
Derivatives held for hedging	-	300,232	-	300,232
	₩ 2,670,939	₩ 10,096,060	₩ 9,014,374	₩ 21,781,373

* Includes KB Securities Co., Ltd.'s OTC derivatives consisting of ₩ 696,910 million and ₩ 404,334 million of financial assets at fair value through profit or loss (debt instruments), ₩ 7,037,371 and ₩ 8,241,509 million of financial liabilities designated at fair value through profit or loss, ₩ 91,629 and ₩ 120,775 million of derivative financial assets, and ₩ 755,554 and ₩ 777,542 million of derivative financial liabilities as of December 31, 2023 and 2022.

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, 2023 and 2022, are as follows:

(In millions of Korean won)

	December 31, 2023		
	Fair value	Valuation techniques	Inputs
Financial assets			
Financial assets at fair value through profit or loss:	₩ 38,118,478		
Due from financial institutions	26,020	DCF Model, Hull-white Model	Projected cash flow, Discount rate, Volatility, Correlation coefficient
Debt securities	37,663,855	DCF Model, Closed Form, MonteCarlo Simulation, Black-Scholes Model, Hull-white Model, Net Asset Value Method, Binomial Model, and others	Projected cash flow, Fair value of underlying asset, Dividend yield, Price of underlying asset, Interest rate, Discount rate, Volatility, Correlation coefficient, and others
Equity securities	428,367	DCF Model	Interest rate, Discount rate, and others
Loans	236	DCF Model	Interest rate, Discount rate, and others
Derivatives held for trading	5,624,691	DCF Model, Closed Form, FDM, MonteCarlo Simulation, Black-Scholes Model, Hull-white Model, Binomial Model, Option Model, and others	Price of underlying asset, Underlying asset index, Interest rate, Dividend yield, Volatility, Foreign exchange rate, Discount rate, and others
Derivatives held for hedging	379,946	DCF Model, Closed Form, FDM	Projected cash flow, Discount rate, Forward foreign exchange rate, Volatility, Foreign exchange rate, CRS interest rate, and others
Financial assets at fair value through other comprehensive income:	42,416,785		
Debt securities	41,004,515	DCF Model, Option Model	Underlying asset index, Discount rate, and others
Equity securities	611,220	DCF Model	Discount rate
Loans	801,050	DCF Model	Discount rate
	₩ 86,539,900		
Financial liabilities			
Financial liabilities designated at fair value through profit or loss	₩ 881,791	DCF Model, Closed Form, MonteCarlo Simulation, Black-Scholes Model, Hull-white Model, Binomial Model, Net Asset Value Method	Price of underlying asset, Interest rate, Dividend yield, Volatility, Discount rate, Foreign exchange rate
Derivatives held for trading	5,100,869	DCF Model, Closed Form, MonteCarlo Simulation, Black-Scholes Model, Hull-white Model, Binomial Model, and others	Interest rate, Price of underlying asset, Foreign exchange rate, Credit spread, Discount rate, Volatility, and others
Derivatives held for hedging	244,127	DCF Model, Closed Form, FDM	Projected cash flow, Discount rate, Forward foreign exchange rate, Volatility, Foreign exchange rate, Risk free interest rate, and others
	₩ 6,226,787		

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6.1.2.1 Fair value hierarchy of financial assets and liabilities at fair value in the consolidated statements of financial position (cont'd)

(In millions of Korean won)

	December 31, 2022		
	Fair value	Valuation techniques	Inputs
Financial assets			
Financial assets at fair value through profit or loss:	₩ 35,208,843		
Due from financial institutions	24,444	DCF Model, Hull-white Model	Projected cash flow, Discount rate, Volatility, Correlation coefficient
Debt securities	34,425,619	DCF Model, Hull-white Model, Closed Form, MonteCarlo Simulation, Black-Scholes Model, Net Asset Value Method, Binomial Model, and others	Projected cash flow, Fair value of underlying asset, Dividend yield, Price of underlying asset, Interest rate, Discount rate, Volatility, Correlation coefficient, and others
Equity securities	414,291	DCF Model	Interest rate, Discount rate, and others
Loans	344,489	DCF Model	Interest rate, Discount rate, and others
Derivatives held for trading	8,678,896	DCF Model, Closed Form, FDM, MonteCarlo Simulation, Black-Scholes Model, Hull-white Model, Binomial Model, and others	Interest rate, Price of underlying asset, Foreign exchange rate, Credit spread, Discount rate, Volatility, and others
Derivatives held for hedging	462,409	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:	45,933,688		
Debt securities	45,119,829	DCF Model, Market Value Approach, Option Model	Underlying asset index, Interest rate, Discount rate, and others
Equity securities	264,587	DCF Model	Discount rate
Loans	549,272	DCF Model	Discount rate
	₩ 90,283,836		
Financial liabilities			
Financial liabilities designated at fair value through profit or loss	₩ 1,811,404	DCF Model, Closed Form, MonteCarlo Simulation, Black-Scholes Model, Hull-white Model, Binomial Model, Net Asset Value Method	Price of underlying asset, Interest rate, Dividend yield, Volatility, Discount rate, Foreign exchange rate
Derivatives held for trading	7,984,424	DCF Model, Closed Form, MonteCarlo Simulation, Black-Scholes Model, Hull-white Model, Binomial Model, and others	Interest rate, Price of underlying asset, Foreign exchange rate, Credit spread, Discount rate, Volatility, and others
Derivatives held for hedging	300,232	DCF Model, Closed Form, FDM	Projected cash flow, Discount rate, Forward foreign exchange rate, Volatility, Foreign exchange rate, Risk free interest rate and others
	₩ 10,096,060		

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, 2023 and 2022, are as follows:

(In millions of Korean won)

	December 31, 2023			
	Fair value hierarchy			Total
	Level 1	Level 2	Level 3	
Financial assets				
Cash and due from financial institutions ¹	₩ 2,775,618	₩ 24,501,232	₩ 2,557,036	₩ 29,833,886
Loans measured at amortized cost	-	145,330	444,999,098	445,144,428
Securities measured at amortized cost ²	4,328,010	34,410,808	24,884	38,763,702
Other financial assets ²	-	-	16,544,513	16,544,513
	₩ 7,103,628	₩ 59,057,370	₩ 464,125,531	₩ 530,286,529
Financial liabilities				
Deposits ¹	₩ -	₩ 167,135,143	₩ 239,575,938	₩ 406,711,081
Borrowings ³	-	5,835,132	63,555,214	69,390,346
Debentures	-	61,678,464	7,297,286	68,975,750
Other financial liabilities ²	-	-	37,416,916	37,416,916
	₩ -	₩ 234,648,739	₩ 347,845,354	₩ 582,494,093

(In millions of Korean won)

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

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 ₩ 38,191 million and ₩ 18,266 million included in Level 2 are the carrying amounts which are reasonable approximations of fair value as of December 31, 2023 and 2022, respectively.

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6.1.2.2 Fair value hierarchy of financial assets and liabilities whose fair value is disclosed (cont'd)

For financial assets and liabilities whose carrying amount is a reasonable approximation of fair value, valuation techniques and inputs are not disclosed.

Valuation techniques and inputs of financial assets and liabilities classified as Level 2, and whose fair value is disclosed as of December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

	December 31, 2023		
	Fair value	Valuation techniques	Inputs
Financial assets			
Loans measured at amortized cost	₩ 145,330	DCF Model	Discount rate
Securities measured at amortized cost	34,410,808	DCF Model, MonteCarlo Simulation	Discount rate, Interest rate
	<u>₩ 34,556,138</u>		
Financial liabilities			
Borrowings	₩ 5,796,941	DCF Model	Discount rate
Debentures	61,678,464	DCF Model	Discount rate
	<u>₩ 67,475,405</u>		

(In millions of Korean won)

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

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, 2023 and 2022, are as follows:

(In millions of Korean won)

	December 31, 2023		
	Fair value	Valuation techniques	Inputs
Financial assets			
Cash and due from financial institutions	₩ 2,557,036	DCF Model	Credit spread, Other spread, Interest rate
Loans measured at amortized cost	444,999,098	DCF Model	Credit spread, Other spread, Prepayment rate, Interest rate
	<u>₩ 447,556,134</u>		
Financial liabilities			
Deposits	₩ 239,575,938	DCF Model	Other spread, Prepayment rate, Interest rate
Borrowings	63,555,214	DCF Model	Other spread, Interest rate
Debentures	7,297,286	DCF Model	Other spread, Interest rate
	<u>₩ 310,428,438</u>		

(In millions of Korean won)

	December 31, 2022		
	Fair value	Valuation techniques	Inputs
Financial assets			
Cash and due from financial institutions	₩ 2,740,774	DCF Model	Credit spread, Other spread, Interest rate
Loans measured at amortized cost	430,332,305	DCF Model	Credit spread, Other spread, Prepayment rate, Interest rate
	<u>₩ 433,073,079</u>		
Financial liabilities			
Deposits	₩ 224,537,840	DCF Model	Other spread, Prepayment rate, Interest rate
Borrowings	65,099,007	DCF Model	Other spread, Interest rate
Debentures	7,763,934	DCF Model	Other spread, Interest rate
	<u>₩ 297,400,781</u>		

6.2 Disclosure of Fair Value Hierarchy Level 3

6.2.1 Valuation policy and process of Level 3 fair value

The Group uses external, independent and qualified valuation service in addition to internal valuation models to determine the fair value of financial instruments at the end of every reporting period.

If the changes in situation and events which cause transfers between the fair value hierarchy level for a financial asset or liability occur, the Group's policy is to recognize such transfers as having occurred at the beginning of the reporting period.

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6.2.2 Changes in fair value (Level 3) measured using valuation technique based on unobservable inputs in the market

6.2.2.1 Changes in financial instruments classified as Level 3 of the fair value hierarchy for the years ended December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

	2023							
	Financial assets at fair value through profit or loss			Financial investments		Financial liabilities at fair value through profit or loss	Net derivative financial instruments	
	Due from financial institutions measured at fair value through profit or loss	Securities measured at fair value through profit or loss	Loans measured at fair value through profit or loss	Equity securities measured at fair value through other comprehensive income	Loans measured at fair value through other comprehensive income	Financial liabilities designated at fair value through profit or loss	Derivatives held for trading	
Beginning	₩ 45,025	₩ 16,479,588	₩ 149,074	₩ 1,458,280	₩ -	₩ (8,231,303)	₩ (659,816)	
Total gains or losses:								
Profit or loss	8,766	347,251	(11,954)	-	-	(338,726)	(74,870)	
Other comprehensive income (loss)	-	-	-	(65,983)	-	(32,370)	-	
Purchases	-	3,448,093	50,435	98,697	-	-	11,646	
Sales	-	(2,222,518)	(4,065)	(40,086)	-	-	(6,654)	
Issues	-	-	-	-	-	(4,431,945)	(6,275)	
Settlements	-	-	-	-	-	6,005,858	69,235	
Transfers into Level 3 *	-	13,027	-	-	-	-	-	
Transfers out of Level 3 *	-	(78,693)	-	-	-	-	-	
Ending	₩ 53,791	₩ 17,986,748	₩ 183,490	₩ 1,450,908	₩ -	₩ (7,028,486)	₩ (666,734)	

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6.2.2.1 Changes in financial instruments classified as Level 3 of the fair value hierarchy for the years ended December 31, 2023 and 2022, are as follows: (cont'd)

(In millions of Korean won)

	2022							
	Financial assets at fair value through profit or loss			Financial investments		Financial liabilities at fair value through profit or loss	Net derivative financial instruments	
	Due from financial institutions	Securities	Loans	Equity securities	Loans	Financial liabilities	Derivatives	
	measured at fair value through profit or loss	measured at fair value through profit or loss	measured at fair value through profit or loss	measured at fair value through other comprehensive income	measured at fair value through other comprehensive income	designated at fair value through profit or loss	held for trading	
Beginning	₩ 72,016	₩ 13,677,260	₩ 93,929	₩ 1,444,435	₩ 13,970	₩ (7,817,514)	₩	35,405
Total gains or losses:								
Profit or loss	(6,991)	(164,646)	20,306	-	-	561,996		(663,229)
Other comprehensive income (loss)	-	(56,502)	-	(3,457)	130	60,520		-
Purchases	-	4,519,870	45,486	46,041	-	-		23,526
Sales	(20,000)	(1,373,459)	(10,647)	(28,739)	(14,100)	-		(59,178)
Issues	-	-	-	-	-	(5,222,820)		(14,796)
Settlements	-	(61,055)	-	-	-	4,186,515		18,456
Transfers into Level 3 *	-	27,120	-	-	-	-		-
Transfers out of Level 3 *	-	(89,000)	-	-	-	-		-
Ending	₩ 45,025	₩ 16,479,588	₩ 149,074	₩ 1,458,280	₩ -	₩ (8,231,303)	₩	(659,816)

* Transfers into or out of Level 3 of the fair value hierarchy occurred due to the change in the availability of observable market data.

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6.2.2.2 In relation to changes in financial instruments classified as Level 3 of the fair value hierarchy, total gains or losses recognized in profit or loss for the period, and total gains or losses recognized in profit or loss from financial instruments held at the end of the reporting period for the years ended December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

	2023			2022		
	Net gains on financial instruments at fair value through profit or loss	Other operating income	Net interest income	Net gains on financial instruments at fair value through profit or loss	Other operating income	Net interest income
Total gains (losses) recognized in profit or loss for the period	₩ (107,729)	₩ 38,196	₩ -	₩ (376,605)	₩ 124,041	₩ -
Total gains (losses) recognized in profit or loss from financial instruments held at the end of the reporting period	267,666	56,810	-	(210,742)	73,711	-

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, 2023 and 2022, are as follows:

(In millions of Korean won)

	December 31, 2023				
	Fair value	Valuation techniques	Unobservable inputs	Range of unobservable inputs (%)	Relationship of unobservable inputs to fair value
Financial assets					
Financial assets at fair value through profit or loss:					
Due from financial institutions	₩ 53,791	Hull-white Model	Interest rate	3.20	The lower the interest rate, the higher the fair value
Debt securities	16,453,242	DCF Model, Closed Form, FDM, MonteCarlo Simulation, Hull-white Model, Black-Scholes Model, Option Model, Binomial Model, Net Asset Value Method, Milestone Method, Income Approach, Market Value Approach, and others	Growth rate	1.00 ~ 3.00	The higher the growth rate, the higher the fair value
			Volatility	14.01 ~ 76.22	The higher the volatility, the higher the fair value fluctuation
			Discount rate	2.48 ~ 16.27	The lower the discount rate, the higher the fair value
			Volatility of Stock price	10.00 ~ 32.55	The higher the volatility, the higher the fair value fluctuation
			Correlation coefficient between underlying assets	-60.02 ~ 89.73	The higher the correlation coefficient, the higher the fair value fluctuation
			Liquidation value	-1.00 ~ 1.00	The higher the liquidation value, the higher the fair value
			Recovery rate	40.00	The higher the recovery rate, the higher the fair value
			Rate of real estate price fluctuation	-1.00 ~ 1.00	The higher the sale price of real estate, the higher the fair value
Equity securities	1,533,506	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 ~ 1.00	The higher the growth rate, the higher the fair value
			Discount rate	2.15 ~ 38.00	The lower the discount rate, the higher the fair value
			Volatility	0.51 ~ 45.50	The higher the volatility, the higher the fair value fluctuation
Loans	183,490	DCF Model	Discount rate	9.87	The lower the discount rate, the higher the fair value

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

(In millions of Korean won)

		December 31, 2023				
	Fair value	Valuation techniques	Unobservable inputs	Range of unobservable inputs (%)	Relationship of unobservable inputs to fair value	
Derivatives held for trading:						
Stock and index	₩ 72,540	DCF Model, Closed Form, MonteCarlo Simulation, Hull-white Model, Black-Scholes Model, Binomial Model, Net Asset Value Method	Volatility of underlying asset Correlation coefficient	13.79 ~ 52.45 -60.02 ~ 77.96	The higher the volatility, the higher the fair value fluctuation The higher the correlation coefficient, the higher the fair value fluctuation	
Currency, interest rate, and others	21,503	DCF Model, Hull-white Model, MonteCarlo Simulation, Closed Form	Volatility Correlation coefficient	9.10 ~ 107.11 60.17 ~ 78.88	The higher the volatility, the higher the fair value fluctuation The higher the correlation coefficient, the higher the fair value fluctuation	
Financial assets at fair value through other comprehensive income:						
Equity securities	1,450,908	DCF Model, Comparable Company Analysis, Risk Adjusted Discount Rate Method, IMV Model, Income Approach, Net Asset Value Method, Market Value Approach, and others	Growth rate Discount rate Volatility	0.00 ~ 2.00 8.83 ~ 19.90 20.60 ~ 27.96	The higher the growth rate, the higher the fair value The lower the discount rate, the higher the fair value The higher the volatility, the higher the fair value fluctuation	
	<u>₩ 19,768,980</u>					

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

(In millions of Korean won)

		December 31, 2023				
	Fair value	Valuation techniques	Unobservable inputs	Range of unobservable inputs (%)	Relationship of unobservable inputs to fair value	
Financial liabilities						
Financial liabilities designated at fair value through profit or loss:						
Derivative-linked securities	₩ 7,028,486	DCF Model, Closed Form, MonteCarlo Simulation, Black-Scholes Model, Hull-white Model, Net Asset Value Method, and others	Volatility of underlying asset Correlation coefficient	1.00 ~ 107.11 -60.02 ~ 89.73	The higher the volatility, the higher the fair value fluctuation The higher the correlation coefficient, the higher the fair value fluctuation	
Derivatives held for trading:						
Stock and index	437,662	DCF Model, Closed Form, MonteCarlo Simulation, Black-Scholes Model, Hull-white Model, Net Asset Value Method, and others	Volatility of underlying asset Correlation coefficient	13.79 ~ 52.45 -60.02 ~ 77.96	The higher the volatility, the higher the fair value fluctuation The higher the correlation coefficient, the higher the fair value fluctuation	
Others	323,115	DCF Model, Hull-white Model, MonteCarlo Simulation, Closed Form	Discount rate Volatility of underlying asset Correlation coefficient between underlying assets	5.07 ~ 5.19 4.49 ~ 107.11 -60.02 ~ 89.73	The lower the discount rate, the higher the fair value The higher the volatility, the higher the fair value fluctuation The higher the correlation coefficient, the higher the fair value fluctuation	
	<u>₩ 7,789,263</u>					

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

(In millions of Korean won)

		December 31, 2022				
		Fair value	Valuation techniques	Unobservable inputs	Range of unobservable inputs (%)	Relationship of unobservable inputs to fair value
Financial assets						
Financial assets at fair value through profit or loss:						
Due from financial institutions	₩	45,025	Hull-white Model	Interest rate	0.86	The lower the interest rate, the higher the fair value
Debt securities		15,233,555	DCF Model, Closed Form, MonteCarlo Simulation, Hull-white Model, Black-Scholes Model, Option Model, Binomial Model, Net Asset Value Method, Milestone Method, Income Approach, Market Value Approach, and others	Growth rate	0.00 ~ 3.00	The higher the growth rate, the higher the fair value
				Volatility	0.24 ~ 37.39	The higher the volatility, the higher the fair value fluctuation
				Discount rate	1.54 ~15.75	The lower the discount rate, the higher the fair value
				Correlation coefficient between underlying assets	-60.10 ~ 93.32	The higher the correlation coefficient, the higher the fair value fluctuation
				Liquidation value	-1.00 ~ 1.00	The higher the liquidation value, the higher the fair value
				Recovery rate	40.00	The higher the recovery rate, the higher the fair value
				Rate of real estate price fluctuation	-1.00 ~ 1.00	The higher the sale price of real estate, the higher the fair value
				Volatility of Stock price	18.87 ~ 19.48	The higher the volatility, the higher the fair value fluctuation
Equity securities		1,246,032	Income Approach, Market Value Approach, Asset Value Approach, DCF Model, Comparable Company Analysis, Risk Adjusted Discount Rate Method, Dividend Discount Model, Usage of Past Transactions, Binomial Model, and others	Growth rate	0.00 ~ 4.00	The higher the growth rate, the higher the fair value
				Discount rate	8.00 ~ 23.00	The lower the discount rate, the higher the fair value
				Volatility	16.80 ~ 25.50	The higher the volatility, the higher the fair value fluctuation
Loans		149,073	DCF Model	Discount rate	9.91	The lower the discount rate, the higher the fair value

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

(In millions of Korean won)

		December 31, 2022				
		Fair value	Valuation techniques	Unobservable inputs	Range of unobservable inputs (%)	Relationship of unobservable inputs to fair value
Derivatives held for trading:						
Stock and index	₩	79,297	DCF Model, Closed Form, MonteCarlo Simulation, Hull-white Model, Black-Scholes Model, Binomial Model	Volatility of underlying asset	10.00 ~ 58.84	The higher the volatility, the higher the fair value fluctuation
				Correlation coefficient	-60.10 ~ 79.72	The higher the correlation coefficient, the higher the fair value fluctuation
Currency, interest rate, and others		43,959	DCF Model, Hull-white Model, MonteCarlo Simulation, Closed Form	Volatility	9.77 ~ 32.92	The higher the volatility, the higher the fair value fluctuation
				Correlation coefficient	8.42 ~ 93.32	The higher the correlation coefficient, the higher the fair value fluctuation
Financial assets at fair value through other comprehensive income:						
Equity securities		1,458,280	Risk Adjusted Discount Rate Method, IMV Model, DCF Model, Comparable Company Analysis, Net Asset Value Method, Market Value Approach, and others	Growth rate	0.00 ~2.00	The higher the growth rate, the higher the fair value
				Discount rate	7.96 ~ 19.14	The lower the discount rate, the higher the fair value
				Volatility of Stock price	23.36 ~25.49	The higher the volatility, the higher the fair value fluctuation
				Volatility of interest rate	56.32~121.17	The higher the volatility, the higher the fair value fluctuation
				<u>₩ 18,255,221</u>		

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

(In millions of Korean won)

	December 31, 2022				Relationship of unobservable inputs to fair value
	Fair value	Valuation techniques	Unobservable inputs	Range of unobservable inputs (%)	
Financial liabilities					
Financial liabilities designated at fair value through profit or loss:					
Derivative-linked securities	₩ 8,231,303	DCF Model, Closed Form, MonteCarlo Simulation, Hull-white Model, Black-Scholes Model, Net Asset Value Method, and others	Volatility of underlying asset Correlation coefficient between underlying assets	1.00 ~ 119.27 -60.10 ~ 93.32	The higher the volatility, the higher the fair value fluctuation The higher the correlation coefficient, the higher the fair value fluctuation
Derivatives held for trading:					
Stock and index	370,093	DCF Model, Closed Form, MonteCarlo Simulation, Hull-white Model, Black-Scholes Model, Net Asset Value Method, and others	Volatility of underlying asset Correlation coefficient between underlying assets	0.09 ~ 119.27 -60.10 ~ 79.72	The higher the volatility, the higher the fair value fluctuation The higher the correlation coefficient, the higher the fair value fluctuation
Others	412,978	DCF Model, Hull-white Model, MonteCarlo Simulation, Closed Form	Discount rate Volatility of underlying asset Correlation coefficient between underlying assets	4.83 ~ 6.85 8.68 ~ 119.27 -50.43 ~ 93.32	The lower the discount rate, the higher the fair value The higher the volatility, the higher the fair value fluctuation The higher the correlation coefficient, the higher the fair value fluctuation
	<u>₩ 9,014,374</u>				

6.2.3.2 Sensitivity analysis of changes in unobservable inputs

Sensitivity analysis of financial instruments is performed to measure favorable and unfavorable changes in fair value of financial instruments which are affected by unobservable parameters, using a statistical technique. When the fair value is affected by more than one input parameter, the amounts represent the most favorable or most unfavorable outcome. Level 3 financial instruments subject to sensitivity analysis are (a) equity-related derivatives, currency-related derivatives, and interest rate related derivatives whose fair value changes are recognized in profit or loss, (b) financial liabilities designated at fair value through profit or loss, and (c) due from financial institutions, debt securities (including beneficiary certificates), equity securities, and loans whose fair value changes are recognized in profit or loss or other comprehensive income or loss.

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

(In millions of Korean won)

	December 31, 2023			
	Profit or loss		Other comprehensive income or loss	
	Favorable changes	Unfavorable changes	Favorable changes	Unfavorable changes
Financial assets				
Financial assets at fair value through profit or loss: ¹				
Due from financial institutions	₩ 211	₩ (224)	₩ -	₩ -
Debt securities ⁴	94,310	(94,063)	-	-
Equity securities ³	25,683	(17,107)	-	-
Loans ⁵	2,218	(2,010)	-	-
Derivatives held for trading ²	8,150	(8,723)	-	-
Financial assets at fair value through other comprehensive income:				
Equity securities ³	-	-	95,829	(56,625)
	<u>₩ 130,572</u>	<u>₩ (122,127)</u>	<u>₩ 95,829</u>	<u>₩ (56,625)</u>
Financial liabilities				
Financial liabilities designated at fair value through profit or loss ¹				
Derivatives held for trading ²	₩ 43,114	₩ (42,487)	₩ -	₩ -
	<u>₩ 17,983</u>	<u>₩ (19,125)</u>	<u>₩ -</u>	<u>₩ -</u>
	<u>₩ 61,097</u>	<u>₩ (61,612)</u>	<u>₩ -</u>	<u>₩ -</u>

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

(In millions of Korean won)

	December 31, 2022			
	Profit or loss		Other comprehensive income or loss	
	Favorable changes	Unfavorable changes	Favorable changes	Unfavorable changes
Financial assets				
Financial assets at fair value through profit or loss: ¹				
Due from financial institutions	₩ 221	₩ (247)	₩ -	₩ -
Debt securities ⁴	19,034	(19,765)	-	-
Equity securities ³	34,564	(25,586)	-	-
Loans ⁵	2,276	(2,055)	-	-
Derivatives held for trading ²	18,076	(19,034)	-	-
Financial assets at fair value through other comprehensive income:				
Equity securities ³	-	-	179,307	(82,595)
	₩ 74,171	₩ (66,687)	₩ 179,307	₩ (82,595)
Financial liabilities				
Financial liabilities designated at fair value through profit or loss ¹				
Derivatives held for trading ²	₩ 94,001	₩ (97,663)	₩ -	₩ -
	₩ 48,768	₩ (46,427)	-	-
	₩ 142,769	₩ (144,090)	₩ -	₩ -

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 $\pm 1\%$ and volatility of underlying asset, growth rate by $\pm 1\%$ 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% ~ 1%) and growth rate (-1% ~ 1%).

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% ~ 1% , 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% ~ 1% and discount rate by -1% ~ 1% . 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% ~ 1% .

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, 2023 and 2022, are as follows:

(In millions of Korean won)

	2023		2022	
Balance at the beginning of the year	₩	71,504	₩	77,208
New transactions		85,920		113,504
Changes during the year		(133,994)		(119,208)
Balance at the end of the year	₩	23,430	₩	71,504

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6.3 Carrying Amount of Financial Instruments by Category

Financial assets and liabilities are measured at fair value or amortized cost. Carrying amount of financial assets and liabilities by category as of December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

	December 31, 2023					
	Financial instruments at fair value through profit or loss	Financial instruments at fair value through other comprehensive income	Financial instruments designated at fair value through other comprehensive income	Financial instruments at amortized cost	Derivatives held for hedging	Total
Financial assets						
Cash and due from financial institutions	W	-	W	-	W	29,836,311
Financial assets at fair value through profit or loss	77,038,267	-	-	-	-	77,038,267
Derivative financial assets	5,777,682	-	-	-	379,946	6,157,628
Loans measured at amortized cost	-	-	-	444,805,287	-	444,805,287
Financial investments	-	79,727,487	2,770,653	39,701,389	-	122,199,529
Other financial assets	-	-	-	16,544,513	-	16,544,513
	<u>W 82,815,949</u>	<u>W 79,727,487</u>	<u>W 2,770,653</u>	<u>W 530,887,500</u>	<u>W 379,946</u>	<u>W 696,581,535</u>

(In millions of Korean won)

	December 31, 2023					
	Financial instruments at fair value through profit or loss	Financial instruments designated at fair value through profit or loss	Financial instruments at amortized cost	Derivatives held for hedging	Total	
Financial liabilities						
Financial liabilities at fair value through profit or loss	W	2,953,472	W	7,966,963	W	-
Derivative financial liabilities	5,966,512	-	-	244,127	-	6,210,639
Deposits	-	-	406,512,434	-	-	406,512,434
Borrowings	-	-	69,583,561	-	-	69,583,561
Debentures	-	-	69,176,668	-	-	69,176,668
Other financial liabilities*	-	-	37,416,916	-	-	37,416,916
	<u>W 8,919,984</u>	<u>W 7,966,963</u>	<u>W 582,689,579</u>	<u>W 244,127</u>	<u>W 599,820,653</u>	

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

(In millions of Korean won)

	December 31, 2022					
	Financial instruments at fair value through profit or loss	Financial instruments at fair value through other comprehensive income	Financial instruments designated at fair value through other comprehensive income	Financial instruments at amortized cost	Derivatives held for hedging	Total
Financial assets						
Cash and due from financial institutions	W	-	W	-	W	32,474,750
Financial assets at fair value through profit or loss	70,092,497	-	-	-	-	70,092,497
Derivative financial assets	8,984,171	-	-	-	462,409	9,446,580
Loans measured at amortized cost	-	-	-	433,038,931	-	433,038,931
Financial investments	-	77,197,625	2,335,793	35,919,241	-	115,452,659
Other financial assets	-	-	-	10,718,383	-	10,718,383
	<u>W 79,076,668</u>	<u>W 77,197,625</u>	<u>W 2,335,793</u>	<u>W 512,151,305</u>	<u>W 462,409</u>	<u>W 671,223,800</u>

(In millions of Korean won)

	December 31, 2022					
	Financial instruments at fair value through profit or loss	Financial instruments designated at fair value through profit or loss	Financial instruments at amortized cost	Derivatives held for hedging	Total	
Financial liabilities						
Financial liabilities at fair value through profit or loss	W	2,193,210	W	10,078,394	W	-
Derivative financial liabilities	9,209,537	-	-	300,232	-	9,509,769
Deposits	-	-	393,928,904	-	-	393,928,904
Borrowings	-	-	71,717,366	-	-	71,717,366
Debentures	-	-	68,698,203	-	-	68,698,203
Other financial liabilities*	-	-	26,163,138	-	-	26,163,138
	<u>W 11,402,747</u>	<u>W 10,078,394</u>	<u>W 560,507,611</u>	<u>W 300,232</u>	<u>W 582,288,984</u>	

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

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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, 2023 and 2022, are as follows:

(In millions of Korean won)

December 31, 2023				
	Type of continuing involvement	Classification of financial instruments	Carrying amount of continuing involvement	Fair value of continuing involvement
Discovery 2 nd Securitization Specialty Co., Ltd.	Subordinated bond	Financial assets at fair value through profit or loss	₩ 564	₩ 564
AP 4D ABS Ltd.	Subordinated bond	Financial assets at fair value through profit or loss	257	257
			₩ 821	₩ 821

(In millions of Korean won)

December 31, 2022				
	Type of continuing involvement	Classification of financial instruments	Carrying amount of continuing involvement	Fair value of continuing involvement
Discovery 2 nd Securitization Specialty Co., Ltd.	Subordinated bond	Financial assets at fair value through profit or loss	₩ 564	₩ 564
AP 4D ABS Ltd.	Subordinated bond	Financial assets at fair value through profit or loss	541	541
			₩ 1,105	₩ 1,105

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, 2023 and 2022, are as follows:

(In millions of Korean won)

December 31, 2023					
	Carrying amount of underlying assets	Fair value of underlying assets	Carrying amount of senior debentures	Fair value of senior debentures	
KB Kookmin Card 8 th Securitization Co., Ltd. ¹	₩ 487,532	₩ 485,230	₩ 299,913	₩ 287,628	
KB Kookmin Card 9 th Securitization Co., Ltd. ¹	541,645	538,984	349,842	358,616	
KB Kookmin Card 10 th Securitization Co., Ltd. ¹	919,380	914,470	513,232	491,656	
KB Kookmin Card 11 th Securitization Co., Ltd. ¹	701,955	698,248	399,890	375,738	
KB Kookmin Card 12 th Securitization Co., Ltd. ¹	1,234,204	1,227,724	641,079	607,621	
KB Auto Fifth Asset Securitization Specialty Co., Ltd. ²	415,041	388,008	286,906	284,351	
	₩ 4,299,757	₩ 4,252,664	₩ 2,490,862	₩ 2,405,610	

(In millions of Korean won)

December 31, 2022					
	Carrying amount of underlying assets	Fair value of underlying assets	Carrying amount of senior debentures	Fair value of senior debentures	
KB Kookmin Card 7 th Securitization Co., Ltd. ¹	₩ 963,756	₩ 958,207	₩ 641,780	₩ 628,274	
KB Kookmin Card 8 th Securitization Co., Ltd. ¹	556,487	553,729	299,878	285,111	
KB Kookmin Card 9 th Securitization Co., Ltd. ¹	615,565	612,543	349,829	372,724	
KB Kookmin Card 10 th Securitization Co., Ltd. ¹	1,138,578	1,132,170	503,392	503,644	
KB Auto Fifth Asset Securitization Specialty Co., Ltd. ²	441,080	429,626	299,705	299,705	
	₩ 3,715,466	₩ 3,686,275	₩ 2,094,584	₩ 2,089,458	

¹ The Group has an obligation to early redeem the securitized debentures in the event of situations prescribed by the asset securitization contract, such as the remaining balance of the eligible underlying assets in trust-type asset securitization is below the solvency ratio (minimum ratio: 104.5%) of the beneficiary interest in the trust. To avoid such early redemption, the Group entrusts credit card accounts and deposits in addition to the previously entrusted credit card accounts.

² The Group has an obligation to early redeem the securitized debentures in the event of situations prescribed by the asset securitization contract, such as when the trusted assets do not meet the eligibility requirements.

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6.4.3 Bonds sold under repurchase agreements and loaned securities

The Group continues to recognize the financial assets related to bonds sold under repurchase agreements and securities lending transactions in the consolidated statement of financial position since those transactions are not qualified for derecognition even though the Group transfers the financial assets. Bonds sold under repurchase agreements are sold on the condition that they will be repurchased at a fixed price and loaned securities will be returned at the expiration of the loan period. Thus, the Group retains substantially all the risks and rewards of ownership of the financial assets.

The carrying amount of transferred assets and related liabilities as of December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

	December 31, 2023	
	Carrying amount of transferred assets	Carrying amount of related liabilities
Bonds sold under repurchase agreements *	₩ 12,888,189	₩ 12,107,718
Loaned securities:		
Government and public bonds	3,395,703	-
Stock	30,025	-
Others	70,513	-
	₩ 16,384,430	₩ 12,107,718

(In millions of Korean won)

	December 31, 2022	
	Carrying amount of transferred assets	Carrying amount of related liabilities
Bonds sold under repurchase agreements *	₩ 11,418,820	₩ 10,610,882
Loaned securities:		
Government and public bonds	1,639,034	-
Stock	52,098	-
Others	82,658	-
	₩ 13,192,610	₩ 10,610,882

* Bonds sold under repurchase agreements using borrowed securities as collateral amount to ₩ 3,020,934 million and ₩ 100,768 million as of December 31, 2023 and 2022, 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, 2023 and 2022, are as follows:

(In millions of Korean won)

		December 31,	December 31,
		2023	2022
Underlying assets	Financial assets at fair value through profit or loss	₩ 391,581	₩ 324,456
	Loans measured at amortized cost *	2,595,344	3,050,471
		₩ 2,986,925	₩ 3,374,927
Associated liabilities	Debentures	₩ 2,944,753	₩ 3,222,237

* 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, 2023 and 2022, are as follows:

(In millions of Korean won)

	December 31, 2023					
	Gross assets	Gross liabilities offset	Net amount in the statement of financial position	Financial instruments	Cash collateral	Net amount
Derivatives held for trading and derivative-linked securities	₩ 6,025,704	₩ -	₩ 6,025,704			
Derivatives held for hedging	379,945	-	379,945	₩ (4,904,616)	₩ (203,414)	₩ 1,297,619
Unsettled spot exchange receivable	7,125,645	-	7,125,645	(6,838,231)	-	287,414
Bonds purchased under repurchase agreements	3,948,358	-	3,948,358	(3,927,790)	-	20,568
Securities borrowing agreements	165,842	-	165,842	(165,842)	-	-
Domestic exchange settlement debits	63,223,652	(62,396,548)	827,104	-	-	827,104
Other financial instruments	2,885,128	(2,859,006)	26,122	-	-	26,122
	₩ 83,754,274	₩ (65,255,554)	₩ 18,498,720	₩ (15,836,479)	₩ (203,414)	₩ 2,458,827

(In millions of Korean won)

	December 31, 2022					
	Gross assets	Gross liabilities offset	Net amount in the statement of financial position	Financial instruments	Cash collateral	Net amount
Derivatives held for trading and derivative-linked securities	₩ 9,380,420	₩ -	₩ 9,380,420	₩ (7,710,599)	₩ (195,224)	₩ 1,937,007
Derivatives held for hedging	462,410	-	462,410			
Unsettled spot exchange receivable	3,374,369	-	3,374,369	(3,360,673)	-	13,696
Bonds purchased under repurchase agreements	3,451,157	-	3,451,157	(3,328,657)	-	122,500
Domestic exchange settlement debits	55,491,085	(54,611,238)	879,847	-	-	879,847
Other financial instruments	2,006,234	(1,912,964)	93,270	-	-	93,270
	₩ 74,165,675	₩ (56,524,202)	₩ 17,641,473	₩ (14,399,929)	₩ (195,224)	₩ 3,046,320

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6.5.2 Details of financial liabilities subject to enforceable master netting agreements or similar arrangements as of December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

	December 31, 2023											
	Gross liabilities		Gross assets offset		Net amount in the statement of financial position		Non-offsetting amount		Net amount			
Derivatives held for trading and derivative-linked securities	₩	6,817,326	₩	-	₩	6,817,326						
Derivatives held for hedging		244,128		-		244,128	₩	(5,519,403)	₩	(75,882)	₩	1,466,169
Unsettled spot exchange payable		7,124,998		-		7,124,998		(6,838,231)		-		286,767
Bonds sold under repurchase agreements *		15,645,498		-		15,645,498		(15,645,498)		-		-
Securities borrowing agreements		2,860,034		-		2,860,034		(2,860,034)		-		-
Domestic exchange settlement credits		65,260,751		(62,396,548)		2,864,203		(2,864,203)		-		-
Other financial instruments		3,090,690		(2,859,006)		231,684		-		-		231,684
	₩	101,043,425	₩	(65,255,554)	₩	35,787,871	₩	(33,727,369)	₩	(75,882)	₩	1,984,620

(In millions of Korean won)

	December 31, 2022											
	Gross liabilities		Gross assets offset		Net amount in the statement of financial position		Non-offsetting amount		Net amount			
Derivatives held for trading and derivative-linked securities	₩	10,500,353	₩	-	₩	10,500,353						
Derivatives held for hedging		300,232		-		300,232	₩	(2,302,250)	₩	(83,837)	₩	8,414,498
Unsettled spot exchange payable		3,374,230		-		3,374,230		(3,360,673)		-		13,557
Bonds sold under repurchase agreements *		11,769,694		-		11,769,694		(11,769,694)		-		-
Securities borrowing agreements		2,102,537		-		2,102,537		(2,102,537)		-		-
Domestic exchange settlement credits		56,349,727		(54,611,238)		1,738,489		(1,738,489)		-		-
Other financial instruments		1,969,954		(1,912,964)		56,990		-		-		56,990
	₩	86,366,727	₩	(56,524,202)	₩	29,842,525	₩	(21,273,643)	₩	(83,837)	₩	8,485,045

* 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, 2023 and 2022, are as follows:

(In millions of Korean won)

		Financial institutions	Interest rate (%) as of					
			December 31, 2023	December 31, 2023	December 31, 2022			
Due from financial institutions in Korean won	Due from the Bank of Korea	The Bank of Korea	-	₩	13,731,708	₩	15,169,704	
	Due from banks	Hana Bank and others	0.00 ~ 5.60		3,953,940		3,941,987	
	Due from others	Samsung securities and others	0.00 ~ 4.65		1,030,310		1,509,698	
					18,715,958		20,621,389	
Due from financial institutions in foreign currencies	Due from banks in foreign currencies	CITI Bank N.A. and others	0.00 ~ 5.16		6,210,917		5,653,587	
	Time deposits in foreign currencies	Bank of Communications Seoul Branch and others	0.00 ~ 9.50		442,122		573,493	
	Due from others	State Street Bank and Trust Company Seoul Branch and others	0.00 ~ 10.70		2,211,303		3,066,370	
					8,864,342		9,293,450	
					₩	27,580,300	₩	29,914,839

* Before netting of allowance

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

<i>(In millions of Korean won)</i>		Financial institutions	December 31, 2023	December 31, 2022	Reasons of restriction
Due from financial institutions in Korean won	Due from the Bank of Korea	The Bank of Korea	₩ 13,731,708	₩ 15,169,704	Bank of Korea Act
	Due from banks	Shinhan Bank and others	40,721	522,306	Net settlement and others
	Due from others	NH Investment & Securities Co., Ltd. and others	799,361	1,113,712	Derivatives margin account and others
			<u>14,571,790</u>	<u>16,805,722</u>	
Due from financial institutions in foreign currencies	Due from banks in foreign currencies	The Bank of Korea and others	1,630,348	2,350,933	Bank of Korea Act and others
	Time deposits in foreign currencies	Bank of Communications Co. Ltd. New York Branch and others	86,406	72,437	Bank Act of the State of New York and others
	Due from others	State Street Bank and Trust Company Seoul Branch and others	1,689,065	2,092,655	Derivatives margin account and others
			<u>3,405,819</u>	<u>4,516,025</u>	
			<u>₩ 17,977,609</u>	<u>₩ 21,321,747</u>	

* Before netting of allowance.

7.3 Changes in allowances for credit losses of due from financial institutions for the years ended December 31, 2023 and 2022, are as follows:

<i>(In millions of Korean won)</i>	2023		
	12-month expected credit losses	Lifetime expected credit losses	
		Non-impaired	Impaired
Beginning	₩ 2,743	₩ -	₩ -
Transfer between stages:			
Transfer to 12-month expected credit losses	-	-	-
Transfer to lifetime expected credit losses	-	-	-
Impairment	-	-	-
Provision (reversal) of credit losses	(1,724)	-	-
Business Combination	6	-	-
Others	(4)	-	-
Ending	<u>₩ 1,021</u>	<u>₩ -</u>	<u>₩ -</u>
<i>(In millions of Korean won)</i>	2022		
	12-month expected credit losses	Lifetime expected credit losses	
		Non-impaired	Impaired
Beginning	₩ 2,969	₩ -	₩ -
Transfer between stages:			
Transfer to 12-month expected credit losses	-	-	-
Transfer to lifetime expected credit losses	-	-	-
Impairment	-	-	-
Provision (reversal) of credit losses	(392)	-	-
Others	166	-	-
Ending	<u>₩ 2,743</u>	<u>₩ -</u>	<u>₩ -</u>

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8. Assets Pledged as Collateral

8.1 Details of assets pledged as collateral as of December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

Assets pledged	Pledgee	December 31, 2023	
		Carrying amount	Reasons of pledge
Due from financial institutions	KEB Hana Bank and others	₩ 822,407	Borrowings from bank and others
Financial assets at fair value through profit or loss	The Korea Securities Depository and others	10,150,629	Repurchase agreements
	The Korea Securities Depository and others	1,556,234	Securities borrowing transactions
	The Bank of Korea	266,576	Settlement risk of the Bank of Korea
	Samsung Futures Inc. and others	3,200,511	Derivatives transactions
		<u>15,173,950</u>	
Financial assets at fair value through other comprehensive income	The Bank of Korea and others	7,502,666	Repurchase agreements
	The Korea Securities Depository and others	167,879	Securities borrowing transactions
	The Bank of Korea	527,494	Borrowings from the Bank of Korea
	MUFG Bank and others	830,504	Settlement risk of the Bank of Korea
	Samsung Futures Inc. and others	4,215,092	Derivatives transactions
		<u>13,243,635</u>	
Securities measured at amortized cost	The Bank of Korea and others	625,003	Repurchase agreements
	The Bank of Korea	2,357,018	Borrowings from the Bank of Korea
	The Bank of Korea	6,746,440	Settlement risk of the Bank of Korea
	Samsung Futures Inc. and others	344,432	Derivatives transactions
	The Bank of Korea and others	1,623,715	Others
		<u>11,696,608</u>	
Loans	KEB Hana Bank and Others	13,733,820	Covered bond and others
Real estate	Capital LLC and others	628,619	Borrowings from bank and others
		<u>₩ 55,299,039</u>	

8.1 Details of assets pledged as collateral as of December 31, 2023 and 2022, are as follows: (cont'd)

(In millions of Korean won)

Assets pledged	Pledgee	December 31, 2023	
		Carrying amount	Reasons of pledge
Due from financial institutions	KEB Hana Bank and others	₩ 1,263,167	Borrowings from bank and others
Financial assets at fair value through profit or loss	The Korea Securities Depository and others	3,841,536	Repurchase agreements
	The Korea Securities Depository and others	7,063,541	Securities borrowing transactions
	The Bank of Korea	34,071	Borrowings from the Bank of Korea
	The Bank of Korea	236,832	Settlement risk of the Bank of Korea
	Samsung Futures Inc. and others	1,131,217	Derivatives transactions
		<u>12,307,197</u>	
Financial assets at fair value through other comprehensive income	MERITZ Securities Co., LTD and others	5,625,270	Repurchase agreements
	The Korea Securities Depository and others	1,592,460	Securities borrowing transactions
	The Bank of Korea	5,495,686	Borrowings from the Bank of Korea
	The Bank of Korea	1,782,507	Settlement risk of the Bank of Korea
	Samsung Futures Inc. and others	1,581,129	Derivatives transactions
		<u>16,077,052</u>	
Securities measured at amortized cost	The Korea Securities Depository and others	2,307,499	Repurchase agreements
	The Bank of Korea	4,020,539	Borrowings from the Bank of Korea
	The Bank of Korea	5,047,277	Settlement risk of the Bank of Korea
	Samsung Futures Inc. and others	327,684	Derivatives transactions
	Korea Exchange and others	391,429	Others
		<u>12,094,428</u>	
Loans	Others	12,863,079	Covered bond and others
Real estate	LGIM COMMERCIAL LENDING Ltd. and others	834,003	Borrowings from bank and others
		<u>₩ 55,438,926</u>	

In addition, the Group provided ₩ 7,916,155 million and ₩ 4,986,339 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, 2023 and 2022, respectively.

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8.2 Fair value of collateral available to sell or repledge, and collateral sold or repledged, regardless of debtor's default as of December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

	December 31, 2023		
	Fair value of collateral held	Fair value of collateral sold or repledged	Total
Securities	₩ 3,892,709	₩ -	₩ 3,892,709

(In millions of Korean won)

	December 31, 2022		
	Fair value of collateral held	Fair value of collateral sold or repledged	Total
Securities	₩ 3,344,424	₩ -	₩ 3,344,424

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, 2023 and 2022, are as follows:

(In millions of Korean won)

	December 31, 2023			December 31, 2022		
	Notional amount	Assets	Liabilities	Notional amount	Assets	Liabilities
Interest rate						
Forwards	₩ 14,872,481	₩ 488,542	₩ 465,983	₩ 8,261,663	₩ 821,603	₩ 431,002
Futures *	5,398,495	6,226	4,576	4,450,505	765	256
Swaps	416,613,927	556,985	574,865	359,581,194	859,670	694,713
Options	9,384,000	203,718	208,277	10,508,000	274,596	272,284
	446,268,903	1,255,471	1,253,701	382,801,362	1,956,634	1,398,255
Currency						
Forwards	136,805,906	1,316,968	1,273,558	115,682,577	2,813,603	2,472,119
Futures *	576,730	696	989	413,960	36	2,364
Swaps	84,027,181	2,731,314	2,426,152	91,646,725	3,525,458	4,049,390
Options	1,238,475	7,668	4,713	1,852,065	27,258	13,025
	222,648,292	4,056,646	3,705,412	209,595,327	6,366,355	6,536,898
Stock and index						
Futures *	1,352,920	11,179	13,232	1,828,302	37,455	89,624
Swaps	5,165,523	330,132	493,475	6,649,735	377,840	492,275
Options	4,880,805	80,576	240,274	7,257,715	168,311	359,274
	11,399,248	421,887	746,981	15,735,752	583,606	941,173
Credit						
Swaps	2,864,357	17,799	8,695	3,006,114	32,860	17,468
	2,864,357	17,799	8,695	3,006,114	32,860	17,468
Commodity						
Futures *	26,037	1,305	106	28,577	1,970	941
Swaps	31,635	4,348	4,352	-	-	-
Options	100,484	1,091	1,147	131,500	887	885
	158,156	6,744	5,605	160,077	2,857	1,826
Others	788,841	19,135	246,118	1,003,301	41,859	313,917
	₩ 684,127,797	₩ 5,777,682	₩ 5,966,512	₩ 612,301,933	₩ 8,984,171	₩ 9,209,537

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

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

(In millions of Korean won)

	December 31, 2023						
	1 year	2 years	3 years	4 years	5 years	Over 5 years	Total
Fair value hedge							
Nominal amount of the hedging instrument	₩ 2,998,238	₩ 3,555,510	₩ 1,667,087	₩ 349,482	₩ 267,778	₩ 2,304,270	₩ 11,142,365
Average price condition (%)	4.77	4.86	5.18	5.23	5.73	4.93	4.95
Average price condition (KRW/USD)	1,257.22	1,277.42	1,242.04	-	-	-	1,257.90
Average price condition (KRW/EUR)	1,373.58	1,427.96	1,436.77	-	-	-	1,404.28
Average price condition (KRW/AUD)	872.12	840.73	-	-	-	-	869.67
Average price condition (KRW/GBP)	-	1,536.92	-	-	-	-	1,536.92
Cash flow hedge							
Nominal amount of the hedging instrument	₩ 1,651,669	₩ 2,035,885	₩ 1,994,375	₩ 1,364,708	₩ 154,813	₩ 160,000	₩ 7,361,450
Average price condition (%)	4.60	3.05	11.94	7.98	2.67	3.11	10.68
Average price condition (KRW/USD)	1,220.93	1,221.93	1,230.48	1,325.04	1,147.95	-	1,235.39
Average price condition (KRW/EUR)	1,364.00	1,374.73	-	-	1,392.00	-	1,372.29
Average price condition (KRW/AUD)	856.40	851.50	889.00	-	-	-	866.92
Hedge of net investments in foreign operations							
Nominal amount of the hedging instrument	₩ 31,332	₩ -	₩ 207,593	₩ -	₩ -	₩ -	₩ 238,925
Average price condition (KRW/USD)	1,071.00	-	1,178.92	-	-	-	1,164.76

(In millions of Korean won)

	December 31, 2022						
	1 year	2 years	3 years	4 years	5 years	Over 5 years	Total
Fair value hedge							
Nominal amount of the hedging instrument	₩ 5,677,321	₩ 1,921,072	₩ 2,701,675	₩ 1,883,332	₩ 426,551	₩ 2,147,845	₩ 14,757,796
Average price condition (%)	4.17	4.52	4.64	4.56	4.36	4.64	4.43
Average price condition (KRW/USD)	1,197.01	1,262.56	1,276.70	-	-	-	1,240.59
Average price condition (KRW/EUR)	1,363.42	1,373.32	-	1,436.86	-	-	1,387.71
Average price condition (KRW/AUD)	886.23	895.76	-	-	-	-	890.17
Average price condition (KRW/GBP)	1,617.02	-	1,535.25	-	-	-	1,537.85
Cash flow hedge							
Nominal amount of the hedging instrument	₩ 3,033,420	₩ 892,720	₩ 1,846,139	₩ 771,585	₩ 1,078,676	₩ 210,000	₩ 7,832,540
Average price condition (%)	2.90	2.60	4.42	4.62	4.95	3.99	3.54
Average price condition (KRW/USD)	1,178.13	1,196.80	1,166.24	1,225.35	1,252.61	-	1,202.02
Average price condition (KRW/EUR)	1,321.00	1,364.00	1,374.73	-	-	-	1,362.51
Average price condition (KRW/AUD)	-	856.40	851.50	-	-	-	853.40
Average price condition (KRW/SGD)	866.14	-	-	-	-	-	866.14
Hedge of net investments in foreign operations							
Nominal amount of the hedging instrument	₩ 65,012	₩ 27,499	₩ -	₩ -	₩ -	₩ -	₩ 92,511
Average price condition (KRW/USD)	1,071.00	-	-	-	-	-	1,071.00
Average price condition (KRW/GBP)	-	1,465.26	-	-	-	-	1,465.26

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9.3 Fair Value Hedge

9.3.1 Details of fair value hedged items as of December 31, 2023 and 2022 and changes in fair value for the years ended December 31, 2023 and 2022, are as follows:

		December 31, 2023				2023 Changes in fair value
		Carrying amount		Accumulated amount of hedge adjustments		
		Assets	Liabilities	Assets	Liabilities	
<i>(In millions of Korean won)</i>						
Hedge accounting						
Interest rate	Debt securities in Korean won	₩ 1,975,442	₩ -	₩ (50,746)	₩ -	₩ 49,323
	Debt securities in foreign currencies	2,585,073	-	(111,902)	-	74,080
	Deposits in Korean won	-	49,985	-	(15)	15
	Deposits in foreign currencies	-	32,016	-	(6,667)	(1,924)
	Debentures in Korean won	-	5,678,927	-	(141,073)	(94,418)
	Debentures in foreign currencies	-	1,310,952	-	(68,706)	(27,159)
		<u>4,560,515</u>	<u>7,071,880</u>	<u>(162,648)</u>	<u>(216,461)</u>	<u>(83)</u>
		<u>₩ 6,085,587</u>	<u>₩ 7,071,880</u>	<u>₩ (22,257)</u>	<u>₩ (216,461)</u>	<u>₩ 40,774</u>
Currency						
Debt securities in foreign currencies	1,525,072	-	140,391	-	40,857	
	<u>1,525,072</u>	<u>-</u>	<u>140,391</u>	<u>-</u>	<u>40,857</u>	
	<u>₩ 6,085,587</u>	<u>₩ 7,071,880</u>	<u>₩ (22,257)</u>	<u>₩ (216,461)</u>	<u>₩ 40,774</u>	
<i>(In millions of Korean won)</i>						
		December 31, 2022				2022 Changes in fair value
		Carrying amount		Accumulated amount of hedge adjustments		
		Assets	Liabilities	Assets	Liabilities	
Hedge accounting						
Interest rate	Debt securities in Korean won	₩ 2,467,171	₩ -	₩ (107,444)	₩ -	₩ (86,757)
	Debt securities in foreign currencies	3,142,973	-	(232,085)	-	(215,183)
	Deposits in foreign currencies	-	29,429	-	(8,591)	6,976
	Debentures in Korean won	-	5,690,371	-	(249,629)	171,841
	Debentures in foreign currencies	-	1,196,781	-	(95,865)	123,817
		<u>5,610,144</u>	<u>6,916,581</u>	<u>(339,529)</u>	<u>(354,085)</u>	<u>694</u>
		<u>₩ 7,261,412</u>	<u>₩ 6,916,581</u>	<u>₩ (426,307)</u>	<u>₩ (354,085)</u>	<u>₩ 153,587</u>
		<u>₩ 7,261,412</u>	<u>₩ 6,916,581</u>	<u>₩ (426,307)</u>	<u>₩ (354,085)</u>	<u>₩ 153,587</u>
Currency						
Debt securities in foreign currencies	1,651,268	-	(86,778)	-	152,893	
	<u>1,651,268</u>	<u>-</u>	<u>(86,778)</u>	<u>-</u>	<u>152,893</u>	
	<u>₩ 7,261,412</u>	<u>₩ 6,916,581</u>	<u>₩ (426,307)</u>	<u>₩ (354,085)</u>	<u>₩ 153,587</u>	

9.3.2 Details of derivative instruments designated as fair value hedge as of December 31, 2023 and 2022 and changes in fair value for the years ended December 31, 2023 and 2022, are as follows:

		December 31, 2023			2023 Changes in fair value			
		Notional amount		Assets		Liabilities		
		Assets	Liabilities	Assets		Liabilities		
<i>(In millions of Korean won)</i>								
Interest rate								
Swaps	₩	9,654,617	₩	111,360	₩	75,776	₩	(15,927)
Currency								
Forwards		1,487,748		18,916		28,793		(42,969)
	₩	<u>11,142,365</u>	₩	<u>130,276</u>	₩	<u>104,569</u>	₩	<u>(58,896)</u>
<i>(In millions of Korean won)</i>								
		December 31, 2022			2022 Changes in fair value			
		Notional amount		Assets		Liabilities		
		Assets	Liabilities	Assets		Liabilities		
Interest rate								
Swaps	₩	13,290,183	₩	186,258	₩	104,856	₩	(1,244)
Currency								
Forwards		1,467,613		37,015		29,069		(132,524)
	₩	<u>14,757,796</u>	₩	<u>223,273</u>	₩	<u>133,925</u>	₩	<u>(133,768)</u>

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, 2023 and 2022, are as follows:

		2023		2022	
		Assets	Liabilities	Assets	Liabilities
<i>(In millions of Korean won)</i>					
Hedge accounting					
Interest rate		₩	6,513	₩	(550)
Currency			(2,112)		20,369
		₩	<u>4,401</u>	₩	<u>19,819</u>

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, 2023 and 2022, are as follows:

		2023		2022	
		Assets	Liabilities	Assets	Liabilities
<i>(In millions of Korean won)</i>					
Gains (losses) on hedging instruments		₩	(36,372)	₩	(104,354)
Gains (losses) on hedged items attributable to the hedged risk			35,011		124,142
		₩	<u>(1,361)</u>	₩	<u>19,788</u>

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9.4 Cash Flow Hedge

9.4.1 Details of cash flow hedged items as of December 31, 2023 and 2022 and changes in fair value for the years ended December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

	Cash flow hedge reserve		Changes in fair value	
	December 31, 2023	December 31, 2022	2023	2022
Hedge accounting				
Interest rate risk	₩ 113,361	₩ 46,234	₩ (89,536)	₩ (107,134)
Currency risk	(39,806)	(26,602)	68,868	14,289
	₩ 73,555	₩ 19,632	₩ (20,668)	₩ (92,845)

9.4.2 Details of derivative instruments designated as cash flow hedge as of December 31, 2023 and 2022 and changes in fair value for the years ended December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

	December 31, 2023			2023
	Notional amount	Assets	Liabilities	Changes in fair value
Interest rate				
Forwards	₩ 750,396	₩ 105,124	₩ 7,856	₩ 57,623
Swaps	3,115,818	59,376	3,547	(40,188)
Currency				
Swaps	3,495,236	85,170	122,848	(8,604)
	₩ 7,361,450	₩ 249,670	₩ 134,251	₩ 8,831

(In millions of Korean won)

	December 31, 2022			2022
	Notional amount	Assets	Liabilities	Changes in fair value
Interest rate				
Forwards	₩ 1,079,652	₩ 20,200	₩ 56,753	₩ (36,553)
Swaps	3,231,288	101,975	124	111,902
Currency				
Swaps	3,521,600	116,961	98,237	1,042
	₩ 7,832,540	₩ 239,136	₩ 155,114	₩ 76,391

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, 2023 and 2022, are as follows:

(In millions of Korean won)

	2023	2022
Gains (losses) on hedging instruments:	₩ 8,831	₩ 76,391
Effective portion of gains (losses) on cash flow hedging instruments (recognized in other comprehensive income or loss)	7,328	71,754
Ineffective portion of gains (losses) on cash flow hedging instruments (recognized in profit or loss)	1,503	4,637

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, 2023 and 2022, are as follows:

(In millions of Korean won)

	2023	2022
Other comprehensive income (loss)	₩ 7,328	₩ 71,754
Reclassification to profit or loss	48,508	(20,537)
Income tax effect	(1,913)	(25,049)
	₩ 53,923	₩ 26,168

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, 2023 and 2022 and changes in fair value for the years ended December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

	Foreign currency translation reserve		Changes in fair value	
	December 31, 2023	December 31, 2022	2023	2022
Hedge accounting				
Currency risk	₩ (129,401)	₩ (114,742)	₩ 19,590	₩ 104,021

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9.5.2 Details of financial instruments designated as hedge of net investments in foreign operations as of December 31, 2023 and 2022 and changes in fair value for the years ended December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

	December 31, 2023			2023	
	Notional amount	Assets	Liabilities	Changes in fair value	
Currency					
Forwards	₩ 31,332	₩ -	₩ 5,307	₩	6,923
Debentures in foreign currencies	1,435,817	-	1,435,817		(26,513)
	₩ 1,467,149	₩ -	₩ 1,441,124	₩	(19,590)

(In millions of Korean won)

	December 31, 2022			2022	
	Notional amount	Assets	Liabilities	Changes in fair value	
Currency					
Forwards	₩ 92,511	₩ -	₩ 11,194	₩	(16,168)
Debentures in foreign currencies	1,361,080	-	1,361,080		(87,853)
	₩ 1,453,591	₩ -	₩ 1,372,274	₩	(104,021)

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

(In millions of Korean won)

	December 31, 2023	December 31, 2022
Debentures in foreign currencies	₩ 1,509,978	₩ 1,211,215

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, 2023 and 2022, are as follows:

(In millions of Korean won)

	2023	2022
Gains (losses) on hedging instruments:	₩ (19,590)	₩ (104,021)
Effective portion of gains (losses) on hedge of net investments in foreign operations (recognized in other comprehensive income or loss)	(19,590)	(104,021)
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, 2023 and 2022, are as follows:

(In millions of Korean won)

	2023	2022
Other comprehensive income (loss)	₩ (19,590)	₩ (104,021)
Reclassification to profit or loss	-	-
Income tax effect	4,931	24,936
	₩ (14,659)	₩ (79,085)

10. Loans Measured at Amortized Cost

10.1 Details of loans as of December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

	December 31, 2023	December 31, 2022
Loans measured at amortized cost	₩ 449,676,848	₩ 436,647,081
Deferred loan origination fees and costs	591,244	552,834
Less: Allowances for credit losses	(5,462,805)	(4,160,984)
	₩ 444,805,287	₩ 433,038,931

10.2 Details of loans to banks as of December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

	December 31, 2023	December 31, 2022
Loans measured at amortized cost	₩ 11,569,466	₩ 9,751,737
Less: Allowances for credit losses	(20,429)	(1,951)
	₩ 11,549,037	₩ 9,749,786

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

(In millions of Korean won)

	December 31, 2023			
	Retail	Corporate	Credit card	Total
Loans in Korean won	₩ 178,476,837	₩ 190,160,636	₩ -	₩ 368,637,473
Loans in foreign currencies	4,859,698	25,449,011	-	30,308,709
Domestic import usance bills	-	3,398,981	-	3,398,981
Off-shore funding loans	-	507,683	-	507,683
Call loans	-	269,198	-	269,198
Bills bought in Korean won	-	1,861	-	1,861
Bills bought in foreign currencies	-	1,276,579	-	1,276,579
Guarantee payments under acceptances and guarantees	-	20,085	-	20,085
Credit card receivables in Korean won	-	-	22,304,522	22,304,522
Credit card receivables in foreign currencies	-	-	45,449	45,449
Bonds purchased under repurchase agreements	-	3,633,073	-	3,633,073
Privately placed bonds	-	901,609	-	901,609
Factored receivables	70	99	-	169
Lease receivables	447,494	337,407	-	784,901
Loans for installment credit	5,908,190	700,144	-	6,608,334
	<u>189,692,289</u>	<u>226,656,366</u>	<u>22,349,971</u>	<u>438,698,626</u>
Proportion (%)	43.24	51.67	5.09	100.00
Less: Allowances for credit losses	(1,369,081)	(3,137,470)	(935,825)	(5,442,376)
	<u>₩ 188,323,208</u>	<u>₩ 223,518,896</u>	<u>₩ 21,414,146</u>	<u>₩ 433,256,250</u>

(In millions of Korean won)

	December 31, 2022			
	Retail	Corporate	Credit card	Total
Loans in Korean won	₩ 177,278,504	₩ 177,766,170	₩ -	₩ 355,044,674
Loans in foreign currencies	4,667,895	26,052,080	-	30,719,975
Domestic import usance bills	-	4,499,072	-	4,499,072
Off-shore funding loans	-	908,266	-	908,266
Call loans	-	119,066	-	119,066
Bills bought in Korean won	-	285,727	-	285,727
Bills bought in foreign currencies	-	1,780,874	-	1,780,874
Guarantee payments under acceptances and guarantees	1	18,459	-	18,460
Credit card receivables in Korean won	-	-	22,562,217	22,562,217
Credit card receivables in foreign currencies	-	-	47,376	47,376
Bonds purchased under repurchase agreements	-	3,151,157	-	3,151,157
Privately placed bonds	-	719,079	-	719,079
Factored receivables	111	5	-	116
Lease receivables	576,165	558,318	-	1,134,483
Loans for installment credit	5,915,223	542,413	-	6,457,636
	<u>188,437,899</u>	<u>216,400,686</u>	<u>22,609,593</u>	<u>427,448,178</u>
Proportion (%)	44.08	50.63	5.29	100.00
Less: Allowances for credit losses	(1,337,366)	(1,983,825)	(837,842)	(4,159,033)
	<u>₩ 187,100,533</u>	<u>₩ 214,416,861</u>	<u>₩ 21,771,751</u>	<u>₩ 423,289,145</u>

10.4 Changes in deferred loan origination fees and costs for the years ended December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

	2023				
	Beginning	Increase	Decrease	Others	Ending
Deferred loan origination costs					
Loans in Korean won	₩ 594,509	₩ 416,003	₩ (387,019)	₩ -	₩ 623,493
Others ¹	68,167	53,006	(43,812)	(364)	76,997
	<u>662,676</u>	<u>469,009</u>	<u>(430,831)</u>	<u>(364)</u>	<u>700,490</u>
Deferred loan origination fees					
Loans in Korean won	42,835	11,859	(17,692)	-	37,002
Others ²	67,007	9,255	(7,597)	3,579	72,244
	<u>109,842</u>	<u>21,114</u>	<u>(25,289)</u>	<u>3,579</u>	<u>109,246</u>
	<u>₩ 552,834</u>	<u>₩ 447,895</u>	<u>₩ (405,542)</u>	<u>₩ (3,943)</u>	<u>₩ 591,244</u>

(In millions of Korean won)

	2022				
	Beginning	Increase	Decrease	Others	Ending
Deferred loan origination costs					
Loans in Korean won	₩ 675,090	₩ 281,111	₩ (361,692)	₩ -	₩ 594,509
Others ¹	76,696	38,913	(47,446)	4	68,167
	<u>751,786</u>	<u>320,024</u>	<u>(409,138)</u>	<u>4</u>	<u>662,676</u>
Deferred loan origination fees					
Loans in Korean won	23,996	36,240	(17,401)	-	42,835
Others ²	53,029	49,245	(37,730)	2,463	67,007
	<u>77,025</u>	<u>85,485</u>	<u>(55,131)</u>	<u>2,463</u>	<u>109,842</u>
	<u>₩ 674,761</u>	<u>₩ 234,539</u>	<u>₩ (354,007)</u>	<u>₩ (2,459)</u>	<u>₩ 552,834</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.

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11. Allowances for Credit Losses

11.1 Changes in allowances for credit losses of loans measured at amortized cost for the years ended December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

	2023								
	Retail			Corporate			Credit card		
	12-month expected credit losses	Lifetime expected credit losses		12-month expected credit losses	Lifetime expected credit losses		12-month expected credit losses	Lifetime expected credit losses	
		Non-impaired	Impaired		Non-impaired	Impaired		Non-impaired	Impaired
Beginning	₩ 602,037	₩ 284,816	₩ 450,513	₩ 522,552	₩ 561,936	₩ 901,288	₩ 163,185	₩ 354,315	₩ 320,342
Transfer between stages:									
Transfer to 12-month expected credit losses	153,560	(141,775)	(11,785)	123,441	(119,940)	(3,501)	78,420	(75,980)	(2,440)
Transfer to lifetime expected credit losses	(118,734)	145,827	(27,093)	(121,027)	155,094	(34,067)	(20,898)	24,754	(3,856)
Impairment	(9,672)	(72,265)	81,937	(8,864)	(95,732)	104,596	(2,592)	(25,843)	28,435
Write-offs	-	14	(657,670)	-	9	(436,246)	-	-	(664,027)
Sales	(1,126)	(631)	(13,346)	-	(315)	(31,716)	-	-	-
Provision (reversal) for credit losses ^{1,2}	(45,014)	67,219	679,687	429,706	435,633	779,310	(11,611)	50,867	766,581
Others (exchange differences, etc.)	3,599	177	(1,194)	(6,168)	(970)	2,880	21	39	(43,887)
Ending	₩ 584,650	₩ 283,382	₩ 501,049	₩ 939,640	₩ 935,715	₩ 1,282,544	₩ 206,525	₩ 328,152	₩ 401,148

(In millions of Korean won)

	2022								
	Retail			Corporate			Credit card		
	12-month expected credit losses	Lifetime expected credit losses		12-month expected credit losses	Lifetime expected credit losses		12-month expected credit losses	Lifetime expected credit losses	
		Non-impaired	Impaired		Non-impaired	Impaired		Non-impaired	Impaired
Beginning	₩ 474,475	₩ 242,819	₩ 288,912	₩ 448,084	₩ 477,993	₩ 960,964	₩ 175,168	₩ 322,649	₩ 294,327
Transfer between stages:									
Transfer to 12-month expected credit losses	130,189	(123,154)	(7,035)	127,679	(120,619)	(7,060)	57,128	(50,836)	(6,292)
Transfer to lifetime expected credit losses	(103,028)	122,874	(19,846)	(93,169)	125,031	(31,862)	(23,042)	24,324	(1,282)
Impairment	(6,042)	(52,151)	58,193	(13,524)	(48,220)	61,744	(2,129)	(19,219)	21,348
Write-offs	-	(1)	(448,362)	-	(3)	(617,332)	-	-	(450,389)
Sales	(810)	(163)	(5,689)	(103)	(145)	(70,603)	-	-	-
Provision (reversal) for credit losses ^{1,2}	108,585	95,239	595,784	49,883	126,786	690,534	(43,497)	77,418	480,849
Others (exchange differences, etc.)	(1,332)	(647)	(11,444)	3,702	1,113	(85,097)	(443)	(21)	(18,219)
Ending	₩ 602,037	₩ 284,816	₩ 450,513	₩ 522,552	₩ 561,936	₩ 901,288	₩ 163,185	₩ 354,315	₩ 320,342

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 ₩ 289,139 million and ₩ 415,998 million of collections from written-off loans for the years ended December 31, 2023 and 2022, respectively.

The amount of financial assets that the Group wrote off during the current year but is continuing recovery activities is ₩ 1,757,920 million. Also, 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 ₩ 10,301,118 million and ₩ 9,830,171 million as of December 31, 2023 and 2022, respectively.

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11.2 Changes in gross carrying amount of loans for the years ended December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

	2023					
	12-month expected credit losses		Lifetime expected credit losses			
			Non-impaired	Impaired		
Beginning	₩	399,089,134	₩	34,563,171	₩	3,547,610
Transfer between stages:						
Transfer to 12-month expected credit losses		35,319,563		(34,990,464)		(329,099)
Transfer to lifetime expected credit losses (non-impaired)		(42,180,074)		42,841,909		(661,835)
Transfer to lifetime expected credit losses (impaired)		(1,808,878)		(2,785,016)		4,593,894
Write-offs		-		23		(1,757,943)
Sales		(3,256,122)		(38,205)		(429,916)
Net increase (decrease) (execution, repayment, and others)		21,119,779		(2,514,831)		(54,608)
Ending	₩	408,283,402	₩	37,076,587	₩	4,908,103

(In millions of Korean won)

	2022					
	12-month expected credit losses		Lifetime expected credit losses			
			Non-impaired	Impaired		
Beginning	₩	381,796,028	₩	32,788,361	₩	3,485,825
Transfer between stages:						
Transfer to 12-month expected credit losses		34,470,129		(34,307,805)		(162,324)
Transfer to lifetime expected credit losses (non-impaired)		(38,501,544)		38,923,474		(421,930)
Transfer to lifetime expected credit losses (impaired)		(1,124,233)		(1,479,780)		2,604,013
Write-offs		-		(4)		(1,516,083)
Sales		(3,182,474)		(15,961)		(270,541)
Net increase (decrease) (execution, repayment, and others)		25,626,228		(1,340,114)		(171,350)
Ending	₩	399,084,134	₩	34,568,171	₩	3,547,610

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, 2023 and 2022, are as follows:

(In millions of Korean won)

	December 31, 2023		December 31, 2022	
Financial assets at fair value through profit or loss				
Debt securities:				
Government and public bonds	₩	10,100,109	₩	9,310,991
Financial bonds		12,793,559		12,509,496
Corporate bonds		6,677,388		4,983,552
Asset-backed securities		68,093		164,543
Beneficiary certificates		20,511,995		19,838,465
Derivative-linked securities		2,197,575		1,625,950
Other debt securities		20,309,713		17,466,400
Equity securities:				
Stocks		3,498,880		2,926,094
Other equity securities		523,675		613,969
Loans:				
Privately placed bonds		150,208		158,731
Other loans		33,518		334,831
Due from financial institutions:				
Other due from financial institutions		79,811		69,469
Others		93,743		90,006
	₩	77,038,267	₩	70,092,497
Financial investments				
Financial assets at fair value through other comprehensive income				
Debt securities:				
Government and public bonds	₩	33,455,476	₩	29,556,711
Financial bonds		20,898,723		22,009,492
Corporate bonds		22,492,869		24,134,382
Asset-backed securities		1,963,242		662,791
Other debt securities		116,127		284,977
Equity securities:				
Stocks		1,951,150		1,907,737
Equity investments		9,560		17,096
Other equity securities		809,943		410,960
Loans:				
Privately placed bonds		801,050		549,272
		82,498,140		79,533,418
Financial assets at amortized cost				
Debt securities:				
Government and public bonds		6,507,625		6,520,633
Financial bonds		14,257,747		10,965,141
Corporate bonds		9,368,943		10,642,200
Asset-backed securities		9,418,498		7,432,860
Other debt securities		167,848		363,985
Less: Allowances for credit losses		(19,272)		(5,578)
		39,701,389		35,919,241
	₩	122,199,529	₩	115,452,659

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12.2 Dividend income from equity securities designated at fair value through other comprehensive income for the years ended December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

	2023		2022	
	From the equity securities derecognized	From the equity securities held	From the equity securities derecognized	From the equity securities held
Equity securities measured at fair value through other comprehensive income:				
Stocks Listed	W -	W 1,999	W -	W 409
Unlisted	-	14,498	-	20,972
Equity investments	-	110	-	252
Other equity securities	2,774	28,388	-	15,491
	<u>W 2,774</u>	<u>W 44,995</u>	<u>W -</u>	<u>W 37,124</u>

12.3 Derecognized equity securities measured at fair value through other comprehensive income for the years ended December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

	2023		2022	
	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	W 36,877	W 36,739	W 425,736	W 335,203
Unlisted	-	(758)	-	-
Other equity securities	71,470	(3,680)	-	-
	<u>W 108,347</u>	<u>W 32,301</u>	<u>W 425,736</u>	<u>W 335,203</u>

12.4 Provision (reversal) for credit losses of financial investments for the years ended December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

	2023		
	Provision	Reversal	Total
Securities measured at fair value through other comprehensive income	W 17,104	W (2,547)	W 14,557
Loans measured at fair value through other comprehensive income	920	(3)	917
Securities measured at amortized cost	15,184	(1,475)	13,709
	<u>W 33,208</u>	<u>W (4,025)</u>	<u>W 29,183</u>

(In millions of Korean won)

	2022		
	Provision	Reversal	Total
Securities measured at fair value through other comprehensive income	W 1,026	W (4,808)	W (3,782)
Loans measured at fair value through other comprehensive income	83	(460)	(377)
Securities measured at amortized cost	2,808	(740)	2,068
	<u>W 3,917</u>	<u>W (6,008)</u>	<u>W (2,091)</u>

12.5 Changes in allowances for credit losses of financial investments for the years ended December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

	2023		
	12-month expected credit losses	Lifetime expected credit losses	
		Non-impaired	Impaired
Beginning	W 16,343	W 270	W 76
Transfer between stages:			
Transfer to 12-month expected credit losses	-	-	-
Transfer to lifetime expected credit losses	-	-	-
Sales	(532)	(270)	-
Provision (reversal) for credit losses	29,182	-	1
Others (exchange differences, etc.)	(528)	-	-
Ending	<u>W 44,465</u>	<u>W -</u>	<u>W 77</u>

(In millions of Korean won)

	2022		
	12-month expected credit losses	Lifetime expected credit losses	
		Non-impaired	Impaired
Beginning	W 18,952	W 28	W 76
Transfer between stages:			
Transfer to 12-month expected credit losses	-	-	-
Transfer to lifetime expected credit losses	-	-	-
Sales	(533)	(21)	-
Provision (reversal) for credit losses	(2,354)	263	-
Others (exchange differences, etc.)	278	-	-
Ending	<u>W 16,343</u>	<u>W 270</u>	<u>W 76</u>

KB Financial Group Inc. and Subsidiaries

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December 31, 2023 and 2022

13. Investments in Associates and Joint Ventures

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

(In millions of Korean won)

	December 31, 2023					
	Ownership (%)	Acquisition cost	Share of net asset amount	Carrying amount	Industry	Location
KB-KDBC Pre-IPO New Technology Business Investment Fund ²	66.66	₩ 3,601	₩ 6,063	₩ 6,063	Investment finance	Korea
Balhae Infrastructure Company ¹	12.61	95,437	93,803	93,766	Investment finance	Korea
Aju Good Technology Venture Fund	38.46	343	14,296	14,296	Investment finance	Korea
Incheon Bridge Co., Ltd. ¹	14.99	9,158	(12,640)	-	Operation of highways and related facilities	Korea
Big Dipper Co., Ltd. ¹	17.77	440	94	94	Research, consulting, and big data	Korea
Food Factory Co., Ltd. ⁴	22.22	1,000	654	1,483	Farm product distribution	Korea
KBSP Private Equity Fund No.4 ¹	14.95	6,100	2,494	2,494	Investment finance	Korea
Korea Credit Bureau Co., Ltd. ¹	9.00	4,500	5,617	5,617	Credit information	Korea
KB Social Impact Investment Fund	30.00	4,500	4,853	4,853	Investment finance	Korea
KB-Solidus Global Healthcare Fund ²	43.33	17,217	17,789	18,485	Investment finance	Korea
POSCO-KB Shipbuilding Fund	31.25	1,826	4,738	4,738	Investment finance	Korea
KB-TS Technology Venture Private Equity Fund ²	56.00	9,072	12,372	12,372	Investment finance	Korea
KB-Brain KOSDAQ Scale-up New Technology Business Investment Fund ²	42.55	-	6,145	5,395	Investment finance	Korea
KB-SJ Tourism Venture Fund ¹	18.52	4,599	3,242	3,242	Investment finance	Korea
UNION Media Commerce Fund	28.99	1,000	952	952	Investment finance	Korea
KB-Stonebridge Secondary Private Equity Fund ¹	14.56	16,837	18,885	18,885	Investment finance	Korea
KB SPROTT Renewable Private Equity Fund No.1 ²	37.69	17,566	15,946	15,910	Investment finance	Korea
KB-UTC Inno-Tech Venture Fund ²	44.29	19,124	15,680	17,977	Investment finance	Korea
WJ Private Equity Fund No.1	26.95	10,000	9,482	9,482	Investment finance	Korea
All Together Korea Fund No.2 ⁵	99.99	10,000	10,541	10,541	Asset management	Korea
KB-NAU Special Situation Corporate Restructuring Private Equity Fund ¹	12.00	9,572	17,810	17,810	Asset management	Korea

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

(In millions of Korean won)

	December 31, 2023					
	Ownership (%)	Acquisition cost	Share of net asset amount	Carrying amount	Industry	Location
2020 KB Fintech Renaissance Fund ¹	5.05	₩ 550	₩ 1,041	₩ 1,041	Investment finance	Korea
KB Material and Parts No.1 PEF ¹	14.47	3,400	3,300	3,300	Investment finance	Korea
FineKB Private Equity Fund No.1	25.00	10,650	7,697	7,697	Investment finance	Korea
G payment Joint Stock Company	43.84	8,950	3,319	8,966	Investment advisory and securities trading	Vietnam
KB-GeneN Medical Venture Fund No.1	22.52	2,000	1,923	1,923	Investment finance	Korea
KB-BridgePole Venture Investment Fund ¹	6.30	136	863	863	Investment finance	Korea
KB-Kyobo New Mobility Power Fund	28.57	3,000	2,622	2,622	Investment finance	Korea
DA-Friend New Technology Investment Fund No.2	27.40	988	928	928	Investment finance	Korea
Cornerstone Pentastone Fund No.4	21.05	818	775	775	Investment finance	Korea
Star-Lord General Investors Private Real Estate Investment Company No.10	26.24	46,700	27,213	-	Real estate investment	Korea
KB-Badgers Future Mobility ESG Fund No.1	40.91	7,675	6,105	6,105	Investment finance	Korea
JS Private Equity Fund No.3	20.48	1,700	1,862	1,862	Investment finance	Korea
Mirae Asset Mobility Investment Fund No.1	22.99	2,000	1,949	1,949	Investment finance	Korea
KB-FT 1st Green Growth Investment Fund ¹	10.34	2,000	1,928	1,928	Investment finance	Korea
Glenwood Credit Private Equity Fund No.2	29.89	42,000	43,922	43,922	Investment finance	Korea
THE CHAEUL FUND NO.1	31.25	1,000	972	972	Investment finance	Korea
Smart Korea KB Future9-Sejong Venture Fund	38.46	2,366	2,398	2,398	Investment finance	Korea
KB-KTB Technology Venture Fund ²	50.90	22,401	21,391	21,391	Investment finance	Korea
KB-SOLIDUS Healthcare Investment Fund ²	90.40	42,540	41,326	40,172	Investment finance	Korea
Paramark KB Fund No.1 ¹	17.34	15,541	13,645	13,645	Investment finance	Korea
KB Co-Investment Private Equity Fund No.1 ¹	7.12	9,476	9,477	9,376	Investment finance	Korea
POSITIVE Sobujang Venture Fund No.1	44.00	2,000	1,965	1,965	Investment finance	Korea

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

(In millions of Korean won)

	December 31, 2023					
	Owners hip (%)	Acquisition cost	Share of net asset amount		Carrying amount	Industry
History 2022 Fintech Fund	34.80	₩ 2,000	₩ 1,938	₩ 1,938	Investment finance	Korea
KB-NP Green ESG New Technology Venture Capital Fund	29.85	20,449	19,429	19,429	Investment finance	Korea
TMAP Mobility Co., Ltd. ¹	8.25	199,981	51,866	183,572	Application software development and supply	Korea
Nexttrade Co., Ltd. ¹	6.64	9,700	9,225	9,225	Investment finance	Korea
Shinhan Global Mobility Fund No.1	24.56	1,345	1,324	1,324	Investment finance	Korea
SKB Next Unicorn K-Battery Fund No.1	24.84	1,908	1,890	1,890	Investment finance	Korea
Lakewood-AVES Fund No.1	39.06	2,000	1,977	1,977	Investment finance	Korea
MW-Pyco NewWave New Technology Investment Fund 4 ²	51.30	2,000	1,965	1,965	Investment finance	Korea
Bitgoeul Cheomdan Green 1st Co., Ltd. ¹	19.00	190	165	165	Electricity	Korea
KB-SUSUNG 1st Investment Fund ¹	15.00	3,000	2,953	2,953	Investment finance	Korea
KAELEEWALEE GLOBAL SAELAENJINSAMO INVESTMENT JE2HO LIMITED PARTNERSHIP	20.43	27,034	26,969	26,969	Investment finance	Korea
Friend 55 New Technology Business Investment Fund ²	53.30	1,200	1,182	1,182	Investment finance	Korea
DSIP-Pharos Bioenergy Fund	34.10	4,000	16,458	16,458	Investment finance	Korea
Shinhan-Eco Venture Fund 2nd	20.00	1,825	1,800	1,800	Investment finance	Korea
Leading H2O Fund 1	48.20	1,500	1,489	1,489	Investment finance	Korea
2023 JB Newtech No.2 Fund	25.70	1,800	1,786	1,786	Investment finance	Korea
U-KB Credit No.1S Private Equity	33.33	6,900	6,850	6,850	Investment finance	Korea
KB-BridgePole Venture Investment Fund No.2 ¹	14.29	1,500	1,494	1,494	Investment finance	Korea
Sirius Silicon Valley I New Technology Fund	20.43	500	485	485	Investment finance	Korea
Others		1,978	1,731	1,016		
		760,593	598,413	722,222		

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

(In millions of Korean won)

	December 31, 2022					
	Ownership (%)	Acquisition cost	Share of net asset amount		Carrying amount	Industry
KB-KDBC Pre-IPO New Technology Business Investment Fund ²	66.66	₩ 3,601	₩ 5,978	₩ 5,978	Investment finance	Korea
Balhae Infrastructure Company ¹	12.61	96,516	90,653	90,617	Investment finance	Korea
Aju Good Technology Venture Fund	38.47	8,143	19,840	19,836	Investment finance	Korea
KG Capital Co., Ltd.	49.00	9,800	20,250	19,162	Auto loans	Korea
Incheon Bridge Co., Ltd. ¹	14.99	9,158	(15,963)	-	Operation of highways and related facilities	Korea
Big Dipper Co., Ltd. ¹	17.86	440	60	60	Research, consulting, and big data	Korea
Paycoms Co., Ltd. ³	12.24	800	201	213	System software publishing	Korea
Food Factory Co., Ltd. ⁴	22.22	1,000	696	1,399	Farm product distribution	Korea
KBSP Private Equity Fund No.4 ¹	14.95	6,100	1,892	1,892	Investment finance	Korea
Korea Credit Bureau Co., Ltd. ¹	9.00	4,500	4,959	4,959	Credit information	Korea
KB Social Impact Investment Fund	30.00	4,500	4,266	4,266	Investment finance	Korea
KB-Solidus Global Healthcare Fund ²	43.33	25,927	21,735	22,432	Investment finance	Korea
POSCO-KB Shipbuilding Fund	31.25	1,826	4,798	4,798	Investment finance	Korea
KB-TS Technology Venture Private Equity Fund ²	56.00	9,744	13,794	13,794	Investment finance	Korea
KB-Brain KOSDAQ Scale-up New Technology Business Investment Fund ²	42.55	12,450	17,801	17,051	Investment finance	Korea
KB-SJ Tourism Venture Fund ¹	18.52	4,599	3,773	3,773	Investment finance	Korea
UNION Media Commerce Fund	28.99	1,000	957	957	Investment finance	Korea
KB-Stonebridge Secondary Private Equity Fund ¹	14.56	23,801	25,144	25,144	Investment finance	Korea
KB SPROTT Renewable Private Equity Fund No.1 ²	37.69	18,041	16,539	16,539	Investment finance	Korea
KB-UTC Inno-Tech Venture Fund ²	44.29	21,375	19,180	19,180	Investment finance	Korea
WJ Private Equity Fund No.1	26.95	10,000	9,542	9,542	Investment finance	Korea
All Together Korea Fund No.2 ⁵	99.99	10,000	10,244	10,244	Asset management	Korea

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December 31, 2023 and 2022

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

(In millions of Korean won)

	Ownership (%)	Acquisition cost	December 31, 2022		Industry	Location
			Share of net asset amount			
			W	W		
KB-NAU Special Situation Corporate Restructuring Private Equity Fund ¹	12.00	₩ 10,006	₩ 12,554	₩ 12,554	Asset management	Korea
December & Company Inc. ¹	16.78	29,951	3,735	16,029	Investment finance	Korea
2020 KB Fintech Renaissance Fund ¹	5.05	550	630	630	Investment finance	Korea
KB Material and Parts No.1 PEF ¹	14.47	3,400	3,321	3,321	Investment finance	Korea
FineKB Private Equity Fund No.1	25.00	12,775	10,483	10,483	Investment finance	Korea
G payment Joint Stock Company	43.84	9,029	2,917	9,281	Investment advisory and securities trading	Vietnam
KB-GeneN Medical Venture Fund No.1	22.52	2,000	1,965	1,965	Investment finance	Korea
KB-BridgePole Venture Investment Fund ¹	6.30	850	835	835	Investment finance	Korea
KB-Kyobo New Mobility Power Fund	28.57	3,000	2,826	2,826	Investment finance	Korea
DA-Friend New Technology Investment Fund No.2	27.06	988	949	949	Investment finance	Korea
Cornerstone Pentastone Fund No.4	21.52	818	792	792	Investment finance	Korea
SKS-VLP New Technology Investment Fund No.2	23.11	1,156	1,121	1,121	Investment finance	Korea
Star-Lord General Investors Private Real Estate Investment Company No.10	26.24	46,700	45,157	-	Real estate investment	Korea
KB-Badgers Future Mobility ESG Fund No.1	40.91	2,137	1,475	1,475	Investment finance	Korea
JS Private Equity Fund No.3	20.48	1,700	1,664	1,664	Investment finance	Korea
Mirae Asset Mobility Investment Fund No.1	22.99	2,000	1,979	1,979	Investment finance	Korea
KB-FT 1st Green Growth Investment Fund ¹	10.34	2,000	1,970	1,970	Investment finance	Korea
Glenwood Credit Private Equity Fund No.2	29.89	42,000	43,468	43,468	Investment finance	Korea
THE CHAEUL FUND NO.1	31.25	1,000	989	989	Investment finance	Korea
Smart Korea KB Future9-Sejong Venture Fund	38.46	2,000	1,870	1,870	Investment finance	Korea
KB-KTB Technology Venture Fund ²	50.90	16,800	16,256	16,256	Investment finance	Korea

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

(In millions of Korean won)

	Ownership (%)	Acquisition cost	December 31, 2022		Industry	Location
			Share of net asset amount			
			W	W		
KB-SOLIDUS Healthcare Investment Fund ²	88.23	₩ 19,800	₩ 18,651	₩ 18,651	Investment finance	Korea
Paramark KB Fund No.1 ¹	17.34	12,199	10,966	10,966	Investment finance	Korea
KB Co-Investment Private Equity Fund No.1 ¹	7.12	7,268	7,269	7,233	Investment finance	Korea
POSITIVE Sobujang Venture Fund No.1	43.96	2,000	1,977	1,977	Investment finance	Korea
History 2022 Fintech Fund	34.78	2,000	1,981	1,981	Investment finance	Korea
PEBBLES-MW M.C.E New Technology Investment Fund 1 st	23.26	2,000	1,982	1,982	Investment finance	Korea
KB-NP Green ESG New Technology Venture Capital Fund	29.85	9,350	9,043	9,043	Investment finance	Korea
TMAP Mobility Co., Ltd. ¹	8.25	200,000	61,518	194,455	Application software development and supply	Korea
Nextrade Co., Ltd. ¹	6.64	9,700	9,700	9,700	Investment finance	Korea
Shinhan Global Mobility Fund No.1	24.56	1,345	1,345	1,345	Investment finance	Korea
SKB Next Unicorn K-Battery Fund No.1	24.84	1,995	1,995	1,995	Investment finance	Korea
Others		2,029	(741)	1,049		
		₩ 743,867	₩ 558,981	₩ 682,670		

¹ As of December 31, 2023 and 2022, the Group can exercise significant influence on the decision-making processes of the associate's financial and business policies through participation in governing bodies.

² In order to direct relevant activities, it is necessary to obtain the consent of the two co-operative members; the Group has applied the equity method as the Group cannot control the investee by itself.

³ The ownership of Paycoms Co., Ltd. would be 21.68% as of December 31, 2022, 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, 2023 and 2022, respectively, considering the potential voting rights of convertible bonds.

⁵ As of December 31, 2023 and 2022, the Group participates in the investment management committee but cannot exercise control.

In accordance with Korean IFRS No.1028 *Investments in Associates and Joint Ventures*, the Group elected an exemption from applying the equity method for 57 companies including Banksalad Co., Ltd. and classified them as financial assets at fair value through profit or loss.

Although the Group holds 20% or more of the ownership, investment trusts with limited influence on related activities according to trust contracts, and companies with limited influence on related activities due to bankruptcy and corporate rehabilitation proceedings are excluded from associates.

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13.2 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, 2023 and 2022, are as follows:

(In millions of Korean won)

	December 31, 2023 *							
	Total assets	Total liabilities	Paid-in capital	Equity	Share of net asset amount	Unrealized gains (losses) and others	Consolidated carrying amount	
KB-KDBC Pre-IPO New Technology Business Investment Fund	W 9,095	W 1	W 5,400	W 9,094	W 6,062	W 1	W 6,063	
Balhae Infrastructure Company	818,545	74,665	794,860	743,880	93,803	(37)	93,766	
Aju Good Technology Venture Fund	37,569	395	900	37,174	14,297	(1)	14,296	
Incheon Bridge Co., Ltd.	518,134	602,460	61,096	(84,326)	(12,640)	12,640	-	
Big Dipper Co., Ltd.	813	285	495	528	94	-	94	
Food Factory Co., Ltd.	9,138	6,196	450	2,942	654	829	1,483	
KBSP Private Equity Fund No.4	16,807	571	39,700	16,236	2,495	(1)	2,494	
Korea Credit Bureau Co., Ltd.	131,164	68,756	10,000	62,408	5,617	-	5,617	
KB Social Impact Investment Fund	16,440	263	15,000	16,177	4,853	-	4,853	
KB-Solidus Global Healthcare Fund	41,567	517	3,000	41,050	17,789	696	18,485	
POSCO-KB Shipbuilding Fund	16,520	1,357	5,840	15,163	4,738	-	4,738	
KB-TS Technology Venture Private Equity Fund	28,233	6,139	16,200	22,094	12,372	-	12,372	
KB-Brain KOSDAQ Scale-up New Technology Business Investment Fund	14,441	-	-	14,441	6,145	(750)	5,395	
KB-SJ Tourism Venture Fund	18,003	498	24,840	17,505	3,242	-	3,242	
UNION Media Commerce Fund	3,318	32	3,450	3,286	952	-	952	
KB-Stonebridge Secondary Private Equity Fund	129,860	205	115,598	129,655	18,885	-	18,885	
KB SPROTT Renewable Private Equity Fund No.1	42,868	379	46,868	42,489	15,946	(36)	15,910	
KB-UTC Inno-Tech Venture Fund	35,978	573	43,180	35,405	15,680	2,297	17,977	
WJ Private Equity Fund No.1	35,342	161	37,100	35,181	9,483	(1)	9,482	

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, 2023 and 2022, are as follows: (cont'd)

(In millions of Korean won)

	December 31, 2023 *							
	Total assets	Total liabilities	Paid-in capital	Equity	Share of net asset amount	Unrealized gains (losses) and others	Consolidated carrying amount	
All Together Korea Fund No.2	W 10,543	W 1	W 10,001	W 10,542	W 10,541	W -	W 10,541	
KB-NAU Special Situation Corporate Restructuring Private Equity Fund	145,519	474	76,400	145,045	17,810	-	17,810	
2020 KB Fintech Renaissance Fund	20,664	38	10,900	20,626	1,041	-	1,041	
KB Material and Parts No.1 PEF	22,808	2	23,500	22,806	3,300	-	3,300	
FineKB Private Equity Fund No.1	30,930	141	42,600	30,789	7,697	-	7,697	
G payment Joint Stock Company	10,018	2,386	2,950	7,632	3,319	5,647	8,966	
KB-GeneN Medical Venture Fund No.1	8,583	48	8,880	8,535	1,922	1	1,923	
KB-BridgePole Venture Investment Fund	13,781	72	2,160	13,709	863	-	863	
KB-Kyobo New Mobility Power Fund	9,216	40	10,500	9,176	2,622	-	2,622	
DA-Friend New Technology Investment Fund No.2	3,502	74	3,650	3,428	927	1	928	
Cornerstone Pentastone Fund No.4	3,623	22	3,800	3,601	775	-	775	
Star-Lord General Investors Private Real Estate Investment Company No.10	522,947	419,224	178,000	103,723	27,213	(27,213)	-	
KB-Badgers Future Mobility ESG Fund No.1	15,600	672	18,766	14,928	6,106	(1)	6,105	
JS Private Equity Fund No.3	9,090	1	8,300	9,089	1,862	-	1,862	
Mirae Asset Mobility Investment Fund No.1	8,551	74	8,700	8,477	1,949	-	1,949	
KB-FT 1st Green Growth Investment Fund 1	18,649	-	19,345	18,649	1,928	-	1,928	

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13.2 Condensed financial information, adjustments to the carrying amount, and dividend from major investments in associates and joint ventures as of and for the years ended December 31, 2023 and 2022, are as follows: (cont'd)

(In millions of Korean won)

	December 31, 2023 *							
	Total assets	Total liabilities	Paid-in capital	Equity	Share of net asset amount	Unrealized gains (losses) and others	Consolidated carrying amount	
Glenwood Credit Private Equity Fund No.2	W 147,385	W 455	W 140,500	W 146,930	W 43,922	W -	W 43,922	
THE CHAEUL FUND NO.1	3,111	-	3,200	3,111	972	-	972	
Smart Korea KB Future9-Sejong Venture Fund	6,314	81	6,152	6,233	2,398	-	2,398	
KB-KTB Technology Venture Fund	42,263	246	44,000	42,017	21,389	2	21,391	
KB-SOLIDUS Healthcare Investment Fund	44,875	330	47,190	44,545	41,326	(1,154)	40,172	
Paramark KB Fund No.1	78,715	28	89,441	78,687	13,645	-	13,645	
KB Co-Investment Private Equity Fund No.1	131,929	257	133,075	131,672	9,477	(101)	9,376	
POSITIVE Sobujang Venture Fund No.1	4,494	23	4,550	4,471	1,965	-	1,965	
History 2022 Fintech Fund	5,611	39	5,750	5,572	1,938	-	1,938	
KB-NP Green ESG New Technology Venture Capital Fund	68,228	1,193	70,557	67,035	19,429	-	19,429	
TMAP Mobility Co., Ltd.	849,894	220,824	8,680	629,070	51,866	131,706	183,572	
Nextrade Co., Ltd.	139,245	296	146,100	138,949	9,225	-	9,225	
Shinhan Global Mobility Fund No.1	5,389	1	5,700	5,388	1,324	-	1,324	
SKB Next Unicorn K-Battery Fund No.1	7,609	-	7,700	7,609	1,890	-	1,890	
Lakewood-AVES Fund No.1	5,065	4	5,120	5,061	1,977	-	1,977	
MW-Pyco NewWave New Technology Investment Fund 4th	3,832	-	3,900	3,832	1,965	-	1,965	
Bitgoeul Cheomdan Green 1st Co., Ltd	877	6	1,000	871	165	-	165	
KB-SUSUNG 1st Investment Fund	19,690	-	20,000	19,690	2,953	-	2,953	

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, 2023 and 2022, are as follows: (cont'd)

	December 31, 2023 *						Consolidated carrying amount
	Total assets	Total liabilities	Paid-in capital	Equity	Share of net asset amount	Unrealized gains (losses) and others	
Friend 55 New Technology Business Investment Fund	2,220	3	2,250	2,217	1,182	-	1,182
KAELEEWALEE GLOBAL SAELEENJINSAM O INVESTMENT							
JE2HO LIMITED PARTNERSHIP	132,025	11	132,331	132,014	26,969	-	26,969
DSIP-Pharos Bioenergy Fund	48,307	44	11,730	48,263	16,458	-	16,458
Shinhan-Eco Venture Fund 2nd	9,067	66	9,125	9,001	1,800	-	1,800
Leading H2O Fund 1	3,088	1	3,110	3,087	1,489	-	1,489
2023 JB Newtech No.2 Fund	6,946	2	7,000	6,944	1,786	-	1,786
U-KB Credit No.1 Private Equity	20,557	6	20,700	20,551	6,851	(1)	6,850
KB-BridgePole Venture Investment Fund No.2	10,502	41	10,500	10,461	1,494	-	1,494
Sirius Silicon Valley I New Technology Fund	2,040	2	2,100	2,038	485	-	485

KB Financial Group Inc. and Subsidiaries

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13.2 Condensed financial information, adjustments to the carrying amount, and dividend from major investments in associates and joint ventures as of and for the years ended December 31, 2023 and 2022, are as follows: (cont'd)

(In millions of Korean won)

	2023 *				
	Operating revenue	Net profit (loss)	Other comprehensive income (loss)	Total comprehensive income (loss)	Dividends
KB-KDBC Pre-IPO New Technology Business Investment Fund	W -	W (12)	W -	W (12)	W -
Balhae Infrastructure Company	126,682	121,783	-	121,783	9,582
Aju Good Technology Venture Fund	20,386	15,176	-	15,176	3,577
Incheon Bridge Co., Ltd.	128,860	22,110	-	22,110	-
Big Dipper Co., Ltd.	324	(242)	-	(242)	-
Food Factory Co., Ltd.	10,283	(89)	-	(89)	-
KBSP Private Equity Fund No.4	3,894	4,073	-	4,073	-
Korea Credit Bureau Co., Ltd.	163,707	8,012	-	8,012	90
KB Social Impact Investment Fund	2,230	1,958	-	1,958	-
KB-Solidus Global Healthcare Fund	42,005	36,193	-	36,193	10,920
POSCO-KB Shipbuilding Fund	709	(191)	-	(191)	-
KB-TS Technology Venture Private Equity Fund	836	362	-	362	-
KB-Brain KOSDAQ Scale-up New Technology Business Investment Fund	7,610	2,302	-	2,302	-
KB-SJ Tourism Venture Fund	664	(2,870)	-	(2,870)	-
UNION Media Commerce Fund	-	(16)	-	(16)	-
KB-Stonebridge Secondary Private Equity Fund	9,698	7,558	-	7,558	396
KB SPROTT Renewable Private Equity Fund No.1	26	(689)	-	(689)	-
KB-UTC Inno-Tech Venture Fund	758	(5,024)	2,208	(2,816)	3
WJ Private Equity Fund No.1	430	(218)	-	(218)	-
All Together Korea Fund No.2	303	297	-	297	-
KB-NAU Special Situation Corporate Restructuring Private Equity Fund	58,734	47,415	-	47,415	-
2020 KB Fintech Renaissance Fund	8,289	8,134	-	8,134	-
KB Material and Parts No.1 PEF	451	90	-	90	34
FineKB Private Equity Fund No.1	820	(2,578)	-	(2,578)	16
G payment Joint Stock Company	11,434	(539)	-	(539)	-
KB-GeneN Medical Venture Fund No.1	-	(187)	-	(187)	-
KB-BridgePole Venture Investment Fund	22,202	21,916	-	21,916	638
KB-Kyobo New Mobility Power Fund	1	(715)	-	(715)	-
DA-Friend New Technology Investment Fund No.2	-	(78)	-	(78)	-
Cornerstone Pentastone Fund No.4	-	(81)	-	(81)	-
Star-Lord General Investors Private Real Estate Investment Company No.10	33,947	(55,599)	-	(55,599)	-
KB-Badgers Future Mobility ESG Fund No.1	150	(2,219)	-	(2,219)	-
JS Private Equity Fund No.3	1,135	963	-	963	-
Mirae Asset Mobility Investment Fund No.1	19	(133)	-	(133)	-
KB-FT 1st Green Growth Investment Fund 1	3	(402)	-	(402)	-
Glenwood Credit Private Equity Fund No.2	10,374	9,611	-	9,611	2,428
THE CHAEUL FUND NO.1	1	(55)	-	(55)	-

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, 2023 and 2022, are as follows: (cont'd)

(In millions of Korean won)

	2023 *				
	Operating revenue	Net profit (loss)	Other comprehensive income (loss)	Total comprehensive income (loss)	Dividends
Smart Korea KB Future9-Sejong Venture Fund	W 667	W 391	W -	W 391	W -
KB-KTB Technology Venture Fund	166	(917)	-	(917)	-
KB-SOLIDUS Healthcare Investment Fund	16	(1,344)	-	(1,344)	-
Paramark KB Fund No.1	1,085	(3,824)	-	(3,824)	-
KB Co-Investment Private Equity Fund No.1	21	(908)	-	(908)	-
POSITIVE Sobujang Venture Fund No.1	75	(28)	-	(28)	-
History 2022 Fintech Fund	1	(123)	-	(123)	-
KB-NP Green ESG New Technology Venture Capital Fund	21	(2,463)	-	(2,463)	-
TMAP Mobility Co., Ltd.	294,016	(100,432)	-	(100,432)	-
Nextrade Co., Ltd.	-	(7,150)	-	(7,150)	-
Shinhan Global Mobility Fund No.1	-	(115)	-	(115)	-
SKB Next Unicorn K-Battery Fund No.1	123	(87)	-	(87)	-
Lakewood-AVES Fund No.1	-	(60)	-	(60)	-
MW-Pyco NewWave New Technology Investment Fund 4th	1	(68)	-	(68)	-
Bitgoeul Cheomdan Green 1st Co., Ltd.	-	(124)	-	(124)	-
KB-SUSUNG 1st Investment Fund	47	(310)	-	(310)	-
Friend 55 New Technology Business Investment Fund	3	(33)	-	(33)	-
KAELEEWALEE GLOBAL SAELAENJINSAMO INVESTMENT JE2HO LIMITED PARTNERSHIP	-	(225)	(93)	(318)	-
DSIP-Pharos Bioenergy Fund	36,813	36,533	-	36,533	-
Shinhan-Eco Venture Fund 2nd	2	(125)	-	(125)	-
Leading H2O Fund 1	5	(23)	-	(23)	-
2023 JB Newtech No.2 Fund	2	(56)	-	(56)	-
U-KB Credit No.1 Private Equity	345	(149)	-	(149)	-
KB-BridgePole Venture Investment Fund No.2	2	(39)	-	(39)	-
Sirius Silicon Valley I New Technology Fund	1	(62)	-	(62)	-

KB Financial Group Inc. and Subsidiaries

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13.2 Condensed financial information, adjustments to the carrying amount, and dividend from major investments in associates and joint ventures as of and for the years ended December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

	December 31, 2022 *							Consolidated carrying amount
	Total assets	Total liabilities	Paid-in capital	Equity	Share of net asset amount	Unrealized gains (losses) and others		
KB-KDBC Pre-IPO New Technology Business Investment Fund	W 9,226	W 260	W 5,400	W 8,966	W 5,978	W -	W 5,978	
Balhae Infrastructure Company	781,317	62,422	765,686	718,895	90,653	(36)	90,617	
Aju Good Technology Venture Fund	58,749	7,171	21,180	51,578	19,840	(4)	19,836	
KG Capital Co., Ltd.	85,077	43,749	20,000	41,328	20,250	(1,088)	19,162	
Incheon Bridge Co., Ltd.	554,738	661,227	61,096	(106,489)	(15,963)	15,963	-	
Big Dipper Co., Ltd.	642	308	493	334	60	-	60	
Paycoms Co., Ltd.	3,781	2,032	926	1,749	201	12	213	
Food Factory Co., Ltd.	8,599	5,468	450	3,131	696	703	1,399	
KBSP Private Equity Fund No.4	13,432	776	40,800	12,656	1,892	-	1,892	
Korea Credit Bureau Co., Ltd.	155,165	100,065	10,000	55,100	4,959	-	4,959	
KB Social Impact Investment Fund	14,658	439	15,000	14,219	4,266	-	4,266	
KB-Solidus Global Healthcare Fund	50,796	639	23,100	50,157	21,735	697	22,432	
POSCO-KB Shipbuilding Fund	15,675	321	5,840	15,354	4,798	-	4,798	
KB-TS Technology Venture Private Equity Fund	30,346	5,714	17,400	24,632	13,794	-	13,794	
KB-Brain KOSDAQ Scale-up New Technology Business Investment Fund	42,538	705	31,020	41,833	17,801	(750)	17,051	
KB-SJ Tourism Venture Fund	20,926	551	24,840	20,375	3,773	-	3,773	
UNION Media Commerce Fund	3,319	18	3,450	3,301	957	-	957	
KB-Stonebridge Secondary Private Equity Fund	172,979	349	163,413	172,630	25,144	-	25,144	
KB SPROTT Renewable Private Equity Fund No.1	44,880	996	47,868	43,884	16,539	-	16,539	

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, 2023 and 2022, are as follows: (cont'd)

(In millions of Korean won)

	December 31, 2022 *							Consolidated carrying amount
	Total assets	Total liabilities	Paid-in capital	Equity	Share of net asset amount	Unrealized gains (losses) and others		
KB-UTC Inno-Tech Venture Fund	W 44,111	W 809	W 48,260	W 43,302	W 19,180	W -	W 19,180	
WJ Private Equity Fund No.1	35,561	161	37,100	35,400	9,542	-	9,542	
All Together Korea Fund No.2	10,246	1	10,001	10,245	10,244	-	10,244	
KB-NAU Special Situation Corporate Restructuring Private Equity Fund	102,827	498	81,100	102,329	12,554	-	12,554	
December & Company Inc.	35,602	13,271	37,367	22,331	3,735	12,294	16,029	
2020 KB Fintech Renaissance Fund	12,529	38	10,900	12,491	630	-	630	
KB Material and Parts No.1 PEF	22,953	2	23,500	22,951	3,321	-	3,321	
FineKB Private Equity Fund No.1	43,759	1,828	51,100	41,931	10,483	-	10,483	
G payment Joint Stock Company	10,177	3,523	2,950	6,654	2,917	6,364	9,281	
KB-GenE Medical Venture Fund No.1	8,770	48	8,880	8,722	1,965	-	1,965	
KB-BridgePole Venture Investment Fund	13,331	73	13,500	13,258	835	-	835	
KB-Kyobo New Mobility Power Fund	9,932	40	10,500	9,892	2,826	-	2,826	
DA-Friend New Technology Investment Fund No.2	3,527	21	3,650	3,506	949	-	949	
Cornerstone Pentastone Fund No.4	3,704	23	3,800	3,681	792	-	792	
SKS-VLP New Technology Investment Fund No.2	4,855	2	5,001	4,853	1,121	-	1,121	
Star-Lord General Investors Private Real Estate Investment Company No.10	585,401	413,283	178,000	172,118	45,157	(45,157)	-	
KB-Badgers Future Mobility ESG Fund No.1	3,607	-	5,225	3,607	1,475	-	1,475	

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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, 2023 and 2022, are as follows: (cont'd)

(In millions of Korean won)

	December 31, 2022 *										
	Total assets	Total liabilities	Paid-in capital	Equity	Share of net asset amount	Unrealized gains (losses) and others	Consolidated carrying amount				
JS Private Equity Fund No.3	W 8,126	W 1	W 8,300	W 8,125	W 1,664	W -	W 1,664				
Mirae Asset Mobility Investment Fund No.1	8,683	73	8,700	8,610	1,979	-	1,979				
KB-FT 1st Green Growth Investment Fund 1	19,051	-	19,345	19,051	1,970	-	1,970				
Glenwood Credit Private Equity Fund No.2	145,787	376	140,500	145,411	43,468	-	43,468				
THE CHAEUL FUND NO.1	3,166	-	3,200	3,166	989	-	989				
Smart Korea KB Future9-Sejong Venture Fund	4,862	-	5,200	4,862	1,870	-	1,870				
KB-KTB Technology Venture Fund	32,214	280	33,000	31,934	16,256	-	16,256				
KB-SOLIDUS Healthcare Investment Fund	21,483	345	22,440	21,138	18,651	-	18,651				
Paramark KB Fund No.1	63,260	22	70,169	63,238	10,966	-	10,966				
KB Co-Investment Private Equity Fund No.1	101,771	198	102,067	101,573	7,269	(36)	7,233				
POSITIVE Sobujang Venture Fund No.1	4,521	23	4,550	4,498	1,977	-	1,977				
History 2022 Fintech Fund	5,695	-	5,750	5,695	1,981	-	1,981				
PEBBLES-MW M.C.E New Technology Investment Fund 1st	8,562	40	8,600	8,522	1,982	-	1,982				
KB-NP Green ESG New Technology Venture Capital Fund	31,838	638	32,260	31,200	9,043	-	9,043				
TMAP Mobility Co., Ltd.	920,597	174,696	8,677	745,901	61,518	132,937	194,455				
Nextrade Co., Ltd.	146,100	-	146,100	146,100	9,700	-	9,700				
Shinhan Global Mobility Fund No.1	5,474	-	5,700	5,474	1,345	-	1,345				
SKB Next Unicorn K-Battery Fund No.1	5,705	14	5,691	5,691	1,995	-	1,995				

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, 2023 and 2022, are as follows: (cont'd)

(In millions of Korean won)

	2022 *				
	Operating revenue	Net profit (loss)	Other comprehensive income (loss)	Total comprehensive income (loss)	Dividends
KB-KDBC Pre-IPO New Technology Business Investment Fund	W 1,699	W (917)	W -	W (917)	W -
Balhae Infrastructure Company	100,720	133,964	-	133,964	16,646
Aju Good Technology Venture Fund	22,381	6,018	-	6,018	1,200
KG Capital Co., Ltd.	11,569	474	374	848	-
Incheon Bridge Co., Ltd.	130,456	23,754	-	23,754	-
Big Dipper Co., Ltd.	834	(672)	-	(672)	-
Paycoms Co., Ltd.	1,266	399	-	399	-
Food Factory Co., Ltd.	9,059	605	-	605	-
KBSP Private Equity Fund No.4	6	(24,985)	-	(24,985)	-
Korea Credit Bureau Co., Ltd.	144,906	13,809	-	13,809	-
KB Social Impact Investment Fund	240	(55)	-	(55)	-
KB-Solidus Global Healthcare Fund	2,952	(15,775)	-	(15,775)	-
POSCO-KB Shipbuilding Fund	1,721	1,072	-	1,072	-
KB-TS Technology Venture Private Equity Fund	1,043	2,682	-	2,682	-
KB-Brain KOSDAQ Scale-up New Technology Business Investment Fund	11,851	1,541	-	1,541	-
KB-SJ Tourism Venture Fund	719	145	-	145	-
UNION Media Commerce Fund	-	(8)	-	(8)	-
KB-Stonebridge Secondary Private Equity Fund	22,445	20,887	-	20,887	2,006
KB SPROTT Renewable Private Equity Fund No.1	-	(1,020)	-	(1,020)	-
KB-UTC Inno-Tech Venture Fund	-	(905)	(1,647)	(2,552)	-
WJ Private Equity Fund No.1	430	(229)	-	(229)	-
All Together Korea Fund No.2	179	173	-	173	-
KB-NAU Special Situation Corporate Restructuring Private Equity Fund December & Company Inc.	21,470	5,713	-	5,713	-
2020 KB Fintech Renaissance Fund	868	(32,002)	-	(32,002)	-
KB Material and Parts No.1 PEF	395	243	-	243	-
FineKB Private Equity Fund No.1	451	83	-	83	34
G payment Joint Stock Company	14,244	(7,938)	-	(7,938)	-
KB-GeneN Medical Venture Fund No.1	3,401	(831)	-	(831)	-
KB-BridgePole Venture Investment Fund	1	(158)	-	(158)	-
KB-Kyobo New Mobility Power Fund	4	(242)	-	(242)	-
DA-Friend New Technology Investment Fund No.2	2	(608)	-	(608)	-
Cornerstone Pentastone Fund No.4	-	(144)	-	(144)	-
SKS-VLP New Technology Investment Fund No.2	-	(119)	-	(119)	-
Star-Lord General Investors Private Real Estate Investment Company No.10	1	(148)	-	(148)	-
KB-Badgers Future Mobility ESG Fund No.1	16,792	(4,254)	-	(4,254)	-
JS Private Equity Fund No.3	-	(1,618)	-	(1,618)	-
	-	(175)	-	(175)	-

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13.2 Condensed financial information, adjustments to the carrying amount, and dividend from major investments in associates and joint ventures as of and for the years ended December 31, 2023 and 2022, are as follows: (cont'd)

(In millions of Korean won)

	2022 *									
	Operating revenue		Net profit (loss)		Other comprehensive income (loss)		Total comprehensive income (loss)		Dividends	
	₩	9	₩	(90)	₩	-	₩	(90)	₩	-
Mirae Asset Mobility Investment Fund No.1										
KB-FT 1st Green Growth Investment Fund 1		5		(294)		-		(294)		-
Glenwood Credit Private Equity Fund No.2		5,286		4,911		-		4,911		-
THE CHAEUL FUND NO.1		-		(34)		-		(34)		-
Smart Korea KB Future9-Sejong Venture Fund		13		(236)		-		(236)		-
KB-KTB Technology Venture Fund		134		(973)		-		(973)		-
KB-SOLIDUS Healthcare Investment Fund		14		(1,302)		-		(1,302)		-
Paramark KB Fund No.1		581		(6,010)		-		(6,010)		-
KB Co-Investment Private Equity Fund No.1		14		(494)		-		(494)		-
POSITIVE Sobujang Venture Fund No.1		1		(52)		-		(52)		-
History 2022 Fintech Fund		-		(55)		-		(55)		-
PEBBLES-MW M.C.E New Technology Investment Fund 1 st		-		(78)		-		(78)		-
KB-NP Green ESG New Technology Venture Capital Fund		19		(1,059)		-		(1,059)		-
TMAP Mobility Co., Ltd.		139,792		(132,476)		-		(132,476)		-
Nexttrade Co., Ltd.		-		-		-		-		-
Shinhan Global Mobility Fund No.1		-		(226)		-		(226)		-
SKB Next Unicom K-Battery Fund No.1		1		-		-		-		-

* 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, 2023 and 2022, are as follows:

(In millions of Korean won)

	2023 *															
	Beginning		Acquisition and others		Disposal and others		Dividends		Gains (losses) on equity-method accounting		Other comprehensive income (loss)		Others		Ending	
	₩	5,978	₩	-	₩	-	₩	-	₩	85	₩	-	₩	-	₩	6,063
KB-KDBC Pre-IPO New Technology Business Investment Fund																
Balhae Infrastructure Company		90,617		-		(1,079)		(9,582)		13,810		-		-		93,766
Hahn & Company No. 4-3 Private Equity Fund		-		8,188		(7,253)		-		(935)		-		-		-
Aju Good Technology Venture Fund		19,836		-		(7,800)		(3,577)		5,837		-		-		14,296
SY Auto Capital Co., Ltd.		19,162		-		-		-		252		(2)		(19,412)		-
Big Dipper Co., Ltd.		60		-		-		-		17		17		-		94
Paycoms Co., Ltd.		213		-		-		-		(57)		-		(156)		-
Food Factory Co., Ltd.		1,399		-		-		-		83		1		-		1,483
KBSP Private Equity Fund No.4		1,892		-		-		-		509		93		-		2,494
Korea Credit Bureau Co., Ltd.		4,959		-		-		(90)		748		-		-		5,617
KB Social Impact Investment Fund		4,266		-		-		-		587		-		-		4,853
KB-Solidus Global Healthcare Fund		22,432		-		(8,710)		(10,920)		15,683		-		-		18,485
POSCO-KB Shipbuilding Fund		4,798		-		-		-		(60)		-		-		4,738
KB-TS Technology Venture Private Equity Fund		13,794		-		(672)		-		(750)		-		-		12,372
KB-Brain KOSDAQ Scale-up New Technology Business Investment Fund		17,051		-		(13,200)		-		1,544		-		-		5,395
KB-SJ Tourism Venture Fund		3,773		-		-		-		(531)		-		-		3,242
UNION Media Commerce Fund		957		-		-		-		(5)		-		-		952
KB-Stonebridge Secondary Private Equity Fund		25,144		-		(6,964)		(396)		1,101		-		-		18,885
KB SPROTT Renewable Private Equity Fund No.1		16,539		-		(475)		-		(154)		-		-		15,910
KB-UTC Inno-Tech Venture Fund		19,180		-		(2,251)		(3)		399		652		-		17,977
WJ Private Equity Fund No.1		9,542		-		-		-		(60)		-		-		9,482
All Together Korea Fund No.2		10,244		-		-		-		297		-		-		10,541

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13.3 Changes in carrying amount of investments in associates and joint ventures for the years ended December 31, 2023 and 2022, are as follows: (cont'd)

(In millions of Korean won)

	2023 *							
	Beginning	Acquisition and others	Disposal and others	Dividends	Gains (losses) on equity-method accounting	Other comprehensive income (loss)	Others	Ending
KB-NAU Special Situation Corporate Restructuring Private Equity Fund December & Company Inc.	W 12,554	W 1,800	W (2,234)	W -	W 5,690	W -	W -	W 17,810
2020 KB Fintech Renaissance Fund	630	-	-	-	411	-	-	1,041
KB Material and Parts No.1 PEF	3,321	-	-	(34)	13	-	-	3,300
FineKB Private Equity Fund No.1	10,483	-	(2,125)	(16)	(645)	-	-	7,697
G payment Joint Stock Company	9,281	-	(79)	-	(236)	-	-	8,966
KB-GeneN Medical Venture Fund No.1	1,965	-	-	-	(42)	-	-	1,923
KB-BridgePole Venture Investment Fund	835	-	(714)	(638)	1,380	-	-	863
KB-Kyobo New Mobility Power Fund	2,826	-	-	-	(204)	-	-	2,622
DA-Friend New Technology Investment Fund No.2	949	-	-	-	(21)	-	-	928
Cornerstone Pentastone Fund No.4	792	-	-	-	(17)	-	-	775
SKS-VLP New Technology Investment Fund No.2	1,121	-	(1,121)	-	-	-	-	-
KB-Badgers Future Mobility ESG Fund No.1	1,475	5,538	-	-	(908)	-	-	6,105
JS Private Equity Fund No.3	1,664	-	-	-	198	-	-	1,862
Mirae Asset Mobility Investment Fund No.1	1,979	-	-	-	(30)	-	-	1,949
KB-FT 1st Green Growth Investment Fund 1	1,970	-	-	-	(42)	-	-	1,928
Glenwood Credit Private Equity Fund No.2	43,468	-	-	(2,428)	2,882	-	-	43,922
THE CHAEUL FUND NO.1	989	-	-	-	(17)	-	-	972
Smart Korea KB Future9-Sejong Venture Fund	1,870	1,000	(634)	-	162	-	-	2,398
KB-KTB Technology Venture Fund	16,256	5,601	-	-	(466)	-	-	21,391

13.3 Changes in carrying amount of investments in associates and joint ventures for the years ended December 31, 2023 and 2022, are as follows: (cont'd)

(In millions of Korean won)

	2023 *							
	Beginning	Acquisition and others	Disposal and others	Dividends	Gains (losses) on equity-method accounting	Other comprehensive income (loss)	Others	Ending
KB-SOLIDUS Healthcare Investment Fund	W 18,651	W 22,752	W (12)	W -	W (1,219)	W -	W -	W 40,172
Paramark KB Fund No.1	10,966	3,342	-	-	(663)	-	-	13,645
KB Co-Investment Private Equity Fund No.1	7,233	2,208	-	-	(65)	-	-	9,376
POSITIVE Sobujang Venture Fund No.1	1,977	-	-	-	(12)	-	-	1,965
History 2022 Fintech Fund	1,981	-	-	-	(43)	-	-	1,938
PEBBLES-MW M.C.E New Technology Investment Fund 1st	1,982	-	(1,982)	-	-	-	-	-
KB-NP Green ESG New Technology Venture Capital Fund	9,043	11,099	-	-	(713)	-	-	19,429
TMAP Mobility Co., Ltd.	194,455	-	(19)	-	(11,893)	1,029	-	183,572
Nextrade Co., Ltd.	9,700	-	-	-	(475)	-	-	9,225
Shinhan Global Mobility Fund No.1	1,345	-	-	-	(21)	-	-	1,324
SKB Next Unicorn K-Battery Fund No.1	1,995	-	(87)	-	(18)	-	-	1,890
Lakewood-AVES Fund No.1	-	2,000	-	-	(23)	-	-	1,977
MW-Pyco NewWave New Technology Investment Fund 4th	-	2,000	-	-	(35)	-	-	1,965
Bitgoeul Cheomdan Green 1st Co., Ltd.	-	190	-	-	(24)	(1)	-	165
KB-SUSUNG 1st Investment Fund	-	3,000	-	-	(47)	-	-	2,953
Friend 55 New Technology Business Investment Fund	-	1,200	-	-	(18)	-	-	1,182
KAELEEWALEE GLOBAL SAELAENJINSAMO INVESTMENT JE2HO LIMITED PARTNERSHIP	-	27,034	-	-	(46)	(19)	-	26,969
DSIP-Pharos Bioenergy Fund	-	4,000	-	-	12,458	-	-	16,458
Shinhan-Eco Venture Fund 2nd	-	1,825	-	-	(25)	-	-	1,800
Leading H2O Fund 1	-	1,500	-	-	(11)	-	-	1,489
2023 JB Newtech No.2 Fund	-	1,800	-	-	(14)	-	-	1,786

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13.3 Changes in carrying amount of investments in associates and joint ventures for the years ended December 31, 2023 and 2022, are as follows: (cont'd)

(In millions of Korean won)

	2023 *							
	Beginning	Acquisition and others	Disposal and others	Dividends	Gains (losses) on equity-method accounting	Other comprehensive income (loss)	Others	Ending
U-KB Credit No.1 Private Equity	₩ -	₩ 6,900	₩ -	₩ -	₩ (50)	₩ -	₩ -	₩ 6,850
KB-BridgePole Venture Investment Fund No.2	-	1,500	-	-	(6)	-	-	1,494
Sirius Silicon Valley I New Technology Fund	-	500	-	-	(15)	-	-	485
Others	1,049	15	(208)	-	1,899	(1,739)	-	1,016
	<u>₩ 682,670</u>	<u>₩ 114,992</u>	<u>₩ (72,483)</u>	<u>₩ (27,684)</u>	<u>₩ 45,429</u>	<u>₩ 31</u>	<u>₩ (20,733)</u>	<u>₩ 722,222</u>

13.3 Changes in carrying amount of investments in associates and joint ventures for the years ended December 31, 2023 and 2022, are as follows: (cont'd)

(In millions of Korean won)

	2022 *							
	Beginning	Acquisition and others	Disposal and others	Dividends	Gains (losses) on equity-method accounting	Other comprehensive income (loss)	Ending	
KB Pre IPO Secondary Venture Fund No.1	₩ 1,622	₩ -	₩ (1,429)	₩ -	₩ (193)	₩ -	₩ -	
KB-KDBC Pre-IPO New Technology Business Investment Fund	11,789	-	(5,200)	-	(611)	-	5,978	
KB Star Office Private Real Estate Master Fund No.1	26,240	-	(5,960)	(20,280)	-	-	-	
Balhae Infrastructure Company	99,785	-	(9,408)	(16,646)	16,886	-	90,617	
Aju Good Technology Venture Fund	22,921	-	(4,200)	(1,200)	2,315	-	19,836	
KG Capital Co., Ltd.	18,222	-	-	-	757	183	19,162	
Big Dipper Co., Ltd.	-	291	-	-	(231)	-	60	
Paycoms Co., Ltd.	525	-	-	-	(312)	-	213	
Food Factory Co., Ltd.	1,320	-	-	-	132	(53)	1,399	
KBSP Private Equity Fund No.4	5,628	-	-	-	(3,736)	-	1,892	
Korea Credit Bureau Co., Ltd.	4,497	-	-	-	462	-	4,959	
KB Social Impact Investment Fund	4,282	-	-	-	(16)	-	4,266	
KB-Solidus Global Healthcare Fund	48,898	-	(19,630)	-	(6,836)	-	22,432	
POSCO-KB Shipbuilding Fund	5,413	-	(950)	-	335	-	4,798	
KB-TS Technology Venture Private Equity Fund	16,828	-	(4,536)	-	1,502	-	13,794	
KB-Brain KOSDAQ Scale-up New Technology Business Investment Fund	28,919	-	(12,800)	-	932	-	17,051	
KB-SJ Tourism Venture Fund	4,146	-	(400)	-	27	-	3,773	
UNION Media Commerce Fund	959	-	-	-	(2)	-	957	
KB-Stonebridge Secondary Private Equity Fund	21,948	4,370	(2,210)	(2,006)	3,042	-	25,144	
KB SPROTT Renewable Private Equity Fund No.1	4,680	12,246	-	-	(387)	-	16,539	
KB-UTC Inno-Tech Venture Fund	20,972	-	-	-	(1,306)	(486)	19,180	

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13.3 Changes in carrying amount of investments in associates and joint ventures for the years ended December 31, 2023 and 2022, are as follows: (cont'd)

(In millions of Korean won)

	2022 *						
	Beginning	Acquisition and others	Disposal and others	Dividends	Gains (losses) on equity-method accounting	Other comprehensive income (loss)	Ending
WJ Private Equity Fund No.1	W 9,604	W -	W -	W -	W (62)	W -	W 9,542
All Together Korea Fund No.2	10,070	-	-	-	174	-	10,244
KB-NAU Special Situation Corporate Restructuring Private Equity Fund	15,254	1,320	(4,706)	-	686	-	12,554
Project Vanilla Co., Ltd. December & Company Inc.	21,388	-	(49)	-	(5,353)	43	16,029
2020 KB Fintech Renaissance Fund	618	-	-	-	12	-	630
KB Material and Parts No.1 PEF	3,343	-	-	(34)	12	-	3,321
FineKB Private Equity Fund No.1	8,067	7,500	(3,100)	-	(1,984)	-	10,483
KB Bio Private Equity No.3 Ltd.	9,950	-	(3,922)	(6,028)	-	-	-
G payment Joint Stock Company	9,350	295	-	-	(364)	-	9,281
Apollo REIT PropCo LLC	-	19,968	(19,968)	-	-	-	-
KB-GeneN Medical Venture Fund No.1	-	2,000	-	-	(35)	-	1,965
KB-BridgePole Venture Investment Fund	-	850	-	-	(15)	-	835
KB-Kyobo New Mobility Power Fund	-	3,000	-	-	(174)	-	2,826
DA-Friend New Technology Investment Fund No.2	-	988	-	-	(39)	-	949
Cornerstone Pentastone Fund No.4	-	818	-	-	(26)	-	792
SKS-VLP New Technology Investment Fund No.2	-	1,156	-	-	(35)	-	1,121
Star-Lord General Investors Private Real Estate Investment Company No.10	-	46,700	-	-	(46,700)	-	-
KB-Badgers Future Mobility ESG Fund No.1	-	2,137	-	-	(662)	-	1,475
JS Private Equity Fund No.3	-	1,700	-	-	(36)	-	1,664

13.3 Changes in carrying amount of investments in associates and joint ventures for the years ended December 31, 2023 and 2022, are as follows: (cont'd)

(In millions of Korean won)

	2022 *						
	Beginning	Acquisition and others	Disposal and others	Dividends	Gains (losses) on equity-method accounting	Other comprehensive income (loss)	Ending
Mirae Asset Mobility Investment Fund No.1	-	2,000	-	-	(21)	-	1,979
KB-FT 1st Green Growth Investment Fund ¹	-	2,000	-	-	(30)	-	1,970
Glenwood Credit Private Equity Fund No.2	-	42,000	-	-	1,468	-	43,468
THE CHAEUL FUND NO.1	-	1,000	-	-	(11)	-	989
Smart Korea KB Future9-Sejong Venture Fund	962	1,000	-	-	(92)	-	1,870
KB-KTB Technology Venture Fund	5,554	11,200	-	-	(498)	-	16,256
KB-SOLIDUS Healthcare Investment Fund	1,800	18,000	-	-	(1,149)	-	18,651
Paramark KB Fund No.1	1,850	12,444	(2,285)	-	(1,043)	-	10,966
KB Co-Investment Private Equity Fund No.1 ¹	-	7,268	-	-	(35)	-	7,233
POSITIVE Sobujang Venture Fund No.1	-	2,000	-	-	(23)	-	1,977
History 2022 Fintech Fund	-	2,000	-	-	(19)	-	1,981
PEBBLES-MW M.C.E New Technology Investment Fund 1 st	-	2,000	-	-	(18)	-	1,982
KB-NP Green ESG New Technology Venture Capital Fund	-	9,350	-	-	(307)	-	9,043
TMAP Mobility Co., Ltd. ¹	-	200,000	-	-	(5,797)	252	194,455
Nexttrade Co., Ltd. ¹	-	9,700	-	-	-	-	9,700
Shinhan Global Mobility Fund No.1	-	1,345	-	-	-	-	1,345
SKB Next Unicorn K-Battery Fund No.1	-	1,995	-	-	-	-	1,995
Others	789	50	(43)	-	75	178	1,049
	<u>W 448,718</u>	<u>W 430,691</u>	<u>W (101,321)</u>	<u>W (46,194)</u>	<u>W (49,341)</u>	<u>W 117</u>	<u>W 682,670</u>

* Gains on disposal of investments in associates and joint ventures amount to W 6,853 million W 20,585 million for the years ended December 31, 2023 and 2022, respectively.

KB Financial Group Inc. and Subsidiaries Notes to the Consolidated Financial Statements December 31, 2023 and 2022

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, 2023 and 2022, and accumulated amount of unrecognized losses as of December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

	Unrecognized losses (gains) for the period		Accumulated unrecognized losses	
			December 31,	December 31,
	2023	2022	2023	2022
DSMETAL Co., Ltd.	₩ -	₩ -	₩ 103	₩ 103
Incheon Bridge Co., Ltd.	(3,323)	(3,518)	12,640	15,963
Jungdong Steel Co., Ltd.	-	-	489	489
Shinla Construction Co., Ltd.	-	-	183	183
Jaeyang Industry Co., Ltd.	-	-	30	30
Terra Corporation	-	-	14	14
Jungdo Co., Ltd.	(120)	(8)	423	543
Jinseung Tech Co., Ltd.	(18)	-	-	18
Korea NM Tech Co., Ltd.	3	3	34	31
Chongil Machine & Tools Co., Ltd.	-	7	75	75
Skydigital Inc.	20	3	197	177
Imt Technology Co., Ltd.	-	-	-	-
Jo Yang Industrial Co., Ltd.	36	8	149	113
IDTECK Co., Ltd.	-	(144)	-	-
MJT&I Corp.	(1)	1	152	153
Dae-A Leisure Co., Ltd.	87	310	599	512
Il-Kwang Electronic Materials Co., Ltd.	-	(2)	158	158
Dongjo Co., Ltd.	(147)	696	549	696
Iwon Alloy Co., Ltd.	(1)	19	18	19
Chunsung-meat co., ltd.	9	24	33	24
ALTSCS CO., LTD.	395	1	396	1
RAND Bio Science Co., Ltd.	187	231	727	540
Star-Lord General Investors Private Real Estate Investment Company No.10	7,691	9,741	17,432	9,741
	₩ 4,818	₩ 7,372	₩ 34,401	₩ 29,583

14. Property and Equipment, and Investment Properties

14.1 Property and Equipment

14.1.1 Details of property and equipment as of December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

	December 31, 2023			
	Acquisition cost	Accumulated depreciation	Accumulated impairment losses	Carrying amount
Land	₩ 2,442,186	₩ -	₩ (4)	₩ 2,442,182
Buildings	2,449,394	(899,839)	(5,747)	1,543,808
Leasehold improvements	1,052,550	(976,520)	-	76,030
Equipment and vehicles	2,027,842	(1,774,850)	-	252,992
Construction in-progress	56,971	-	-	56,971
Right-of-use assets	1,608,541	(1,034,825)	-	573,716
	₩ 9,637,484	₩ (4,686,034)	₩ (5,751)	₩ 4,945,699

(In millions of Korean won)

	December 31, 2022			
	Acquisition cost	Accumulated depreciation	Accumulated impairment losses	Carrying amount
Land	₩ 2,416,730	₩ -	₩ (4)	₩ 2,416,726
Buildings	2,426,317	(839,137)	(5,747)	1,581,433
Leasehold improvements	1,020,095	(943,711)	-	76,384
Equipment and vehicles	2,070,374	(1,766,036)	-	304,338
Construction in-progress	28,045	-	-	28,045
Right-of-use assets	1,440,686	(856,145)	-	584,541
	₩ 9,402,247	₩ (4,405,029)	₩ (5,751)	₩ 4,991,467

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14.1.2 Changes in property and equipment for the years ended December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

	2023								
	Beginning	Acquisition	Transfer ¹	Disposal	Depreciation ²	Business combination	Others	Ending	
Land	₩ 2,416,726	₩ 51,324	₩ 3,501	₩ (2,074)	₩ -	₩ 6,585	₩ (33,880)	₩ 2,442,182	
Buildings	1,581,433	28,344	22,976	(543)	(66,062)	677	(23,017)	1,543,808	
Leasehold improvements	76,384	8,390	41,522	(170)	(52,555)	2	2,457	76,030	
Equipment and vehicles	304,338	113,823	(14)	(1,217)	(164,724)	3,206	(2,420)	252,992	
Construction in-progress	28,045	143,439	(89,168)	-	-	-	(25,345)	56,971	
Right-of-use assets	584,541	556,043	(9,735)	(239,365)	(299,599)	672	(18,841)	573,716	
	₩ 4,991,467	₩ 901,363	₩ (30,918)	₩ (243,369)	₩ (582,940)	₩ 11,142	₩ (101,046)	₩ 4,945,699	

(In millions of Korean won)

	2022								
	Beginning	Acquisition	Transfer ¹	Disposal	Depreciation ²	Business combination	Others	Ending	
Land	₩ 2,548,181	₩ 678	₩ (117,290)	₩ (7,223)	₩ -	₩ -	₩ (7,620)	₩ 2,416,726	
Buildings	1,676,657	12,867	(39,460)	(7,860)	(66,044)	-	5,273	1,581,433	
Leasehold improvements	88,251	12,533	36,379	(455)	(60,129)	8	(203)	76,384	
Equipment and vehicles	311,183	159,109	1,899	(1,795)	(170,529)	30	4,441	304,338	
Construction in-progress	39,579	110,378	(121,306)	(397)	-	-	(209)	28,045	
Right-of-use assets	576,047	682,393	(2,640)	(416,712)	(296,509)	-	41,962	584,541	
	₩ 5,239,898	₩ 977,958	₩ (242,418)	₩ (434,442)	₩ (593,211)	₩ 38	₩ 43,644	₩ 4,991,467	

¹ Includes transfers with investment properties and assets held for sale.

² Includes depreciation expenses amounting to ₩ 62,098 million and ₩ 62,256 million recorded as insurance service expenses, other operating expenses and others for the years ended December 31, 2023 and 2022, respectively.

14.1.3 Changes in accumulated impairment losses of property and equipment for the years ended December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

	2023				
	Beginning	Impairment	Reversal	Disposal and others	Ending
Accumulated impairment losses of property and equipment	₩ (5,751)	₩ -	₩ -	₩ -	₩ (5,751)

(In millions of Korean won)

	2022				
	Beginning	Impairment	Reversal	Disposal and others	Ending
Accumulated impairment losses of property and equipment	₩ (5,751)	₩ -	₩ -	₩ -	₩ (5,751)

14.2 Investment Properties

14.2.1 Details of investment properties as of December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

	December 31, 2023			
	Acquisition cost	Accumulated depreciation	Accumulated impairment losses	Carrying amount
Land	₩ 2,237,030	₩ -	₩ (486)	₩ 2,236,544
Buildings	2,027,919	(149,390)	(5,289)	1,873,240
	₩ 4,264,949	₩ (149,390)	₩ (5,775)	₩ 4,109,784

(In millions of Korean won)

	December 31, 2022			
	Acquisition cost	Accumulated depreciation	Accumulated impairment losses	Carrying amount
Land	₩ 1,496,007	₩ -	₩ (478)	₩ 1,495,529
Buildings	1,783,438	(125,428)	(5,199)	1,652,811
	₩ 3,279,445	₩ (125,428)	₩ (5,677)	₩ 3,148,340

14.2.2 Valuation techniques and inputs used to measure the fair value of investment properties as of December 31, 2023, are as follows:

(In millions of Korean won)

	December 31, 2023		
	Fair value	Valuation techniques	Inputs
Land and buildings	₩ 214,067	Cost approach method	- Price per square meter - Replacement cost
	2,463,969	Market comparison method	- Price per square meter
	686,260	Discounted cash flow method	- Prospective rental market growth rate - Period of vacancy - Rental ratio - Discount rate and others
	237,900	Income approach method	- Discount rate - Capitalization rate - Vacancy rate

Fair value of investment properties amounts to ₩ 3,602,196 million and ₩ 2,712,402 million as of December 31, 2023 and 2022, 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 ₩ 134,250 million and ₩ 136,493 million for the years ended December 31, 2023 and 2022, respectively.

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14.2.3 Changes in investment properties for the years ended December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

	2023						
	Beginning	Acquisition	Transfer *	Disposal	Depreciation	Others	Ending
Land	₩ 1,495,529	₩ 1,062,748	₩ (3,080)	₩ (268,800)	₩ -	₩ (49,853)	₩ 2,236,544
Buildings	₩ 1,652,811	₩ 456,680	₩ 1,190	₩ (162,854)	₩ (48,790)	₩ (25,797)	₩ 1,873,240
	₩ 3,148,340	₩ 1,519,428	₩ (1,890)	₩ (431,654)	₩ (48,790)	₩ (75,650)	₩ 4,109,784

(In millions of Korean won)

	2022						
	Beginning	Acquisition	Transfer *	Disposal	Depreciation	Others	Ending
Land	₩ 1,577,353	₩ 387,282	₩ (64,630)	₩ (414,335)	₩ -	₩ 9,859	₩ 1,495,529
Buildings	₩ 937,591	₩ 880,545	₩ (62,186)	₩ (153,562)	₩ (38,156)	₩ 88,579	₩ 1,652,811
	₩ 2,514,944	₩ 1,267,827	₩ (126,816)	₩ (567,897)	₩ (38,156)	₩ 98,438	₩ 3,148,340

* Includes transfers with property and equipment and assets held for sale.

15. Intangible Assets

15.1 Details of intangible assets as of December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

	December 31, 2023				
	Acquisition cost	Accumulated amortization	Accumulated impairment losses	Others	Carrying amount
Goodwill	₩ 918,913	₩ -	₩ (76,785)	₩ 24,846	₩ 866,974
Other intangible assets	₩ 3,572,298	₩ (2,456,769)	₩ (31,645)	₩ -	₩ 1,083,884
	₩ 4,491,211	₩ (2,456,769)	₩ (108,430)	₩ 24,846	₩ 1,950,858

(In millions of Korean won)

	December 31, 2022				
	Acquisition cost	Accumulated amortization	Accumulated impairment losses	Others	Carrying amount
Goodwill	₩ 903,003	₩ -	₩ (70,517)	₩ 12,669	₩ 845,155
Other intangible assets	₩ 3,142,544	₩ (2,096,463)	₩ (32,766)	₩ -	₩ 1,013,315
	₩ 4,045,547	₩ (2,096,463)	₩ (103,283)	₩ 12,669	₩ 1,858,470

15.2 Details of goodwill as of December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

	December 31, 2023		December 31, 2022	
	Acquisition cost	Carrying amount ¹	Acquisition cost	Carrying amount ¹
Housing & Commercial Bank	₩ 65,288	₩ 65,288	₩ 65,288	₩ 65,288
Kookmin Bank Cambodia PLC.	-	-	₩ 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	₩ 57,403	₩ 115,343	₩ 57,404
KB Securities Vietnam Joint Stock Company	₩ 13,092	₩ 13,820	₩ 13,092	₩ 13,947
KB Daehan Specialized Bank Plc. ²	₩ 6,189	-	₩ 1,515	₩ 1,712
KB PRASAC Bank Plc. ³	₩ 398,144	₩ 422,575	-	-
PRASAC Microfinance Institution Plc. ³	-	-	₩ 396,942	₩ 415,332
PT Sunindo Kookmin Best Finance	₩ 2,963	₩ 2,911	₩ 2,963	₩ 2,817
PT Bank KB Bukopin Tbk	₩ 89,220	₩ 86,410	₩ 89,220	₩ 83,619
PT. KB Finansia Multi Finance	₩ 51,820	₩ 53,089	₩ 51,820	₩ 51,376
PT. KB Valbury Sekurita	₩ 11,070	₩ 11,070	₩ 11,070	₩ 10,713
Teamwink Inc.	₩ 15,910	₩ 15,910	-	-
I-Finance Leasing ²	-	-	₩ 4,674	₩ 4,449
	₩ 918,913	₩ 866,974	₩ 903,003	₩ 845,155

¹ Includes the effect of exchange differences and others.

² As of December 31, 2023, calculated by summing up KB Daehan Specialized Bank Plc. and I-Finance Leasing due to planning to merge in 2024.

³ Kookmin Bank Cambodia PLC. merged with KB PRASAC BANK PLC. on September 1, 2023.

15.3 Changes in accumulated impairment losses of goodwill for the years ended December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

	2023			
	Beginning	Impairment	Others	Ending
Accumulated impairment losses of goodwill	₩ (70,517)	₩ (6,268)	₩ -	₩ (76,785)

(In millions of Korean won)

	2022			
	Beginning	Impairment	Others	Ending
Accumulated impairment losses of goodwill	₩ (70,517)	₩ -	₩ -	₩ (70,517)

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15.4 Details of goodwill allocation to cash-generating units and related information for impairment testing as of December 31, 2023 are as follows:

(In millions of Korean won)

		December 31, 2023			
		Carrying amount of goodwill	Recoverable amount exceeding carrying amount ¹	Discount rate (%)	Permanent growth rate (%)
Housing & Commercial Bank	Retail banking Corporate banking	₩ 49,315	₩ 5,740,481	14.72	1.00
KB Securities Co., Ltd.		15,973	13,290,555	14.32	1.00
KB Capital Co., Ltd.		58,889	295,887	17.03	1.00
KB Savings Bank Co., Ltd. and Yehansoul Savings Bank Co., Ltd.		79,609	807,090	14.96	1.00
KB Securities Vietnam Joint Stock Company		57,403	440,659	13.00	1.00
KB Daehan Specialized Bank Plc.		13,820	3,869	18.43	1.00
PT Bank KB Bukopin Tbk		-	(6,652)	22.30	1.00
KB PRASAC Bank Plc.		86,410	513,845	23.58	3.00
PT Sunindo Kookmin Best Finance		422,575	76,653	26.74	3.00
PT. KB Finansia Multi Finance		2,911	4,147	17.53	-
PT. KB Valbury Sekurita		53,089	5,956	14.24	1.00
Teamwink Inc. ²		11,070	21,764	12.16	1.00
		15,910	-	-	-
		₩ 866,974	₩ 21,194,254		

¹ The recoverable amount exceeding carrying amount is the amount at the time of impairment testing.

² In December 2023, KB Capital Co., Ltd. incorporated Teamwink Inc. as a subsidiary, and did not conduct a goodwill impairment test.

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, 2023 and 2022, are as follows:

(In millions of Korean won)

		December 31, 2023			
		Acquisition cost	Accumulated amortization	Accumulated impairment losses	Carrying amount
Industrial property rights		₩ 4,541	₩ (2,740)	₩ (715)	₩ 1,086
Software		2,503,883	(1,936,689)	(840)	566,354
Other intangible assets		1,028,747	(483,808)	(30,090)	514,849
Right-of-use assets		35,127	(33,532)	-	1,595
		₩ 3,572,298	(2,456,769)	(31,645)	1,083,884

(In millions of Korean won)

		December 31, 2022			
		Acquisition cost	Accumulated amortization	Accumulated impairment losses	Carrying amount
Industrial property rights		₩ 4,740	₩ (2,913)	₩ (716)	₩ 1,111
Software		2,260,879	(1,640,631)	-	620,248
Other intangible assets		841,785	(420,381)	(32,050)	389,354
Right-of-use assets		35,140	(32,538)	-	2,602
		₩ 3,142,544	₩ (2,096,463)	₩ (32,766)	₩ 1,013,315

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15.6 Changes in intangible assets other than goodwill for the years ended December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

	2023						
	Beginning	Acquisition & transfer	Disposal	Amortization ¹	Business combination	Others	Ending
Industrial property rights	₩ 1,111	₩ 243	₩ -	₩ (268)	₩ -	₩ -	₩ 1,086
Software	620,248	238,191	-	(291,422)	23	(686)	566,354
Other intangible assets ²	389,354	239,749	(7,761)	(96,674)	4,991	(14,810)	514,849
Right-of-use assets	2,602	-	-	(1,007)	-	-	1,595
	₩ 1,013,315	₩ 478,183	₩ (7,761)	₩ (389,371)	₩ 5,014	₩ (15,496)	₩ 1,083,884

(In millions of Korean won)

	2022					
	Beginning	Acquisition & transfer	Disposal	Amortization ¹	Others	Ending
Industrial property rights	₩ 1,103	₩ 254	₩ -	₩ (246)	₩ -	₩ 1,111
Software	578,941	290,229	(332)	(249,050)	460	620,248
Other intangible assets ²	396,747	69,596	(10,192)	(62,270)	(4,527)	389,354
Right-of-use assets	3,614	-	-	(1,012)	-	2,602
	₩ 980,405	₩ 360,079	₩ (10,524)	₩ (312,578)	₩ (4,067)	₩ 1,013,315

¹ Includes ₩ 44,286 million and ₩ 26,692 million recorded as insurance service expenses, other operating expenses and others for the years ended December 31, 2023 and 2022, 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, 2023 and 2022, are as follows:

(In millions of Korean won)

	2023					
	Beginning	Impairment	Reversal	Disposal and others	Ending	
Accumulated impairment losses of other intangible assets	₩ (32,766)	₩ (12,876)	₩ 2,119	₩ 11,878	₩ (31,645)	

(In millions of Korean won)

	2022					
	Beginning	Impairment	Reversal	Disposal and others	Ending	
Accumulated impairment losses of other intangible assets	₩ (34,887)	₩ (1,301)	₩ 425	₩ 2,997	₩ (32,766)	

16. Leases

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, 2023 and 2022, are as follows:

(In millions of Korean won)

	December 31, 2023		December 31, 2022	
Right-of-use property and equipment: *				
Real estate	₩	548,308	₩	557,122
Vehicles		21,030		20,281
Others		4,378		7,138
		573,716		584,541
Right-of-use intangible assets *		1,595		2,602
	₩	575,311	₩	587,143
Lease liabilities *	₩	588,803	₩	592,697

* 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, 2023 and 2022, are as follows:

(In millions of Korean won)

	2023		2022	
Depreciation and amortization of right-of-use assets:				
Real estate	₩	243,893	₩	271,703
Vehicles		18,710		17,661
Others		2,748		7,145
Intangible assets		1,008		1,012
	₩	266,359	₩	297,521
Interest expenses on the lease liabilities	₩	21,699	₩	17,849
Expense relating to short-term lease		4,427		4,388
Expense relating to lease of low-value assets that are not short-term lease		5,141		10,089
Expense relating to variable lease payments not included in lease liabilities (included in administrative expenses)		165		3

Total cash outflows for lease for the years ended December 31, 2023 and 2022 are ₩ 244,785 million and ₩ 272,050 million, respectively.

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16.2 The Group as a Lessor

16.2.1 The Group as a finance lessor

16.2.1.1 Gross investment in the lease and present value of minimum lease payments as of December 31, 2023 and 2022, are as follows:

	December 31, 2023		December 31, 2022	
	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	₩ 368,316	₩ 269,111	₩ 509,316	₩ 363,085
1-5 years	465,321	364,770	679,773	516,701
Over 5 years	1,250	1,250	10,166	10,167
	₩ 834,887	₩ 635,131	₩ 1,199,255	₩ 889,953

16.2.1.2 Unearned finance income on finance lease as of December 31, 2023 and 2022, are as follows:

	December 31, 2023	December 31, 2022
Gross investment in the lease	₩ 834,887	₩ 1,199,255
Net investment in the lease:		
Present value of minimum lease payments	635,131	889,953
Present value of unguaranteed residual value	141,969	232,047
	777,100	1,122,000
Unearned finance income	₩ 57,787	₩ 77,255

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, 2023 and 2022, are as follows:

	December 31, 2023	December 31, 2022
Minimum lease payments to be received:		
Up to 1 year	₩ 934,238	₩ 919,299
1-5 years	1,827,136	1,576,352
Over 5 years	262,157	227,946
	₩ 3,023,531	₩ 2,723,597

17. Deferred Income Tax Assets and Liabilities

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

(In millions of Korean won)

	December 31, 2023		
	Assets	Liabilities	Net amount
Other provisions	₩ 317,698	₩ -	₩ 317,698
Allowances for credit losses	29,768	-	29,768
Impairment losses of property and equipment	8,516	(1,407)	7,109
Share-based payments	24,326	-	24,326
Provisions for acceptances and guarantees	48,917	-	48,917
Gains or losses on valuation of derivatives	238,875	(184,469)	54,406
Present value discount	14,471	(13)	14,458
Gains or losses on fair value hedge	-	(57,146)	(57,146)
Accrued interest	146	(213,708)	(213,562)
Deferred loan origination fees and costs	14,593	(179,868)	(165,275)
Advanced depreciation provision	-	(4,003)	(4,003)
Gains or losses on revaluation	313	(290,547)	(290,234)
Investments in subsidiaries and others	56,338	(216,908)	(160,570)
Gains or losses on valuation of security investment	912,706	(354,353)	558,353
Defined benefit liabilities	575,599	(26)	575,573
Accrued expenses	323,229	-	323,229
Retirement insurance expense	-	(627,556)	(627,556)
Adjustments to the prepaid contributions	-	(33,005)	(33,005)
Derivative-linked securities	5,735	(262,523)	(256,788)
Others *	1,091,821	(3,143,260)	(2,051,439)
	3,663,051	(5,568,792)	(1,905,741)
Offsetting of deferred income tax assets and liabilities	(3,388,826)	3,388,826	-
	₩ 274,225	₩ (2,179,966)	₩ (1,905,741)

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17.1 Details of deferred income tax assets and liabilities as of December 31, 2023 and 2022, are as follows: (cont'd)

(In millions of Korean won)

	December 31, 2022		
	Assets	Liabilities	Net amount
Other provisions	₩ 195,191	₩ -	₩ 195,191
Allowances for credit losses	2,139	(12,259)	(10,120)
Impairment losses of property and equipment	6,088	(1,476)	4,612
Share-based payments	21,406	-	21,406
Provisions for acceptances and guarantees	39,787	-	39,787
Gains or losses on valuation of derivatives	135,985	(207,778)	(71,793)
Present value discount	20,247	(2,571)	17,676
Gains or losses on fair value hedge	-	(93,833)	(93,833)
Accrued interest	-	(168,068)	(168,068)
Deferred loan origination fees and costs	13,675	(185,723)	(172,048)
Advanced depreciation provision	-	(4,018)	(4,018)
Gains or losses on revaluation	315	(292,373)	(292,058)
Investments in subsidiaries and others	48,694	(203,131)	(154,437)
Gains or losses on valuation of security investment	2,084,855	(46,552)	2,038,303
Defined benefit liabilities	497,982	(799)	497,183
Accrued expenses	268,529	-	268,529
Retirement insurance expense	-	(583,156)	(583,156)
Adjustments to the prepaid contributions	-	(27,986)	(27,986)
Derivative-linked securities	10,103	(283,840)	(273,737)
Others *	919,570	(3,524,488)	(2,604,918)
	4,264,566	(5,638,051)	(1,373,485)
Offsetting of deferred income tax assets and liabilities	(4,076,194)	4,076,194	-
	₩ 188,372	₩ (1,561,857)	₩ (1,373,485)

* Includes Purchase Price Allocation ("PPA") amount arising from the acquisition of KB Life Insurance Co., Ltd., KB Insurance Co., Ltd..

17.2 Unrecognized Deferred Income Tax Assets

17.2.1 No deferred income tax assets have been recognized for the deductible temporary differences of ₩ 2,948,424 million associated with investments in associates, subsidiaries and others as of December 31, 2023, 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 ₩ 85,346 million associated with others as of December 31, 2023, 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 ₩ 1,220,925 million associated with investments in associate, subsidiaries and others as of December 31, 2023, 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, 2023, 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, 2023 and 2022, are as follows:

(In millions of Korean won)

	2023			
	Beginning	Decrease	Increase	Ending
Deductible temporary differences				
Other provisions	₩ 739,371	₩ 710,907	₩ 1,174,261	₩ 1,202,725
Allowances for credit losses	748	275	112,684	113,157
Impairment losses of property and equipment	22,975	19,765	27,564	30,774
Deferred loan origination fees and costs	51,605	12,445	16,118	55,278
Share-based payments	80,777	71,512	82,881	92,146
Provisions for acceptances and guarantees	150,140	150,140	185,290	185,290
Gains or losses on valuation of derivatives	513,151	513,151	904,830	904,830
Present value discount	76,399	76,398	54,814	54,815
Investments in subsidiaries and others	1,324,236	26,849	1,815,232	3,112,619
Gains or losses on valuation of security investment	7,811,132	7,807,818	3,453,142	3,456,456
Defined benefit liabilities	2,027,346	310,440	457,821	2,174,727
Accrued expenses	1,013,323	1,027,723	1,240,097	1,225,697
Derivative-linked securities	38,123	38,123	21,725	21,725
Others ¹	2,650,802	1,209,861	1,737,848	3,178,789
	16,500,128	11,975,407	11,284,307	15,809,028
Unrecognized deferred income tax assets				
Other provisions	3,880			404
Investments in subsidiaries and others	1,154,111			2,948,424
Others	95,274			85,346
	15,246,863			12,774,854
Tax rate (%) ²	26.5			26.4
Total deferred income tax assets	₩ 4,264,566			₩ 3,663,051
Taxable temporary differences				
Gains or losses on fair value hedge	₩ (354,085)	₩ (354,085)	₩ (216,460)	₩ (216,460)
Accrued interest	(634,218)	(576,037)	(751,320)	(809,501)
Allowances for credit losses	(46,262)	(46,262)	-	-
Impairment losses of property and equipment	(3,448)	(160)	-	(3,288)
Deferred loan origination fees and costs	(690,979)	(690,979)	(666,878)	(666,878)
Advanced depreciation provision	(15,163)	(9,097)	(9,097)	(15,163)
Gains or losses on valuation of derivatives	(755,541)	(756,668)	(699,872)	(698,745)
Present value discount	(9,703)	(9,703)	(2,745)	(2,745)
Goodwill arising from the merger	(65,288)	-	-	(65,288)
Gains or losses on revaluation	(1,103,292)	(40,475)	(37,738)	(1,100,555)
Investments in subsidiaries and others	(1,311,712)	(153,737)	(976,380)	(2,134,355)
Gains or losses on valuation of security investment	(117,696)	(100,797)	(1,265,976)	(1,282,875)
Defined benefit liabilities	(3,014)	(2,917)	-	(97)
Retirement insurance expense	(2,193,624)	(104,668)	(282,579)	(2,371,535)
Adjustments to the prepaid contributions	(105,608)	(105,608)	(125,019)	(125,019)
Derivative-linked securities	(1,071,093)	(1,071,093)	(994,405)	(994,405)
Others ¹	(13,178,298)	(10,755,666)	(9,038,329)	(11,460,961)
	(21,659,024)	(14,777,952)	(15,066,798)	(21,947,870)
Unrecognized deferred income tax liabilities				
Goodwill arising from the merger	(65,288)			(65,288)
Investments in subsidiaries and others	(560,489)			(1,220,925)
Others	(446)			(446)
	(21,032,801)			(20,661,211)
Tax rate (%) ²	26.5			26.4
Total deferred income tax liabilities	₩ (5,638,051)			₩ (5,568,792)

¹ Includes PPA amount arising from the acquisition of KB Life Insurance Co., Ltd., KB Insurance Co., Ltd..

² The corporate tax rate was changed due to the amendment of corporate tax law in 2023. Accordingly, the rate of 26.4% has been applied for the deferred tax assets and liabilities expected to be utilized in periods after December 31, 2023.

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17.4 Changes in cumulative temporary differences for the years ended December 31, 2023 and 2022, are as follows: (cont'd)

(In millions of Korean won)

	2022			
	Beginning	Decrease	Increase	Ending
Deductible temporary differences				
Other provisions	₩ 649,447	₩ 642,294	₩ 732,218	₩ 739,371
Allowances for credit losses	100,116	99,650	282	748
Impairment losses of property and equipment	33,445	22,725	12,255	22,975
Deferred loan origination fees and costs	38,086	19,556	33,075	51,605
Share-based payments	85,308	74,120	69,589	80,777
Provisions for acceptances and guarantees	120,332	120,332	150,140	150,140
Gains or losses on valuation of derivatives	149,817	149,817	513,151	513,151
Present value discount	51,832	51,831	76,398	76,399
Investments in subsidiaries and others	520,362	59,444	863,318	1,324,236
Gains or losses on valuation of security investment	853,110	853,110	7,811,132	7,811,132
Defined benefit liabilities	2,376,629	467,589	118,306	2,027,346
Accrued expenses	1,026,651	1,026,591	1,013,263	1,013,323
Derivative-linked securities	8,147	8,147	38,123	38,123
Others ¹	2,102,362	1,215,486	1,763,926	2,650,802
	8,115,644	4,810,692	13,195,176	16,500,128
Unrecognized deferred income tax assets				
Other provisions	404			3,880
Investments in subsidiaries and others	378,432			1,154,111
Others	105,591			95,274
	7,631,217			15,246,863
Tax rate (%) ²	27.5			26.5
Total deferred income tax assets	2,243,558			₩ 4,264,566
Taxable temporary differences				
Gains or losses on fair value hedge	(53,243)	₩ (53,243)	₩ (354,085)	₩ (354,085)
Accrued interest	(512,188)	(475,840)	(597,870)	(634,218)
Allowances for credit losses	(10,939)	(10,939)	(46,262)	(46,262)
Impairment losses of property and equipment	(3,731)	(283)	-	(3,448)
Deferred loan origination fees and costs	(802,237)	(802,237)	(690,979)	(690,979)
Advanced depreciation provision	(6,192)	(126)	(9,097)	(15,163)
Gains or losses on valuation of derivatives	(506,476)	(498,609)	(747,674)	(755,541)
Present value discount	(21,469)	(21,469)	(9,703)	(9,703)
Goodwill arising from the merger	(65,288)	-	-	(65,288)
Gains or losses on revaluation	(1,158,322)	(92,944)	(37,914)	(1,103,292)
Investments in subsidiaries and others	(964,530)	(87,129)	(434,311)	(1,311,712)
Gains or losses on valuation of security investment	(3,447,751)	(3,444,020)	(113,965)	(117,696)
Defined benefit liabilities	-	-	(3,014)	(3,014)
Retirement insurance expense	(2,080,645)	(324,513)	(437,492)	(2,193,624)
Adjustments to the prepaid contributions	(106,446)	(106,446)	(105,608)	(105,608)
Derivative-linked securities	(170,526)	(170,526)	(1,071,093)	(1,071,093)
Others [*]	(4,780,197)	(1,561,172)	(9,959,273)	(13,178,298)
	(14,690,180)	(7,649,496)	(14,618,340)	(21,659,024)
Unrecognized deferred income tax liabilities				
Goodwill arising from the merger	(65,288)			(65,288)
Investments in subsidiaries and others	(399,601)			(560,489)
Others	(446)			(446)
	(14,224,845)			(21,032,801)
Tax rate (%) ²	27.5			26.50
Total deferred income tax liabilities	₩ (3,961,201)			₩ (5,638,051)

¹ Includes PPA amount arising from the acquisition of KB Life Insurance Co., Ltd., KB Insurance Co., Ltd.

² The corporate tax rate was changed due to the amendment of corporate tax law in 2023. Accordingly, the rate of 26.5% has been applied for the deferred tax assets and liabilities expected to be utilized in periods after December 31, 2023.

18. Assets Held for Sale

18.1 Details of assets held for sale as of December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

	December 31, 2023			
	Acquisition cost [*]	Accumulated impairment losses	Carrying amount	Fair value less costs to sell
Land held for sale	₩ 107,452	₩ (21,604)	₩ 85,848	₩ 104,024
Buildings held for sale	162,004	(41,390)	120,614	134,801
Other assets held for sale	3,432	(1,664)	1,768	1,768
	₩ 272,888	₩ (64,658)	₩ 208,230	₩ 240,593

(In millions of Korean won)

	December 31, 2022			
	Acquisition cost [*]	Accumulated impairment losses	Carrying amount	Fair value less costs to sell
Land held for sale	₩ 106,349	₩ (20,395)	₩ 85,954	₩ 104,990
Buildings held for sale	162,973	(38,869)	124,104	137,706
Other assets held for sale	4,547	(2,847)	1,700	1,699
	₩ 273,869	₩ (62,111)	₩ 211,758	₩ 244,395

* 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.

18.2 Valuation techniques and inputs used to measure the fair value of assets held for sale as of December 31, 2023 are as follows:

(In millions of Korean won)

	Fair value	December 31, 2023			Effect of unobservable inputs to fair value
		Valuation techniques ¹	Unobservable inputs ²	Estimated range of unobservable inputs (%)	
		Sales comparison approach and others			
Land and buildings	₩ 240,593		Adjustment index	0.54~2.18	Fair value increases as the adjustment index rises

¹ The appraisal value is adjusted by the adjustment ratio in the event the public sale is unsuccessful.

² Adjustment index is calculated using the time factor correction or local factors or individual factors.

Among assets held for sale, real estate was measured by independent appraisers with professional qualifications and recent experience in evaluating similar properties in the area of the property to be assessed. All assets held for sale are classified as Level 3 in accordance with fair value hierarchy in Note 6.1.2.

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18.3 Changes in accumulated impairment losses of assets held for sale for the years ended December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

	2023				
	Beginning	Provision	Reversal	Others	Ending
Accumulated impairment losses of assets held for sale	₩ (62,111)	₩ (5,660)	₩ -	₩ 3,113	₩ (64,658)

(In millions of Korean won)

	2022				
	Beginning	Provision	Reversal	Others	Ending
Accumulated impairment losses of assets held for sale	₩ (58,815)	₩ (7,587)	₩ 242	₩ 4,049	₩ (62,111)

18.4 As of December 31, 2023, assets held for sale consist of 22 real estates of closed offices, 1 real estate of Orient Kwang-yang Co., Ltd., and 430 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, 2023. The remaining 453 assets are being actively marketed.

19. Other Assets

19.1 Details of other assets as of December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

	December 31, 2023		December 31, 2022	
Other financial assets				
Other receivables	₩	11,068,486	₩	6,138,764
Accrued income		3,130,004		2,506,467
Guarantee deposits		946,356		984,160
Domestic exchange settlement debits		827,104		879,847
Others		887,661		352,955
Less: Allowances for credit losses		(304,567)		(136,075)
Less: Present value discount		(10,530)		(7,735)
		<u>16,544,514</u>		<u>10,718,383</u>
Other non-financial assets				
Other receivables		1,407		5,653
Prepaid expenses		626,922		471,955
Guarantee deposits		4,776		3,173
Others		3,822,047		3,634,805
Less: Allowances for credit losses		(12,769)		(18,530)
		<u>4,442,383</u>		<u>4,097,056</u>
	₩	<u>20,986,897</u>	₩	<u>14,815,439</u>

19.2 Changes in allowances for credit losses of other assets for the years ended December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

	2023		
	Other financial assets	Other non-financial assets	Total
Beginning	₩ 136,075	₩ 18,530	₩ 154,605
Write-offs	(8,292)	(5,911)	(14,203)
Provision (reversal)	188,279	(1,450)	186,829
Business combination	108	-	108
Others	(11,603)	1,600	(10,003)
Ending	₩ 304,567	₩ 12,769	₩ 317,336

(In millions of Korean won)

	2022		
	Other financial assets	Other non-financial assets	Total
Beginning	₩ 110,220	₩ 16,172	₩ 126,392
Write-offs	(10,028)	(70)	(10,098)
Provision (reversal)	26,971	2,182	29,153
Business combination	267	-	267
Others	8,645	246	8,891
Ending	₩ 136,075	₩ 18,530	₩ 154,605

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, 2023 and 2022, are as follows:

(In millions of Korean won)

	December 31, 2023		December 31, 2022	
Financial liabilities at fair value through profit or loss				
Borrowed securities sold	₩	2,860,034	₩	2,102,537
Others		93,438		90,673
		<u>2,953,472</u>		<u>2,193,210</u>
Financial liabilities designated at fair value through profit or loss				
Derivative-linked securities		7,966,963		10,078,394
		<u>7,966,963</u>		<u>10,078,394</u>
	₩	<u>10,920,435</u>	₩	<u>12,271,604</u>

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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, 2023 and 2022, are as follows:

	<i>(In millions of Korean won)</i>	
	December 31, 2023	December 31, 2022
Amount contractually required to pay at maturity	₩ 7,871,014	₩ 9,973,340
Carrying amount	7,966,963	10,078,394
Difference	₩ (95,949)	₩ (105,054)

21. Deposits

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

	<i>(In millions of Korean won)</i>	
	December 31, 2023	December 31, 2022
Demand deposits		
Demand deposits in Korean won	₩ 151,836,599	₩ 152,079,457
Demand deposits in foreign currencies	11,517,076	12,844,385
	163,353,675	164,923,842
Time deposits		
Time deposits in Korean won	201,194,217	194,117,692
Fair value adjustments of fair value hedged time deposits in Korean won	(15)	-
	201,194,202	194,117,692
Time deposits in foreign currencies	24,602,818	23,529,633
Fair value adjustments of fair value hedged time deposits in foreign currencies	(6,667)	(8,591)
	24,596,151	23,521,042
	225,790,353	217,638,734
	12,145,510	6,325,876
Certificates of deposits	5,222,896	5,040,452
Investment contract liabilities	₩ 406,512,434	₩ 393,928,904

22. Borrowings

22.1 Details of borrowings as of December 31, 2023 and 2022, are as follows:

	<i>(In millions of Korean won)</i>	
	December 31, 2023	December 31, 2022
General borrowings	₩ 50,675,884	₩ 55,789,869
Bonds sold under repurchase agreements and others	15,652,135	11,773,494
Call money	3,255,542	4,154,003
	₩ 69,583,561	₩ 71,717,366

22.2 Details of general borrowings as of December 31, 2023 and 2022, are as follows:

		<i>(In millions of Korean won)</i>		Interest rate (%) as of	
		December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
		Lenders			
Borrowings in Korean won	Borrowings from the Bank of Korea	The Bank of Korea	2.00	₩ 2,520,472	₩ 8,282,289
	Borrowings from the government	SEMAS and others	0.00~3.41	2,500,160	2,670,867
	Borrowings from banks	Shinhan Bank and others	2.49~7.15	1,764,900	914,360
	Borrowings from non-banking financial institutions	Korea Securities Finance Corporation and others	1.68~6.96	2,780,823	2,189,510
Other borrowings	The Korea Development Bank and others		0.00~7.73	22,645,638	19,806,869
				₩ 32,211,993	₩ 33,863,895
Borrowings in foreign currencies	Due to banks	KEB Hana Bank and others	-	38,191	18,266
	Borrowings from banks	Citicorp International Ltd. And others	0.00~13.50	15,437,388	16,296,725
	Borrowings from other financial institutions	The Export-Import Bank of Korea and others	5.89~6.07	24,662	38,249
	Other borrowings	Standard Chartered Bank and others	0.00~12.00	2,963,650	5,572,734
				₩ 18,463,891	₩ 21,925,974
				₩ 50,675,884	₩ 55,789,869

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22.3 Details of bonds sold under repurchase agreements and others as of December 31, 2023 and 2022, are as follows:

	Lenders	Interest rate (%) as of		
		December 31, 2023	December 31, 2023	December 31, 2022
Bonds sold under repurchase agreements	Individuals, groups, and corporations	0.00~9.75	₩ 15,645,498	₩ 11,769,694
Bills sold	Counter sale	1.80~2.20	6,637	3,800
			₩ 15,652,135	₩ 11,773,494

22.4 Details of call money as of December 31, 2023 and 2022, are as follows:

	Lenders	Interest rate (%) as of		
		December 31, 2023	December 31, 2023	December 31, 2022
Call money in Korean won	Samsung Asset Management and others	3.30~4.22	₩ 1,540,000	₩ 2,943,500
Call money in foreign currencies	BANK CIMB NIAGA and others	0.15~6.05	1,715,542	1,210,503
			₩ 3,255,542	₩ 4,154,003

23. Debentures

23.1 Details of debentures as of December 31, 2023 and 2022, are as follows:

	Interest rate (%) as of		
		December 31, 2023	December 31, 2022
Debentures in Korean won			
Structured debentures	4.25~8.62	₩ 90,640	₩ 710
Exchangeable bonds *	-	240,000	240,000
Subordinated fixed rate debentures	2.02~7.86	4,453,970	5,354,890
Fixed rate debentures	1.18~13.70	45,624,127	45,424,094
Floating rate debentures	3.51~6.17	5,410,000	5,455,000
		55,818,737	56,474,694
Fair value adjustments of fair value hedged debentures in Korean won		(141,073)	(249,629)
Less: Discount on debentures in Korean won		(29,670)	(29,166)
Less: Adjustment for exchange right of exchangeable bonds in Korean won		(5,104)	(8,435)
		55,642,890	56,187,464
Debentures in foreign currencies			
Floating rate debentures	3.94~6.94	2,532,921	2,168,341
Fixed rate debentures	0.05~12.00	11,109,296	10,482,244
		13,642,217	12,650,585
Fair value adjustments of fair value hedged debentures in foreign currencies		(68,706)	(95,865)
Less: Discount on debentures in foreign currencies		(39,733)	(43,981)
		13,533,778	12,510,739
		₩ 69,176,668	₩ 68,698,203

* 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. Exchange rights were fully exercised on February 14, 2024.

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23.2 Changes in debentures based on par value for the years ended December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

	2023				
	Beginning	Issue	Repayment	Others	Ending
Debentures in Korean won					
Structured debentures	₩ 710	₩ 90,000	₩ (70)	₩ -	₩ 90,640
Exchangeable bonds	240,000	-	-	-	240,000
Subordinated fixed rate debentures	5,354,890	-	(900,920)	-	4,453,970
Fixed rate debentures	45,424,094	74,530,666	(74,330,633)	-	45,624,127
Floating rate debentures	5,455,000	4,470,000	(4,515,000)	-	5,410,000
	<u>56,474,694</u>	<u>79,090,666</u>	<u>(79,746,623)</u>	<u>-</u>	<u>55,818,737</u>
Debentures in foreign currencies					
Floating rate debentures	2,168,341	1,673,645	(1,349,020)	39,955	2,532,921
Fixed rate debentures	10,482,244	2,963,436	(2,587,629)	251,245	11,109,296
	<u>12,650,585</u>	<u>4,637,081</u>	<u>(3,936,649)</u>	<u>291,200</u>	<u>13,642,217</u>
	<u>₩ 69,125,279</u>	<u>₩ 83,727,747</u>	<u>₩ (83,683,272)</u>	<u>₩ 291,200</u>	<u>₩ 69,460,954</u>

(In millions of Korean won)

	2022				
	Beginning	Issue	Repayment	Others	Ending
Debentures in Korean won					
Structured debentures	₩ 910	₩ -	₩ (200)	₩ -	₩ 710
Exchangeable bonds	240,000	-	-	-	240,000
Subordinated fixed rate debentures	6,241,957	286,000	(1,173,067)	-	5,354,890
Fixed rate debentures	44,124,235	96,782,415	(95,482,556)	-	45,424,094
Floating rate debentures	6,893,782	5,350,000	(6,788,782)	-	5,455,000
	<u>57,500,884</u>	<u>102,418,415</u>	<u>(103,444,605)</u>	<u>-</u>	<u>56,474,694</u>
Debentures in foreign currencies					
Floating rate debentures	2,749,174	1,286,016	(2,072,615)	205,766	2,168,341
Fixed rate debentures	7,312,966	3,940,693	(1,113,993)	342,578	10,482,244
	<u>10,062,140</u>	<u>5,226,709</u>	<u>(3,186,608)</u>	<u>548,344</u>	<u>12,650,585</u>
	<u>₩ 67,563,024</u>	<u>₩ 107,645,124</u>	<u>₩ (106,631,213)</u>	<u>₩ 548,344</u>	<u>₩ 69,125,279</u>

24. Provisions

24.1 Details of provisions as of December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

	December 31, 2023	December 31, 2022
Provisions for credit losses of unused loan commitments	₩ 379,666	₩ 342,182
Provisions for credit losses of acceptances and guarantees	183,454	153,529
Provisions for credit losses of financial guarantee contracts	6,500	2,955
Provisions for restoration costs	155,214	159,033
Others	719,584	276,002
	<u>₩ 1,444,418</u>	<u>₩ 933,701</u>

24.2 Changes in provisions for credit losses of unused loan commitments, and acceptances and guarantees for the years ended December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

	2023					
	Provisions for credit losses of unused loan commitments			Provisions for credit losses of acceptances and guarantees		
	12-month expected credit losses	Lifetime expected credit losses	Impaired	12-month expected credit losses	Lifetime expected credit losses	Impaired
Beginning	₩ 179,885	₩ 151,067	₩ 11,230	₩ 26,906	₩ 118,724	₩ 7,899
Transfer between stages:						
Transfer to 12-month expected credit losses	60,499	(58,210)	(2,289)	(3,573)	(421)	3,994
Transfer to lifetime expected credit losses	(17,814)	18,142	(328)	(356)	457	(101)
Impairment	(476)	(2,177)	2,653	-	(113)	113
Provision (reversal) for credit losses	8,946	26,988	(553)	7,708	28,401	(7,603)
Others (exchange differences, etc.)	1,634	508	(39)	164	1,149	106
Ending	<u>₩ 232,674</u>	<u>₩ 136,318</u>	<u>₩ 10,674</u>	<u>₩ 30,849</u>	<u>₩ 148,197</u>	<u>₩ 4,408</u>

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24.2 Changes in provisions for credit losses of unused loan commitments, and acceptances and guarantees for the years ended December 31, 2023 and 2022, are as follows: (cont'd)

(In millions of Korean won)

	2022					
	Provisions for credit losses of unused loan commitments			Provisions for credit losses of acceptances and guarantees		
	12-month expected credit losses	Lifetime expected credit losses		12-month expected credit losses	Lifetime expected credit losses	
	Non-impaired	Non-impaired	Impaired	Non-impaired	Non-impaired	Impaired
Beginning	₩ 153,997	₩ 146,619	₩ 8,024	₩ 27,397	₩ 82,170	₩ 11,537
Transfer between stages:						
Transfer to 12-month expected credit losses	41,314	(40,375)	(939)	1,144	(1,144)	-
Transfer to lifetime expected credit losses	(19,232)	19,848	(616)	(355)	1,016	(661)
Impairment	(338)	(1,705)	2,043	(9)	(142)	151
Provision (reversal) for credit losses	2,587	25,743	2,738	(1,689)	33,983	(3,262)
Others (exchange differences, etc.)	1,557	937	(20)	418	2,841	134
Ending	₩ 179,885	₩ 151,067	₩ 11,230	₩ 26,906	₩ 118,724	₩ 7,899

24.3 Changes in provisions for credit losses of financial guarantee contracts for the years ended December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

	2023	2022
Beginning	₩ 2,955	₩ 5,351
Provision (reversal)	3,545	(2,396)
Others	-	-
Ending	₩ 6,500	₩ 2,955

24.4 Changes in provisions for restoration costs for the years ended December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

	2023		2022	
Beginning	₩	159,033	₩	152,186
Provision		6,885		17,270
Reversal		(3,681)		210
Used		(14,534)		(23,916)
Unwinding of discount		6,177		2,725
Effect of changes in discount rate		1,334		10,558
Ending	₩	155,214	₩	159,033

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, 2023 and 2022, are as follows:

(In millions of Korean won)

	2023				
	Membership rewards program	Dormant accounts	Litigations	Others *	Total
Beginning	₩ 46	₩ 2,794	₩ 113,527	₩ 159,635	₩ 276,002
Increase	64	4,686	78,392	391,849	474,991
Decrease	(63)	(4,121)	(10,358)	(19,602)	(34,144)
Others	-	-	4,106	(1,371)	2,735
Ending	₩ 47	₩ 3,359	₩ 185,667	₩ 530,511	₩ 719,584

* Includes other provisions of ₩ 333,290 million related to the Livelihood finance support program as of December 31, 2023

(In millions of Korean won)

	2022				
	Membership rewards program	Dormant accounts	Litigations	Others	Total
Beginning	₩ 22,902	₩ 3,062	₩ 55,168	₩ 109,174	₩ 190,306
Increase	84	2,666	62,611	56,798	122,159
Decrease	(22,940)	(2,934)	(4,252)	(6,337)	(36,463)
Ending	₩ 46	₩ 2,794	₩ 113,527	₩ 159,635	₩ 276,002

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25. Net Defined Benefit Liabilities

25.1 Defined Benefit Plan

The Group operates defined benefit plans which have the following characteristics:

- The Group has the obligation to pay the agreed benefits to all its current and former employees.
- The Group assumes actuarial risk (that benefits will cost more than expected) and investment risk.

The net defined benefit liabilities recognized in the consolidated statement of financial position are calculated by the independent actuary in accordance with actuarial valuation method. The defined benefit obligation is calculated using the projected unit credit method. Assumptions based on market data and historical data such as discount rate, future salary increase rate, mortality, and consumer price index are used which are updated annually.

Actuarial assumptions may differ from actual results, due to changes in the market conditions, economic trends, and mortality trends which may affect net defined benefit liabilities and future payments. Actuarial gains and losses arising from changes in actuarial assumptions are recognized in the period incurred through other comprehensive income.

25.2 Changes in net defined benefit liabilities for the years ended December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

	2023		
	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities(assets)
Beginning	₩ 2,215,330	₩ (2,608,519)	₩ (393,189)
Current service cost	199,882	-	199,882
Past service cost	-	-	-
Gains on settlement	55	-	55
Interest expense (income)	107,586	(130,632)	(23,046)
Remeasurements:			
Actuarial gains and losses by changes in demographic assumptions	(3,950)	-	(3,950)
Actuarial gains and losses by changes in financial assumptions	123,238	-	123,238
Actuarial gains and losses by experience adjustments	1,558	-	1,558
Return on plan assets (excluding amounts included in interest income)	-	(18,228)	(18,228)
Contributions by the Group	-	(121,799)	(121,799)
Payments from plans (settlement)	(6,755)	6,755	-
Payments from plans (benefit payments)	(217,031)	217,031	-
Payments from the Group	(53,606)	-	(53,606)
Transfer in (out)	457	202	659
Effect of exchange differences	(3,450)	(177)	(3,627)
Effect of business acquisition and disposal	(309)	-	(309)
Others	(53)	194	141
Ending *	₩ 2,362,952	₩ (2,655,173)	₩ (292,221)

25.2 Changes in net defined benefit liabilities for the years ended December 31, 2023 and 2022, are as follows: (cont'd)

	2022		
	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities(assets)
Beginning	₩ 2,572,517	₩ (2,447,079)	₩ 125,438
Current service cost	249,099	-	249,099
Past service cost	3,669	-	3,669
Gains on settlement	(1,859)	-	(1,859)
Interest expense (income)	65,357	(62,872)	2,485
Remeasurements:			
Actuarial gains and losses by changes in demographic assumptions	33,078	-	33,078
Actuarial gains and losses by changes in financial assumptions	(479,797)	-	(479,797)
Actuarial gains and losses by experience adjustments	47,086	-	47,086
Return on plan assets (excluding amounts included in interest income)	-	68,550	68,550
Contributions by the Group	-	(400,689)	(400,689)
Payments from plans (settlement)	(78)	-	(78)
Payments from plans (benefit payments)	(234,192)	232,994	(1,198)
Payments from the Group	(43,763)	494	(43,269)
Transfer in	13,982	(13,285)	697
Transfer out	(13,340)	13,299	(41)
Effect of exchange differences	1,218	69	1,287
Effect of business acquisition and disposal	2,635	-	2,635
Others	(282)	-	(282)
Ending *	₩ 2,215,330	₩ (2,608,519)	₩ (393,189)

*The net defined benefit assets of ₩ 292,221 million is calculated by subtracting ₩ 81,869 million of net defined benefit liabilities from ₩ 374,090 million of net defined benefit assets as of December 31, 2023. The net defined benefit liabilities of ₩ 393,189 million is calculated by subtracting ₩ 85,745 million of net defined benefit assets from ₩ 478,934 million of net defined benefit liabilities as of December 31, 2022.

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

(In millions of Korean won)	December 31,		December 31,	
	2023		2022	
Present value of defined benefit obligation	₩	2,362,952	₩	2,215,330
Fair value of plan assets		(2,655,173)		(2,608,519)
Net defined benefit liabilities	₩	(292,221)	₩	(393,189)

25.4 Details of post-employment benefits recognized in profit or loss for the years ended December 31, 2023 and 2022, are as follows:

(In millions of Korean won)	2023		2022	
	Current service cost	₩	199,882	₩
Past service cost		-		3,669
Net interest expense on net defined benefit liabilities		(23,046)		2,485
Gains on settlement		55		(1,859)
Post-employment benefits *	₩	176,891	₩	253,394

* Includes post-employment benefits amounting to ₩ 18,308 million recognized as insurance service expenses, ₩ 2,824 million recognized as other operating expenses and ₩ 189 million recognized as prepayment for the year ended December 31, 2023, and post-employment benefits amounting to ₩ 27,486 recognized as insurance service expenses and ₩ 3,520 million recognized as other operating expenses for the year ended December 31, 2022.

25.5 Details of remeasurements of net defined benefit liabilities recognized in other comprehensive income (loss) for the years ended December 31, 2023 and 2022, are as follows:

(In millions of Korean won)	2023		2022	
	Remeasurements:			
Return on plan assets (excluding amounts included in interest income)	₩	18,228	₩	(68,550)
Actuarial gains and losses		(120,846)		399,633
Income tax effect		25,895		(91,150)
Effect of exchange differences		4,553		(231)
Remeasurements after income tax expense	₩	(72,170)	₩	239,702

25.6 Details of fair value of plan assets as of December 31, 2023 and 2022, are as follows:

(In millions of Korean won)	December 31, 2023			
	Assets quoted in an active market	Assets not quoted in an active market	Total	
Cash and due from financial institutions	₩	-	₩	2,604,272
Debt securities		-		45,833
Investment fund		-		5,068
	₩	-	₩	2,655,173

(In millions of Korean won)	December 31, 2022			
	Assets quoted in an active market	Assets not quoted in an active market	Total	
Cash and due from financial institutions	₩	-	₩	2,571,508
Derivative instruments		-		33,434
Investment fund		-		3,577
	₩	-	₩	2,608,519

25.7 Details of significant actuarial assumptions used as of December 31, 2023 and 2022, are as follows:

	December 31, 2023	December 31, 2022
Discount rate (%)	3.80~4.40	4.90~5.20
Salary increase rate (%)	0.00~7.00	0.00~7.00
Turnover rate (%)	0.00~38.60	0.00~38.60

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, 2023, are as follows:

	Changes in assumptions	Effect on defined benefit obligation	
		Increase in assumptions	Decrease in assumptions
Discount rate	0.5%p	3.26% decrease	3.47% increase
Salary increase rate	0.5%p	3.42% increase	3.24% decrease
Turnover rate	0.5%p	0.03% decrease	0.03% 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.

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25.9 Expected maturity analysis of undiscounted pension benefit payments (including expected future benefit) as of December 31, 2023, 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 *	₩ 219,733	₩ 267,842	₩ 868,378	₩ 1,281,094	₩ 3,709,873	₩ 6,346,920

* 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, 2023 is ₩ 145,160 million.

26. Other Liabilities

Details of other liabilities as of December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

	December 31, 2023	December 31, 2022
Other financial liabilities		
Other payables	₩ 17,953,030	₩ 11,263,263
Prepaid card and debit card payables	36,005	35,259
Accrued expenses	5,592,853	3,875,939
Financial guarantee contracts liabilities	47,199	46,467
Deposits for letter of guarantees and others	1,226,095	1,762,482
Domestic exchange settlement credits	2,864,203	1,738,489
Foreign exchange settlement credits	215,730	250,138
Borrowings of other accounting businesses	2,793	-
Due to trust accounts	8,142,102	5,808,446
Liabilities incurred from agency relationships	514,642	513,621
Account for agency business	249,379	241,910
Dividend payables	7,455	3,425
Lease liabilities	588,803	592,697
Others	(23,373)	31,124
	<u>37,416,916</u>	<u>26,163,260</u>
Other non-financial liabilities		
Other payables	353,074	400,525
Unearned revenue	351,677	520,465
Accrued expenses	961,464	900,141
Deferred revenue on credit card points	242,346	243,131
Withholding taxes	306,709	228,195
Others	632,749	394,316
	<u>2,848,019</u>	<u>2,686,773</u>
	<u>₩ 40,264,935</u>	<u>₩ 28,850,033</u>

27. Equity

27.1 Share Capital

27.1.1 Details of share capital as of December 31, 2023 and 2022, are as follows:

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

	December 31, 2023	December 31, 2022
Type of share	Ordinary share	Ordinary share
Number of authorized shares	1,000,000,000	1,000,000,000
Par value per share (In Korean won)	₩ 5,000	₩ 5,000
Number of issued shares	403,511,072	408,897,068
Share capital *	₩ 2,090,558	₩ 2,090,558

* Due to the retirement of shares deducted through retained earnings, it is different from the total par value of the shares issued.

27.1.2 Changes in outstanding shares for the years ended December 31, 2023 and 2022, are as follows:

(In number of shares)

	2023	2022
Beginning	389,634,335	389,634,335
Increase	-	-
Decrease	(10,970,510)	-
Ending	<u>378,663,825</u>	<u>389,634,335</u>

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27.2 Hybrid Securities

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

(In millions of Korean won)

Hybrid securities	Issuance date	Maturity	Interest rate (%)		
			as of December 31, 2023	December 31, 2023	December 31, 2022
The 1-1 st	May 2, 2019	Perpetual bond	3.23	₩ 349,309	₩ 349,309
The 1-2 nd	May 2, 2019	Perpetual bond	3.44	49,896	49,896
The 2-1 st	May 8, 2020	Perpetual bond	3.30	324,099	324,099
The 2-2 nd	May 8, 2020	Perpetual bond	3.43	74,812	74,812
The 3-1 st	Jul. 14, 2020	Perpetual bond	3.17	369,099	369,099
The 3-2 nd	Jul. 14, 2020	Perpetual bond	3.38	29,922	29,922
The 4-1 st	Oct. 20, 2020	Perpetual bond	3.00	433,996	433,996
The 4-2 nd	Oct. 20, 2020	Perpetual bond	3.28	64,855	64,855
The 5-1 st	Feb. 19, 2022	Perpetual bond	2.67	419,071	419,071
The 5-2 nd	Feb. 19, 2022	Perpetual bond	2.87	59,862	59,862
The 5-3 rd	Feb. 19, 2022	Perpetual bond	3.28	119,727	119,727
The 6-1 st	May 28, 2022	Perpetual bond	3.20	165,563	165,563
The 6-2 nd	May 28, 2022	Perpetual bond	3.60	109,708	109,708
The 7-1 st	Oct. 8, 2022	Perpetual bond	3.57	208,468	208,468
The 7-2 nd	Oct. 8, 2022	Perpetual bond	3.80	59,834	59,834
The 8-1 st	Feb. 16, 2023	Perpetual bond	4.00	442,970	442,970
The 8-2 nd	Feb. 16, 2023	Perpetual bond	4.30	155,626	155,626
The 9-1 st	May 12, 2023	Perpetual bond	4.68	478,829	478,829
The 9-2 nd	May 12, 2023	Perpetual bond	4.97	19,906	19,906
The 10-1 st	Aug. 26, 2023	Perpetual bond	4.90	407,936	407,936
The 10-2 nd	Aug. 26, 2023	Perpetual bond	5.15	70,819	70,819
The 10-3 rd	Aug. 26, 2023	Perpetual bond	5.30	19,944	19,944
The 11-1 st	Feb. 03, 2023	Perpetual bond	4.90	548,681	-
The 11-2 nd	Feb. 03, 2023	Perpetual bond	5.03	49,871	-
				₩ 5,032,803	₩ 4,434,251

The above hybrid securities are early redeemable by the Group after 5 or 7 or 10 years from the issuance date. On the other hand, hybrid securities of ₩ 1,282,993 million issued by Kookmin Bank, hybrid securities of ₩ 102,673 million issued by KB Securities Co., Ltd. and hybrid securities of ₩ 49,800 million issued by KB Life Insurance Co., Ltd. are recognized as non-controlling interests and are early redeemable after 5 years from the issuance date and each interest payment date thereafter.

27.3 Capital Surplus

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

(In millions of Korean won)

	December 31, 2023	December 31, 2022
Paid-in capital in excess of par value	₩ 13,190,274	₩ 13,190,274
Losses on sales of treasury shares	(481,332)	(481,332)
Other capital surplus	3,927,041	4,219,856
Consideration for exchange right of exchangeable bonds	11,933	11,933
	₩ 16,647,916	₩ 16,940,731

27.4 Accumulated Other Comprehensive Income

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

(In millions of Korean won)

	December 31, 2023	December 31, 2022
Remeasurements of net defined benefit liabilities	₩ (161,295)	₩ (88,770)
Currency translation differences	261,752	254,446
Gains (losses) on financial instruments at fair value through other comprehensive income	(2,735,499)	(6,081,560)
Share of other comprehensive loss of associates and joint ventures	(3,318)	(3,342)
Gains (losses) on cash flow hedging instruments	73,555	19,632
Losses on hedging instruments of net investments in foreign operations	(129,401)	(114,742)
Fair value changes of financial liabilities designated at fair value through profit or loss due to own credit risk	(11,800)	41,063
Finance gains or losses on insurance contract assets (liabilities)	5,001,171	7,223,195
	₩ 2,295,165	₩ 1,249,922

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27.5 Retained Earnings

27.5.1 Details of retained earnings as of December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

	December 31,		December 31,	
	2023		2022	
Legal reserves ¹	₩	1,007,686	₩	839,235
Voluntary reserves		982,000		982,000
Unappropriated retained earnings ²		30,039,513		27,127,190
	₩	32,029,199	₩	28,948,425

¹ With respect to the allocation of net profit earned in a fiscal term, the Parent Company must set aside in its legal reserve an amount equal to at least 10% of its profit after tax as reported in the financial statements, each time it pays dividends on its net profits earned until its legal reserve reaches the aggregate amount of its paid-in capital in accordance with Article 53 of the Financial Holding Company Act. This reserve is not available for the payment of cash dividends, but may be transferred to share capital, or used to reduce accumulated deficit.

² The regulatory reserve for credit losses the Group appropriated in retained earnings is ₩ 4,320,506 million and ₩ 4,355,734 million for the years ended December 31, 2023 and 2022, respectively.

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, 2023 and 2022, are as follows:

(In millions of Korean won)

	December 31, 2023		December 31, 2022	
Regulatory reserve for credit losses attributable to:				
Shareholders of the Parent Company	₩	4,320,506	₩	4,355,734
Non-controlling interests		173,393		89,214
	₩	4,493,899	₩	4,444,948

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, 2023 and 2022, are as follows:

(In millions of Korean won, except for earnings per share)

	2023		2022	
Provision of regulatory reserve for credit losses	₩	(35,228)	₩	239,155
Adjusted profit after provision of regulatory reserve for credit losses ^{1,2}		4,482,245		3,787,435
Adjusted basic earnings per share after provision of regulatory reserve for credit losses ¹		11,672		9,720
Adjusted diluted earnings per share after provision of regulatory reserve for credit losses ¹		11,402		9,500

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, 2023 and 2022, are as follows:

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

	2023			
	Beginning	Acquisition	Disposal	Ending
Number of treasury shares *	19,262,733	10,970,510	(5,385,996)	24,847,247
Carrying amount	₩ 836,188	₩ 571,745	₩ (242,096)	₩ 1,165,837

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

	2022			
	Beginning	Acquisition	Disposal	Ending
Number of treasury shares *	26,173,585	-	(6,910,852)	19,262,733
Carrying amount	₩ 1,136,188	₩ -	₩ (300,000)	₩ 836,188

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

In accordance with the resolution of the Board of Directors on July 25, 2023, the Group acquired 5,584,514 shares (₩ 300,000 million) and plans to retire of treasury stocks by July 31, 2024.

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28. Net Interest Income

Details of interest income, interest expense, and net interest income for the years ended December 31, 2023 and 2022, are as follows:

<i>(In millions of Korean won)</i>	2023		2022	
Interest income				
Due from financial institutions measured at fair value through profit or loss	₩	1,746	₩	3,186
Securities measured at fair value through profit or loss		1,400,912		913,617
Loans measured at fair value through profit or loss		12,708		12,932
Securities measured at fair value through other comprehensive income		2,225,549		1,629,157
Loans measured at fair value through other comprehensive income		39,084		17,429
Due from financial institutions measured at amortized cost		351,797		165,948
Securities measured at amortized cost		1,123,957		659,549
Loans measured at amortized cost		23,439,034		17,018,242
Insurance finance income		23,954		16,667
Others		526,338		350,850
		<u>29,145,079</u>		<u>20,787,577</u>
Interest expense				
Deposits		10,052,830		4,637,420
Borrowings		2,519,463		1,291,380
Debentures		2,306,823		1,640,773
Insurance finance expense		1,576,656		1,495,621
Others		547,590		207,058
		<u>17,003,362</u>		<u>9,272,252</u>
Net interest income	₩	<u>12,141,717</u>	₩	<u>11,515,325</u>

Interest income recognized on impaired loans is ₩ 73,543 million and ₩ 53,215 million for the years ended December 31, 2023 and 2022, 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, 2023 and 2022, are as follows:

<i>(In millions of Korean won)</i>	2023		2022	
Fee and commission income				
Banking activity fees	₩	181,841	₩	180,749
Lending activity fees		96,469		80,871
Credit card and debit card related fees		1,598,964		1,491,666
Agent activity fees		198,402		243,740
Trust and other fiduciary fees		375,007		337,171
Fund management related fees		133,027		130,629
Acceptances and guarantees fees		77,291		66,827
Foreign currency related fees		308,747		285,575
Securities agency fees		113,476		124,771
Other business account commission on consignment		33,873		36,211
Commissions received on securities business		656,424		628,449
Lease fees		1,096,933		1,004,670
Others		497,620		514,601
		<u>5,368,074</u>		<u>5,125,930</u>
Fee and commission expense				
Trading activity related fees *		56,331		40,768
Lending activity fees		34,040		42,086
Credit card and debit card related fees		861,639		815,252
Outsourcing related fees		167,927		183,124
Foreign currency related fees		93,277		70,053
Others		481,336		459,745
		<u>1,694,550</u>		<u>1,611,028</u>
Net fee and commission income	₩	<u>3,673,524</u>	₩	<u>3,514,902</u>

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

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

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

Net gains or losses on financial instruments at fair value through profit or loss include dividend income, gains or losses arising from changes in fair value, and gains or losses arising from sales and redemptions. Details of net gains or losses on financial instruments at fair value through profit or loss for the years ended December 31, 2023 and 2022, are as follows:

<i>(In millions of Korean won)</i>	2023	2022
Gains on financial instruments at fair value through profit or loss		
Financial assets at fair value through profit or loss:		
Debt securities	₩ 3,904,088	₩ 2,237,037
Equity securities	818,610	536,059
	<u>4,722,698</u>	<u>2,773,096</u>
Derivatives held for trading:		
Interest rate	7,195,387	11,772,928
Currency	9,230,401	15,006,105
Stock or stock index	2,027,294	1,986,668
Credit	41,234	78,638
Commodity	30,829	33,576
Others	173,215	199,022
	<u>18,698,360</u>	<u>29,076,937</u>
Financial liabilities at fair value through profit or loss	192,334	114,526
Other financial instruments	502	252
	<u>23,613,894</u>	<u>31,964,811</u>
Losses on financial instruments at fair value through profit or loss		
Financial assets at fair value through profit or loss:		
Debt securities	1,106,981	3,987,760
Equity securities	372,969	895,208
	<u>1,479,950</u>	<u>4,882,968</u>
Derivatives held for trading:		
Interest rate	7,439,802	10,747,221
Currency	9,271,983	15,154,428
Stock or stock index	2,164,455	2,485,340
Credit	44,971	68,324
Commodity	42,150	30,167
Others	166,403	430,069
	<u>19,129,764</u>	<u>28,915,549</u>
Financial liabilities at fair value through profit or loss	509,835	63,571
Other financial instruments	387	206
	<u>21,119,936</u>	<u>33,862,294</u>
Net gains(losses) on financial instruments at fair value through profit or loss	<u>₩ 2,493,958</u>	<u>₩ (1,897,483)</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, 2023 and 2022, are as follows:

<i>(In millions of Korean won)</i>	2023	2022
Gains on financial instruments designated at fair value through profit or loss		
Financial liabilities designated at fair value through profit or loss	₩ 726,277	₩ 1,186,908
	<u>726,277</u>	<u>1,186,908</u>
Losses on financial instruments designated at fair value through profit or loss		
Financial liabilities designated at fair value through profit or loss	1,057,170	429,243
	<u>1,057,170</u>	<u>429,243</u>
Net gains(losses) on financial instruments designated at fair value through profit or loss	<u>₩ (330,893)</u>	<u>₩ 757,665</u>

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31. Net Other Operating Income and Expenses

Details of other operating income and expenses for the years ended December 31, 2023 and 2022, are as follows:

<i>(In millions of Korean won)</i>	2023	2022
Other operating income		
Gains on securities at fair value through other comprehensive income:		
Gains on redemption of securities at fair value through other comprehensive income	W 7,326	W 24
Gains on disposal of securities at fair value through other comprehensive income	59,666	24,795
	<u>66,992</u>	<u>24,819</u>
Gains on financial assets at amortized cost:		
Gains on sale of loans measured at amortized cost	99,942	83,552
Gains on disposal of securities measured at amortized cost	174	27
	<u>100,116</u>	<u>83,579</u>
Gains on hedge accounting	361,281	861,263
Gains on foreign exchange transactions	6,480,621	11,578,501
Dividend income	47,769	37,125
Others	593,871	497,827
	<u>7,650,650</u>	<u>13,083,114</u>
Other operating expenses		
Losses on securities at fair value through other comprehensive income:		
Losses on redemption of securities at fair value through other comprehensive income	8	3,049
Losses on disposal of securities at fair value through other comprehensive income	323,147	331,665
	<u>323,155</u>	<u>334,714</u>
Losses on financial assets at amortized cost:		
Losses on sale of loans measured at amortized cost	49,534	78,089
	<u>49,534</u>	<u>78,089</u>
Losses on hedge accounting	379,343	874,704
Losses on foreign exchange transactions	6,130,076	11,159,131
Deposit insurance fee	570,465	538,016
Credit guarantee fund fee	327,764	283,912
Depreciation expenses of operating lease assets	713,056	682,783
Others	1,870,246	1,393,888
	<u>10,363,639</u>	<u>15,345,237</u>
Net other operating expenses	W (2,712,989)	W (2,262,123)

32. General and Administrative Expenses

32.1 Details of general and administrative expenses for the years ended December 31, 2023 and 2022, are as follows:

<i>(In millions of Korean won)</i>	2023	2022
Expenses related to employee		
Employee benefits - salaries	W 2,621,008	W 2,639,569
Employee benefits - others	860,038	897,559
Post-employment benefits - defined benefit plans	155,720	222,388
Post-employment benefits - defined contribution plans	32,160	32,743
Termination benefits	275,632	312,980
Share-based payments	69,703	51,756
	<u>4,014,261</u>	<u>4,156,995</u>
Depreciation and amortization	<u>865,927</u>	<u>816,841</u>
Other general and administrative expenses		
Rental expense	100,761	98,346
Tax and dues	303,987	254,749
Communication	48,704	51,136
Electricity and utilities	45,255	32,954
Publication	9,263	10,435
Repairs and maintenance	51,202	50,828
Vehicle	18,015	18,308
Travel	18,177	16,680
Training	44,275	41,114
Service fees	233,403	242,762
Electronic data processing expenses	354,842	310,000
Advertising	230,192	236,957
Others	309,142	305,549
	<u>1,767,218</u>	<u>1,669,818</u>
	W 6,647,406	W 6,643,654

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32.2 Share-based Payments

32.2.1 Stock grants

The Group changed the scheme of share-based payments awarded to executives and employees from stock options to stock grants in November 2007. The stock grants award program is an incentive plan that sets on grant date, the maximum number of shares that can be awarded. Actual shares to be granted is determined in accordance with achievement of pre-set performance targets over the vesting period.

32.2.1.1 Details of stock grants linked to long-term performance as of December 31, 2023, are as follows:

<i>(In number of shares)</i>			
	Grant date	Number of granted shares ¹	Vesting conditions ²
KB Financial Group Inc.			
Series 30	Apr. 1, 2021	3,070	Services fulfillment, market performance ³ 30%, and non-market performance ⁴ 70%
Series 33	Jan. 1, 2022	55,868	Services fulfillment, market performance ³ 0~30%, and non-market performance ⁴ 70~100%
Series 34	Feb. 1, 2022	654	Services fulfillment, market performance ³ 30%, and non-market performance ⁴ 70%
Series 35	May 27, 2022	5,067	Services fulfillment, market performance ³ 30%, and non-market performance ⁴ 70%
Series 36	Jan. 1, 2023	55,645	Services fulfillment, market performance ³ 0~30%, and non-market performance ⁴ 70~100%
Series 38	Nov. 21, 2023	55,547	Services fulfillment, market performance ³ 30%, and non-market performance ⁴ 70%
Deferred grant in 2015		3,183	Satisfied
Deferred grant in 2016		943	Satisfied
Deferred grant in 2018		884	Satisfied
Deferred grant in 2020		9,493	Satisfied
Deferred grant in 2021		18,105	Satisfied
Deferred grant in 2022		38,277	Satisfied
Deferred grant in 2023		40,881	Satisfied
		<u>287,617</u>	
Kookmin Bank			
Series 83	Apr. 1, 2021	14,972	Services fulfillment, market performance ³ 0~30%, and non-market performance ⁴ 70~100%
Series 85	Jan. 1, 2022	259,752	Services fulfillment, market performance ³ 0~30%, and non-market performance ⁴ 70~100%
Series 86	Feb. 1, 2022	1,525	Services fulfillment, market performance ³ 0~30%, and non-market performance ⁴ 70~100%
Series 88	Mar. 14, 2022	5,179	Services fulfillment, market performance ³ 0~30%, and non-market performance ⁴ 70~100%
Series 90	Jul. 18, 2022	3,716	Services fulfillment, market performance ³ 0~30%, and non-market performance ⁴ 70~100%
Series 91	Aug. 24, 2022	7,277	Services fulfillment, market performance ³ 0~30%, and non-market performance ⁴ 70~100%

32.2.1.1 Details of stock grants linked to long-term performance as of December 31, 2023, are as follows: (cont'd)

<i>(In number of shares)</i>			
	Grant date	Number of granted shares ¹	Vesting conditions ²
Series 92	Jan. 1, 2023	187,802	Services fulfillment, market performance ³ 0~30%, and non-market performance ⁴ 70~100%
Series 93	Mar. 15, 2023	585	Services fulfillment, market performance ³ 0~30%, and non-market performance ⁴ 70~100%
Series 94	Apr. 1, 2023	8,794	Services fulfillment, market performance ³ 0~30%, and non-market performance ⁴ 70~100%
Series 95	Oct. 5, 2023	126	Services fulfillment, market performance ³ 0~30%, and non-market performance ⁴ 70~100%
Deferred grant in 2016		799	Satisfied
Deferred grant in 2017		893	Satisfied
Deferred grant in 2018		1,145	Satisfied
Deferred grant in 2020		26,763	Satisfied
Deferred grant in 2021		104,643	Satisfied
Deferred grant in 2022		87,342	Satisfied
Deferred grant in 2023		3,611	Satisfied
		<u>714,924</u>	Satisfied
Other subsidiaries			
Stock granted in 2010		106	
Stock granted in 2011		146	
Stock granted in 2012		420	
Stock granted in 2013		544	
Stock granted in 2014		1,028	
Stock granted in 2015		2,014	
Stock granted in 2016		936	
Stock granted in 2017		9,162	Services fulfillment, market performance ³ 0~50%, and non-market performance ⁴ 50~100%
Stock granted in 2018		19,861	
Stock granted in 2019		23,789	
Stock granted in 2020		94,348	
Stock granted in 2021		120,615	
Stock granted in 2022		392,509	
Stock granted in 2023		368,112	
		<u>1,033,590</u>	
		<u>2,036,131</u>	

¹ Granted shares represent the total number of shares initially granted to executives and employees who have residual shares as of December 31, 2023 (Deferred grants are residual shares vested as of December 31, 2023).

² Executives and employees were given the right of choice about the timing of the deferred payment (after the date of retirement), payment ratio, and payment period. Accordingly, a certain percentage of the granted shares is deferred for up to five years after the date of retirement after the deferred grant has been confirmed.

³ Relative TSR (Total Shareholder Return): [(Fair value at the end of the contract - Fair value at the beginning of the contract) + (Total amount of dividend per share paid during the contract period)] / Fair value at the beginning of the contract

⁴ Performance results of company and employee

⁵ EPS, Asset Quality

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32.2.1.2 Details of stock grants linked to short-term performance as of December 31, 2023, are as follows:

(In number of shares)	Estimated number of vested shares *	Vesting conditions
KB Financial Group Inc.		
Stock granted in 2015	2,097	Satisfied
Stock granted in 2016	3,034	Satisfied
Stock granted in 2017	306	Satisfied
Stock granted in 2018	380	Satisfied
Stock granted in 2020	10,514	Satisfied
Stock granted in 2021	23,677	Satisfied
Stock granted in 2022	45,115	Satisfied
Stock granted in 2023	46,045	Proportional to service period
Kookmin Bank		
Stock granted in 2015	419	Satisfied
Stock granted in 2016	2,135	Satisfied
Stock granted in 2017	535	Satisfied
Stock granted in 2018	739	Satisfied
Stock granted in 2020	44,890	Satisfied
Stock granted in 2021	86,235	Satisfied
Stock granted in 2022	164,595	Satisfied
Stock granted in 2023	133,455	Proportional to service period
Other subsidiaries		
Stock granted in 2015	4,048	Satisfied
Stock granted in 2016	18,144	Satisfied
Stock granted in 2017	35,359	Satisfied
Stock granted in 2018	82,096	Satisfied
Stock granted in 2019	91,957	Satisfied
Stock granted in 2020	262,023	Satisfied
Stock granted in 2021	461,736	Satisfied
Stock granted in 2022	511,024	Satisfied
Stock granted in 2023	307,631	Proportional to service period
	2,338,189	

* 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, 2023, 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 30	3.43	43,098~48,307	47,066~52,755
Series 33	3.43	41,446~51,061	47,066~52,755
Series 34	3.43	39,972~46,008	44,873~51,649
Series 35	3.43	44,392~49,758	47,066~52,755
Series 36	3.43	44,873~52,755	44,873~52,755
Series 38	3.43	35,080~40,381	41,090~47,300
Deferred grant in 2015	3.43	-	49,315~52,755
Deferred grant in 2016	3.43	-	52,755
Deferred grant in 2018	3.43	-	52,755
Deferred grant in 2020	3.43	-	49,315~52,755
Deferred grant in 2021	3.43	-	51,649~52,755
Deferred grant in 2022	3.43	-	49,315~52,755
Deferred grant in 2023	3.43	-	47,300~51,931
(Kookmin Bank)			
Series 83	3.43	42,053~48,307	47,066~52,755
Series 85	3.43	38,623~48,102	47,066~52,755
Series 86	3.43	39,972~46,008	44,873~51,649
Series 88	3.43	41,215~47,439	44,873~51,649
Series 90	3.43	42,737~49,190	44,873~51,649
Series 91	3.43	42,750~49,206	44,873~51,649
Series 92	3.43	44,873~52,755	44,873~52,755
Series 93	3.43	47,066~52,755	47,066~52,755
Series 94	3.43	42,787~52,755	42,787~52,755
Series 95	3.43	43,187~48,407	47,066~52,755
Grant deferred in 2016	3.43	-	52,755
Grant deferred in 2017	3.43	-	52,755
Grant deferred in 2018	3.43	-	52,755
Grant deferred in 2020	3.43	-	52,755
Grant deferred in 2021	3.43	-	51,649~52,755
Grant deferred in 2022	3.43	-	44,873~52,755
Grant deferred in 2023	3.43	-	48,939~53,705
(Other subsidiaries)			
Stock granted in 2010	3.43	-	52,755
Stock granted in 2011	3.43	-	52,755
Stock granted in 2012	3.43	-	49,315~52,755
Stock granted in 2013	3.43	-	49,315~52,755
Stock granted in 2014	3.43	-	49,315~52,755
Stock granted in 2015	3.43	-	47,066~52,755
Stock granted in 2016	3.43	-	51,649~52,755
Stock granted in 2017	3.43	-	42,787~52,755
Stock granted in 2018	3.43	-	40,891~56,379
Stock granted in 2019	3.43	-	42,787~56,379

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32.2.1.3 Stock grants are measured at fair value using the MonteCarlo simulation model and assumptions used in measuring the fair value as of December 31, 2023, are as follows: (cont'd)

(In Korean won)	Risk-free rate (%)	Fair value (market performance condition)	Fair value (non-market performance condition)
Linked to long-term performance			
Stock granted in 2020	3.43	-	44,873~56,379
Stock granted in 2021	3.43	40,108~52,755	42,787~56,379
Stock granted in 2022	3.43	38,994~52,549	44,873~53,544
Stock granted in 2023	3.43	39,278~52,755	42,787~52,755
Linked to short-term performance			
(KB Financial Group Inc.)			
Stock granted in 2015	3.43	-	49,315~52,755
Stock granted in 2016	3.43	-	44,873~52,755
Stock granted in 2017	3.43	-	52,755
Stock granted in 2018	3.43	-	52,755
Stock granted in 2020	3.43	-	49,315~52,755
Stock granted in 2021	3.43	-	51,649~52,755
Stock granted in 2022	3.43	-	49,315~52,755
Stock granted in 2023	3.43	-	47,066~51,931
(Kookmin Bank)			
Stock granted in 2015	3.43	-	52,755
Stock granted in 2016	3.43	-	51,649~52,755
Stock granted in 2017	3.43	-	52,755
Stock granted in 2018	3.43	-	52,755
Stock granted in 2020	3.43	-	52,755
Stock granted in 2021	3.43	-	51,649~52,755
Stock granted in 2022	3.43	-	44,873~52,755
Stock granted in 2023	3.43	-	47,066~53,705
(Other subsidiaries)			
Stock granted in 2015	3.43	-	42,787~52,755
Stock granted in 2016	3.43	-	42,787~52,755
Stock granted in 2017	3.43	-	40,891~52,755
Stock granted in 2018	3.43	-	40,891~56,379
Stock granted in 2019	3.43	-	42,787~56,379
Stock granted in 2020	3.43	-	42,787~56,379
Stock granted in 2021	3.43	-	42,787~56,379
Stock granted in 2022	3.43	-	42,787~53,558
Stock granted in 2023	3.43	-	42,787~53,581

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 ₩ 202,243 million and ₩ 186,908 million as of December 31, 2023 and 2022, respectively, and the compensation costs amounting to ₩ 77,932 million and ₩ 58,340 million were recognized for the years ended December 31, 2023 and 2022, respectively.

32.2.2 Mileage stock

32.2.2.1 Details of mileage stock as of December 31, 2023, are as follows:

(In number of shares)	Grant date	Number of granted shares ¹	Expected exercise period (years) ²	Remaining shares
<i>Stock granted in 2019</i>				
	Nov. 1, 2019	119	0.00~0.83	48
	Nov. 8, 2019	14	0.00~0.85	6
	Dec. 5, 2019	56	0.00~0.93	39
	Dec. 6, 2019	84	0.00~0.93	38
	Dec. 31, 2019	87	0.00~1.00	22
<i>Stock granted in 2020</i>				
	Jan. 18, 2020	28,645	0.00~1.05	13,953
	May 12, 2020	46	0.00~1.36	43
	Jun. 30, 2020	206	0.00~1.50	147
	Aug. 26, 2020	40	0.00~1.65	27
	Oct. 29, 2020	160	0.00~1.83	107
	Nov. 6, 2020	45	0.00~1.85	37
	Nov. 30, 2020	35	0.00~1.92	29
	Dec. 2, 2020	57	0.00~1.92	26
	Dec. 4, 2020	154	0.00~1.93	79
	Dec. 30, 2020	88	0.00~2.00	51
<i>Stock granted in 2021</i>				
	Jan. 15, 2021	28,156	0.00~2.04	16,045
	Apr. 5, 2021	89	0.00~2.26	53
	Jul. 1, 2021	54	0.00~2.50	36
	Jul. 2, 2021	11	0.00~2.50	11
	Jul. 27, 2021	70	0.00~2.57	63
	Nov. 1, 2021	71	0.00~2.84	71
	Nov. 16, 2021	53	0.00~2.88	13
	Dec. 3, 2021	91	0.00~2.92	74
	Dec. 6, 2021	87	0.00~2.93	76
	Dec. 30, 2021	76	0.00~3.00	76
<i>Stock granted in 2022</i>				
	Jan. 14, 2022	20,909	0.00~3.04	16,253
	Apr. 4, 2022	65	0.00~3.26	65
	Apr. 19, 2022	33	0.00~3.30	29
	Jul. 1, 2022	62	0.00~3.50	21
	Aug. 3, 2022	62	0.00~3.59	15
	Aug. 9, 2022	80	0.00~3.61	60
	Oct. 19, 2022	55	0.00~3.80	23
	Nov. 1, 2022	177	0.00~3.84	159
	Dec. 1, 2022	49	0.00~3.92	49
	Dec. 2, 2022	42	0.00~3.92	30
	Dec. 6, 2022	88	0.00~3.93	70
	Dec. 12, 2022	114	0.00~3.95	114
	Dec. 15, 2022	42	0.00~3.96	42
	Dec. 30, 2022	114	0.00~4.00	114

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32.2.2.1 Details of mileage stock as of December 31, 2023, are as follows: (cont'd)

(In number of shares)

Grant date	Number of granted shares ¹	Expected exercise period (years) ²	Remaining shares
<i>Stock granted in 2023</i>			
Jan. 9, 2023	23,071	0.00~4.02	22,084
Jan. 14, 2023	742	0.00~4.04	688
Mar. 7, 2023	58	0.00~4.18	58
Mar. 27, 2023	58	0.00~4.24	58
Mar. 31, 2023	97	0.00~4.25	97
May 4, 2023	105	0.00~4.34	105
Jul. 3, 2023	63	0.00~4.50	63
Jul. 26, 2023	38	0.00~4.57	38
Jul. 31, 2023	220	0.00~4.58	220
Oct. 20, 2023	80	0.00~4.80	80
Nov. 1, 2023	78	0.00~4.84	78
Dec. 1, 2023	49	0.00~4.92	49
Dec. 13, 2023	115	0.00~4.95	115
Dec. 14, 2023	57	0.00~4.95	57
Dec. 27, 2023	19	0.00~4.99	19
Dec. 28, 2023	162	0.00~4.99	162
Dec. 29, 2023	95	0.00~4.99	95
	105,593		72,280

¹ Mileage stock is exercisable for four years after one year from the grant date at the closing price of the end of the previous month. However, mileage stock can be exercised at the closing price of the end of the previous month on the date of occurrence of retirement or transfer despite a one-year grace period.

² Assessed based on the stock price as of December 31, 2023. These shares are vested immediately at grant date.

32.2.2.2 The accrued expenses for share-based payments related to mileage stock are ₩ 3,910 million and ₩ 2,738 million as of December 31, 2023 and 2022, respectively. The compensation costs amounting to ₩ 1,645 million and ₩ 870 million were recognized as expenses for the years ended December 31, 2023 and 2022, respectively.

32.2.3 Long-term share-based payments

The Group calculates the short-term performance bonus of executives of KB Life Insurance Co., Ltd. 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, 2023, are as follows:

(In number of shares)

	Grant date	Vested shares	Expected exercise period (years)	Vesting condition
Granted in 2020	2020	13,402	-	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, 2023, are as follows:

(In Korean won)

	Risk-free rate (%)	Fair value (market performance condition)	Fair value (non-market performance condition)
Granted in 2020	3.43	-	52,755

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 ₩ 707 million and ₩ 625 million as of December 31, 2023 and 2022, respectively. The compensation costs amounting to ₩ 82 million and ₩ 65 million were recognized as expenses for the years ended December 31, 2023 and 2022, respectively.

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33. Net Other Non-Operating Income and Expenses

Details of other non-operating income and expenses for the years ended December 31, 2023 and 2022, are as follows:

<i>(In millions of Korean won)</i>	2023		2022	
Other non-operating income				
Gains on disposal of property and equipment	₩	1,790	₩	155,177
Rental income		23,682		26,176
Others		131,995		283,991
		<u>157,467</u>		<u>465,344</u>
Other non-operating expenses				
Losses on disposal of property and equipment		1,839		2,164
Donation		120,560		94,771
Restoration costs		3,642		2,857
Management cost for written-off loans		3,769		4,296
Impairment losses on goodwill		6,268		-
Others		319,369		171,932
		<u>455,447</u>		<u>276,020</u>
Net other non-operating income (expenses)	₩	<u>(297,980)</u>	₩	<u>189,324</u>

34. Income Tax Expense

34.1 Details of income tax expense for the years ended December 31, 2023 and 2022, are as follows:

<i>(In millions of Korean won)</i>	2023		2022	
Income tax payable				
Current income tax expense	₩	1,468,269	₩	1,984,075
Adjustments of income tax of prior years recognized in current tax		(35,326)		(122,385)
		<u>1,432,943</u>		<u>1,861,690</u>
Changes in deferred income tax assets and liabilities *		<u>532,256</u>		<u>(344,157)</u>
Income tax recognized directly in equity and others				
Remeasurements of net defined benefit liabilities		25,895		(91,150)
Currency translation differences		(11,866)		(15,059)
Net gains or losses on financial assets at fair value through other comprehensive income		(1,198,075)		2,344,582
Share of other comprehensive income or loss of associates and joint ventures		(7)		44
Gains or losses on cash flow hedging instruments		(1,913)		(25,049)
Gains or losses on hedging instruments of net investments in foreign operations		4,931		24,936
Fair value changes of financial liabilities designated at fair value through profit or loss due to own credit risk		19,038		(14,009)
Finance gains or losses on insurance contract assets (liabilities)		810,383		(2,143,070)
		<u>(351,614)</u>		<u>81,225</u>
Others		<u>(6,567)</u>		<u>(80,415)</u>
Income tax expense	₩	<u>1,607,018</u>	₩	<u>1,518,343</u>

34.2 Analysis of the relationship between net profit before income tax expense and income tax expense for the years ended December 31, 2023 and 2022, are as follows:

<i>(In millions of Korean won)</i>	2023		2022	
	Tax rate (%)	Amount	Tax rate (%)	Amount
Profit before income tax expense		₩ 6,170,449		₩ 5,449,744
Income tax at the applicable tax rate *	26.23	1,618,637	27.31	1,488,318
Non-taxable income	(0.71)	(44,083)	(1.05)	(57,320)
Non-deductible expenses	0.34	21,133	0.42	22,661
Tax credit and tax exemption	(0.03)	(2,006)	(0.04)	(2,380)
Temporary difference for which no deferred tax is recognized	(0.07)	(4,312)	2.49	135,694
Changes in recognition and measurement of deferred tax	1.11	68,362	0.90	49,262
Income tax refund for tax of prior years	(0.70)	(42,952)	(2.54)	(138,314)
Income tax expense of overseas branches	0.91	56,285	0.57	31,270
Tax rate change effect	0.01	622	0.05	2,714
Others	(1.05)	(64,668)	(0.25)	(13,562)
Average effective tax rate and income tax expense	26.04	<u>₩ 1,607,018</u>	27.86	<u>₩ 1,518,343</u>

* Applicable income tax rate for ₩ 200 million and below is 9.9%, for over ₩ 200 million to ₩ 20,000 million is 20.9%, for over ₩ 20,000 million to ₩ 300,000 million is 23.1% and for over ₩ 300,000 million is 26.4% for the years ended December 31, 2023.

* Applicable income tax rate for ₩ 200 million and below is 11%, for over ₩ 200 million to ₩ 20,000 million is 22%, for over ₩ 20,000 million to ₩ 300,000 million is 24.2% and for over ₩ 300,000 million is 27.5% for the years ended December 31, 2022.

35. Dividends

The annual dividends to the shareholders of the Parent Company for the year ended December 31, 2022, amounting to ₩ 564,070 million (₩ 1,450 per share) were declared at the annual general shareholders' meeting on March 24, 2023 and paid in April 10, 2023.

According to the resolution of the board of directors on April 27, 2023, the quarterly dividend amounting to ₩ 195,966 million (₩ 510 per share) with dividend record date of March 31, 2023 were paid on May 11, 2023; according to the resolution of the board of directors on July 25, 2023, the quarterly dividend amounting to ₩ 195,966 million (₩ 510 per share) with dividend record date of June 30, 2023 were paid on August 8, 2023; and according to the resolution of the board of directors on October 24, 2023, the quarterly dividend amounting to ₩ 194,998 million (₩ 510 per share) with dividend record date of September 30, 2023 were paid on November 8, 2023. The annual dividends to the shareholders of the Company for the year ended December 31, 2023, amounting to ₩ 587,006 million (₩ 1,530 per share) is to be proposed at the general shareholders' meeting scheduled for March 22, 2024. The Company's financial statements as of and for the year ended December 31, 2023, do not reflect this dividend payable.

Meanwhile, the annual dividends and quarterly dividends paid in 2022 were ₩ 853,299 million (₩ 2,190 per share) and ₩ 584,452 million (₩ 500 per share), respectively.

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36. Accumulated Other Comprehensive Income (Loss)

Changes in accumulated other comprehensive income (loss) for the years ended December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

	2023					
	Beginning	Changes except for reclassification	Reclassification to profit or loss	Transfer within equity	Tax effect	Ending
Remeasurements of net defined benefit liabilities	₩ (88,770)	₩ (98,420)	₩ -	₩ -	₩ 25,895	₩ (161,295)
Currency translation differences	254,446	42,925	(23,753)	-	(11,866)	261,752
Gains (losses) on financial instruments at fair value through other comprehensive income	(6,081,560)	4,299,541	281,849	(37,254)	(1,198,075)	(2,735,499)
Share of other comprehensive income (loss) of associates and joint ventures	(3,342)	31	-	-	(7)	(3,318)
Gains (losses) on cash flow hedging instruments	19,632	7,328	48,508	-	(1,913)	73,555
Gains (losses) on hedging instruments of net investments in foreign operations	(114,742)	(19,590)	-	-	4,931	(129,401)
Fair value changes of financial liabilities designated at fair value through profit or loss due to own credit risk	41,063	(71,901)	-	-	19,038	(11,800)
Finance gains or losses on insurance contract assets (liabilities)	7,223,195	(3,032,407)	-	-	810,383	5,001,171
	<u>₩ 1,249,922</u>	<u>₩ 1,127,507</u>	<u>₩ 306,604</u>	<u>₩ (37,254)</u>	<u>₩ (351,614)</u>	<u>₩ 2,295,165</u>

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

(In millions of Korean won)

	2022					
	Beginning	Changes except for reclassification	Reclassification to profit or loss	Transfer within equity	Tax effect	Ending
Remeasurements of net defined benefit liabilities	₩ (328,392)	₩ 330,772	₩ -	₩ -	₩ (91,150)	₩ (88,770)
Currency translation differences	96,129	173,376	-	-	(15,059)	254,446
Gains on financial instruments at fair value through other comprehensive income	434,956	(8,873,141)	347,246	(335,203)	2,344,582	(6,081,560)
Share of other comprehensive income (loss) of associates and joint ventures	(2,980)	(406)	-	-	44	(3,342)
Losses on cash flow hedging instruments	(6,535)	71,753	(20,537)	-	(25,049)	19,632
Gains (losses) on hedging instruments of net investments in foreign operations	(35,658)	(104,020)	-	-	24,936	(114,742)
Fair value changes of financial liabilities designated at fair value through profit or loss due to own credit risk	2,208	52,864	-	-	(14,009)	41,063
Assets of a disposal group held for sale	7,671	(7,671)	-	-	-	-
Finance gains or losses on insurance contract assets (liabilities)	1,215,916	8,150,349	-	-	(2,143,070)	7,223,195
	<u>₩ 1,383,315</u>	<u>₩ (206,124)</u>	<u>₩ 326,709</u>	<u>₩ (335,203)</u>	<u>₩ 81,225</u>	<u>₩ 1,249,922</u>

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37. Earnings per Share

37.1 Basic Earnings per Share

Basic earnings per share is calculated by dividing profit attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares outstanding.

37.1.1 Weighted average number of ordinary shares outstanding

(In number of shares)	2023		2022	
	Number of shares	Accumulated number of shares	Number of shares	Accumulated number of shares
Number of issued ordinary shares	403,511,072	147,787,824,904	408,897,068	150,138,929,728
Number of treasury shares *	(24,847,247)	(7,617,096,867)	(19,262,733)	(7,922,397,453)
Average number of ordinary shares outstanding	378,663,825	140,170,728,037	389,634,335	142,216,532,275
Number of days		365		365
Weighted average number of ordinary shares outstanding		384,029,392		389,634,335

* Treasury stock retired during the year ended December 31, 2023 and 2022 were deducted from April 4, 2023 and February 14, 2022, respectively.

37.1.2 Basic earnings per share

(In Korean won and in number of shares)	2023		2022	
Profit attributable to shareholders of the Parent Company	₩	4,631,932,222,629	₩	4,152,991,586,688
Deduction: Dividends on hybrid securities		(184,915,050,000)		(126,402,175,000)
Profit attributable to ordinary equity holders of the Parent Company (A)		4,447,017,172,629		4,026,589,411,688
Weighted average number of ordinary shares outstanding (B)		384,029,392		389,634,335
Basic earnings per share (A/B)	₩	11,580	₩	10,334

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)	2023		2022	
Profit attributable to shareholders of the Parent Company	₩	4,631,932,222,629	₩	4,152,991,586,688
Deduction: Dividends on hybrid securities		(184,915,050,000)		(126,402,175,000)
Profit attributable to ordinary equity holders of the Parent Company		4,447,017,172,629		4,026,589,411,688
Adjustments: Interest expense on exchangeable bonds		2,451,851,049		2,380,953,816
Adjusted profit for diluted earnings per share	₩	4,449,469,023,678	₩	4,028,970,365,504

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

(In number of shares)	2023		2022	
Weighted average number of ordinary shares outstanding		384,029,392		389,634,335
Adjustment:				
Stock grants		4,300,774		4,306,711
Exchangeable bonds		5,000,000		5,000,000
Adjusted weighted average number of ordinary shares outstanding for diluted earnings per share		393,330,166		398,941,046

37.2.3 Diluted earnings per share

(In Korean won and in number of shares)	2023		2022	
Adjusted profit for diluted earnings per share	₩	4,449,469,023,678	₩	4,028,970,365,504
Adjusted weighted average number of ordinary shares outstanding for diluted earnings per share		393,330,166		398,941,046
Diluted earnings per share	₩	11,312	₩	10,099

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38. Insurance Contracts

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

(In millions of Korean won)

	December 31, 2023									
	Life insurance					Non-life insurance				
	Death	Health	Pension	Variables	Compound	Long-term	General	Automobile	Overseas	
Insurance contract assets	₩ -	₩ -	₩ -	₩ -	₩ -	₩ 219,782	₩ 9,858	₩ -	₩ -	
Insurance contract liabilities	12,184,805	449,459	6,992,772	6,256,123	-	20,429,882	1,505,850	2,224,924	264,737	
Net insurance contract liabilities	₩ 12,184,805	₩ 449,459	₩ 6,992,772	₩ 6,256,123	₩ -	₩ 20,210,100	₩ 1,495,992	₩ 2,224,924	₩ 264,737	
Reinsurance contract assets	₩ 365	₩ -	₩ -	₩ -	₩ 5,545	₩ 455,016	₩ 957,040	₩ 10,513	₩ 226,689	
Reinsurance contract liabilities	14,913	17,275	-	-	-	-	3,842	-	-	
Net reinsurance contract assets (liabilities)	₩ (14,548)	₩ (17,275)	₩ -	₩ -	₩ 5,545	₩ 455,016	₩ 953,198	₩ 10,513	₩ 226,689	

(In millions of Korean won)

	December 31, 2022									
	Life insurance					Non-life insurance				
	Death	Health	Pension	Variables	Compound	Long-term	General	Automobile	Overseas	
Insurance contract assets	₩ -	₩ -	₩ -	₩ -	₩ -	₩ 78,687	₩ 4,617	₩ -	₩ -	
Insurance contract liabilities	10,523,709	331,137	7,337,627	5,716,165	-	18,195,275	1,470,773	2,172,574	222,174	
Net insurance contract liabilities	₩ 10,523,709	₩ 331,137	₩ 7,337,627	₩ 5,716,165	₩ -	₩ 18,116,588	₩ 1,466,156	₩ 2,172,574	₩ 222,174	
Reinsurance contract assets	₩ 837	₩ -	₩ -	₩ -	₩ 3,827	₩ 381,733	₩ 1,014,265	₩ 31,750	₩ 63,554	
Reinsurance contract liabilities	12,008	16,572	-	-	-	-	3,148	-	-	
Net reinsurance contract assets (liabilities)	₩ (11,171)	₩ (16,572)	₩ -	₩ -	₩ 3,827	₩ 381,733	₩ 1,011,117	₩ 31,750	₩ 63,554	

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38.2 Changes in insurance and reinsurance contract liabilities

38.2.1 Changes in insurance contract assets and insurance contract liabilities not applying the premium allocation approach for the years ended December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

	2023			
	Liability for Remaining Coverage		Liability for Incurred Claims	Total
	Other than Loss Component	Loss Component		
Beginning	₩ 39,761,867	₩ 282,070	₩ 1,981,290	₩ 42,025,227
Insurance revenue	(6,205,472)	-	-	(6,205,472)
Insurance service expenses				
Insurance claims and expenses	-	(18,741)	4,505,137	4,486,396
Amortization of insurance acquisition cash flows	206,367	-	-	206,367
Changes in fulfilment cash flows relating to incurred claims	-	-	(47,991)	(47,991)
Losses on onerous contracts and reversals	-	279,130	-	279,130
Other insurance service expenses	3,791	-	-	3,791
Insurance service result	(5,995,314)	260,389	4,457,146	(1,277,779)
Insurance finance income and expenses	5,005,784	5,595	50,296	5,061,675
Investment components	(5,233,167)	-	5,233,167	-
Cashflow				
Premiums received	12,118,916	-	-	12,118,916
Insurance acquisition cash flows	(2,243,231)	-	-	(2,243,231)
Incurred claims and expenses	-	-	(6,796,305)	(6,796,305)
Other cashflow	-	-	(2,795,316)	(2,795,316)
Total cashflow	9,875,685	-	(9,591,621)	284,064
Other	72	-	-	72
Ending	₩ 43,414,927	₩ 548,054	₩ 2,130,278	₩ 46,093,259

38.2.1 Changes in insurance contract assets and insurance contract liabilities not applying the premium allocation approach for the years ended December 31, 2023 and 2022, are as follows: (cont'd)

(In millions of Korean won)

	2022			
	Liability for Remaining Coverage		Liability for Incurred Claims	Total
	Other than Loss Component	Loss Component		
Beginning	₩ 48,565,160	₩ 151,369	₩ 2,041,937	₩ 50,758,466
Insurance revenue	(5,567,717)	-	-	(5,567,717)
Insurance service expenses				
Insurance claims and expenses	-	(7,714)	4,101,680	4,093,966
Amortization of insurance acquisition cash flows	205,489	-	-	205,489
Changes in fulfilment cash flows relating to incurred claims	-	-	(113,284)	(113,284)
Losses on onerous contracts and reversals	-	135,992	-	135,992
Other insurance service expenses	1,670	-	-	1,670
Insurance service result	(5,360,558)	128,278	3,988,396	(1,243,884)
Insurance finance income and expenses	(7,590,060)	2,423	23,863	(7,563,774)
Investment components	(6,373,789)	-	6,373,789	-
Cashflow				
Premiums received	12,396,650	-	-	12,396,650
Insurance acquisition cash flows	(1,873,773)	-	-	(1,873,773)
Incurred claims and expenses	-	-	(6,904,161)	(6,904,161)
Other cashflow	-	-	(3,540,943)	(3,540,943)
Total cashflow	10,522,877	-	(10,445,104)	77,773
Other	(1,763)	-	(1,591)	(3,354)
Ending	₩ 39,761,867	₩ 282,070	₩ 1,981,290	₩ 42,025,227

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38.2.2 Changes in insurance contract assets and insurance contract liabilities applying the premium allocation approach for the years ended December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

	2023					
	Liability for Remaining Coverage		Liability for Incurred Claims			Total
	Other than Loss Component	Loss Component	Present value of estimated future cashflow	Risk		
				adjustment for non-financial risks		
Beginning	₩ 1,839,419	₩ 1,300	₩ 1,941,475	₩ 78,709	₩	3,860,903
Insurance revenue	(4,090,221)	-	-	-	-	(4,090,221)
Insurance service expenses	-	-	3,545,909	55,663	-	3,601,572
Insurance claims and expenses	-	-	-	-	-	-
Amortization of insurance acquisition cash flows	449,062	-	-	-	-	449,062
Changes in fulfilment cash flows relating to incurred claims	-	-	(226,333)	(39,009)	-	(265,342)
Losses on onerous contracts and reversals	-	807	-	-	-	807
Other insurance service expenses	4,956	-	-	-	-	4,956
Insurance service result	(3,636,203)	807	3,319,576	16,654	-	(299,166)
Insurance finance income and expenses	(2,047)	-	13,943	1,005	-	12,901
Investment components	-	-	-	-	-	-
Cashflow						
Premiums received	4,176,452	-	-	-	-	4,176,452
Insurance acquisition cash flows	(455,528)	-	-	-	-	(455,528)
Incurred claims and expenses	-	-	(3,323,187)	-	-	(3,323,187)
Other cashflow	-	-	-	-	-	-
Total cashflow	3,720,924	-	(3,323,187)	-	-	397,737
Other	11,238	-	1,973	67	-	13,278
Ending	₩ 1,933,331	₩ 2,107	₩ 1,953,780	₩ 96,435	₩	3,985,653

38.2.2 Changes in insurance contract assets and insurance contract liabilities applying the premium allocation approach for the years ended December 31, 2023 and 2022, are as follows: (cont'd)

(In millions of Korean won)

	2022					
	Liability for Remaining Coverage		Liability for Incurred Claims			Total
	Other than Loss Component	Loss Component	Present value of estimated future cashflow	Risk		
				adjustment for non-financial risks		
Beginning	₩ 1,754,875	₩ 311	₩ 1,792,381	₩ 136,222	₩	3,683,789
Insurance revenue	(3,982,384)	-	-	-	-	(3,982,384)
Insurance service expenses	-	-	3,301,371	44,497	-	3,345,868
Insurance claims and expenses	-	-	-	-	-	-
Amortization of insurance acquisition cash flows	426,638	-	-	-	-	426,638
Changes in fulfilment cash flows relating to incurred claims	-	-	(9,854)	(101,987)	-	(111,841)
Losses on onerous contracts and reversals	-	989	-	-	-	989
Other insurance service expenses	4,158	-	-	-	-	4,158
Insurance service result	(3,551,588)	989	3,291,517	(57,490)	-	(316,572)
Insurance finance income and expenses	3,378	-	14,915	(164)	-	18,129
Investment components	(14,179)	-	14,179	-	-	-
Cashflow						
Premiums received	4,069,236	-	-	-	-	4,069,236
Insurance acquisition cash flows	(435,775)	-	-	-	-	(435,775)
Incurred claims and expenses	-	-	(3,181,702)	-	-	(3,181,702)
Other cashflow	-	-	-	-	-	-
Total cashflow	3,633,461	-	(3,181,702)	-	-	451,759
Other	13,472	-	10,186	140	-	23,798
Ending	₩ 1,839,419	₩ 1,300	₩ 1,941,476	₩ 78,708	₩	3,860,903

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38.2.3 Changes in reinsurance contract assets and reinsurance contract liabilities not applying the premium allocation approach for the years ended December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

	2023			
	Liability for Remaining Coverage		Liability for Incurred Claims	Total
	Other than Loss Component	Loss Component		
Beginning	₩ 10,055	₩ 24,149	₩ 320,357	₩ 354,561
Allocation of Reinsurance Premiums	(157,755)	-	-	(157,755)
Reinsurance Recoverables				
Reinsurance claims and expenses	-	(2,554)	129,701	127,147
Changes in fulfilment cash flows relating to incurred claims	-	-	4,519	4,519
Recovery from loss recovery component and reversals	-	51,439	-	51,439
Reinsurance service result	(157,755)	48,885	134,220	25,350
Reinsurance finance income and expenses	44,161	788	2,764	47,713
Effect of changes in exchange rate	4	(1)	-	3
Effect of changes in credit default risk of reinsurer	161	-	138	299
Total reinsurance finance income and expenses	44,326	787	2,902	48,015
Investment components	(435,701)	-	435,701	-
Cashflow				
Reinsurance Premiums Paid	498,995	-	-	498,995
Amounts recovered from reinsurer	-	-	(501,074)	(501,074)
Total cashflow	498,995	-	(501,074)	(2,079)
Other	-	-	-	-
Ending	₩ (40,080)	₩ 73,821	₩ 392,106	₩ 425,847

38.2.3 Changes in reinsurance contract assets and reinsurance contract liabilities not applying the premium allocation approach for the years ended December 31, 2023 and 2022, are as follows: (cont'd)

(In millions of Korean won)

	2022			
	Liability for Remaining Coverage		Liability for Incurred Claims	Total
	Other than Loss Component	Loss Component		
Beginning	₩ 68,343	₩ 18,559	₩ 305,754	₩ 392,656
Allocation of Reinsurance Premiums	(132,741)	-	-	(132,741)
Reinsurance Recoverables				
Reinsurance claims and expenses	-	(2,250)	124,436	122,186
Changes in fulfilment cash flows relating to incurred claims	-	-	(7,588)	(7,588)
Recovery from loss recovery component and reversals	-	7,358	-	7,358
Reinsurance service result	(132,741)	5,108	116,848	(10,785)
Reinsurance finance income and expenses	(58,406)	483	4,824	(53,099)
Effect of changes in exchange rate	(33)	(1)	36	2
Effect of changes in credit default risk of reinsurer	748	-	(44)	704
Total reinsurance finance income and expenses	(57,691)	482	4,816	(52,393)
Investment components	(394,698)	-	394,698	-
Cashflow				
Reinsurance Premiums Paid	526,842	-	-	526,842
Amounts recovered from reinsurer	-	-	(501,759)	(501,759)
Total cashflow	526,842	-	(501,759)	25,083
Other	-	-	-	-
Ending	₩ 10,055	₩ 24,149	₩ 320,357	₩ 354,561

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38.2.4 Changes in reinsurance contract assets and reinsurance contract liabilities applying the premium allocation approach for the years ended December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

	2023						
	Liability for Remaining Coverage		Liability for Incurred Claims				Total
	Other than Loss Component	Loss Component	Present value of estimated future cashflow	Risk adjustment for non-financial risks			
Beginning	W 12,516	W 229		W 1,066,910	W 30,022	W 1,109,677	
Reinsurance service income	(679,353)	-	-	-	(679,353)		
Reinsurance service expenses							
Reinsurance claims and expenses	4,485	-	665,538	29,797	699,820		
Changes in fulfilment cash flows relating to incurred claims	-	-	(187,486)	(12,475)	(199,961)		
Recovery from loss recovery component and reversals	-	151	-	-	151		
Reinsurance service result	(674,868)	151	478,052	17,322	(179,343)		
Reinsurance finance income and expenses	750	-	(4,247)	(455)	(3,952)		
Effect of changes in exchange rate	(1,736)	-	6,033	-	4,297		
Effect of changes in credit default risk of reinsurer	(43)	-	(20,273)	-	(20,316)		
Total reinsurance finance income and expenses	(1,029)	-	(18,487)	(455)	(19,971)		
Investment components	(3,723)	-	3,723	-	-		
Cashflow							
Reinsurance Premiums Paid	785,809	-	-	-	785,809		
Amounts recovered from reinsurer	-	-	(496,962)	-	(496,962)		
Total cashflow	785,809	-	(496,962)	-	288,847		
Other	(6,171)	-	365	(113)	(5,919)		
Ending	W 112,534	W 380	W 1,033,601	W 46,776	W 1,193,291		

38.2.4 Changes in reinsurance contract assets and reinsurance contract liabilities applying the premium allocation approach for the years ended December 31, 2023 and 2022, are as follows: (cont'd)

(In millions of Korean won)

	2022						
	Liability for Remaining Coverage		Liability for Incurred Claims				Total
	Other than Loss Component	Loss Component	Present value of estimated future cashflow	Risk adjustment for non-financial risks			
Beginning	W 60,635	W 50		W 1,060,490	W 91,286	W 1,212,461	
Reinsurance service income	(639,013)	-	-	-	(639,013)		
Reinsurance service expenses							
Reinsurance claims and expenses	3,673	-	442,566	14,955	461,194		
Changes in fulfilment cash flows relating to incurred claims	-	-	15,632	(76,572)	(60,940)		
Recovery from loss recovery component and reversals	-	179	-	-	179		
Reinsurance service result	(635,340)	179	458,198	(61,617)	(238,580)		
Reinsurance finance income and expenses	(391)	-	4,121	380	4,110		
Effect of changes in exchange rate	2,036	-	15,753	10	17,799		
Effect of changes in credit default risk of reinsurer	112	-	(3,645)	-	(3,533)		
Total reinsurance finance income and expenses	1,757	-	16,229	390	18,376		
Investment components	(13,773)	-	13,773	-	-		
Cashflow							
Reinsurance Premiums Paid	598,817	-	-	-	598,817		
Amounts recovered from reinsurer	-	-	(483,571)	-	(483,571)		
Total cashflow	598,817	-	(483,571)	-	115,246		
Other	420	-	1,791	(37)	2,174		
Ending	W 12,516	W 229	W 1,066,910	W 30,022	W 1,109,677		

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38.3 Changes in components of insurance and reinsurance Liability

38.3.1 Changes in components of insurance contract assets and insurance contract liabilities not applying the premium allocation approach for the years ended December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

	2023			
	Present value of estimated future cashflow	Risk adjustment for non-financial risks	Contractual service margin	Total
Beginning	W 27,291,670	W 1,475,440	W 13,258,117	W 42,025,227
Future service related changes:				
Changes in estimations adjusting contractual service margin	1,379,799	19,649	(1,399,448)	-
Losses on onerous contracts and reversals	218,190	27,454	-	245,644
Effect of new contracts	(2,690,035)	251,886	2,471,636	33,487
Current period service related changes:				
Contractual service margin recognized in profit or loss for the services provided	-	-	(1,245,076)	(1,245,076)
Changes in risk adjustment due to release of risk	-	(186,989)	-	(186,989)
Experience adjustment	(76,855)	-	-	(76,855)
Past period service related changes:				
Changes in fulfilment cash flows relating to incurred claims	(15,528)	(32,462)	-	(47,990)
Insurance service result	(1,184,429)	79,538	(172,888)	(1,277,779)
Insurance finance income and expenses	4,479,170	118,749	463,756	5,061,675
Cashflow for the period:				
Premiums received	12,118,916	-	-	12,118,916
Insurance acquisition cash flows	(2,243,231)	-	-	(2,243,231)
Incurring claims and expenses	(6,796,305)	-	-	(6,796,305)
Other cashflow	(2,795,316)	-	-	(2,795,316)
Total cashflow	284,064	-	-	284,064
Other	72	-	-	72
Ending	W 30,870,547	W 1,673,727	W 13,548,985	W 46,093,259

38.3.1 Changes in components of insurance contract assets and insurance contract liabilities not applying the premium allocation approach for the years ended December 31, 2023 and 2022, are as follows: (cont'd)

(In millions of Korean won)

	2022			
	Present value of estimated future cashflow	Risk adjustment for non-financial risks	Contractual service margin	Total
Beginning	W 37,934,612	W 1,496,778	W 11,327,076	W 50,758,466
Future service related changes:				
Changes in estimations adjusting contractual service margin	(410,556)	(863)	411,419	-
Losses on onerous contracts and reversals	105,287	6,833	-	112,120
Effect of new contracts	(2,435,217)	225,100	2,233,988	23,871
Current period service related changes:				
Contractual service margin recognized in profit or loss for the services provided	-	-	(1,094,390)	(1,094,390)
Changes in risk adjustment due to release of risk	-	(166,128)	-	(166,128)
Experience adjustment	(6,933)	-	-	(6,933)
Others	860	-	-	860
Past period service related changes:				
Changes in fulfilment cash flows relating to incurred claims	(81,492)	(31,792)	-	(113,284)
Insurance service result	(2,828,051)	33,150	1,551,017	(1,243,884)
Insurance finance income and expenses	(7,889,310)	(54,488)	380,024	(7,563,774)
Cashflow for the period:				
Premiums received	12,396,650	-	-	12,396,650
Insurance acquisition cash flows	(1,873,773)	-	-	(1,873,773)
Incurring claims and expenses	(6,904,161)	-	-	(6,904,161)
Other cashflow	(3,540,943)	-	-	(3,540,943)
Total cashflow	77,773	-	-	77,773
Other	(3,354)	W -	W -	W (3,354)
Ending	W 27,291,670	W 1,475,440	W 13,258,117	W 42,025,227

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38.3.2 Changes in components of reinsurance contract assets and reinsurance contract liabilities not applying the premium allocation approach for the years ended December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

	2023			
	Present value of estimated future cashflow	Risk adjustment for non-financial risks	Contractual service margin	Total
	W	W	W	W
Beginning	369,776	69,907	(85,122)	354,561
Future service related changes				
Changes in estimations adjusting contractual service margin	(119,906)	(19,901)	139,807	-
Losses on onerous contracts and reversals	39,189	12,007	-	51,196
Effect of new contracts	24,733	10,910	(35,401)	242
Current period service related changes				
Contractual service margin recognized in profit or loss for the services provided	-	-	(99)	(99)
Changes in risk adjustment due to release of risk	-	(5,353)	-	(5,353)
Experience adjustment	(25,153)	-	-	(25,153)
Past period service related changes				
Changes in fulfilment cash flows relating to incurred claims	7,598	(3,081)	-	4,517
Reinsurance service result	(73,539)	(5,418)	104,307	25,350
Reinsurance finance income and expenses	41,043	8,908	(2,238)	47,713
Effect of changes in exchange rate	(5)	-	8	3
Effect of changes in credit default risk of reinsurer	299	-	-	299
Total reinsurance finance income and expenses	41,337	8,908	(2,230)	48,015
Cashflow for the period				
Reinsurance Premiums Paid	498,995	-	-	498,995
Amounts recovered from reinsurer	(501,074)	-	-	(501,074)
Other cashflow	-	-	-	-
Total cashflow	(2,079)	-	-	(2,079)
Other	-	-	-	-
Ending	W 335,495	W 73,397	W 16,955	W 425,847

38.3.2 Changes in components of reinsurance contract assets and reinsurance contract liabilities not applying the premium allocation approach for the years ended December 31, 2023 and 2022, are as follows: (cont'd)

(In millions of Korean won)

	2022			
	Present value of estimated future cashflow	Risk adjustment for non-financial risks	Contractual service margin	Total
	W	W	W	W
Beginning	328,510	51,658	12,488	392,656
Future service related changes				
Changes in estimations adjusting contractual service margin	53,503	26,699	(80,202)	-
Losses on onerous contracts and reversals	5,704	1,519	-	7,223
Effect of new contracts	6,675	4,491	(11,030)	136
Current period service related changes				
Contractual service margin recognized in profit or loss for the services provided	-	-	(6,440)	(6,440)
Changes in risk adjustment due to release of risk	-	(3,226)	-	(3,226)
Experience adjustment	(890)	-	-	(890)
Past period service related changes				
Changes in fulfilment cash flows relating to incurred claims	(4,507)	(3,081)	-	(7,588)
Reinsurance service result	60,485	26,402	(97,672)	(10,785)
Reinsurance finance income and expenses	(45,182)	(8,161)	244	(53,099)
Effect of changes in exchange rate	176	8	(182)	2
Effect of changes in credit default risk of reinsurer	704	-	-	704
Total reinsurance finance income and expenses	(44,302)	(8,153)	62	(52,393)
Cashflow for the period				
Reinsurance Premiums Paid	526,842	-	-	526,842
Amounts recovered from reinsurer	(501,759)	-	-	(501,759)
Other cashflow	-	-	-	-
Total cashflow	25,083	-	-	25,083
Other	-	-	-	-
Ending	W 369,776	W 69,907	W (85,122)	W 354,561

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38.4 Details of insurance service results for the year ended December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

	2023										
	Life insurance					Non-life insurance				Total	
	Death	Health	Pension	Variables	Compound	Long-term	General	Automobile	Overseas		
Insurance revenue:											
Insurance contracts not applying the premium allocation approach:											
Expected insurance claims and expenses	₩ 254,876	₩ 33,177	₩ 35,907	₩ 85,464	₩ -	₩ 4,138,267	₩ -	₩ -	₩ -	₩ -	₩ 4,547,691
Changes in risk adjustment due to release of risk	18,099	2,846	4,720	4,992	-	184,724	-	-	-	-	215,381
Contractual service margin recognized in profit or loss for the services provided	287,724	19,960	35,629	89,669	-	812,094	-	-	-	-	1,245,076
Experience adjustments on premium related to current and past services	-	-	-	-	-	-	-	-	-	-	-
Recovery of insurance acquisition cash flows	18,996	2,835	6,167	5,339	-	170,819	-	-	-	-	204,156
Other insurance revenues	(3,444)	(228)	(2,409)	(752)	-	-	-	-	-	-	(6,833)
Insurance revenue for insurance contracts not applying the premium allocation approach	576,251	58,590	80,014	184,712	-	5,305,904	-	-	-	-	6,205,471
Insurance revenue for insurance contracts applying the premium allocation approach	-	-	-	-	-	-	1,291,887	2,714,975	83,360	-	4,090,222
Total insurance revenue	₩ 576,251	₩ 58,590	₩ 80,014	₩ 184,712	₩ -	₩ 5,305,904	₩ 1,291,887	₩ 2,714,975	₩ 83,360	₩ -	₩ 10,295,693
Insurance service expenses:											
Incurred claims and expenses	₩ (255,897)	₩ (36,962)	₩ (36,344)	₩ (89,211)	₩ -	₩ (4,074,815)	₩ (1,058,394)	₩ (2,388,765)	₩ (159,369)	₩ -	₩ (8,099,757)
Amortization of insurance acquisition cash flows	(18,996)	(2,835)	(6,167)	(5,339)	-	(173,030)	(131,289)	(314,720)	(3,054)	-	(655,430)
Changes in fulfillment cash flows relating to incurred claims	12,947	(650)	(1,595)	1,823	-	35,466	204,283	61,059	-	-	313,333
Losses on onerous contracts and reversals	(10,570)	(13,678)	(9,537)	7,624	-	(246,136)	(807)	-	-	-	(273,104)
Other insurance service expenses	2,359	79	(4,453)	(1,775)	-	-	-	-	-	-	(3,790)
Insurance service expenses for insurance contracts not applying the premium allocation approach	(270,157)	(54,046)	(58,096)	(86,878)	-	(4,458,515)	-	-	-	-	(4,927,692)
Insurance service expenses for insurance contracts applying the premium allocation approach	-	-	-	-	-	-	(986,207)	(2,642,426)	(162,423)	-	(3,791,056)
Total insurance service expenses	₩ (270,157)	₩ (54,046)	₩ (58,096)	₩ (86,878)	₩ -	₩ (4,458,515)	₩ (986,207)	₩ (2,642,426)	₩ (162,423)	₩ -	₩ (8,718,748)

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38.4 Details of insurance service results for the year ended December 31, 2023 and 2022, are as follows: (cont'd)

(In millions of Korean won)

	2023														
	Life insurance					Non-life insurance				Total					
	Death	Health	Pension	Variables	Compound	Long-term	General	Automobile	Overseas						
Reinsurance income:															
Recovery of incurred reinsurance claims and expenses	₩ 437	₩ 1,759	₩ -	₩ -	₩ 2,233	₩ 127,608	₩ 566,668	₩ 825	₩ 128,534	₩ 828,064					
Changes in fulfillment cash flows relating to incurred claims	(203)	(198)	-	-	410	1,979	(196,236)	(1,193)	-	(195,441)					
Recognition and reversal of loss-recovery component	242	148	-	-	1,651	48,300	151	-	-	50,492					
Other reinsurance income	-	-	-	-	-	-	-	-	-	-					
Reinsurance income for reinsurance contracts not applying the premium allocation approach	476	1,709	-	-	4,294	176,626	-	-	-	183,105					
Reinsurance income for reinsurance contracts applying the premium allocation approach	-	-	-	-	-	1,261	370,583	(368)	128,534	500,010					
Total reinsurance income	₩ 476	₩ 1,709	₩ -	₩ -	₩ 4,294	₩ 177,887	₩ 370,583	₩ (368)	₩ 128,534	₩ 683,115					
Reinsurance expense:															
Reinsurance contracts not applying the premium allocation approach:															
Expected recovery of incurred claims and expenses	₩ (951)	₩ (2,081)	₩ -	₩ -	₩ (1,318)	₩ (146,243)	₩ -	₩ -	₩ -	₩ (150,593)					
Changes in risk adjustment due to release of risk	(126)	(120)	-	-	(47)	(7,865)	-	-	-	(8,158)					
Contractual service margin recognized in profit or loss for the services received	(1,280)	(369)	-	-	(2,784)	4,332	-	-	-	(101)					
Experience adjustments on reinsurance premium related to current and past services	-	-	-	-	-	-	-	-	-	-					
Other reinsurance expenses	14	8	-	-	1,075	-	-	-	-	1,097					
	(2,343)	(2,562)	-	-	(3,074)	(149,776)	-	-	-	(157,755)					
Reinsurance expenses for reinsurance contracts applying the premium allocation approach	-	-	-	-	-	(1,812)	(602,472)	(9,478)	(65,591)	(679,353)					
Total reinsurance expense	(2,343)	(2,562)	-	-	(3,074)	(151,588)	(602,472)	(9,478)	(65,591)	(837,108)					
Total insurance service result	₩ 304,227	₩ 3,691	₩ 21,918	₩ 97,834	₩ 1,220	₩ 873,688	₩ 73,791	₩ 62,703	₩ (16,120)	₩ 1,422,952					

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38.4 Details of insurance service results for the year ended December 31, 2023 and 2022, are as follows: (cont'd)

(In millions of Korean won)

	2022												
	Life insurance					Non-life insurance				Total			
	Death	Health	Pension	Variables	Compound	Long-term	General	Automobile	Overseas				
Insurance revenue:													
Insurance contracts not applying the premium allocation approach:													
Expected insurance claims and expenses	₩ 249,018	₩ 29,396	₩ 37,311	₩ 79,863	₩ -	₩ 3,724,523	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	₩ 4,120,111
Changes in risk adjustment due to release of risk	8,610	8,931	15,545	(5,363)	-	169,001	-	-	-	-	-	-	196,724
Contractual service margin recognized in profit or loss for the services provided	234,725	17,078	32,547	83,919	-	726,120	-	-	-	-	-	-	1,094,389
Experience adjustments on premium related to current and past services	-	-	-	-	-	-	-	-	-	-	-	-	-
Recovery of insurance acquisition cash flows	12,277	1,319	4,269	4,948	-	135,421	-	-	-	-	-	-	158,234
Other insurance revenues	(643)	(256)	(188)	(654)	-	-	-	-	-	-	-	-	(1,741)
Insurance revenue for insurance contracts not applying the premium allocation approach	503,987	56,468	89,484	162,713	-	4,755,065	-	-	-	-	-	-	5,567,717
Insurance revenue for insurance contracts applying the premium allocation approach	-	-	-	-	-	-	1,299,905	2,566,770	115,709	-	-	-	3,982,384
Total insurance revenue	₩ 503,987	₩ 56,468	₩ 89,484	₩ 162,713	₩ -	₩ 4,755,065	₩ 1,299,905	₩ 2,566,770	₩ 115,709	₩ -	₩ -	₩ -	₩ 9,550,101
Insurance service expenses:													
Incurred claims and expenses	₩ (273,796)	₩ (33,206)	₩ (37,624)	₩ (87,844)	₩ -	₩ (3,663,261)	₩ (1,001,488)	₩ (2,267,353)	₩ (81,186)	₩ -	₩ -	₩ -	₩ (7,445,758)
Amortization of insurance acquisition cash flows	(12,277)	(1,319)	(4,269)	(4,948)	-	(182,676)	(124,077)	(300,181)	(2,380)	-	-	-	(632,127)
Changes in fulfilment cash flows relating to incurred claims	13,809	1,690	6,159	4,756	-	86,871	87,603	24,238	-	-	-	-	225,126
Losses on onerous contracts and reversals	5,957	(3,044)	(16,648)	(60,085)	-	(61,430)	(989)	-	-	-	-	-	(136,239)
Other insurance service expenses	(780)	66	421	(354)	-	-	-	-	-	-	-	-	(647)
Insurance service expenses for insurance contracts not applying the premium allocation approach	(267,087)	(35,813)	(51,961)	(148,475)	-	(3,820,496)	-	-	-	-	-	-	(4,323,832)
Insurance service expenses for insurance contracts applying the premium allocation approach	-	-	-	-	-	-	(1,038,951)	(2,543,296)	(83,566)	-	-	-	(3,665,813)
Total insurance service expenses	₩ (267,087)	₩ (35,813)	₩ (51,961)	₩ (148,475)	₩ -	₩ (3,820,496)	₩ (1,038,951)	₩ (2,543,296)	₩ (83,566)	₩ -	₩ -	₩ -	₩ (7,989,645)

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38.4 Details of insurance service results for the year ended December 31, 2023 and 2022, are as follows: (cont'd)

(In millions of Korean won)

	2022										Total	
	Life insurance					Non-life insurance						
	Death	Health	Pension	Variables	Compound	Long-term	General	Automobile	Overseas			
Reinsurance income:												
Recovery of incurred reinsurance claims and expenses	₩ 849	₩ 1,510	₩ -	₩ -	₩ 3,362	₩ 119,913	₩ 461,449	₩ 20,594	₩ (23,682)	₩	₩ 583,995	
Changes in fulfilment cash flows relating to incurred claims	(230)	(409)	-	-	(914)	(8,785)	(59,767)	1,576	-		(68,529)	
Recognition and reversal of loss-recovery component	(223)	97	-	-	74	6,977	179	-	-		7,104	
Other reinsurance income	(4)	(8)	-	-	(169)	-	-	-	-		(181)	
Reinsurance income for reinsurance contracts not applying the premium allocation approach	392	1,190	-	-	2,353	118,019	-	-	-		121,954	
Reinsurance income for reinsurance contracts applying the premium allocation approach	-	-	-	-	-	86	401,861	22,170	(23,682)		400,435	
Total reinsurance income	₩ 392	₩ 1,190	₩ -	₩ -	₩ 2,353	₩ 118,105	₩ 401,861	₩ 22,170	₩ (23,682)	₩	₩ 522,389	
Reinsurance expense:												
Reinsurance contracts not applying the premium allocation approach:												
Expected recovery of incurred claims and expenses	₩ (965)	₩ (1,691)	₩ -	₩ -	₩ (1,223)	₩ (116,943)	₩ -	₩ -	₩ -	₩ -	₩ (120,822)	
Changes in risk adjustment due to release of risk	(75)	(174)	-	-	(43)	(5,802)	-	-	-		(6,094)	
Contractual service margin recognized in profit or loss for the services received	69	(347)	-	-	(1,000)	(5,162)	-	-	-		(6,440)	
Experience adjustments on reinsurance premium related to current and past services	-	-	-	-	-	-	-	-	-		-	
Other reinsurance expenses	438	8	-	-	169	-	-	-	-		615	
	(533)	(2,204)	-	-	(2,097)	(127,907)	-	-	-		(132,741)	
Reinsurance expenses for reinsurance contracts applying the premium allocation approach	-	-	-	-	-	(1,285)	(602,496)	(8,304)	(26,928)		(639,013)	
Total reinsurance expense	(533)	(2,204)	-	-	(2,097)	(129,192)	(602,496)	(8,304)	(26,928)	₩	(771,754)	
Total insurance service result	₩ 236,759	₩ 19,641	₩ 37,523	₩ 14,238	₩ 256	₩ 923,482	₩ 60,319	₩ 37,340	₩ (18,467)	₩	₩ 1,311,091	

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38.5 The effect of new insurance contracts not applying the premium allocation approach for the year ended December 31, 2023 and 2022, are as follows:

38.5.1 Insurance contract

(In millions of Korean won)

	2023		
	Issued contract		
	Other than onerous contract	Onerous contract	Total
Estimated Present Value of Future Cash Outflows	₩ 11,999,588	₩ 467,686	₩ 12,467,274
Insurance Acquisition Cash Flow	2,354,262	80,797	2,435,059
Insurance Claims and Service Expenses	9,645,326	386,889	10,032,215
Estimated Present Value of Future Cash Inflows	(14,716,101)	(441,208)	(15,157,309)
Risk Adjustment for Non-Financial Risks	244,877	7,009	251,886
Contractual service margin	2,471,636	-	2,471,636
Effect on financial statements of initial recognition of contracts	₩ -	₩ 33,487	₩ 33,487

(In millions of Korean won)

	2022		
	Issued contract		
	Other than onerous contract	Onerous contract	Total
Estimated Present Value of Future Cash Outflows	₩ 10,718,344	₩ 569,496	₩ 11,287,840
Insurance Acquisition Cash Flow	1,819,665	87,760	1,907,425
Insurance Claims and Service Expenses	8,898,679	481,736	9,380,415
Estimated Present Value of Future Cash Inflows	(13,171,925)	(551,132)	(13,723,057)
Risk Adjustment for Non-Financial Risks	219,593	5,507	225,100
Contractual service margin	2,233,988	-	2,233,988
Effect on financial statements of initial recognition of contracts	₩ -	₩ 23,871	₩ 23,871

38.5.2 Reinsurance contract

(In millions of Korean won)

	2023		
	Purchased contract		
	Net cost contract	Net gain contract	Total
Estimated Present Value of Future Cash Inflows	₩ 50,455	₩ 948,180	₩ 998,635
Estimated Present Value of Future Cash Outflows	(52,749)	(921,153)	(973,902)
Risk Adjustment for Non-Financial Risks	532	10,378	10,910
Contractual service margin	2,004	(37,405)	(35,401)
Effect on financial statements of initial recognition of contracts	₩ 242	₩ -	₩ 242

(In millions of Korean won)

	2022		
	Purchased contract		
	Net cost contract	Net gain contract	Total
Estimated Present Value of Future Cash Inflows	₩ 58,068	₩ 582,353	₩ 640,421
Estimated Present Value of Future Cash Outflows	(66,905)	(566,841)	(633,746)
Risk Adjustment for Non-Financial Risks	889	3,602	4,491
Contractual service margin	8,084	(19,114)	(11,030)
Effect on financial statements of initial recognition of contracts	₩ 136	₩ -	₩ 136

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38.6 The annual expected amortization schedule of contractual service margin of insurance contracts and reinsurance contracts not applying the premium allocation approach as of December 31, 2023 and December 31, 2022, are as follows:

(In millions of Korean won)

		December 31, 2023								
		Less than a year	1 ~ 2 years	2 ~ 3 years	3 ~ 4 years	4 ~ 5 years	5 ~ 10 years	10 ~ 20 years	20 ~ 30 years	Over 30 years
Insurance contract issued										
	Death	₩ 236,323	₩ 215,942	₩ 199,712	₩ 184,953	₩ 171,431	₩ 665,906	₩ 822,117	₩ 451,691	₩ 293,496
Life insurance	Health	17,918	16,121	14,586	13,283	12,126	44,083	43,608	20,913	20,140
	Pension	33,910	30,602	27,735	25,600	23,797	94,360	118,308	54,580	22,581
	Variables	84,188	78,083	72,584	67,631	63,069	245,804	287,816	155,736	100,329
Non-life insurance		766,180	704,554	642,277	592,651	551,089	2,182,217	2,708,480	367,995	2,480
Total insurance contract issued		₩ 1,138,519	₩ 1,045,302	₩ 956,894	₩ 884,118	₩ 821,512	₩ 3,232,370	₩ 3,980,329	₩ 1,050,915	₩ 439,026
Reinsurance contract held										
	Death	₩ 2,131	₩ 1,793	₩ 1,548	₩ 1,348	₩ 1,181	₩ 3,888	₩ 2,155	₩ 1,123	₩ 640
Life insurance	Health	(299)	(278)	(266)	(278)	(314)	(1,553)	(2,578)	(1,612)	(1,802)
	Compound	1,136	501	416	353	302	924	935	512	318
Non-life insurance		(3,169)	(2,994)	(2,465)	(1,934)	(1,593)	(8,206)	2,165	8,672	14,255
Total reinsurance contract held		₩ (201)	₩ (978)	₩ (767)	₩ (511)	₩ (424)	₩ (4,947)	₩ 2,677	₩ 8,695	₩ 13,411

(In millions of Korean won)

		December 31, 2022								
		Less than a year	1 ~ 2 years	2 ~ 3 years	3 ~ 4 years	4 ~ 5 years	5 ~ 10 years	10 ~ 20 years	20 ~ 30 years	Over 30 years
Insurance contract issued										
	Death	₩ 264,108	₩ 243,645	₩ 225,339	₩ 208,911	₩ 193,751	₩ 752,438	₩ 886,420	₩ 428,872	₩ 211,872
Life insurance	Health	16,624	15,214	14,010	12,969	12,073	47,228	56,227	31,533	30,559
	Pension	33,757	31,591	29,519	27,562	25,591	99,212	110,919	48,345	26,468
	Variables	86,630	80,721	75,325	70,312	65,733	259,099	313,790	172,119	104,449
Non-life insurance		718,139	657,436	599,796	551,952	512,352	2,030,614	2,508,514	365,526	853
Total insurance contract issued		₩ 1,119,258	₩ 1,028,607	₩ 943,989	₩ 871,706	₩ 809,500	₩ 3,188,591	₩ 3,875,870	₩ 1,046,395	₩ 374,201
Reinsurance contract held										
	Death	₩ 927	₩ 868	₩ 810	₩ 742	₩ 679	₩ 2,577	₩ 3,377	₩ 2,066	₩ 1,149
Life insurance	Health	277	193	133	86	50	(303)	(2,238)	(1,424)	(1,623)
	Compound	672	444	370	313	267	584	224	134	79
Non-life insurance		(11,054)	(9,487)	(7,940)	(6,783)	(5,954)	(24,352)	(22,685)	(6,906)	(1,394)
Total reinsurance contract held		₩ (9,178)	₩ (7,982)	₩ (6,627)	₩ (5,642)	₩ (4,958)	₩ (21,494)	₩ (21,322)	₩ (6,130)	₩ (1,789)

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38.7 The details and fair value of the underlying items of insurance contracts with direct participation features as of December 31, 2023 and December 31, 2022, are as follows:

(In millions of Korean won)

	2023		2022	
Underlying items held by the Group				
Cash and cash equivalents	₩	122,467	₩	188,934
Equity securities		750,765		628,864
Debt securities		1,167,554		1,210,947
Beneficiary certificates		1,271,117		1,022,401
Other securities		446,193		481,122
Loans		23,346		76,892
Others		16,366		13,857
Total	₩	3,797,808	₩	3,623,017

38.8 The relationship between investment income(expenses) and insurance financial income(expenses) for the year ended December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

	2023															
	Life insurance			Non-life insurance				Total								
	Retirement	Variables	Others	Long-term	General and Automobile	Overseas	Others									
Investment income (expenses)																
Investment income (expenses) recognized in profit or loss:																
Net Interest Income (Expense)	₩	10,394	₩	71,348	₩	497,110	₩	514,745	₩	129,246	₩	7,017	₩	(79,289)	₩	1,150,571
Dividend income		450		33,520		8,965		4,210		29,316		2		1,851		78,314
Gains (losses) on valuation and disposal of securities		(3,375)		446,698		(129,888)		24,789		48,870		(9,160)		8,895		386,829
Gains (losses) on valuation and disposal of loans and receivables		-		-		-		1,563		(10,400)		-		1,671		(7,166)
Gains (losses) on derivatives		(2,269)		(9,153)		(34,523)		(80,755)		(44,211)		-		-		(170,911)
Gains (losses) on investments in subsidiaries		-		-		(135)		999		-		-		-		864
Foreign exchange gains (losses)		1,518		14,633		34,594		60,644		31,552		(47)		-		142,894
Other investment income (expenses)		(26,831)		23,874		93,458		(48,446)		198,876		(1,162)		66,718		306,487
		(20,113)		580,920		469,581		477,749		383,249		(3,350)		(154)		1,887,882
Investment income (expenses) recognized in other comprehensive income		30,623		-		1,831,878		1,517,293		129,012		9,947		154,660		3,673,413
Total investment income (expenses)	₩	10,510	₩	580,920	₩	2,301,459	₩	1,995,042	₩	512,261	₩	6,597	₩	154,506	₩	5,561,295

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38.8 The relationship between investment income(expenses) and insurance financial income(expenses) for the year ended December 31, 2023 and 2022, are as follows:
(cont'd)

(In millions of Korean won)

	2023							Total								
	Life insurance			Non-life insurance												
	Retirement	Variables	Others	Long-term	General and Automobile	Overseas	Others									
Insurance finance income (expenses)																
Insurance finance income (expenses) recognized in profit or loss:																
Net Interest Income (Expense)	₩	-	₩	(92,048)	₩	(744,571)	₩	(726,365)	₩	(3,875)	₩	-	₩	-	₩	(1,566,859)
Effect of changes in discount rates and financial assumptions		-		(106,375)		30,743		-		-		-		-		(75,632)
Effect of exchange rate fluctuations		-		(2,792)		(1,702)		-		(5,416)		-		-		(9,910)
Changes in the fair value of the underlying assets of insurance contract with direct participation features		-		(352,888)		-		-		-		-		-		(352,888)
Other insurance finance income (expenses)		-		-		-		4,229		(686)		(41)		-		3,502
		-		(554,103)		(715,530)		(722,136)		(9,977)		(41)		-		(2,001,787)
Insurance finance income (expenses) recognized in other comprehensive income		-		(63,785)		(1,323,613)		(1,682,508)		(2,882)		-		-		(3,072,788)
Total insurance finance income (expenses)	₩	-	₩	(617,888)	₩	(2,039,143)	₩	(2,404,644)	₩	(12,859)	₩	(41)	₩	-	₩	(5,074,575)
Reinsurance finance income (expenses)																
Reinsurance finance income (expenses) recognized in profit or loss:																
Net Interest Income (Expense)	₩	-	₩	-	₩	(1,031)	₩	12,629	₩	2,558	₩	-	₩	-	₩	14,156
Effect of changes in discount rates and financial assumptions		-		-		(270)		-		-		-		-		(270)
Effect of exchange rate fluctuations		-		-		(8)		-		4,297		-		-		4,289
Other reinsurance finance income (expenses)		-		-		(3)		359		(28,312)		(269)		-		(28,225)
		-		-		(1,312)		12,988		(21,457)		(269)		-		(10,050)
Reinsurance finance income (expenses) recognized in other comprehensive income		-		-		(3,041)		39,381		1,755		-		-		38,095
Total reinsurance finance income (expenses)		-		-		(4,353)		52,369		(19,702)		(269)		-		28,045
Net investment income (expenses)	₩	10,510	₩	(36,968)	₩	257,963	₩	(357,233)	₩	479,700	₩	6,287	₩	154,506	₩	514,765

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38.8 Details of other insurance finance income and expenses for the year ended December 31, 2023 and 2022, are as follows: (cont'd)

(In millions of Korean won)

	2022									
	Life insurance			Non-life insurance				Total		
	Retirement	Variables	Others	Long-term	General and Automobile	Overseas	Others			
Investment income (expenses)										
Investment income (expenses) recognized in profit or loss:										
Net Interest Income (Expense)	₩ 26,007	₩ 59,664	₩ 519,848	₩ 511,878	₩ 112,397	₩ 7,615	₩ 19,479	₩ 1,256,888		
Dividend income	3,329	31,155	70,083	554	34,276	2	285	139,684		
Gains (losses) on valuation and disposal of securities	(34,287)	(830,878)	(332,183)	(224,117)	(315,133)	202	(60,062)	(1,796,458)		
Gains (losses) on valuation and disposal of loans and receivables	-	-	-	(16,345)	(5,430)	(3)	(1,002)	(22,780)		
Gains (losses) on derivatives	(3,073)	(17,071)	(120,356)	(141,842)	(69,675)	-	-	(352,017)		
Gains (losses) on investments in subsidiaries	-	-	-	(18,001)	-	-	-	(18,001)		
Foreign exchange gains (losses)	3,650	67,569	64,493	136,255	82,974	94	-	355,035		
Other investment income (expenses)	(5,032)	(63)	97,061	(11,501)	173,663	(997)	41,102	294,233		
	(9,406)	(689,624)	298,946	236,881	13,072	6,913	(198)	(143,416)		
Investment income (expenses) recognized in other comprehensive income	(48,682)	-	(3,230,491)	(2,949,143)	(262,195)	(14,132)	(171,628)	(6,676,271)		
Total investment income (expenses)	₩ (58,088)	₩ (689,624)	₩ (2,931,545)	₩ (2,712,262)	₩ (249,123)	₩ (7,219)	₩ (171,826)	₩ (6,819,687)		
Insurance finance income (expenses)										
Insurance finance income (expenses) recognized in profit or loss:										
Net Interest Income (Expense)	₩ -	₩ (85,614)	₩ (718,823)	₩ (684,645)	₩ (4,134)	₩ -	₩ -	₩ (1,493,216)		
Effect of changes in discount rates and financial assumptions	-	267,304	87,422	-	-	-	-	354,726		
Effect of exchange rate fluctuations	-	(49,771)	(5,191)	-	(19,970)	-	-	(74,932)		
Changes in the fair value of the underlying assets of insurance contract with direct participation features	-	537,304	-	-	-	-	-	537,304		
Other insurance finance income (expenses)	-	-	-	(2,558)	1,379	(1,867)	-	(3,046)		
	-	669,223	(636,592)	(687,203)	(22,725)	(1,867)	-	(679,164)		
Insurance finance income (expenses) recognized in other comprehensive income	-	126,971	3,891,544	4,199,832	6,463	-	-	8,224,810		
Total insurance finance income (expenses)	₩ -	₩ 796,194	₩ 3,254,952	₩ 3,512,629	₩ (16,262)	₩ (1,867)	₩ -	₩ 7,545,646		
Reinsurance finance income (expenses)										
Reinsurance finance income (expenses) recognized in profit or loss:										
Net Interest Income (Expense)	₩ -	₩ -	₩ (990)	₩ 12,741	₩ 2,512	₩ -	₩ -	₩ 14,263		
Effect of changes in discount rates and financial assumptions	-	-	(251)	-	-	-	-	(251)		
Effect of exchange rate fluctuations	-	-	2	-	17,799	-	-	17,801		
Other reinsurance finance income (expenses)	-	-	(4)	5,800	2,094	1,734	-	9,624		
	-	-	(1,243)	18,541	22,405	1,734	-	41,437		
Reinsurance finance income (expenses) recognized in other comprehensive income	-	-	10,384	(80,075)	(5,764)	-	-	(75,455)		
Total reinsurance finance income (expenses)	-	-	9,141	(61,534)	16,641	1,734	-	(34,018)		
Net investment income (expenses)	₩ (58,088)	₩ 106,570	₩ 332,548	₩ 738,833	₩ (248,744)	₩ (7,352)	₩ (171,826)	₩ 691,941		

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38.9 Insurance income and changes in contractual service margin of insurance contracts not applying the premium allocation approach by transition approaches for the year ended December 31, 2023 and 2022, are as follows:

38.9.1 Insurance contract

(In millions of Korean won)

	2023		
	Contracts applying the fair value approach	All other contracts	Total
Insurance income	₩ 2,778,549	₩ 3,426,923	₩ 6,205,472
Beginning contractual service margin	2,324,962	10,933,155	13,258,117
Current period service related changes			
Profit or loss recognized related to service provided	(203,155)	(1,041,921)	(1,245,076)
Future service related changes			
Changes in estimations adjusting contractual service margin	626,984	(2,026,432)	(1,399,448)
Effect of new contracts	-	2,471,636	2,471,636
Insurance service result	423,829	(596,717)	(172,888)
Insurance finance income and expenses	82,383	381,373	463,756
Ending contractual service margin	₩ 2,831,174	₩ 10,717,811	₩ 13,548,985

(In millions of Korean won)

	2022		
	Contracts applying the fair value approach	All other contracts	Total
Insurance income	₩ 2,660,459	₩ 2,907,258	₩ 5,567,717
Beginning contractual service margin	2,308,718	9,018,358	11,327,076
Current period service related changes			
Profit or loss recognized related to service provided	(180,297)	(914,093)	(1,094,390)
Future service related changes			
Changes in estimations adjusting contractual service margin	119,825	291,595	411,420
Effect of new contracts	-	2,233,988	2,233,988
Insurance service result	(60,472)	1,611,490	1,551,018
Insurance finance income and expenses	76,715	303,308	380,023
Ending contractual service margin	₩ 2,324,961	₩ 10,933,156	₩ 13,258,117

38.9.2 Reinsurance contract

(In millions of Korean won)

	2023		
	Contracts applying the fair value approach	All other contracts	Total
Allocation of Reinsurance Premiums	₩ (65,600)	₩ (92,155)	₩ (157,755)
Beginning contractual service margin	95,645	(180,767)	(85,122)
Current period service related changes			
Profit or loss recognized related to service received	(13,832)	13,732	(100)
Future service related changes			
Changes in estimations adjusting contractual service margin	84,818	54,990	139,808
Effect of new contracts	-	(35,400)	(35,400)
Reinsurance service result	70,986	33,322	104,308
Reinsurance finance income and expenses	4,265	(6,496)	(2,231)
Ending contractual service margin	₩ 170,896	₩ (153,941)	₩ 16,955

(In millions of Korean won)

	2022		
	Contracts applying the fair value approach	All other contracts	Total
Allocation of Reinsurance Premiums	₩ (65,299)	₩ (67,442)	₩ (132,741)
Beginning contractual service margin	57,423	(44,935)	12,488
Current period service related changes			
Profit or loss recognized related to service received	(7,547)	1,107	(6,440)
Future service related changes			
Changes in estimations adjusting contractual service margin	44,191	(124,393)	(80,202)
Effect of new contracts	-	(11,030)	(11,030)
Reinsurance service result	36,644	(134,316)	(97,672)
Reinsurance finance income and expenses	1,578	(1,516)	62
Ending contractual service margin	₩ 95,645	₩ (180,767)	₩ (85,122)

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38.10 Changes in other comprehensive income of financial instruments related to insurance contract groups that applied the modified retrospective approach or the fair value approach at the transition date

Changes in other comprehensive income of financial instruments related to insurance contract groups for the year ended December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

	2023		2022	
Beginning	₩	(965,165)	₩	132,695
Changes due to fair value measurement		533,590		(1,507,494)
Changes due to reclassification to profit or loss		38,216		11,317
Income tax effect		(152,270)		398,317
Ending	₩	(545,629)	₩	(965,165)

38.11 Risk Management of KB Insurance Co., Ltd.

38.11.1 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, which has the risk of greater loss incurring than anticipated by the Group. The Group manages insurance risk in different categories of long-term insurance, general insurance, and automobile insurance.

38.11.1.1 Key items of Long-term insurance

Mortality Risk	Risk of unexpected losses due to premature death compared to the insured's expectations.
Longevity Risk	Risk of unexpected losses due to delayed death compared to the insured's expectations.
Disability/Illness Risk	Risk of unexpected losses related to the insured's disability and illness.
Long-term Property/Other Risks	Risk of unexpected losses related to property, expenses, indemnities, and other collateral in long-term insurance.
Termination Risk	Risk of losses due to unexpected exercise of legal rights or contractual options by policyholders.
Expense Risk	Risk of losses due to fluctuations in future costs and expenditure variations caused by inflation in relation to insurance contract costs.
Catastrophic Risk	Risk of extreme, exceptional losses (e.g., epidemics, major accidents) not considered in mortality risk, etc.

38.11.1.2 Key items of general and automobile insurance

Price Risk	Risk of losses exceeding the expected mortality rate and expense ratio calculated when determining insurance premiums.
Reserve Risk	Risk of being unable to cover future insurance payments reserved for incurred but not reported insurance accidents.
Catastrophic Risk	Risk of losses due to extreme, exceptional risks not considered in insurance price risk and reserve risk.

38.11.2 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.

38.11.3 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.

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38.11.3.1 Before reinsurance mitigation

(In millions of Korean won)

	December 31, 2023			
	Domestic	United States	China	Others
General insurance				
Fire	₩ 8,422	₩ -	₩ -	₩ -
Maritime	56,463	-	-	-
Others	1,447,462	151,891	86,167	26,679
Long-term insurance				
Injury, illness, and property	15,215,463	-	-	-
Pension	5,211,720	-	-	-
Others	(217,084)	-	-	-
Automobile insurance	2,224,924	-	-	-
Total	₩ 23,947,370	₩ 151,891	₩ 86,167	₩ 26,679

(In millions of Korean won)

	December 31, 2022			
	Domestic	United States	China	Others
General insurance				
Fire	₩ 7,658	₩ -	₩ -	₩ -
Maritime	46,183	-	-	-
Others	1,430,584	174,591	30,666	16,917
Long-term insurance				
Injury, illness, and property	12,558,723	-	-	-
Pension	5,630,085	-	-	-
Others	(72,220)	-	-	-
Automobile insurance	2,172,574	-	-	-
Total	₩ 21,773,587	₩ 174,591	₩ 30,666	₩ 16,917

38.11.3.2 After reinsurance mitigation

(In millions of Korean won)

	December 31, 2023			
	Domestic	United States	China	Others
General insurance				
Fire	₩ 12,258	₩ -	₩ -	₩ -
Maritime	29,637	-	-	-
Others	520,007	3,455	26,526	8,067
Long-term insurance				
Injury, illness, and property	14,760,447	-	-	-
Pension	5,211,720	-	-	-
Others	(217,084)	-	-	-
Automobile insurance	2,214,411	-	-	-
Total	₩ 22,531,396	₩ 3,455	₩ 26,526	₩ 8,067

(In millions of Korean won)

	December 31, 2022			
	Domestic	United States	China	Others
General insurance				
Fire	₩ 10,805	₩ -	₩ -	₩ -
Maritime	29,743	-	-	-
Others	435,808	132,953	20,689	4,978
Long-term insurance				
Injury, illness, and property	12,176,990	-	-	-
Pension	5,630,085	-	-	-
Others	(72,220)	-	-	-
Automobile insurance	2,140,824	-	-	-
Total	₩ 20,352,035	₩ 132,953	₩ 20,689	₩ 4,978

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38.11.4 Claims development tables

The Group verifies and evaluates the adequacy of reserve for outstanding claims for general, automobile, and long-term insurance with methods such as 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, 2023 and 2022, are as follows:

38.11.4.1 Claims development tables as of December 31, 2023

38.11.4.1.1 Before reinsurance mitigation

General Insurance

(In millions of Korean won)

Estimated final loss undiscounted	Accident year							Total
	2018	2019	2020	2021	2022	2023		
Development year								
1 year	W 513,396	W 559,484	W 839,279	W 926,787	W 918,732	W 984,418	W	-
2 years	545,691	567,735	1,035,332	923,424	846,577	-	-	-
3 years	543,816	592,403	954,050	834,723	-	-	-	-
4 years	565,489	598,698	970,065	-	-	-	-	-
5 years	570,120	587,100	-	-	-	-	-	-
6 years	563,739	-	-	-	-	-	-	-
Estimated final loss	W 563,739	W 587,100	W 970,065	W 834,723	W 846,577	W 984,418	W	-
Gross cumulative claim payments								
Total gross cumulative claim payments	W (558,954)	W (557,309)	W (779,235)	W (694,815)	W (655,922)	W (430,284)	W	-
Difference between estimated final loss and claim payments.	4,785	29,791	190,830	139,908	190,655	554,134		1,110,103
Estimated claim handling costs and expected indemnity	-	-	-	-	-	-	-	41,413
Incurred claims over 6 years ago	-	-	-	-	-	-	-	42,564
Incurred claims settled but not yet paid	-	-	-	-	-	-	-	(52,545)
Discount rate effect	-	-	-	-	-	-	-	(8,539)
Risk adjustment	-	-	-	-	-	-	-	75,116
Others	-	-	-	-	-	-	-	213,113
Liability for incurred claims book value	W -	W -	W -	W -	W -	W -	W -	W 1,421,225

38.11.4.1.1 Before reinsurance mitigation (cont'd)

Automobile Insurance

(In millions of Korean won)

Estimated final loss undiscounted	Accident year							Total
	2018	2019	2020	2021	2022	2023		
Development year								
1 year	W 1,504,699	W 1,626,553	W 1,639,258	W 1,758,406	W 1,853,766	W 1,958,153	W	-
2 years	1,491,522	1,639,692	1,645,744	1,766,713	1,865,422	-	-	-
3 years	1,490,896	1,645,194	1,642,418	1,754,773	-	-	-	-
4 years	1,495,058	1,648,516	1,633,491	-	-	-	-	-
5 years	1,497,956	1,642,245	-	-	-	-	-	-
6 years	1,492,463	-	-	-	-	-	-	-
Estimated final loss	W 1,492,463	W 1,642,245	W 1,633,491	W 1,754,773	W 1,865,422	W 1,958,153	W	-
Gross cumulative claim payments								
Total gross cumulative claim payments	W (1,480,005)	W (1,621,917)	W (1,608,054)	W (1,714,365)	W (1,796,293)	W (1,629,354)	W	-
Difference between estimated final loss and claim payments.	12,458	20,328	25,437	40,408	69,129	328,799		496,559
Estimated claim handling costs and expected indemnity	-	-	-	-	-	-	-	22,411
Incurred claims over 6 years ago	-	-	-	-	-	-	-	35,670
Incurred claims settled but not yet paid	-	-	-	-	-	-	-	42,136
Discount rate effect	-	-	-	-	-	-	-	5,219
Risk adjustment	-	-	-	-	-	-	-	21,318
Others	-	-	-	-	-	-	-	5,677
Liability for incurred claims book value	W -	W -	W -	W -	W -	W -	W -	W 628,990

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38.11.4.1.1 Before reinsurance mitigation (cont'd)

Long-term Insurance

	Accident year						
	2018	2019	2020	2021	2022	2023	Total
<i>(In millions of Korean won)</i>							
Estimated final loss undiscounted							
Development year							
1 year	W 1,937,997	W 2,314,936	W 2,593,514	W 3,003,522	W 3,159,835	W 3,485,979	W -
2 years	1,958,540	2,322,571	2,551,274	2,965,954	3,180,537	-	-
3 years	1,966,566	2,332,331	2,554,205	2,972,948	-	-	-
4 years	1,978,019	2,339,839	2,557,951	-	-	-	-
5 years	1,979,283	2,339,712	-	-	-	-	-
6 years	1,977,945	-	-	-	-	-	-
Estimated final loss	W 1,977,945	W 2,339,712	W 2,557,951	W 2,972,948	W 3,180,537	W 3,485,979	W -
Gross cumulative claim payments							
Total gross cumulative claim payments	W (1,971,631)	W (2,327,124)	W (2,533,413)	W (2,912,534)	W (3,016,892)	W (2,379,992)	W -
Difference between estimated final loss and claim payments.	6,314	12,588	24,538	60,414	163,645	1,105,987	1,373,486
Estimated claim handling costs and expected indemnity	-	-	-	-	-	-	52,983
Incurring claims over 6 years ago	-	-	-	-	-	-	7,786
Incurring claims settled but not yet paid	-	-	-	-	-	-	480,297
Discount rate effect	-	-	-	-	-	-	(35,235)
Risk adjustment	-	-	-	-	-	-	26,924
Others	-	-	-	-	-	-	50
Liability for incurred claims book value	W -	W -	W -	W -	W -	W -	W 1,906,291

38.11.4.1.2 After reinsurance mitigation

General Insurance

	Accident year						
	2018	2019	2020	2021	2022	2023	Total
<i>(In millions of Korean won)</i>							
Estimated final loss undiscounted							
Development year							
1 year	W 290,681	W 304,171	W 332,137	W 463,207	W 512,812	W 501,574	W -
2 years	299,745	308,785	344,149	449,737	499,457	-	-
3 years	291,075	316,601	343,707	447,047	-	-	-
4 years	296,824	321,173	347,312	-	-	-	-
5 years	300,125	320,026	-	-	-	-	-
6 years	302,451	-	-	-	-	-	-
Estimated final loss	W 302,451	W 320,026	W 347,312	W 447,047	W 499,457	W 501,574	W -
Gross cumulative claim payments							
Total gross cumulative claim payments	W (300,196)	W (310,243)	W (320,544)	W (386,251)	W (395,065)	W (251,845)	W -
Difference between estimated final loss and claim payments.	2,255	9,783	26,768	60,796	104,392	249,729	453,723
Estimated claim handling costs and expected indemnity	-	-	-	-	-	-	28,327
Incurring claims over 6 years ago	-	-	-	-	-	-	22,798
Incurring claims settled but not yet paid	-	-	-	-	-	-	(188,877)
Discount rate effect	-	-	-	-	-	-	(1,904)
Risk adjustment	-	-	-	-	-	-	28,338
Others	-	-	-	-	-	-	12,360
Liability for incurred claims book value	W -	W -	W -	W -	W -	W -	W 354,765

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38.11.4.1.2 After reinsurance mitigation (cont'd)

Automobile Insurance

(In millions of Korean won)

	Accident year						
	2018	2019	2020	2021	2022	2023	Total
Estimated final loss undiscounted							
Development year							
1 year	W 1,463,857	W 1,581,086	W 1,615,387	W 1,745,376	W 1,849,405	W 1,958,153	W -
2 years	1,450,943	1,594,400	1,621,647	1,753,171	1,861,151	-	-
3 years	1,450,102	1,599,550	1,618,230	1,741,566	-	-	-
4 years	1,454,108	1,602,565	1,609,312	-	-	-	-
5 years	1,456,542	1,596,518	-	-	-	-	-
6 years	1,451,085	-	-	-	-	-	-
Estimated final loss	W 1,451,085	W 1,596,518	W 1,609,312	W 1,741,566	W 1,861,151	W 1,958,153	W -
Gross cumulative claim payments							
Total gross cumulative claim payments	W (1,439,301)	W (1,576,896)	W (1,584,585)	W (1,701,673)	W (1,792,264)	W (1,629,354)	W -
Difference between estimated final loss and claim payments.	11,784	19,622	24,727	39,893	68,887	328,799	493,712
Estimated claim handling costs and expected indemnity	-	-	-	-	-	-	22,283
Incurring claims over 6 years ago	-	-	-	-	-	-	33,999
Incurring claims settled but not yet paid	-	-	-	-	-	-	40,875
Discount rate effect	-	-	-	-	-	-	5,219
Risk adjustment	-	-	-	-	-	-	21,318
Others	-	-	-	-	-	-	575
Liability for incurred claims book value	W -	W 617,981					

38.11.4.1.2 After reinsurance mitigation (cont'd)

Long-term Insurance

(In millions of Korean won)

	Accident year						
	2018	2019	2020	2021	2022	2023	Total
Estimated final loss undiscounted							
Development year							
1 year	W 1,637,680	W 1,957,373	W 2,182,836	W 2,529,760	W 2,680,155	W 2,951,334	W -
2 years	1,652,893	1,954,261	2,136,381	2,494,050	2,690,877	-	-
3 years	1,659,135	1,961,975	2,138,283	2,499,511	-	-	-
4 years	1,668,516	1,968,459	2,141,462	-	-	-	-
5 years	1,669,653	1,968,485	-	-	-	-	-
6 years	1,668,426	-	-	-	-	-	-
Estimated final loss	W 1,668,426	W 1,968,485	W 2,141,462	W 2,499,511	W 2,690,877	W 2,951,334	W -
Gross cumulative claim payments							
Total gross cumulative claim payments	W (1,662,887)	W (1,957,612)	W (2,120,429)	W (2,448,085)	W (2,550,761)	W (2,003,225)	W -
Difference between estimated final loss and claim payments.	5,539	10,873	21,033	51,426	140,116	948,109	1,177,096
Estimated claim handling costs and expected indemnity	-	-	-	-	-	-	46,664
Incurring claims over 6 years ago	-	-	-	-	-	-	6,776
Incurring claims settled but not yet paid	-	-	-	-	-	-	299,202
Discount rate effect	-	-	-	-	-	-	(30,585)
Risk adjustment	-	-	-	-	-	-	23,722
Others	-	-	-	-	-	-	(2,767)
Liability for incurred claims book value	W -	W 1,520,108					

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38.11.4.2 Claims development tables as of December 31, 2022

38.11.4.2.1 Before reinsurance mitigation

General Insurance

(In millions of Korean won)

	Accident year						
	2017	2018	2019	2020	2021	2022	Total
Estimated final loss undiscounted							
Development year							
1 year	W 645,886	W 513,396	W 559,484	W 839,279	W 926,787	W 918,732	W -
2 years	804,327	545,691	567,735	1,035,332	923,424	-	-
3 years	793,670	543,816	592,403	954,050	-	-	-
4 years	623,519	565,489	598,698	-	-	-	-
5 years	651,294	570,120	-	-	-	-	-
6 years	654,480	-	-	-	-	-	-
Estimated final loss	W 654,480	W 570,120	W 598,698	W 954,050	W 923,424	W 918,732	W -
Gross cumulative claim payments							
Total gross cumulative claim payments	W (648,276)	W (552,271)	W (550,636)	W (690,899)	W (635,141)	W (433,386)	W -
Difference between estimated final loss and claim payments.	6,204	17,849	48,062	263,151	288,283	485,346	1,108,895
Estimated claim handling costs and expected indemnity	-	-	-	-	-	-	50,051
Incurred claims over 6 years ago	-	-	-	-	-	-	35,340
Incurred claims settled but not yet paid	-	-	-	-	-	-	(55,391)
Discount rate effect	-	-	-	-	-	-	(12,867)
Risk adjustment	-	-	-	-	-	-	57,433
Others	-	-	-	-	-	-	175,476
Liability for incurred claims book value	W -	W -	W -	W -	W -	W -	W 1,358,937

38.11.4.2.1 Before reinsurance mitigation (cont'd)

Automobile Insurance

(In millions of Korean won)

	Accident year						
	2017	2018	2019	2020	2021	2022	Total
Estimated final loss undiscounted							
Development year							
1 year	W 1,364,244	W 1,504,699	W 1,626,553	W 1,639,258	W 1,758,406	W 1,853,766	W -
2 years	1,367,854	1,491,522	1,639,692	1,645,744	1,766,713	-	-
3 years	1,369,260	1,490,896	1,645,194	1,642,418	-	-	-
4 years	1,370,962	1,495,058	1,648,516	-	-	-	-
5 years	1,375,469	1,497,956	-	-	-	-	-
6 years	1,375,480	-	-	-	-	-	-
Estimated final loss	W 1,375,480	W 1,497,956	W 1,648,516	W 1,642,418	W 1,766,713	W 1,853,766	W -
Gross cumulative claim payments							
Total gross cumulative claim payments	W (1,361,232)	W (1,476,781)	W (1,614,015)	W (1,595,586)	W (1,684,092)	W (1,516,007)	W -
Difference between estimated final loss and claim payments.	14,248	21,175	34,501	46,832	82,621	337,759	537,136
Estimated claim handling costs and expected indemnity	-	-	-	-	-	-	25,138
Incurred claims over 6 years ago	-	-	-	-	-	-	32,860
Incurred claims settled but not yet paid	-	-	-	-	-	-	34,796
Discount rate effect	-	-	-	-	-	-	2,445
Risk adjustment	-	-	-	-	-	-	21,276
Others	-	-	-	-	-	-	7,596
Liability for incurred claims book value	W -	W -	W -	W -	W -	W -	W 661,247

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38.11.4.2.1 Before reinsurance mitigation (cont'd)

Long-term Insurance

	Accident year						
	2017	2018	2019	2020	2021	2022	Total
<i>(In millions of Korean won)</i>							
Estimated final loss undiscounted							
Development year							
1 year	W 1,664,747	W 1,937,997	W 2,314,936	W 2,593,514	W 3,003,522	W 3,159,835	W -
2 years	1,675,583	1,958,540	2,322,571	2,551,274	2,965,954	-	-
3 years	1,690,408	1,966,566	2,332,331	2,554,205	-	-	-
4 years	1,699,075	1,978,019	2,339,839	-	-	-	-
5 years	1,702,342	1,979,283	-	-	-	-	-
6 years	1,702,858	-	-	-	-	-	-
Estimated final loss	W 1,702,858	W 1,979,283	W 2,339,839	W 2,554,205	W 2,965,954	W 3,159,835	W -
Gross cumulative claim payments							
Total gross cumulative claim payments	W (1,696,309)	W (1,967,095)	W (2,316,174)	W (2,503,490)	W (2,818,514)	W (2,168,677)	W -
Difference between estimated final loss and claim payments.	6,549	12,188	23,665	50,715	147,440	991,158	1,231,715
Estimated claim handling costs and expected indemnity	-	-	-	-	-	-	47,563
Incurring claims over 6 years ago	-	-	-	-	-	-	8,827
Incurring claims settled but not yet paid	-	-	-	-	-	-	464,689
Discount rate effect	-	-	-	-	-	-	(35,313)
Risk adjustment	-	-	-	-	-	-	30,388
Others	-	-	-	-	-	-	-
Liability for incurred claims book value	W -	W -	W -	W -	W -	W -	W 1,747,869

38.11.4.2.2 After reinsurance mitigation

General Insurance

	Accident year						
	2017	2018	2019	2020	2021	2022	Total
<i>(In millions of Korean won)</i>							
Estimated final loss undiscounted							
Development year							
1 year	W 302,465	W 290,681	W 304,171	W 332,137	W 463,207	W 512,812	W -
2 years	339,141	299,745	308,785	344,149	449,737	-	-
3 years	328,713	291,075	316,601	343,707	-	-	-
4 years	281,281	296,824	321,173	-	-	-	-
5 years	287,136	300,125	-	-	-	-	-
6 years	288,358	-	-	-	-	-	-
Estimated final loss	W 288,358	W 300,125	W 321,173	W 343,707	W 449,737	W 512,812	W -
Gross cumulative claim payments							
Total gross cumulative claim payments	W (288,514)	W (296,282)	W (306,897)	W (304,202)	W (348,301)	W (261,829)	W -
Difference between estimated final loss and claim payments.	(156)	3,843	14,276	39,505	101,436	250,983	409,887
Estimated claim handling costs and expected indemnity	-	-	-	-	-	-	28,878
Incurring claims over 6 years ago	-	-	-	-	-	-	13,397
Incurring claims settled but not yet paid	-	-	-	-	-	-	(205,328)
Discount rate effect	-	-	-	-	-	-	(1,524)
Risk adjustment	-	-	-	-	-	-	27,458
Others	-	-	-	-	-	-	24,787
Liability for incurred claims book value	W -	W -	W -	W -	W -	W -	W 297,555

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38.11.4.2.2 After reinsurance mitigation (cont'd)

Automobile Insurance

(In millions of Korean won)

	Accident year						
	2017	2018	2019	2020	2021	2022	Total
Estimated final loss undiscounted							
Development year							
1 year	W 1,337,010	W 1,463,857	W 1,581,086	W 1,615,387	W 1,745,376	W 1,849,405	W -
2 years	1,337,572	1,450,943	1,594,400	1,621,647	1,753,171	-	-
3 years	1,338,266	1,450,102	1,599,550	1,618,230	-	-	-
4 years	1,339,196	1,454,108	1,602,565	-	-	-	-
5 years	1,343,612	1,456,542	-	-	-	-	-
6 years	1,343,363	-	-	-	-	-	-
Estimated final loss	W 1,343,363	W 1,456,542	W 1,602,565	W 1,618,230	W 1,753,171	W 1,849,405	W -
Gross cumulative claim payments							
Total gross cumulative claim payments	W (1,330,190)	W (1,436,359)	W (1,569,236)	W (1,572,372)	W (1,672,087)	W (1,512,367)	W -
Difference between estimated final loss and claim payments.	13,173	20,183	33,329	45,858	81,084	337,038	530,665
Estimated claim handling costs and expected indemnity	-	-	-	-	-	-	24,853
Incurring claims over 6 years ago	-	-	-	-	-	-	31,248
Incurring claims settled but not yet paid	-	-	-	-	-	-	18,177
Discount rate effect	-	-	-	-	-	-	2,449
Risk adjustment	-	-	-	-	-	-	21,227
Others	-	-	-	-	-	-	350
Liability for incurred claims book value	W -	W -	W -	W -	W -	W -	W 628,969

38.11.4.2.2 After reinsurance mitigation (cont'd)

Long-term Insurance

(In millions of Korean won)

	Accident year						
	2017	2018	2019	2020	2021	2022	Total
Estimated final loss undiscounted							
Development year							
1 year	W 1,414,636	W 1,637,680	W 1,957,373	W 2,182,836	W 2,529,760	W 2,680,155	W -
2 years	1,418,815	1,652,893	1,954,261	2,136,381	2,494,050	-	-
3 years	1,431,799	1,659,135	1,961,975	2,138,283	-	-	-
4 years	1,439,216	1,668,516	1,968,459	-	-	-	-
5 years	1,442,007	1,669,653	-	-	-	-	-
6 years	1,442,582	-	-	-	-	-	-
Estimated final loss	W 1,442,582	W 1,669,653	W 1,968,459	W 2,138,283	W 2,494,050	W 2,680,155	W -
Gross cumulative claim payments							
Total gross cumulative claim payments	W (1,436,690)	W (1,658,943)	W (1,947,950)	W (2,094,566)	W (2,367,783)	W (1,830,875)	W -
Difference between estimated final loss and claim payments.	5,892	10,710	20,509	43,717	126,267	849,280	1,056,375
Estimated claim handling costs and expected indemnity	-	-	-	-	-	-	42,150
Incurring claims over 6 years ago	-	-	-	-	-	-	7,656
Incurring claims settled but not yet paid	-	-	-	-	-	-	332,497
Discount rate effect	-	-	-	-	-	-	(30,786)
Risk adjustment	-	-	-	-	-	-	26,932
Others	-	-	-	-	-	-	(3,039)
Liability for incurred claims book value	W -	W -	W -	W -	W -	W -	W 1,431,785

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38.11.5 Sensitivity analysis of insurance risk

The Group manages insurance risk by performing sensitivity analysis based on loss ratio, expense ratio, discount rate, and others which are considered to have significant influence on future cash flow, timing, and uncertainty.

(In millions of Korean won)

	December 31, 2023					
	CSM		Profit or loss		Equity	
	Before reinsurance mitigation	After reinsurance mitigation	Before reinsurance mitigation	After reinsurance mitigation	Before reinsurance mitigation	After reinsurance mitigation
Loss ratio:						
10% increase	₩ (3,017,035)	₩ (2,804,994)	₩ (204,679)	₩ (204,326)	₩ 8,646	₩ 12,914
10% decrease	3,040,917	2,876,110	134,965	181,803	(76,125)	(44,685)
Lapse ratio:						
10% increase	(408,771)	(415,121)	(21,694)	(9,028)	(126,774)	(122,230)
10% decrease	458,382	471,873	7,578	13,170	120,771	122,364
Expense ratio:						
10% increase	(628,400)	(622,522)	(34,425)	(27,321)	17,560	18,788
10% decrease	633,238	632,892	29,588	40,332	(22,397)	(18,107)

(In millions of Korean won)

	December 31, 2022					
	CSM		Profit or loss		Equity	
	Before reinsurance mitigation	After reinsurance mitigation	Before reinsurance mitigation	After reinsurance mitigation	Before reinsurance mitigation	After reinsurance mitigation
Loss ratio:						
10% increase	₩ (2,901,957)	₩ (2,668,976)	₩ (71,203)	₩ (71,191)	₩ 344,552	₩ 371,702
10% decrease	2,912,747	2,709,476	39,698	58,413	(375,968)	(386,452)
Lapse ratio:						
10% increase	(359,264)	(370,940)	(8,068)	(814)	(167,701)	(167,249)
10% decrease	389,089	408,833	7,048	9,954	176,746	183,228
Expense ratio:						
10% increase	(580,442)	(571,270)	(11,460)	(8,628)	73,058	75,299
10% decrease	581,002	577,478	10,900	17,454	(73,618)	(70,238)

38.11.6 Liquidity risk of insurance contracts

Liquidity risk arising from insurance contracts arises from the increase in refunds at maturity caused by concentrations of maturity, the excessive increase in surrender values caused by unexpected mass cancellation, and the increase in payments of claims caused by major accidents. The Group manages payment of refunds at maturity by analyzing remaining maturity of insurance contracts.

38.11.6.1 Maturity structure of insurance contract group and reinsurance contract group as of December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

	December 31, 2023							Total
	1 year	1 year ~ 2years	2years ~ 3years	3years ~ 4years	4years ~ 5years	5years ~ 10years	Over 10 years	
Net insurance contract liabilities	₩ 1,637,409	₩ (1,369,600)	₩ (1,001,841)	₩ (674,656)	₩ (700,585)	₩ (648,167)	₩ 51,524,781	₩ 48,767,341
Net reinsurance contract assets	(1,390,791)	(3,892)	11,622	8,801	3,709	(3,614)	446,099	(928,066)

(In millions of Korean won)

	December 31, 2022							Total
	1 year	1 year ~ 2years	2years ~ 3years	3years ~ 4years	4years ~ 5years	5years ~ 10years	Over 10 years	
Net insurance contract liabilities	₩ 1,487,772	₩ (1,310,285)	₩ (1,098,012)	₩ (736,720)	₩ (398,949)	₩ (946,928)	₩ 52,162,988	₩ 49,159,866
Net reinsurance contract assets	(1,267,940)	1,635	6,764	9,638	4,556	11,372	535,249	(698,726)

The net outflow amount is represented as positive numbers, while the net inflow amount is represented as negative numbers.

38.11.6.2 The amount payable upon demand as of December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

	December 31, 2023	
	Amount payable	Book value
General	₩ 472,238	₩ 1,512,347
Long-term	26,415,292	20,210,100
Automobile	1,604,163	2,224,924
Overseas branches	39,116	264,736
Total	₩ 28,530,809	₩ 24,212,107

(In millions of Korean won)

	December 31, 2022	
	Amount payable	Book value
General	₩ 449,914	₩ 1,484,425
Long-term	25,413,387	18,116,588
Automobile	1,519,713	2,172,574
Overseas branches	62,658	222,173
Total	₩ 27,445,672	₩ 21,995,760

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38.11.7 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.

38.11.7.1 Concentration and credit ratings for top three reinsurance companies as of December 31, 2023, are as follows:

Reinsurance company	Ratio	Credit rating
KOREAN RE	32.75%	AA
MUNICH RE	8.78%	AAA
HISCOX	3.51%	AA+

38.11.7.2 Details of reinsurance contract assets (liabilities) the Group holds by credit rating of reinsurance companies as of December 31, 2023, are as follows:

(In millions of Korean won)

	December 31, 2023					
	AAA-AA+	AA-A+	A-BBB+	Below BBB	No rating	Total
Reinsurance contract assets	₩ 14,027	₩ 665,375	₩ 928,430	₩ 1	₩ 38,673	₩ 1,646,506
Reinsurance contract liabilities	-	(1)	481	-	3,362	3,842

(In millions of Korean won)

	December 31, 2022					
	AAA-AA+	AA-A+	A-BBB+	Below BBB	No rating	Total
Reinsurance contract assets	₩ 7,489	₩ 609,334	₩ 867,454	₩ 120	₩ 3,856	₩ 1,488,253
Reinsurance contract liabilities	-	(1)	77	-	3,072	3,148

38.11.8 Interest rate risk of insurance contract

The Group measures interest rate risk for insurance contract liabilities exposed to interest rate risk, which include long-term, automobile, and general insurance.

The Group calculates the exposure of insurance contract liabilities for long-term liability for remaining coverage and liability for incurred claims that apply the general model in accordance with IFRS. The interest rate risk exposure as of December 31, 2023 is as follows:

38.11.8.1 Status of interest rate risk exposure of insurance contract

(In millions of Korean won)

	December 31, 2023		December 31, 2022	
Net insurance contract liabilities	₩	22,259,522	₩	20,136,772
Net reinsurance contract assets		1,533,562		1,475,409
Net asset effect	₩	20,725,960	₩	18,661,363

38.11.8.2 Interest rate Sensitivities

(In millions of Korean won)

	December 31, 2023			
	Equity			
	10% increase		10% decrease	
Net insurance contract liabilities	₩	2,190,531	₩	(2,714,587)
Net reinsurance contract assets		(33,033)		38,849
Net asset effect	₩	2,157,498	₩	(2,675,738)

(In millions of Korean won)

	December 31, 2023			
	Equity			
	10% increase		10% decrease	
Net insurance contract liabilities	₩	2,190,531	₩	(2,714,587)
Net reinsurance contract assets		(33,033)		38,849
Net asset effect	₩	2,157,498	₩	(2,675,738)

38.12 Risk Management of KB Life Insurance Co., Ltd.

38.12.1 Risk Management of insurance risk

The Group sells life insurance products including death, health, pension, asset-linked, and variable contracts. Along with the sale of various products, the Group also diversifies risk through reinsurance cessions.

Insurance risk exposure of insurance contracts and reinsurance contracts as of December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

	Exposure			
	December 31, 2023	December 31, 2022		
Insurance contracts	₩	20,356,903	₩	18,049,198
Death		8,785,488		6,953,754
Health		128,659		(48,153)
Pension		6,351,320		6,663,112
Asset-linked		40,605		43,932
Variable death		1,527,905		1,157,036
Variable pension		3,522,926		3,279,517
Reinsurance contracts		(41,032)		(37,402)
Total	₩	20,315,871	₩	18,011,796

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38.12.2 Claims development tables

Claims development tables of the Group as of December 31, 2023 and 2022, are as follows:

Development year	(In millions of Korean won)						
	December 31, 2023						
	Accident year						
	2019	2020	2021	2022	2023	Total	
Estimated final loss undiscounted	W 188,067	W 180,238	W 203,710	W 209,891	W 212,680	W -	-
Current year	(153,837)	(147,254)	(167,874)	(173,926)	(175,467)	-	-
After 1 year	(26,840)	(26,346)	(28,097)	(28,181)	-	-	-
After 2 years	(4,024)	(3,291)	(4,152)	-	-	-	-
After 3 years	(1,316)	(1,439)	-	-	-	-	-
After 4 years	(613)	-	-	-	-	-	-
Total gross cumulative claim payments	W (186,630)	W (178,330)	W (200,123)	W (202,107)	W (175,467)	W -	-
Difference between estimated final loss and claim payments.	1,437	1,908	3,587	7,784	37,213	51,929	-
Discount rate effect	-	-	-	-	-	(2,970)	-
Future claims expense	-	-	-	-	-	90	-
Incurred claims settled but not yet paid	-	-	-	-	-	163,949	-
Risk adjustment	-	-	-	-	-	10,988	-
Reinsurance effects *	-	-	-	-	-	(8,833)	-
Total Liability for incurred claims	W -	W -	W -	W -	W -	W 215,153	-

Development year	(In millions of Korean won)						
	December 31, 2022						
	Accident year						
	2018	2019	2020	2021	2022	Total	
Estimated final loss undiscounted	W 180,410	W 188,215	W 180,992	W 204,156	W 211,404	W -	-
Current year	(150,348)	(153,820)	(147,921)	(168,207)	(174,686)	-	-
After 1 year	(24,130)	(26,723)	(26,238)	(28,583)	-	-	-
After 2 years	(2,653)	(4,122)	(3,472)	-	-	-	-
After 3 years	(1,275)	(1,330)	-	-	-	-	-
After 4 years	(579)	-	-	-	-	-	-
Total gross cumulative claim payments	W (178,985)	W (185,995)	W (177,631)	W (196,790)	W (174,686)	W -	-
Difference between estimated final loss and claim payments.	1,425	2,220	3,361	7,366	36,718	51,090	-
Discount rate effect	-	-	-	-	-	(3,249)	-
Future claims expense	-	-	-	-	-	126	-
Incurred claims settled but not yet paid	-	-	-	-	-	175,415	-
Risk adjustment	-	-	-	-	-	10,038	-
Reinsurance effects *	-	-	-	-	-	(7,547)	-
Total Liability for incurred claims	W -	W -	W -	W -	W -	W 225,873	-

* Decided to display reinsurance effects in one line.

38.12.3 Sensitivity analysis of insurance risk

The Group manages insurance risk by performing sensitivity analysis based on loss ratio, expense ratio, discount rate, and others which are considered to have significant influence on future cash flow, timing, and uncertainty.

The result of sensitivity analysis for the years ended December 31, 2023 and 2022, are as follows:

	Assumption change	(In millions of Korean won)			
		December 31, 2023			
		Effect on			
		Equity		Profit or loss	
		Before reinsurance mitigation	After reinsurance mitigation	Before reinsurance mitigation	After reinsurance mitigation
Lapse ratio	10%	W 3,321	W 2,597	W (21,454)	W (21,810)
Lapse ratio	-10%	1,355	1,494	7,252	7,335
Loss ratio (*)	10%	90,861	88,899	(13,476)	(14,294)
Loss ratio (*)	-10%	(95,788)	(93,886)	11,279	12,001
Expense ratio	10%	15,523	15,242	(12,296)	(12,677)
Expense ratio	-10%	(15,823)	(15,549)	12,959	13,332

	Assumption change	(In millions of Korean won)			
		December 31, 2022			
		Effect on			
		Equity		Profit or loss	
		Before reinsurance mitigation	After reinsurance mitigation	Before reinsurance mitigation	After reinsurance mitigation
Lapse ratio	10%	W 20,135	W 19,250	W (39,955)	W (40,324)
Lapse ratio	-10%	(28,234)	(27,448)	34,296	34,488
Loss ratio *	10%	124,000	121,882	(6,863)	(6,997)
Loss ratio *	-10%	(129,109)	(127,052)	5,444	5,528
Expense ratio	10%	22,483	22,432	(14,667)	(14,724)
Expense ratio	-10%	(21,772)	(21,738)	16,006	16,064

* Includes mortality, longevity, and disability/illness risks

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38.12.4 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 analysing remaining maturity of insurance contracts.

Maturity structure of insurance contract liabilities (assets) based on net cashflows as of December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

	December 31, 2023							
	1 year	1 year ~ 2years	2years ~ 3years	3years ~ 4years	4years ~ 5years	5years ~ 10years	10years ~ 20years	Over 20 years
Insurance contracts	₩ (364,422)	₩ (243,265)	₩ (41,810)	₩ 279,853	₩ 631,806	₩ 4,849,035	₩ 12,457,375	₩ 38,335,547
Assets portfolio	-	-	-	-	-	-	-	-
Liabilities portfolio	(364,422)	(243,265)	(41,810)	279,853	631,806	4,849,035	12,457,375	38,335,547
Reinsurance contracts	(5,667)	3,095	3,378	2,705	2,414	9,629	17,415	60,794
Assets portfolio	(2,571)	691	908	465	387	744	35	131
Liabilities portfolio	(3,096)	2,404	2,470	2,240	2,026	8,885	17,381	60,663

(In millions of Korean won)

	December 31, 2022							
	1 year	1 year ~ 2years	2years ~ 3years	3years ~ 4years	4years ~ 5years	5years ~ 10years	10years ~ 20years	Over 20 years
Insurance contracts	₩ (324,634)	₩ (255,444)	₩ 32,474	₩ 202,786	₩ 555,048	₩ 4,306,398	₩ 12,620,485	₩ 38,139,531
Assets portfolio	-	-	-	-	-	-	-	-
Liabilities portfolio	(324,634)	(255,444)	32,474	202,786	555,048	4,306,398	12,620,485	38,139,531
Reinsurance contracts	(6,225)	1,452	721	555	671	5,431	18,021	54,508
Assets portfolio	(4,255)	390	(149)	(147)	(89)	(161)	56	128
Liabilities portfolio	(1,969)	1,061	870	702	760	5,592	17,966	54,380

38.12.5 The amount payable upon demand as of December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

	December 31, 2023	
	Amount payable	Book value
Insurance contracts		
Death	₩ 13,007,313	₩ 12,105,279
Health	699,541	437,536
Pension	7,008,436	6,840,937
Asset-linked	43,654	42,761
Variable death	2,382,968	2,576,135
Variable pension	3,807,587	3,656,532
	₩ 26,949,499	₩ 25,659,180

(In millions of Korean won)

	December 31, 2022			
	Amount payable		Book value	
Insurance contracts				
Death	₩	11,993,173	₩	10,438,653
Health		619,290		322,705
Pension		7,629,313		7,159,848
Asset-linked		47,117		45,747
Variable death		2,122,858		2,254,931
Variable pension		3,529,512		3,454,283
	₩	25,941,263	₩	23,676,167

38.12.6 Credit risk of reinsurance contract assets (liabilities)

Credit risk exposure of reinsurance contract assets and reinsurance contract liabilities as of December 31, 2023 and 2022, are as follows

(In millions of Korean won)

	December 31, 2023					
	Credit ratings					
	AAA ~ AA+	AA ~ A+	A ~ BBB+	Below BBB	No rating	Total
Reinsurance contract assets	₩ 2,816	₩ 4,157	₩ -	₩ -	₩ -	₩ 6,973
Reinsurance contract liabilities	(11,522)	(11,871)	(3,556)	-	-	(26,949)

(In millions of Korean won)

	December 31, 2022					
	Credit ratings					
	AAA ~ AA+	AA ~ A+	A ~ BBB+	Below BBB	No rating	Total
Reinsurance contract assets	₩ 4,305	₩ 360	₩ -	₩ -	₩ -	₩ 4,664
Reinsurance contract liabilities	(10,325)	(11,987)	(3,964)	-	-	(26,276)

38.12.7 Market risk of insurance contracts

38.12.7.1 The sensitivity analysis of market risk to changes in economic assumptions as of December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

	Assumption change	December 31, 2023		December 31, 2022	
		Effect on Equity	Effect on Profit or loss	Effect on Equity	Effect on Profit or loss
Exchange rate	₩100	₩ (24,530)	₩ (31,299)	₩ (16,195)	₩ (17,042)
Exchange rate	-₩100	24,530	31,299	16,224	17,090
Discount rate	1%p	2,093,890	-	1,678,796	-
Discount rate	-1%p	(2,918,559)	-	(2,348,470)	-
Stock price	10%	(136,859)	(190,338)	(125,211)	(176,718)
Stock price	-10%	135,687	188,637	122,553	172,853

* Effect on profit or loss is the amount before-tax.

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38.12.7.2 Interest rate risk exposure of insurance contracts and reinsurance contracts as of December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

	Exposure			
	December 31, 2023		December 31, 2022	
Insurance contract liabilities	₩	20,356,903	₩	18,049,198
Interest rate fixed contracts		10,206,298		8,121,476
Interest rate linked contracts		5,099,774		5,491,169
Variable contracts		5,050,831		4,436,552
Reinsurance contract liabilities		(41,032)		(37,402)
Total	₩	20,315,871	₩	18,011,795

38.12.7.3 Stock price risk exposure of insurance contracts as of December 31, 2023, and 2022, are as follows:

(In millions of Korean won)

	Exposure			
	December 31, 2023		December 31, 2022	
Insurance contract liabilities	₩	5,050,831	₩	4,436,552

38.12.7.4 Currency risk exposure of insurance contracts as of December 31, 2023, and 2022, are as follows:

(In millions of Korean won)

	Exposure			
	December 31, 2023		December 31, 2022	
Insurance contract liabilities	₩	455,738	₩	305,074

39. Statement of Cash Flows

39.1 Details of cash and cash equivalents as of December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

	December 31, 2023		December 31, 2022	
	Cash	₩	2,114,596	₩
Checks issued by other banks		142,437		123,163
Due from the Bank of Korea		15,362,056		17,520,636
Due from other financial institutions		12,217,222		12,391,461
		29,836,311		32,474,750
Due from financial institutions measured at fair value through profit or loss		79,810		69,469
		29,916,121		32,544,219
Deduction:				
Restricted due from financial institutions *		(3,273,428)		(4,893,839)
Due from financial institutions with original maturities over three months		(816,105)		(1,115,582)
		(4,089,533)		(6,009,421)
	₩	25,826,588	₩	26,534,798

* Items meeting the definition of cash are excluded.

Items meeting the definition of cash among due from financial institutions with restriction to use as of December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

	Financial institutions	December 31, 2023		December 31, 2022	
			₩	13,731,708	₩
Due from financial institutions in Korean won	Due from the Bank of Korea				
	Due from Korea Development Bank and others		27,556		39,358
Due from financial institutions in foreign currencies	Due from Bank Indonesia and others		944,917		1,218,847
	Due from banks in foreign currencies				
		₩	14,704,181	₩	16,427,908

39.2 Significant non-cash transactions for the years ended December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

	2023		2022	
Write-offs of loans	₩	1,757,920	₩	1,516,087
Changes in accumulated other comprehensive income from valuation of financial instruments at fair value through other comprehensive income		3,346,010		(6,516,502)
Changes in accumulated other comprehensive income from valuation of investments in associates		24		(362)

39.3 Cash inflows and outflows from income tax, interest, and dividends for the years ended December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

	Activities	2023		2022	
Income tax paid	Operating	₩	2,189,111	₩	1,524,025
Interest received	Operating		28,550,486		20,369,575
Interest paid	Operating		13,119,057		6,356,269
Dividends received	Operating		330,350		399,984
Dividends paid	Financing		1,336,816		1,564,153

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39.4 Changes in liabilities arising from financing activities for the years ended December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

	2023															
			Non-cash changes													
	Beginning	Net cash flows	Acquisition (disposal)	Exchange differences	Changes in fair value	Subsidiaries	Others	Ending								
Derivatives held for hedging *	₩	(4,822)	₩	(73,335)	₩	-	₩	(84,429)	₩	(36,123)	₩	-	₩	105,706	₩	(93,003)
Borrowings and debentures		140,415,569		(2,128,851)		-		616,459		121,577		114,904		(379,429)		138,760,229
Due to trust accounts		5,808,446		2,333,656		-		-		-		-		-		8,142,102
Non-controlling interests		1,280,102		721,101		-		-		-		496		(58,193)		1,943,506
Others		1,695,821		(781,632)		152,344		-		-		-		83,054		1,149,587
	₩	149,195,116	₩	70,939	₩	152,344	₩	532,030	₩	85,454	₩	115,400	₩	(248,862)	₩	149,902,421

(In millions of Korean won)

	2022															
			Non-cash changes													
	Beginning	Net cash flows	Acquisition (disposal)	Exchange differences	Changes in fair value	Subsidiaries	Others	Ending								
Derivatives held for hedging *	₩	(22,780)	₩	(105,017)	₩	-	₩	161,798	₩	7,156	₩	-	₩	(45,979)	₩	(4,822)
Borrowings and debentures		124,342,562		15,645,750		-		895,758		(297,468)		81,268		(252,301)		140,415,569
Due to trust accounts		7,033,849		(1,225,403)		-		-		-		-		-		5,808,446
Non-controlling interests		833,338		395,713		-		-		-		752		50,299		1,280,102
Others		985,854		436,902		154,004		199		-		-		118,862		1,695,821
	₩	133,172,823	₩	15,147,945	₩	154,004	₩	1,057,755	₩	(290,312)	₩	82,020	₩	(129,119)	₩	149,195,116

* 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, 2023 and 2022 are ₩ 1,297,001 million of cash inflow and ₩ 932,428 million of cash inflow, respectively.

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40. Contingent Liabilities and Commitments

40.1 Details of acceptances and guarantees as of December 31, 2023 and 2022, are as follows:

<i>(In millions of Korean won)</i>	December 31,	
	2023	2022
Confirmed acceptances and guarantees		
Confirmed acceptances and guarantees in Korean won:		
Acceptances and guarantees for KB purchasing loan	W 148,786	W 167,538
Others	945,027	918,670
	<u>1,093,813</u>	<u>1,086,208</u>
Confirmed acceptances and guarantees in foreign currencies:		
Acceptances of letter of credit	277,370	502,217
Letter of guarantees	47,665	78,414
Bid bond	12,549	19,998
Performance bond	1,111,589	976,008
Refund guarantees	3,561,227	1,705,796
Others	3,572,149	3,485,842
	<u>8,582,549</u>	<u>6,768,275</u>
Financial guarantee contracts:		
Acceptances and guarantees for issuance of debentures	-	5,040
Acceptances and guarantees for mortgage	94,027	94,861
Overseas debt guarantees	470,579	509,157
International financing guarantees in foreign currencies	616,554	181,241
	<u>1,181,160</u>	<u>790,299</u>
	<u>10,857,522</u>	<u>8,644,782</u>
Unconfirmed acceptances and guarantees		
Guarantees of letter of credit	2,785,484	3,042,911
Refund guarantees	1,301,376	1,528,359
	<u>4,086,860</u>	<u>4,571,270</u>
	<u>W 14,944,382</u>	<u>W 13,216,052</u>

40.2 Credit qualities of acceptances and guarantees as of December 31, 2023 and 2022, are as follows:

	December 31, 2023			
	12-month expected credit losses	Lifetime expected credit losses		Total
		Non-impaired	Impaired	
Confirmed acceptances and guarantees				
Grade 1	W 8,485,824	W 170,322	W -	W 8,656,146
Grade 2	1,763,259	22,065	-	1,785,324
Grade 3	40,595	7,368	-	47,963
Grade 4	67,729	294,635	457	362,821
Grade 5	-	1,182	4,086	5,268
	<u>10,357,407</u>	<u>495,572</u>	<u>4,543</u>	<u>10,857,522</u>
Unconfirmed acceptances and guarantees				
Grade 1	3,071,076	-	-	3,071,076
Grade 2	734,886	19,210	-	754,096
Grade 3	8,600	10,692	-	19,292
Grade 4	1,828	237,200	-	239,028
Grade 5	-	-	3,368	3,368
	<u>3,816,390</u>	<u>267,102</u>	<u>3,368</u>	<u>4,086,860</u>
	<u>W 14,173,797</u>	<u>W 762,674</u>	<u>W 7,911</u>	<u>W 14,944,382</u>
	December 31, 2022			
	12-month expected credit losses	Lifetime expected credit losses		Total
		Non-impaired	Impaired	
Confirmed acceptances and guarantees				
Grade 1	W 5,939,025	W 1,140	W -	W 5,940,165
Grade 2	1,882,080	10,474	-	1,892,554
Grade 3	494,924	18,649	-	513,573
Grade 4	63,689	215,382	442	279,513
Grade 5	-	4,130	14,847	18,977
	<u>8,379,718</u>	<u>249,775</u>	<u>15,289</u>	<u>8,644,782</u>
Unconfirmed acceptances and guarantees				
Grade 1	3,232,325	844	-	3,233,169
Grade 2	1,040,908	36,879	-	1,077,787
Grade 3	4,685	13,308	-	17,993
Grade 4	1,265	236,687	5	237,957
Grade 5	-	199	4,165	4,364
	<u>4,279,183</u>	<u>287,917</u>	<u>4,170</u>	<u>4,571,270</u>
	<u>W 12,658,901</u>	<u>W 537,692</u>	<u>W 19,459</u>	<u>W 13,216,052</u>

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40.3 Classifications of acceptances and guarantees by counterparty as of December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

	December 31, 2023			
	Confirmed guarantees	Unconfirmed guarantees	Total	Proportion (%)
Large companies	₩ 9,988,889	₩ 3,397,689	₩ 13,386,578	89.58
Small and medium-sized companies	736,810	454,574	1,191,384	7.97
Public sector and others	131,823	234,597	366,420	2.45
	₩ 10,857,522	₩ 4,086,860	₩ 14,944,382	100

(In millions of Korean won)

	December 31, 2022			
	Confirmed guarantees	Unconfirmed guarantees	Total	Proportion (%)
Large companies	₩ 7,530,546	₩ 3,810,565	₩ 11,341,111	85.81
Small and medium-sized companies	718,722	496,709	1,215,431	9.20
Public sector and others	395,514	263,996	659,510	4.99
	₩ 8,644,782	₩ 4,571,270	₩ 13,216,052	100.00

40.4 Classifications of acceptances and guarantees by industry as of December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

	December 31, 2023			
	Confirmed guarantees	Unconfirmed guarantees	Total	Proportion (%)
Financial institutions	₩ 1,263,253	₩ 591	₩ 1,263,844	8.46
Manufacturing	5,527,285	3,109,100	8,636,385	57.79
Service	788,908	102,028	890,936	5.96
Wholesale and retail	2,297,162	614,053	2,911,215	19.48
Construction	363,517	116,950	480,467	3.22
Public sector	31,732	62,440	94,172	0.63
Others	585,665	81,698	667,363	4.46
	₩ 10,857,522	₩ 4,086,860	₩ 14,944,382	100

(In millions of Korean won)

	December 31, 2022			
	Confirmed guarantees	Unconfirmed guarantees	Total	Proportion (%)
Financial institutions	₩ 462,657	₩ 2,012	₩ 464,669	3.52
Manufacturing	3,851,832	3,589,948	7,441,780	56.31
Service	751,846	31,465	783,311	5.93
Wholesale and retail	2,181,469	658,875	2,840,344	21.49
Construction	420,937	47,465	468,402	3.54
Public sector	32,635	81,607	114,242	0.86
Others	943,406	159,898	1,103,304	8.35
	₩ 8,644,782	₩ 4,571,270	₩ 13,216,052	100.00

40.5 Details of commitments as of December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

	December 31, 2023	December 31, 2022
Commitments		
Corporate loan commitments	₩ 55,688,438	₩ 51,871,280
Retail loan commitments	56,142,850	51,241,471
Credit line of credit cards	83,325,862	77,825,953
Purchase of other securities	8,749,029	7,357,198
	₩ 203,906,179	₩ 188,295,902
Financial guarantee contracts		
Credit line	5,901,644	7,135,542
Purchase of securities	745,401	371,201
	₩ 6,647,045	₩ 7,506,743
	₩ 210,553,224	₩ 195,802,645

40.6 Other Matters (including litigation)

a) The Group has 115 pending lawsuits as a plaintiff (excluding simple lawsuits related to the collection or management of loans), with aggregate claims amount of ₩ 1,893,443 million, and 344 pending lawsuits as a defendant (excluding simple lawsuits related to the collection or management of loans) with aggregate claims amount of ₩ 1,312,052 million, which arose in the normal course of the business, as of December 31, 2023. Details of major pending lawsuits in which the Group is a defendant are as follows:

(In number of cases, in millions of Korean won)

Company	Lawsuits	No. of cases	Amount	Description of the lawsuits	Status of the lawsuits
Kookmin Bank	Request for a return of redemption amount	1	₩ 54,168	Kookmin Bank invested the assets entrusted by OO Asset Management and OO Investment Trust Management in the Fairfield Sentry Limited(the Fairfield Sentry Limited reinvested the assets in Bernard L. Madoff Investment Securities LLC managed by Bernard Madoff) and then redeemed them and returned them to the beneficiaries. Bernard L. Madoff Investment Securities LLC is in the liquidation process due to Ponzi scheme fraud-related losses. Bankruptcy trustee of Bernard L. Madoff Investment Securities LLC filed a lawsuit against Kookmin Bank seeking to return the amount of redemptions received by Kookmin Bank through Fairfield Sentry Limited.	Application for dismissal by the defendant has been denied, and further proceedings are scheduled. [Related litigation is in progress at the New York Southern District Federal Bankruptcy Court (10-3777) at the written complaint review stage]

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40.6 Other Matters (including litigation) (cont'd)

(In number of cases, in millions of Korean won)

Company	Lawsuits	No. of cases	Amount	Description of the lawsuits	Status of the lawsuits
Kookmin Bank	Expropriation of long-term leasehold rights	1	322,350	Kookmin Bank invested assets entrusted by OO Asset Management Co., Ltd. in loans that are directly or indirectly collateralized by long-term leasehold rights of the building and land leasehold rights (hereinafter referred to as "the real estate in this case") of Union Station in Washington, D.C., the United States. The Plaintiff, who is the operator of the railway facility, filed this lawsuit against those concerned with the real estate in this case, including Kookmin Bank, to expropriate the real estate in this case and determine indemnity.	Kookmin Bank submitted the response letter and will proceed with the process in the future.
	Return of unjust enrichment	1	140,860	As Russia's ○○○ Bank, which was trading with the bank through a foreign exchange account, was listed on the SDN (Specifically Designated Nationals) list of the Office of Foreign Assets Control (OFAC) under the U.S. Treasury Department, the bank froze the foreign currency account in the name of the ○○○ Bank. Accordingly, Russia's ○○○ Bank filed a lawsuit seeking the return of the account balance to the Moscow City Commercial Court in Russia.	Responding to local court trial schedule
	Claim for damages	1	90,435	PT Bank KB Bukopin Tbk requested an auction of TMJ's shares in order to collect the loan to TMJ (a distressed company); NKLI won the auction and then received a loan from the bank for the purpose of purchasing TMJ shares. NKLI's intention was to take control over TMJ and launch mining business; however, NKLI was unable to take control and launch the business due to legal disputes with the bankruptcy trustee of TMJ and court-appointed mine management company, and also lost a lawsuit against the mine management company. As a result, NKLI filed a legal suit to PT Bank KB Bukopin Tbk stating that the bank's recommendation to purchase TMJ's shares was inappropriate since the bank did not intentionally share the legal issues and associated risks thereof.	A legal representative has been appointed to handle the case, and the legal proceedings will proceed.

40.6 Other Matters (including litigation) (cont'd)

(In number of cases, in millions of Korean won)

Company	Lawsuits	No. of cases	Amount	Description of the lawsuits	Status of the lawsuits
KB Securities Co., Ltd.	Request for a return of transaction amount (Australian fund)	1	34,453	The plaintiffs OOOO Securities and OOOO Life Insurance filed lawsuits, claiming that the KB Securities Co., Ltd. provided false information on major matters in the product description while selling JB Australia NDIS Private Fund No.1 (on April 25, 2019, plaintiffs invested ₩ 50 billion each) (a) (Primary claim) requesting KB Securities Co., Ltd. to return unjust enrichment of ₩ 100 billion for cancelation of sales contracts of beneficiary certificates due to an error or termination of the contract due to default, (b) (Secondary claim) requesting for compensation for damages in investments amounting to ₩ 100 billion due to violation of the investor protection obligation and fraudulent transactions of KB Securities Co., Ltd. and OOO Asset Management. The Plaintiff's complaint price was changed to ₩ 34.45 billion due to the Plaintiff's request to change the purpose and cause of the claim on November 13, 2023.	First trial is in progress (The pleading was closed on January 24, 2024, the judgement date is February 14, 2024 and appeal period is until March 6, 2024)

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40.6 Other Matters (including litigation) (cont'd)

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

c) Kookmin Bank is currently undergoing an inspection by the Financial Supervisory Service regarding equity-linked securities (ELS), and the requested actions based on the inspection results are currently unpredictable.

d) Kookmin Bank is currently under investigation by the Fair Trade Commission regarding the possibility of unfair joint actions by commercial banks. It is impossible to predict the outcome of the investigation.

e) In June 2013, KB Kookmin Card Co., Ltd. had an accident in which cardholders' personal information was stolen (hereinafter referred to as "accident") due to illegal activities by employees of personal credit information company in charge of development of the system upgrading to prevent fraudulent use of credit card. As a result, KB Kookmin Card Co., Ltd. was notified by the Financial Services Commission of the suspension of some new business for 3 months as of February 16, 2014. In respect of the accident, the Group faces 1 legal claim filed as a defendant, with an aggregate claim amount of ₩ 51 million as of December 31, 2023.

f) As of December 31, 2023, KB KOLAO Leasing Co., Ltd. is selling LVMC Holdings (formerly Kolao Holdings) allied receivables that are overdue by three months or more to Lanexang Leasing Co., Ltd. in accordance with the agreement.

g) As of December 31, 2023, KB Capital Co., Ltd. and PT Sunindo Primasura are required to hold the shares of PT Sunindo Kookmin Best Finance for five years after May 18, 2020, when the purchase of shares was completed. If one party is going to sell all or part of the shares, provide them as collateral, trade or dispose of them, it should give the opportunity to exercise preemption to the other party by providing written proposal including transfer price, payment method, and others.

h) KB Securities Co., Ltd., as an investment broker, managed the sale of private equity funds and trusts amounting to ₩ 326,500 million, which lends to corporations (borrowers) that invest in apartment rental businesses for the disabled in Australia, to individuals and institutional investors. However, management of the fund has been suspended due to the breach of contract by local borrowers in Australia; therefore there is a possibility of losses of principal to these funds subscribers. In this regard, there are three lawsuits in which the Group is a defendant as of December 31, 2023. In one of them, the first trial ruling ordered the payment of ₩ 29,800 million in investment principal and delayed interest on February 7, 2023, but the second trial on January 29, 2024 ruled against the conclusion, ordering the payment of ₩ 12,000 million in investment principal and delayed interest thereon. Another case was ruled in October, ordering the payment of ₩ 8,460 million in remaining principal and interest, along with delayed interest on ₩ 8,290 million principal. However, the judgment may be changed at the higher court. The other case is still in the first trial.

40.6 Other Matters (including litigation) (cont'd)

i) In relation to Lime Asset Management, KB Securities Co., Ltd. has a PIS (Portfolio Index Swap) contract, as of December 31, 2023, associated with 'Lime Thetis Qualified Investor Private Investment Trust No.2' and 'Lime Pluto FI Qualified Investor Private Investment Trust No.D-1' whose redemption were suspended during the fourth quarter of 2019. The notional amount of the underlying assets of the PIS contract is ₩ 146,300 million. Meanwhile, the Group sold ₩ 68,100 million of feeder funds of aforementioned redemption-suspended funds. On October 20, 2020, Lime Asset Management's license as a fund manager was revoked by the Financial Supervisory Service's sanctions review committee, and most of its redemption-suspended funds and normal funds have been transferred to Wellbridge Asset Management (the bridge management company) to continue to collect and distribute investments. It is difficult to predict whether and when the aforementioned redemption-suspended funds will be redeemed. In this regard, KB Securities Co., Ltd. faces four claims filed as a defendant as of December 31, 2023. The Group has accounted for the estimated loss due to the possibility of additional lawsuits in the future as a provision for litigations.

j) As of December 31, 2023, KB Real Estate Trust Co., Ltd. may lend ₩ 3,627,400 million to the trust accounts, which is part of the total project cost related to borrowing-type land trust contracts (including maintenance projects). Whether or not KB Real Estate Trust Co., Ltd. will lend to a trust account is not an unconditional payment obligation, and it is judged by considering all matters such as the fund balance plan of its own account and trust business.

k) KB Real Estate Trust Co., Ltd. is carrying out the completion guarantee management-type land trust project (72 cases, including Gonghang-dong Airport City, excluding construction project), that bears responsibility for the completion guarantee when the construction company fails to fulfill responsibility for the completion guarantee and bears responsibility for compensating for damages to lending financial institutions as of December 31, 2023. The total credit line of PF loan related to the completion guarantee management-type land trust project is ₩ 5,620,600 million, and the used credit line is ₩ 4,002,000 million as of December 31, 2023. The amount of compensation for damages charged to KB Real Estate Trust Co., Ltd. is measured after determining whether the damage occurred due to KB Real Estate Trust Co., Ltd.'s failure to the completion guarantee. Since the amount of loss cannot be measured reliably, this impact was not reflected in the financial statements at the end of the current period. The Group plans to continuously monitor the process progress at each business site.

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41. Subsidiaries

41.1 Details of major consolidated subsidiaries as of December 31, 2023, are as follows:

Investor	Investee	Ownership (%)	Location	Date of financial statements	Industry	
KB Financial Group Inc.	Kookmin Bank	100.00	Korea	Dec. 31	Banking and foreign exchange transaction	
	KB Securities Co., Ltd.	100.00	Korea	Dec. 31	Financial investment	
	KB Insurance Co., Ltd.	100.00	Korea	Dec. 31	Non-life insurance	
	KB Kookmin Card Co., Ltd.	100.00	Korea	Dec. 31	Credit card and installment financing	
	KB Life Insurance Co., Ltd. ¹	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 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	
	Kookmin Bank	KB PRASAC Bank Plc. ³	100.00	Cambodia	Dec. 31	Banking and foreign exchange transaction
		Kookmin Bank (China) Ltd.	100.00	China	Dec. 31	Banking and foreign exchange transaction
KB Microfinance Myanmar Co., Ltd.		100.00	Myanmar	Dec. 31	Microfinance services	
PT Bank Syariah Bukopin		95.92	Indonesia	Dec. 31	Banking	
PT Bukopin Finance		99.24	Indonesia	Dec. 31	Installment financing	
KB Bank Myanmar Co., Ltd.	100.00	Myanmar	Dec. 31	Banking and foreign exchange transaction		
Kookmin Bank, KB Kookmin Card Co., Ltd., KB Securities Co., Ltd., KB Insurance Co., Ltd., KB Capital Co., Ltd.	PT Bank KB Bukopin, Tbk.	67.57 ²	Indonesia	Dec. 31	Banking and foreign exchange transaction	

41.1 Details of major consolidated subsidiaries as of December 31, 2023, 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	99.81	Vietnam	Dec. 31	Investment advisory and securities trading	
	KB FINA Joint Stock Company	77.82	Vietnam	Dec. 31	Investment advisory and securities trading	
	PT KB VALBURY SEKURITAS	65.00	Indonesia	Dec. 31	Investment advisory and securities trading	
	PT.KB Valbury Capital Management	79.00	Indonesia	Dec. 31	Financial investment	
	KB Insurance Co., Ltd.	Leading Insurance Services, Inc.	100.00	United States	Dec. 31	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 Life Insurance Co., Ltd. ¹	KB Sonbo CNS	100.00	Korea	Dec. 31	Management service	
	KB Healthcare Co., Ltd.	100.00	Korea	Dec. 31	Information and communication	
	KB Life Partners Co., Ltd.	100.00	Korea	Dec. 31	Insurance agent	
	KB Golden Life Care Co., Ltd. ⁴	100.00	Korea	Dec. 31	Service	
	KB Kookmin Card Co., Ltd.	KB Credit Information Co., Ltd.	100.00	Korea	Dec. 31	Collection of receivables or credit investigation
KB Daehan Specialized Bank Plc.		97.45	Cambodia	Dec. 31	Auto Installment finance	
PT. KB Finansia Multi Finance		80.00	Indonesia	Dec. 31	Auto Installment finance	
KB J Capital Co., Ltd.		77.40	Thailand	Dec. 31	Service	
KB Capital Co., Ltd.	i-Finance Leasing Plc.	100.00	Cambodia	Dec. 31	Leasing	
	PT Sunindo Kookmin Best Finance	85.00	Indonesia	Dec. 31	Auto Installment finance	
KB Kookmin Card Co., Ltd. KB Capital Co., Ltd.	Teamwink Inc.	95.95	Korea	Dec. 31	E-commerce	
	KB KOLAO Leasing Co., Ltd.	80.00	Laos	Dec. 31	Auto Installment finance	

KB Financial Group Inc. and Subsidiaries

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41.1 Details of major consolidated subsidiaries as of December 31, 2023, are as follows: (cont'd)

Investor	Investee	Ownership (%)	Location	Date of financial statements	Industry
Kookmin Bank, KB Data System Co., Ltd.	PT KB Data Systems Indonesia	100.00	Indonesia	Dec. 31	Service
KB Asset Management Co., Ltd.	KBAM Shanghai Advisory Services Co., Ltd.	100.00	China	Dec. 31	General advisory
	KB Asset Management Singapore PTE. LTD.	100.00	Singapore	Dec. 31	Collective investment

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

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

³ On September 1, 2023, PRASAC Microfinance Institution PLC.(merging entity), a subsidiary of Kookmin Bank Co., Ltd., merged with Kookmin Bank Cambodia PLC.(merged entity), issuing 20,272,296 shares in exchange for the transfer consideration. The official name of PRASAC Microfinance Institution PLC.(merging entity) has changed to KB PRASAC BANK PLC.

⁴ In October 2023, KB Golden Life Care Co., Ltd. was changed from a subsidiary of KB Insurance Co., Ltd. to a subsidiary of KB Life Insurance Co., Ltd.

41.2 Details of consolidated structured entities as of December 31, 2023, are as follows:

	Consolidated structured entities	Reasons for consolidation
Trusts	Kookmin Bank (development trust) and 10 others	The Group controls the trust because it has power to determine management performance of the trust and is significantly exposed to variable returns that absorb losses through the guarantees of payment of principal, or payment of principal and fixed rate of return.
Asset-backed securitization	Taejon Samho The First Co., Ltd. and 105 others	The Group controls these investees because it has power over relevant activities in the event of default, is significantly exposed to variable returns by providing lines of credit, ABCP purchase commitments or acquisition of subordinated debt and has ability to affect those returns through its power.
Investment funds and others	KB Global Platform Fund No.2 and 207 others	Funds are consolidated if the Group, as a collective investor or operating manager (member), etc., can manage fund assets on behalf of other investors, or dismiss the collective investor and operating manager, and is substantially exposed to significant variable returns or has such rights.

If the Group holds more than half of the ownership interests but does not have the power over relevant activities of structured entities in accordance with agreements with trust and other related parties, those structured entities are excluded from the consolidation.

KB Financial Group Inc. and Subsidiaries Notes to the Consolidated Financial Statements December 31, 2023 and 2022

41.3 Condensed financial information of major subsidiaries as of and for the years ended December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

	December 31, 2023			2023		
	Assets	Liabilities	Equity	Operating revenue	Profit (loss) attributable to shareholders of the Parent Company	Total comprehensive income (loss) attributable to shareholders of the Parent Company
Kookmin Bank ¹	W 530,012,853	W 493,464,126	W 36,548,727	W 45,032,120	W 3,261,499	W 3,889,625
KB Securities Co., Ltd. ^{1,2}	61,266,990	54,967,833	6,299,157	11,580,526	389,618	389,602
KB Insurance Co., Ltd. ^{1,2}	37,729,688	31,474,132	6,255,556	11,864,879	752,901	879,534
KB Kookmin Card Co., Ltd. ¹	29,365,575	24,545,752	4,819,823	4,205,146	351,133	307,336
KB Life Insurance Co., Ltd. ^{1,2,3,4}	31,953,218	27,823,185	4,130,033	2,628,109	82,233	432,188
KB Asset Management Co., Ltd. ¹	377,919	109,645	268,274	204,202	61,525	61,756
KB Capital Co., Ltd. ^{1,2}	16,560,800	14,300,771	2,260,029	2,295,471	186,505	182,075
KB Real Estate Trust Co., Ltd. ¹	859,408	573,348	286,060	148,763	(84,073)	(84,476)
KB Savings Bank Co., Ltd.	2,661,999	2,468,223	193,776	234,197	(90,568)	(90,430)
KB Investment Co., Ltd. ¹	1,544,836	1,265,361	279,475	154,287	9,187	9,188
KB Data System Co., Ltd. ¹	61,508	40,616	20,892	230,825	125	(1,594)

41.3 Condensed financial information of major subsidiaries as of and for the years ended December 31, 2023 and 2022, are as follows: (cont'd)

	December 31, 2022			2022		
	Assets	Liabilities	Equity	Operating revenue	Profit (loss) attributable to shareholders of the Parent Company	Total comprehensive income (loss) attributable to shareholders of the Parent Company
Kookmin Bank ¹	W 517,769,512	W 484,046,253	W 33,723,259	W 49,436,046	W 2,996,015	W 1,856,632
KB Securities Co., Ltd. ^{1,2}	53,824,246	47,946,933	5,877,313	14,264,399	187,784	263,605
KB Insurance Co., Ltd. ^{1,2}	34,743,259	29,017,684	5,725,575	11,119,856	557,219	1,097,725
KB Kookmin Card Co., Ltd. ¹	29,721,017	24,998,215	4,722,802	3,694,352	378,592	412,208
KB Life Insurance Co., Ltd. ^{1,2,3,4}	20,924,583	17,728,052	3,196,531	2,063,884	(120,448)	765,785
KB Life Insurance Co., Ltd. ³	9,065,100	8,444,355	620,745	898,808	37,070	(281,849)
KB Asset Management Co., Ltd. ¹	369,488	102,970	266,518	233,293	59,345	59,367
KB Capital Co., Ltd. ^{1,2}	16,053,026	13,946,800	2,106,226	1,906,694	217,139	209,808
KB Real Estate Trust Co., Ltd.	518,980	113,444	405,536	152,686	67,723	68,714
KB Savings Bank Co., Ltd.	3,138,543	2,854,549	283,994	191,337	21,814	21,897
KB Investment Co., Ltd. ¹	1,378,550	1,108,264	270,286	161,210	4,807	4,805
KB Data System Co., Ltd. ¹	63,645	40,570	23,075	233,320	3,162	4,546
KB Credit Information Co., Ltd. ⁵	42,219	24,923	17,296	36,469	484	924

¹ Financial information is based on its consolidated financial statements.

² Includes fair value adjustments arising from the acquisition.

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

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

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

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41.4 The Characteristics of Risks Associated with Consolidated Structured Entities

The terms of contractual arrangements to provide financial support to consolidated structured entities are as follows:

41.4.1 The Group has provided payment guarantees of W 3,664,224 million to K plus 1st L.L.C and other consolidated structured entities.

41.4.2 The Group has provided capital commitment to 57 consolidated structured entities including KB Sinansan Line Private Special Asset Fund (SOC). The unexecuted amount of the capital commitment is W 1,630,316 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, 2023, are as follows:

Company	Reasons of obtaining control
Teamwink Inc. and 12 others	Holds more than half of the ownership interests
KB Liiv DS 1st L.L.C. and 32 others	Holds the power in the event of default and is exposed to significant variable returns by providing lines of credit, ABCP purchase commitments or acquisition of subordinated debt
KB Global Private Real Estate Debt Fund 29 and 19 others	Holds the power to determine the operation of the funds and is exposed to variable returns by holding significant amount of ownership interests
KB Global Platform Fund No.2 and 3 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, 2023, are as follows:

Company	Reasons of losing control
KB Cheongra Hill Co., Ltd. and 45 others	Termination of the commitments
KB Life Insurance Co., Ltd. and 18 others	Liquidation
KB KBSTAR Treasury Futures 3 Year ETF Trust (Bond-Derivative) and 7 others	Disposal
KB Global Dynamic Securities Master Investment Trust (Equity-Indirect Type) and 5 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

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42.2 Details of scale of unconsolidated structured entities and nature of the risks associated with the Group's interests in unconsolidated structured entities as of December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

	December 31, 2023				
	Structured financing	Investment funds	Trusts	Asset-backed securitization and others	Total
Total assets of unconsolidated structured entities Carrying amount in the financial statements	₩ 114,891,212	₩ 593,418,756	₩ 4,893,076	₩ 142,477,227	₩ 855,680,271
Assets:					
Financial assets at fair value through profit or loss	₩ 98,771	₩ 15,553,522	₩ 7,249	₩ 4,895,929	₩ 20,555,471
Loans measured at amortized cost	11,487,358	580,121	112,867	2,959,032	15,139,378
Financial investments	-	-	-	10,382,744	10,382,744
Investments in associates	-	418,484	-	-	418,484
Other assets	7,823	1,919	686,208	11,969	707,919
	<u>₩ 11,593,952</u>	<u>₩ 16,554,046</u>	<u>₩ 806,324</u>	<u>₩ 18,249,674</u>	<u>₩ 47,203,996</u>
Liabilities:					
Deposits	₩ 2,202,888	₩ 52,921	₩ -	₩ 359,418	₩ 2,615,227
Derivative financial liabilities	-	288	-	-	288
Other liabilities	4,442	43	57	2,082	6,624
	<u>₩ 2,207,330</u>	<u>₩ 53,252</u>	<u>₩ 57</u>	<u>₩ 361,500</u>	<u>₩ 2,622,139</u>
Maximum exposure *					
Assets held	₩ 11,593,952	₩ 16,554,046	₩ 806,324	₩ 18,249,674	₩ 47,203,996
Purchase and investment commitments	471,052	6,138,638	10,250	1,183,800	7,803,740
Unused credit	1,406,447	-	36,672	5,006,963	6,450,082
Acceptances and guarantees and loan commitments	792,848	-	-	15,405	808,253
	<u>₩ 14,264,299</u>	<u>₩ 22,692,684</u>	<u>₩ 853,246</u>	<u>₩ 24,455,842</u>	<u>₩ 62,266,071</u>
Methods of determining the maximum exposure	Loan commitments /investment agreements / purchase commitments and acceptances and guarantees	Investments /loans and Investment agreements	Trust paying dividends by results: Total amount of trust exposure	Providing credit lines/ purchase commitments/ loan commitments and acceptances and guarantees	

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, 2023 and 2022, are as follows: (cont'd)

(In millions of Korean won)

	December 31, 2022				
	Structured financing	Investment funds	Trusts	Asset-backed securitization and others	Total
Total assets of unconsolidated structured entities Carrying amount in the financial statements	₩ 110,862,054	₩ 455,292,775	₩ 5,516,039	₩ 144,018,286	₩ 715,689,154
Assets:					
Financial assets at fair value through profit or loss	₩ 105,637	₩ 13,462,390	₩ 298,169	₩ 3,566,948	₩ 17,433,144
Loans measured at amortized cost	8,829,758	469,777	163,220	3,037,020	12,499,775
Financial investments	1,012	-	-	7,893,604	7,894,616
Investments in associates	-	335,746	-	-	335,746
Other assets	6,663	1,504	242,853	5,950	256,970
	<u>₩ 8,943,070</u>	<u>₩ 14,269,417</u>	<u>₩ 704,242</u>	<u>₩ 14,503,522</u>	<u>₩ 38,420,251</u>
Liabilities:					
Deposits	₩ 1,596,011	₩ 41,288	₩ -	₩ 219,641	₩ 1,856,940
Derivative financial liabilities	437	2,102	-	698	3,237
Other liabilities	3,044	11	-	54,425	57,480
	<u>₩ 1,599,492</u>	<u>₩ 43,401</u>	<u>₩ -</u>	<u>₩ 274,764</u>	<u>₩ 1,917,657</u>
Maximum exposure *					
Assets held	₩ 8,943,070	₩ 14,269,417	₩ 704,242	₩ 14,503,522	₩ 38,420,251
Purchase and investment commitments	227,098	6,301,588	144,269	678,564	7,351,519
Unused credit	1,380,348	-	8,547	6,161,171	7,550,066
Acceptances and guarantees and loan commitments	1,015,619	-	-	20,000	1,035,619
	<u>₩ 11,566,135</u>	<u>₩ 20,571,005</u>	<u>₩ 857,058</u>	<u>₩ 21,363,257</u>	<u>₩ 54,357,455</u>
Methods of determining the maximum exposure	Loan commitments /investment agreements / purchase commitments and acceptances and guarantees	Investments /loans and Investment agreements	Trust paying dividends by results: Total amount of trust exposure	Providing credit lines/ purchase commitments/ loan commitments and acceptances and guarantees	

* Maximum exposure includes the asset amounts, after deducting loss (provisions for credit losses, impairment losses, and others), recognized in the consolidated financial statements of the Group.

KB Financial Group Inc. and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

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, 2023 and 2022, are as follows:

(In millions of Korean won)

		2023		2022	
Associates and joint ventures					
Balhae Infrastructure Company	Fee and commission income	₩	5,101	₩	5,194
Korea Credit Bureau Co., Ltd.	Interest expense		1		1
	Fee and commission income		776		649
	Fee and commission expense		8,444		3,973
	Insurance income		3		4
	Provision for credit losses		1		-
	Other operating expenses		15		15
Incheon Bridge Co., Ltd.	Interest income		10,420		7,516
	Interest expense		979		517
	Fee and commission income		28		23
	Fee and commission expense		7		6
	Insurance income		219		212
	Gains on financial instruments at fair value through profit or loss		334		-
	Losses on financial instruments at fair value through profit or loss		-		4,434
	Reversal of credit losses		-		28
	Provision for credit losses		54		9
	Other non-operating expenses		-		3
Kendai Co.,Ltd.	Interest expense		111		108
Aju Good Technology Venture Fund					
Taeyoungjungkong Co.,Ltd.	Interest income		2		-
KB Star Office Private Real Estate Master Fund No.1*	Interest expense		-		2
	Fee and commission income		-		276
Star-Lord General Investors Private Real Estate Investment Company No.10	Insurance income		137		97
	Interest income		5,934		3,098
	Interest expense		543		413
	Fee and commission income		20		-
	Provision for credit losses		4		1
	General and administrative expenses		9,720		5,562

43.1 Details of significant profit or loss arising from transactions with related parties for the years ended December 31, 2023 and 2022, are as follows: (cont'd)

(In millions of Korean won)

		2023		2022	
KG Capital Co., Ltd. *	Interest income	₩	293	₩	889
	Fee and commission income		18		47
	Fee and commission expense		1		10
	Insurance income		13		43
	Other operating income		-		487
	Other operating expenses		11		32
	Reversal of credit losses		55		-
	Provision for credit losses		-		9
Food Factory Co., Ltd.	Interest income		62		80
	Interest expense		1		6
	Insurance income		9		10
	Fee and commission income		-		1
	Gains on financial instruments at fair value through profit or loss		43		33
	Reversal of credit losses		2		1
	Fee and commission income		-		1,204
KB Pre IPO Secondary Venture Fund No.1 *					
Acts Co., Ltd. *	Insurance income		-		2
Dongjo Co., Ltd.	Interest income		36		9
POSCO-KB Shipbuilding Fund	Fee and commission income		(99)		177
Paycoms Co., Ltd. *	Interest income		154		7
	Gains on financial instruments at fair value through profit or loss		-		39
Big Dipper Co., Ltd.	Interest expense		-		1
	Fee and commission expense		266		393
KB-KDBC Pre-IPO New Technology Business Investment Fund	Interest expense		-		1
	Fee and commission income		-		129
KB-TS Technology Venture Private Equity Fund	Fee and commission income		324		185
KB-SJ Tourism Venture Fund	Fee and commission income		312		209
	Fee and commission income		37		36
	Fee and commission expense		11		17
Iwon Alloy Co., Ltd.	Insurance income		1		1
RMGP Bio-Pharma Investment Fund, L.P.	Fee and commission income		40		43
KB-MDI Centauri Fund LP	Fee and commission income		491		487
Hibiscus Fund L.P.	Fee and commission income		928		524
RMG-KB BioAccess Fund L.P.	Fee and commission income		326		325
S&E Bio Co., Ltd.	Interest expense		43		2

KB Financial Group Inc. and Subsidiaries Notes to the Consolidated Financial Statements December 31, 2023 and 2022

43.1 Details of significant profit or loss arising from transactions with related parties for the years ended December 31, 2023 and 2022, are as follows: (cont'd)

(In millions of Korean won)

		2023		2022	
		₩		₩	
Contents First Inc.	Interest income		346		128
	Interest expense		73		34
	Fee and commission income		2		1
	Provision for credit losses		8		1
December & Company Inc. *	Insurance income		187		174
GENINUS Inc. *	Interest expense		-		12
Pin Therapeutics Inc.	Interest expense		101		110
Wyatt Co., Ltd.	Insurance income		102		142
KB-Brain KOSDAQ Scale-up New Technology Business Investment Fund	Interest expense		4		6
	Fee and commission income		209		423
Spark Biopharma Inc.	Interest expense		468		272
Skydigital Inc.	Fee and commission income		3		3
II-Kwang Electronic Materials Co., Ltd.	Other non-operating expenses		-		1
SO-MYUNG Recycling Co., Ltd.	Other non-operating expenses		-		2
KB No.17 Special Purpose Acquisition Company *	Interest expense		-		1
KB No.18 Special Purpose Acquisition Company *	Interest expense		-		5
KB No.19 Special Purpose Acquisition Company *	Interest expense		-		5
KB No.20 Special Purpose Acquisition Company *	Interest expense		-		22
KB No.21 Special Purpose Acquisition Company	Fee and commission income		-		263
	Gains on financial instruments at fair value through profit or loss		28		1,469
	Interest expense		68		30
KB No.22 Special Purpose Acquisition Company	Fee and commission income		-		175
	Gains on financial instruments at fair value through profit or loss		1,013		982
	Interest expense		2		1

43.1 Details of significant profit or loss arising from transactions with related parties for the years ended December 31, 2023 and 2022, are as follows: (cont'd)

(In millions of Korean won)

		2023		2022	
		₩		₩	
KB No.23 Special Purpose Acquisition Company *	Gains on financial instruments at fair value through profit or loss		-		1,476
	Losses on financial instruments at fair value through profit or loss		1,483		-
	Interest expense		46		23
KB No.24 Special Purpose Acquisition Company *	Interest expense		7		1
KB No.25 Special Purpose Acquisition Company	Interest expense		39		-
	Gains on financial instruments at fair value through profit or loss		1,130		-
KB No.26 Special Purpose Acquisition Company	Interest expense		38		-
	Gains on financial instruments at fair value through profit or loss		1,209		-
KB No.27 Special Purpose Acquisition Company	Interest expense		65		-
	Gains on financial instruments at fair value through profit or loss		3,059		-
KB SPROTT Renewable Private Equity Fund No.1	Fee and commission income		320		345
KB-Stonebridge Secondary Private Equity Fund	Fee and commission income		582		706
	Other operating income		113		-
COSES GT Co., Ltd.	Losses on financial instruments at fair value through profit or loss		4,910		-
	Interest income		30		23
	Interest expense		-		1
	Provision for credit losses		-		3
	Reversal of credit losses		5		-
TeamSparta Inc.	Fee and commission income		11		-
	Interest expense		212		19
	Provision for credit losses		2		-
Mantisco Co., Ltd.	Interest expense		-		1
SuperNGine Co., Ltd.	Interest income		25		-
	Fee and commission income		1		-
	Provision for credit losses		6		-

KB Financial Group Inc. and Subsidiaries Notes to the Consolidated Financial Statements December 31, 2023 and 2022

43.1 Details of significant profit or loss arising from transactions with related parties for the years ended December 31, 2023 and 2022, are as follows: (cont'd)

(In millions of Korean won)

		2023	2022
Desilo Inc.	Interest income	W 13	W 9
	Provision for credit losses	3	-
Turing Co., Ltd.	Interest expense	7	1
	Interest income	24	-
	Provision for credit losses	14	-
IGGYMOB Co., Ltd.	Interest expense	-	1
Kukka Co., Ltd.	Interest expense	-	2
ZIPDOC Inc.	Interest expense	-	1
	Reversal of credit losses	-	3
Grinergy Co., Ltd.	Provision for credit losses	1	-
	Interest expense	1	-
Chabot Mobility Co., Ltd.	Interest expense	-	1
	Fee and commission expense	2,154	824
Wemade Connect Co., Ltd.	Insurance income	2	3
	Interest expense	316	81
	Reversal of credit losses	-	1
	Provision for credit losses	9	-
TMAP Mobility Co., Ltd.	Interest expense	1,460	226
	Fee and commission income	2	-
	Fee and commission expense	998	78
	Reversal of credit losses	9	-
	Insurance income	209	-
Nextrade Co., Ltd.	Interest expense	2,911	263
WJ Private Equity Fund No.1	Fee and commission income	7	7
UPRISE, Inc.	Interest income	-	3
Channel Corporation	Interest expense	67	43
CWhy Inc.	Insurance income	2	2
KB Social Impact Investment Fund	Fee and commission income	284	286
KB-UTC Inno-Tech Venture Fund	Fee and commission income	431	449
	Other operating income	3	-
KBSP Private Equity Fund No.4	Fee and commission income	-	211
KB-NAU Special Situation Corporate Restructuring Private Equity Fund	Fee and commission income	1,052	561
2020 KB Fintech Renaissance Fund	Fee and commission income	147	147

43.1 Details of significant profit or loss arising from transactions with related parties for the years ended December 31, 2023 and 2022, are as follows: (cont'd)

(In millions of Korean won)

		2023	2022
KB Material and Parts No.1 PEF	Fee and commission income	W 705	W 353
	Other operating income	34	-
FineKB Private Equity Fund No.1	Fee and commission income	378	641
	Gains on financial instruments at fair value through profit or loss	16	-
Paramark KB Fund No.1	Fee and commission income	129	356
KB-Badgers Future Mobility ESG Fund No.1	Fee and commission income	1,300	905
KB Bio Private Equity No.3 Ltd. *	Fee and commission income	-	4,035
KB-KTB Technology Venture Fund	Fee and commission income	669	600
THE CHAEUL FUND NO.1	Fee and commission income	-	82
KB-Solidus Global Healthcare Fund	Fee and commission income	284	350
	Gains on financial instruments at fair value through profit or loss	8,400	-
SwatchOn Inc. *	Fee and commission income	-	5
	Interest expense	-	5
Gomi corporation Inc.	Interest income	88	61
	Interest expense	-	2
	Fee and commission income	1	1
	Insurance income	1	-
	Provision for credit losses	49	3
KB Cape No.1 Private Equity Fund	Fee and commission income	217	72
	Losses on financial instruments at fair value through profit or loss	16	-
KB-GeneN Medical Venture Fund No.1	Fee and commission income	89	76
KB-BridgePole Venture Investment Fund	Fee and commission income	135	118
	Other operating income	638	-
KB-BridgePole Venture Investment Fund No.2	Fee and commission income	20	-
KB-Kyobo New Mobility Power Fund	Fee and commission income	79	69

KB Financial Group Inc. and Subsidiaries Notes to the Consolidated Financial Statements December 31, 2023 and 2022

43.1 Details of significant profit or loss arising from transactions with related parties for the years ended December 31, 2023 and 2022, are as follows: (cont'd)

(In millions of Korean won)

		2023		2022	
		₩		₩	
KB Co-Investment Private Equity Fund No.1	Fee and commission income	904		483	
KB-NP Green ESG New Technology Venture Capital Fund	Fee and commission income	1,173		435	
KB-FT Green Growth No.1 New Technology Business Investment Association	Fee and commission income	135		-	
	Interest expense	14		-	
KB-SUSUNG 1st Investment Fund	Fee and commission income	129		-	
Youngwon Corporation *	Insurance income	1		-	
Seokwang T&I Co., Ltd	Insurance income	1		-	
3D Interactive Co., Ltd.	Fee and commission income	7		-	
	Interest expense	10		-	
	Provision for credit losses	2		-	
Bigwave Robotics Crop.	Interest income	(1)		-	
	Interest expense	1		-	
U-KB Credit No.1 Private Equity	Fee and commission income	228		-	
KAELEEWALEE GLOBAL SAELEENJINSAMO INVESTMENT JE2HO LIMITED PARTNERSHIP	Interest expense	42		-	
Others					
Retirement pension	Fee and commission income	1,567		1,352	
	Interest expense	27		39	

* Excluded from the Group's related party as of December 31, 2023.

Meanwhile, the Group purchased installment financial assets, etc. from KG Capital Co., Ltd. amounting to ₩ 373,044 million and ₩ 486,586 million for the years ended December 31, 2023 and 2022, respectively.

Also, the Group recognized ₩ 58,304 million in non-operating income for the year ended December 31, 2023, which was confirmed in the lawsuit for damage against Korea Credit Bureau Co., Ltd..

43.2 Details of significant outstanding balances of receivables and payables arising from transactions with related parties as of December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

		December 31, 2023		December 31, 2022	
		₩		₩	
Associates and joint ventures					
Balhae Infrastructure Company	Other assets	1,304		1,306	
Korea Credit Bureau Co., Ltd.	Loans measured at amortized cost (gross amount)	37		38	
	Deposits	17,003		27,889	
	Provisions	2		2	
	Insurance liabilities	1		1	
Incheon Bridge Co., Ltd.	Financial assets at fair value through profit or loss	33,282		32,948	
	Loans measured at amortized cost (gross amount)	80,512		95,211	
	Allowances for credit losses	38		12	
	Other assets	528		615	
	Deposits	40,992		48,639	
	Provisions	45		18	
	Insurance liabilities	87		89	
	Other liabilities	504		446	
Jungdo Co., Ltd.	Deposits	4		4	
Dae-A Leisure Co., Ltd.	Deposits	150		154	
Aju Good Technology Venture Fund	Deposits	1,202		7,222	
	Other liabilities	1		73	
Star-Lord General Investors Private Real Estate Investment Company No.10	Loans measured at amortized cost (gross amount)	149,590		149,294	
	Allowances for credit losses	5		1	
	Property and equipment	5,615		9,915	
	Other assets	8,689		8,591	
	Insurance liabilities	44		46	
	Other liabilities	8,245		14,227	
KB-Brain KOSDAQ Scale-up New Technology Business Investment Fund	Deposits	-		1,526	
	Other liabilities	-		1	
WJ Private Equity Fund No.1	Other assets	2		2	
	Deposits	103		221	
KB Cape No.1 Private Equity Fund	Financial assets at fair value through profit or loss	1,935		2,017	
	Other assets	73		-	
	Deposits	4		3	
	Loans measured at amortized cost (gross amount)	1		-	
RAND Bio Science Co., Ltd.	Loans measured at amortized cost (gross amount)	-		40,040	
	Allowances for credit losses	-		55	
	Other assets	-		63	
	Deposits	-		10	
	Insurance liabilities	-		14	
	Other liabilities	-		5	
KG Capital Co., Ltd. *					

KB Financial Group Inc. and Subsidiaries
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December 31, 2023 and 2022

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

<i>(In millions of Korean won)</i>		December 31, 2023	December 31, 2022
		₩	₩
Food Factory Co., Ltd.	Financial assets at fair value through profit or loss	738	696
	Loans measured at amortized cost (gross amount)	2,137	3,345
	Allowances for credit losses	2	4
	Other assets	5	4
	Deposits	629	664
	Insurance liabilities	2	8
	Other liabilities	1	1
POSCO-KB Shipbuilding Fund	Other assets	678	177
Paycoms Co., Ltd. *	Financial assets at fair value through profit or loss	-	1,172
	Deposits	-	1
Big Dipper Co., Ltd.	Loans measured at amortized cost (gross amount)	14	18
	Deposits	40	19
	Other liabilities	8	-
KB-KDBC Pre-IPO New Technology Business Investment Fund	Deposits	46	317
Iwon Alloy Co., Ltd.	Deposits	1	1
	Insurance liabilities	-	1
Computerlife Co., Ltd.	Deposits	-	3
RMGP Bio-Pharma Investment Fund, L.P.	Financial assets at fair value through profit or loss	5,938	6,384
	Other liabilities	62	36
RMGP Bio-Pharma Investment, L.P.	Financial assets at fair value through profit or loss	20	17
Wyatt Co., Ltd.	Financial assets at fair value through profit or loss	6,000	6,000
	Deposits	1	1
	Insurance liabilities	73	75
Skydigital Inc.	Deposits	65	10
Banksalad Co., Ltd.	Financial assets at fair value through profit or loss	9,148	10,470
Spark Biopharma Inc.	Financial assets at fair value through profit or loss	7,450	7,450
	Loans measured at amortized cost (gross amount)	17	17
	Deposits	11,419	17,534
	Other liabilities	90	91
UPRISE, Inc.	Financial assets at fair value through profit or loss	5,710	5,248
	Deposits	-	27
Stratio, Inc.	Financial assets at fair value through profit or loss	1,000	1,000
Honest Fund, Inc.	Financial assets at fair value through profit or loss	3,999	3,999

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

<i>(In millions of Korean won)</i>		December 31, 2023	December 31, 2022
		₩	₩
CellinCells Co., Ltd.	Financial assets at fair value through profit or loss	2,000	2,000
	Loans measured at amortized cost (gross amount)	3	7
	Deposits	37	37
Channel Corporation	Financial assets at fair value through profit or loss	16,906	18,099
	Deposits	2,030	3,000
	Other liabilities	11	21
KB No.21 Special Purpose Acquisition Company	Financial assets at fair value through profit or loss	2,987	2,959
	Deposits	2,261	2,263
	Other liabilities	38	29
KB No.22 Special Purpose Acquisition Company	Financial assets at fair value through profit or loss	2,985	1,972
	Deposits	1,848	1,948
KB No.23 Special Purpose Acquisition Company *	Financial assets at fair value through profit or loss	1,489	2,971
	Deposits	-	2,205
	Other liabilities	-	22
KB No.24 Special Purpose Acquisition Company *	Financial assets at fair value through profit or loss	-	6,975
	Deposits	-	9,983
	Other liabilities	-	1
KB No.25 Special Purpose Acquisition Company	Financial assets at fair value through profit or loss	2,025	-
	Deposits	1,586	-
	Other liabilities	39	-
KB No.26 Special Purpose Acquisition Company	Financial assets at fair value through profit or loss	2,204	-
	Deposits	1,761	-
	Other liabilities	37	-
KB No.27 Special Purpose Acquisition Company	Financial assets at fair value through profit or loss	6,054	-
	Deposits	4,497	-
	Other liabilities	65	-
COSES GT Co., Ltd.	Financial assets at fair value through profit or loss	-	4,930
	Loans measured at amortized cost (gross amount)	1	506
	Allowances for credit losses	-	4
	Other assets	-	2
	Deposits	1	1,213
Bomapp Inc. *	Financial assets at fair value through profit or loss	-	1
Mitolmmune Therapeutics	Financial assets at fair value through profit or loss	7,000	7,000

KB Financial Group Inc. and Subsidiaries Notes to the Consolidated Financial Statements December 31, 2023 and 2022

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

(In millions of Korean won)

		December 31, 2023	December 31, 2022
KB-Solidus Global Healthcare Fund	Other assets	₩ 284	₩ 350
Bioprotect Ltd.	Financial assets at fair value through profit or loss	4,474	3,802
Gomi corporation Inc.	Financial assets at fair value through profit or loss	4,000	4,000
	Loans measured at amortized cost (gross amount)	2,155	2,234
	Allowances for credit losses	62	17
	Other assets	5	5
	Deposits	78	915
	Other liabilities	1	1
	Provisions	3	-
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
S&E Bio Co., Ltd.	Financial assets at fair value through profit or loss	4,000	4,000
	Loans measured at amortized cost (gross amount)	13	10
	Deposits	2,342	6,419
	Other liabilities	13	-
Bluepointpartners Inc.	Financial assets at fair value through profit or loss	1,874	2,133
4N Inc.	Financial assets at fair value through profit or loss	-	200
	Deposits	49	5
Xenohelix Co., Ltd.	Financial assets at fair value through profit or loss	3,100	2,100
	Deposits	904	-
Contents First Inc.	Financial assets at fair value through profit or loss	7,277	7,277
	Loans measured at amortized cost (gross amount)	10,365	10,017
	Allowances for credit losses	7	1
	Other assets	4	2
	Deposits	1,072	5,010
	Provisions	1	-
	Other liabilities	6	21
KB-MDI Centauri Fund LP	Financial assets at fair value through profit or loss	18,993	17,471
	Other assets	221	470
2020 KB Fintech Renaissance Fund	Other assets	37	37
OKXE Inc.	Financial assets at fair value through profit or loss	800	800

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

(In millions of Korean won)

		December 31, 2023	December 31, 2022
Mantisco Co., Ltd.	Loans measured at amortized cost (gross amount)	₩ 13	₩ 15
	Financial assets at fair value through profit or loss	3,000	3,000
	Deposits	46	623
Pin Therapeutics Inc.	Loans measured at amortized cost (gross amount)	11	13
	Financial assets at fair value through profit or loss	5,000	5,000
	Deposits	265	6,033
	Other liabilities	-	18
IMBiologics Corp.	Loans measured at amortized cost (gross amount)	5	4
	Financial assets at fair value through profit or loss	7,000	5,000
SuperNGine Co., Ltd.	Loans measured at amortized cost (gross amount)	603	6
	Deposits	69	17
	Allowances for credit losses	6	-
	Other assets	1	-
	Financial assets at fair value through profit or loss	1,996	1,996
Desilo Inc.	Financial assets at fair value through profit or loss	3,168	3,168
	Loans measured at amortized cost (gross amount)	300	300
	Allowances for credit losses	5	2
	Deposits	3	1
Turing Co., Ltd.	Financial assets at fair value through profit or loss	3,000	3,000
	Loans measured at amortized cost (gross amount)	1,901	-
	Allowances for credit losses	14	-
	Other assets	11	-
	Deposits	1,726	2,788
	Other liabilities	6	-
IGGYMOB Co., Ltd.	Financial assets at fair value through profit or loss	5,000	5,000
	Loans measured at amortized cost (gross amount)	7	15
	Deposits	-	254
Kukka Co., Ltd.	Financial assets at fair value through profit or loss	2,490	2,490
ZIPDOC Inc.	Financial assets at fair value through profit or loss	2,000	2,000
	Deposits	181	915

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

(In millions of Korean won)

		December 31, 2023	December 31, 2022
TeamSparta Inc.	Loans measured at amortized cost (gross amount)	₩ 307	₩ -
	Financial assets at fair value through profit or loss	4,001	4,001
	Allowances for credit losses	1	-
	Provisions	1	-
	Deposits	7,672	12,502
	Other liabilities	62	6
Chabot Mobility Co., Ltd.	Financial assets at fair value through profit or loss	2,000	2,000
	Deposits	164	86
Wemade Connect Co., Ltd.	Financial assets at fair value through profit or loss	12,293	12,000
	Loans measured at amortized cost (gross amount)	44	52
	Allowances for credit losses	6	-
	Provisions	8	2
	Deposits	8,843	10,370
	Insurance liabilities	1	2
	Other liabilities	53	28
Nextrade Co., Ltd.	Deposits	56,203	56,202
	Other liabilities	3,174	263
TMAP Mobility Co., Ltd.	Loans measured at amortized cost (gross amount)	106	-
	Allowances for credit losses	1	-
	Deposits	80,016	30,000
	Other liabilities	763	76
	Provisions	2	-
FutureConnect Co., Ltd.	Financial assets at fair value through profit or loss	1,499	1,499
Gushcloud Talent Agency	Financial assets at fair value through profit or loss	3,688	4,165
Grinergy Co., Ltd.	Financial assets at fair value through profit or loss	6,486	2,500
	Provisions	1	-
NexThera Co., Ltd.	Financial assets at fair value through profit or loss	3,000	2,000
FineKB Private Equity Fund No.1	Other assets	13	160
Paramark KB Fund No.1	Other liabilities	34	34
December & Company Inc. *	Deposits	-	1
	Insurance liabilities	-	9
KB Social Impact Investment Fund	Other assets	260	436
Checkmate Therapeutics Inc.	Financial assets at fair value through profit or loss	3,200	3,200
	Insurance liabilities	-	3
G1 Playground Co., Ltd.	Financial assets at fair value through profit or loss	-	1,000

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

(In millions of Korean won)

		December 31, 2023	December 31, 2022
Hibiscus Fund L.P.	Financial assets at fair value through profit or loss	₩ 12,915	₩ 10,221
	Other assets	258	-
	Other liabilities	-	257
RMG-KB BioAccess Fund L.P.	Financial assets at fair value through profit or loss	5,036	2,753
RMG-KB BP Management Ltd.	Financial assets at fair value through profit or loss	174	77
KB Co-Investment Private Equity Fund No.1	Other assets	255	191
Spoon Radio Co., Ltd.	Financial assets at fair value through profit or loss	19,506	-
Neuroptika Inc.	Financial assets at fair value through profit or loss	5,879	-
Bitgoeul Cheomdan Green 1st Co., Ltd.	Deposits	833	-
KB-FT Green Growth No.1 New Technology Business Investment Association	Deposits	700	-
	Other liabilities	8	-
KAELEEWALEE GLOBAL	Deposits	3,790	-
SAELAEJINSAMO INVESTMENT	Other liabilities	42	-
JE2HO LIMITED PARTNERSHIP			
Bigwave Robotics Corp.	Loans measured at amortized cost (gross amount)	31	-
	Financial assets at fair value through profit or loss	2,750	-
	Deposits	4	-
Blinkers Inc.	Financial assets at fair value through profit or loss	999	-
3D Interactive Co., Ltd.	Loans measured at amortized cost (gross amount)	42	-
	Allowances for credit losses	2	-
	Financial assets at fair value through profit or loss	2,300	-
	Deposits	1,501	-
XL8 INC.	Financial assets at fair value through profit or loss	5,148	-
Elev8-Capital Fund I	Financial assets at fair value through profit or loss	6,656	-
New Daegu Busan Expressway Co., Ltd.	Loans measured at amortized cost (gross amount)	72,742	-
	Allowances for credit losses	4	-
	Other assets	57	-
	Deposits	146,169	-
	Other liabilities	1,891	-

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

(In millions of Korean won)

		December 31,		December 31,	
		2023		2022	
AIM FUTURE, Inc.	Financial assets at fair value through profit or loss	₩	2,000	₩	-
	Loans measured at amortized cost (gross amount)		900		-
	Allowances for credit losses		2		-
	Other assets		1		-
	Deposits		3,393		-
	Other liabilities		48		-
Novorex Inc.	Financial assets at fair value through profit or loss		2,000		-
	Deposits		7		-
Seokwang T&I Co., Ltd	Insurance liabilities		2		-
Key management personnel	Loans measured at amortized cost (gross amount)		5,490		6,299
	Allowances for credit losses		5		3
	Other assets		7		7
	Deposits		15,902		17,618
	Provisions		2		1
	Insurance liabilities		2,293		2,374
	Other liabilities		429		387
Others					
Retirement pension	Other assets		364		778
	Other liabilities		606		10,141

* Excluded from the Group's related party as of December 31, 2023, 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, 2023 and 2022, are as follows:

(In millions of Korean won)

		2023			
		Beginning	Loan	Collection	Ending
Associates and joint ventures					
Korea Credit Bureau Co., Ltd.		₩	38	₩	37
Incheon Bridge Co., Ltd.			128,159		346
Star-Lord General Investors Private Real Estate Investment Company No.10			149,294		296
KB Cape No.1 Private Equity Fund			2,017		(82)
RAND Bio Science Co., Ltd.			-		1
KG Capital Co., Ltd. *			40,040		(40,040)
Food Factory Co., Ltd.			4,041		446
Paycoms Co., Ltd. *			1,172		(1,172)
Big Dipper Co., Ltd.			18		14
RMGP Bio-Pharma Investment Fund, L.P.			6,384		(446)
RMGP Bio-Pharma Investment, L.P.			17		3
Wyatt Co., Ltd.			6,000		-
Banksalad Co., Ltd.			10,470		(1,322)
UPRISE, Inc.			5,248		462
Stratio, Inc.			1,000		-
Honest Fund, Inc.			3,999		-
CellinCells Co., Ltd.			2,007		3
KB No.21 Special Purpose Acquisition Company			2,959		28
KB No.22 Special Purpose Acquisition Company			1,972		1,013
KB No.23 Special Purpose Acquisition Company *			2,971		(1,482)
KB No.24 Special Purpose Acquisition Company *			6,975		(6,975)
KB No.25 Special Purpose Acquisition Company			-		2,025
KB No.26 Special Purpose Acquisition Company			-		2,204
KB No.27 Special Purpose Acquisition Company			-		6,054
COSES GT Co., Ltd.			5,436		1
Channel Corporation			18,099		(1,193)
Mitolimmune Therapeutics			7,000		-
Bioprotect Ltd.			3,802		672
Gomi corporation Inc.			6,234		5
Go2Joy Co., Ltd.			1,200		-
ClavisTherapeutics, Inc.			2,000		(2,000)

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43.3 Details of significant lending transactions with related parties for the years ended December 31, 2023 and 2022, are as follows: (cont'd)

(In millions of Korean won)

	2023			
	Beginning	Loan	Collection	Ending
S&E Bio Co., Ltd.	₩ 4,010	₩ 13	₩ (10)	₩ 4,013
Bluepointpartners Inc.	2,133	-	(259)	1,874
4N Inc.	200	-	(200)	-
Xenohelix Co., Ltd.	2,100	1,000	-	3,100
Contents First Inc.	17,294	365	(17)	17,642
KB-MDI Centauri Fund LP	17,471	1,522	-	18,993
OKXE Inc.	800	-	-	800
Checkmate Therapeutics Inc.	3,200	-	-	3,200
Mantisco Co., Ltd.	3,015	13	(15)	3,013
IMBiologics Corp.	5,004	2,005	(4)	7,005
Spark Biopharma Inc.	7,467	17	(17)	7,467
G1 Playground Co., Ltd.	1,000	-	(1,000)	-
Pin Therapeutics Inc.	5,013	11	(13)	5,011
Hibiscus Fund L.P.	10,221	2,694	-	12,915
SuperNGine Co., Ltd.	2,002	603	(6)	2,599
Desilo Inc.	3,468	-	-	3,468
RMG-KB BioAccess Fund L.P.	2,753	2,283	-	5,036
RMG-KB BP Management Ltd.	77	97	-	174
IGGYMOB Co., Ltd.	5,015	7	(15)	5,007
Turing Co., Ltd.	3,000	1,901	-	4,901
Kukka Co., Ltd.	2,490	-	-	2,490
ZIPDOC Inc.	2,000	-	-	2,000
Gushcloud Talent Agency	4,165	-	(477)	3,688
Grinergy Co., Ltd.	2,500	3,986	-	6,486
NexThera Co., Ltd.	2,000	1,000	-	3,000
Chabot Mobility Co., Ltd.	2,000	-	-	2,000
TeamSparta Inc.	4,001	307	-	4,308
FutureConnect Co., Ltd.	1,499	-	-	1,499
Wemade Connect Co., Ltd.	12,052	337	(52)	12,337
TMAP Mobility Co., Ltd.	-	106	-	106
Taeyoungjungkong Co.,Ltd.	-	46	(46)	-
Spoon Radio Co., Ltd.	-	19,506	-	19,506
Neuroptika Inc.	-	5,879	-	5,879
Youngwon Corporation *	-	4,793	(4,793)	-
Bigwave Robotics Crop.	-	2,781	-	2,781
Blinkers Inc.	-	999	-	999
3D Interactive Co., Ltd.	-	2,342	-	2,342
XL8 INC.	-	5,148	-	5,148
Elev8-Capital Fund I	-	6,656	-	6,656
AIM FUTURE, Inc.	-	2,900	-	2,900
New Daegu Busan Expressway Co., Ltd.	-	72,742	-	72,742
Novorex Inc.	-	2,000	-	2,000
Key management personnel	6,299	3,368	(4,177)	5,490

43.3 Details of significant lending transactions with related parties for the years ended December 31, 2023 and 2022, are as follows: (cont'd)

(In millions of Korean won)

	2022			
	Beginning	Loan	Collection	Ending
Associates and joint ventures				
Korea Credit Bureau Co., Ltd.	₩ 36	₩ 38	₩ (36)	₩ 38
Incheon Bridge Co., Ltd.	151,489	11	(23,341)	128,159
Star-Lord General Investors Private Real Estate Investment Company No.10	-	150,000	(706)	149,294
KB Star Office Private Real Estate Master Fund No.1 *	10,000	-	(10,000)	-
KB Cape No.1 Private Equity Fund	1,591	426	-	2,017
RAND Bio Science Co., Ltd.	1	-	(1)	-
KG Capital Co., Ltd. *	40,074	40	(74)	40,040
Food Factory Co., Ltd.	4,216	1,541	(1,716)	4,041
Paycoms Co., Ltd. *	1,269	-	(97)	1,172
Big Dipper Co., Ltd.	17	18	(17)	18
RMGP Bio-Pharma Investment Fund, L.P.	5,423	961	-	6,384
RMGP Bio-Pharma Investment, L.P.	14	3	-	17
Wyatt Co., Ltd.	6,000	-	-	6,000
Banksalad Co., Ltd.	9,090	1,380	-	10,470
UPRISE, Inc.	1,250	3,998	-	5,248
Stratio, Inc.	1,000	-	-	1,000
Honest Fund, Inc.	3,999	-	-	3,999
CellinCells Co., Ltd.	2,006	7	(6)	2,007
KB No.17 Special Purpose Acquisition Company *	1,301	-	(1,301)	-
KB No.18 Special Purpose Acquisition Company *	3,881	-	(3,881)	-
KB No.19 Special Purpose Acquisition Company *	2,091	-	(2,091)	-
KB No.20 Special Purpose Acquisition Company *	3,135	-	(3,135)	-
KB No.21 Special Purpose Acquisition Company	-	2,959	-	2,959
KB No.22 Special Purpose Acquisition Company	-	1,972	-	1,972
KB No.23 Special Purpose Acquisition Company *	-	2,971	-	2,971
KB No.24 Special Purpose Acquisition Company *	-	6,975	-	6,975
COSES GT Co., Ltd.	5,445	6	(15)	5,436
Bomapp Inc. *	19	-	(19)	-
Channel Corporation	14,551	3,548	-	18,099

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43.3 Details of significant lending transactions with related parties for the years ended December 31, 2023 and 2022, are as follows: (cont'd)

(In millions of Korean won)

	2022			
	Beginning	Loan	Collection	Ending
Associates and joint ventures				
MitolImmune Therapeutics	₩ 7,000	₩ -	₩ -	₩ 7,000
Bioprotect Ltd.	3,557	245	-	3,802
Gomi corporation Inc.	4,733	1,534	(33)	6,234
Copin Communications, Inc. *	4,801	-	(4,801)	-
Go2Joy Co., Ltd.	1,200	-	-	1,200
ClavisTherapeutics, Inc.	2,000	-	-	2,000
S&E Bio Co., Ltd.	2,000	2,010	-	4,010
Bluepointpartners Inc.	2,278	-	(145)	2,133
4N Inc.	200	-	-	200
Xenohelix Co., Ltd.	2,100	-	-	2,100
Contents First Inc.	7,277	10,017	-	17,294
KB-MDI Centauri Fund LP	9,633	7,838	-	17,471
SwatchOn Inc. *	3,418	-	(3,418)	-
OKXE Inc.	800	-	-	800
GENINUS Inc. *	5,872	-	(5,872)	-
Checkmate Therapeutics Inc.	2,200	1,000	-	3,200
Mantisco Co., Ltd.	3,001	15	(1)	3,015
IMBiologics Corp.	5,004	4	(4)	5,004
Spark Biopharma Inc.	4,967	2,517	(17)	7,467
G1 Playground Co., Ltd.	1,000	-	-	1,000
Pin Therapeutics Inc.	3,000	2,013	-	5,013
Hibiscus Fund L.P.	4,731	5,490	-	10,221
SuperNGine Co., Ltd.	1,998	6	(2)	2,002
Desilo Inc.	3,469	-	(1)	3,468
RMG-KB BioAccess Fund L.P.	353	2,400	-	2,753
RMG-KB BP Management Ltd.	7	70	-	77
IGGYMOB Co., Ltd.	5,006	15	(6)	5,015
Turing Co., Ltd.	3,000	-	-	3,000
Kukka Co., Ltd.	-	2,490	-	2,490
ZIPDOC Inc.	-	2,000	-	2,000
Gushcloud Talent Agency	-	4,165	-	4,165
Grinergy Co., Ltd.	-	2,500	-	2,500
NexThera Co., Ltd.	-	2,000	-	2,000
Chabot Mobility Co., Ltd.	-	2,000	-	2,000
TeamSparta Inc.	-	4,001	-	4,001
FutureConnect Co., Ltd.	-	1,499	-	1,499
Wemade Connect Co., Ltd.	-	12,052	-	12,052
Key management personnel	4,591	4,527	(2,819)	6,299

* Excluded from the Group's related party as of December 31, 2022.

43.4 Details of significant borrowing transactions with related parties for the years ended December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

	2023				
	Beginning	Borrowing	Repayment	Others ¹	Ending
Associates and joint ventures					
Korea Credit Bureau Co., Ltd.	₩ 27,889	₩ -	₩ -	₩ (10,886)	₩ 17,003
Incheon Bridge Co., Ltd.	48,639	67,100	(76,017)	1,270	40,992
Jungdo Co., Ltd.	4	-	-	-	4
Dae-A Leisure Co., Ltd.	154	-	-	(4)	150
Iwon Alloy Co., Ltd.	1	-	-	-	1
Computerlife Co., Ltd.	3	-	-	(3)	-
Skydigital Inc.	10	-	-	55	65
Aju Good Technology Venture Fund	7,222	1,323	(7,900)	557	1,202
KB-KDBC Pre-IPO New Technology Business Investment Fund	317	-	-	(271)	46
KB-Brain KOSDAQ Scale-up New Technology Business Investment Fund	1,526	-	-	(1,526)	-
WJ Private Equity Fund No.1	221	-	-	(118)	103
KG Capital Co., Ltd. ²	10	-	-	(10)	-
KB No.21 Special Purpose Acquisition Company	2,263	2,050	(2,000)	(52)	2,261
KB No.22 Special Purpose Acquisition Company	1,948	-	-	(100)	1,848
KB No.23 Special Purpose Acquisition Company ²	2,205	2,089	(4,223)	(71)	-
KB No.24 Special Purpose Acquisition Company ²	9,983	-	-	(9,983)	-
KB No.25 Special Purpose Acquisition Company	-	1,500	-	86	1,586
KB No.26 Special Purpose Acquisition Company	-	1,670	-	91	1,761
KB No.27 Special Purpose Acquisition Company	-	4,390	-	107	4,497
RAND Bio Science Co., Ltd.	3	-	-	1	4
Food Factory Co., Ltd.	664	-	-	(35)	629
Paycoms Co., Ltd. ²	1	-	-	(1)	-
Big Dipper Co., Ltd.	19	-	-	21	40
Wyatt Co., Ltd.	1	-	-	-	1
UPRISE, Inc.	27	-	-	(27)	-

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43.4 Details of significant borrowing transactions with related parties for the years ended December 31, 2023 and 2022, are as follows: (cont'd)

(In millions of Korean won)

	2023				
	Beginning	Borrowing	Repayment	Others ¹	Ending
Associates and joint ventures					
CellinCells Co., Ltd.	W 37	W -	W -	W -	W 37
COSES GT Co., Ltd.	1,213	-	-	(1,212)	1
Gomi corporation Inc.	915	-	-	(837)	78
S&E Bio Co., Ltd.	6,419	2,500	(2,000)	(4,577)	2,342
4N Inc.	5	-	-	44	49
Contents First Inc.	5,010	6,000	(10,000)	62	1,072
December & Company Inc. ²	1	-	-	(1)	-
Mantisco Co., Ltd.	623	-	-	(577)	46
Pin Therapeutics Inc.	6,033	7,217	(12,017)	(968)	265
Spark Biopharma Inc.	17,534	26,369	(30,779)	(1,705)	11,419
SuperNGine Co., Ltd.	17	-	-	52	69
Desilo Inc.	1	1	-	1	3
Turing Co., Ltd.	2,788	700	-	(1,762)	1,726
IGGYMOB Co., Ltd.	254	-	-	(254)	-
TMAP Mobility Co., Ltd.	30,000	170,000	(120,000)	16	80,016
KAELEEWALEE GLOBAL SAELAENJINSAMO INVESTMENT JE2HO LIMITED PARTNERSHIP	-	3,983	-	(193)	3,790
Nextrade Co., Ltd.	56,202	-	-	1	56,203
ZIPDOC Inc.	915	-	-	(734)	181
TeamSparta Inc.	12,502	7,000	(8,000)	(3,830)	7,672
Chabot Mobility Co., Ltd.	86	-	-	78	164
Wemade Connect Co., Ltd.	10,370	31,000	(30,217)	(2,310)	8,843
Channel Corporation	3,000	7,000	(8,000)	30	2,030
Bitgoeul Cheomdan Green 1st Co., Ltd.	-	-	-	833	833
KB-FT Green Growth No.1 New Technology Business Investment Association	-	700	-	-	700
Bigwave Robotics Crop.	-	-	-	4	4
3D Interactive Co., Ltd.	-	2,000	(2,000)	1,501	1,501
AIM FUTURE, Inc.	-	3,000	-	393	3,393
New Daegu Busan Expressway Co., Ltd.	-	-	-	146,169	146,169
Novorex Inc.	-	-	-	7	7
Xenohelix Co., Ltd.	-	-	-	904	904
Key management personnel	17,619	22,358	(20,389)	(3,686)	15,902

43.4 Details of significant borrowing transactions with related parties for the years ended December 31, 2023 and 2022, are as follows: (cont'd)

(In millions of Korean won)

	2022				
	Beginning	Borrowing	Repayment	Others ¹	Ending
Associates and joint ventures					
Korea Credit Bureau Co., Ltd.	W 10,200	W -	W -	W 17,689	W 27,889
Incheon Bridge Co., Ltd.	35,487	29,217	(15,000)	(1,065)	48,639
Jungdo Co., Ltd.	4	-	-	-	4
Dae-A Leisure Co., Ltd.	17	-	-	137	154
Iwon Alloy Co., Ltd.	-	-	-	1	1
Computerlife Co., Ltd.	-	-	-	3	3
Skydigital Inc.	85	-	-	(75)	10
Jo Yang Industrial Co., Ltd.	1	-	-	(1)	-
Aju Good Technology Venture Fund	6,286	6,577	(3,840)	(1,801)	7,222
KB-KDBC Pre-IPO New Technology Business Investment Fund	904	-	-	(587)	317
KB-Brain KOSDAQ Scale- up New Technology Business Investment Fund	1,524	-	-	2	1,526
WJ Private Equity Fund No.1	260	-	-	(39)	221
KB Star Office Private Real Estate Master Fund No.1 ²	2,578	-	(2,578)	-	-
KG Capital Co., Ltd. ²	17	-	-	(7)	10
KB No.17 Special Purpose Acquisition Company ²	1,687	-	(1,546)	(141)	-
KB No.18 Special Purpose Acquisition Company ²	2,077	-	(2,016)	(61)	-
KB No.19 Special Purpose Acquisition Company ²	1,013	-	(1,000)	(13)	-
KB No.20 Special Purpose Acquisition Company ²	1,681	-	(1,534)	(147)	-
KB No.21 Special Purpose Acquisition Company	-	2,000	-	263	2,263
KB No.22 Special Purpose Acquisition Company	-	-	-	1,948	1,948
KB No.23 Special Purpose Acquisition Company ²	-	2,133	-	72	2,205
KB No.24 Special Purpose Acquisition Company ²	-	-	-	9,983	9,983
RAND Bio Science Co., Ltd.	443	-	-	(440)	3
Food Factory Co., Ltd.	839	511	(1,018)	332	664
Acts Co., Ltd. ²	154	-	-	(154)	-
Paycoms Co., Ltd. ²	1	-	-	-	1

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43.4 Details of significant borrowing transactions with related parties for the years ended December 31, 2023 and 2022, are as follows: (cont'd)

(In millions of Korean won)

	2022				
	Beginning	Borrowing	Repayment	Others ¹	Ending
Associates and joint ventures					
Big Dipper Co., Ltd.	₩ -	₩ 300	₩ (300)	₩ 19	₩ 19
Wyatt Co., Ltd.	1	-	-	-	1
UPRISE, Inc.	4,001	-	-	(3,974)	27
CellinCells Co., Ltd.	38	-	-	(1)	37
COSES GT Co., Ltd.	1,939	-	-	(726)	1,213
SwatchOn Inc. ²	686	-	-	(686)	-
Gomi corporation Inc.	3,188	-	-	(2,273)	915
S&E Bio Co., Ltd.	263	50	-	6,106	6,419
KB Pre IPO Secondary Venture Fund No.1 ²	103	-	-	(103)	-
4N Inc.	39	-	-	(34)	5
Contents First Inc.	12,650	10,000	(16,000)	(1,640)	5,010
December & Company Inc. ²	1	-	-	-	1
GENINUS Inc. ²	34,415	-	-	(34,415)	-
Mantisco Co., Ltd.	386	-	-	237	623
Pin Therapeutics Inc.	-	21,000	(16,200)	1,233	6,033
Spark Biopharma Inc.	6,015	41,165	(27,539)	(2,107)	17,534
G1 Playground Co., Ltd.	354	-	-	(354)	-
SuperNGine Co., Ltd.	944	-	-	(927)	17
Desilo Inc.	168	-	-	(167)	1
Turing Co., Ltd.	1,054	-	-	1,734	2,788
IGGYMOB Co., Ltd.	2,938	-	-	(2,684)	254
TMAP Mobility Co., Ltd.	-	80,000	(50,000)	-	30,000
Nexttrade Co., Ltd.	-	56,200	-	2	56,202
Kukka Co., Ltd.	-	-	-	-	-
ZIPDOC Inc.	-	-	-	915	915
TeamSparta Inc.	-	9,000	(4,000)	7,502	12,502
Chabot Mobility Co., Ltd.	-	-	-	86	86
Wemade Connect Co., Ltd.	-	11,010	(3,267)	2,627	10,370
Wise Asset Management Co., Ltd. ²	-	6	(6)	-	-
Channel Corporation	-	6,000	(3,000)	-	3,000
Key management personnel	16,996	20,855	(17,189)	(3,043)	17,619

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, 2023.

43.5 Details of significant investment and withdrawal transactions with related parties for the years ended December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

	2023		2022	
	Equity investment and others	Withdrawal and others	Equity investment and others	Withdrawal and others
Balhae Infrastructure Company	₩ -	₩ 10,661	₩ -	₩ 26,054
KoFC POSCO Hanwha KB Shared Growth Private Equity Fund No.2 *	-	-	-	5
POSCO-KB Shipbuilding Fund *	-	-	-	950
KB Pre IPO Secondary Venture Fund No.1 *	-	-	-	1,429
KB-KDBC Pre-IPO New Technology Business Investment Fund	-	-	-	5,200
KB-SJ Tourism Venture Fund	-	-	-	400
Korea Credit Bureau Co., Ltd.	-	90	-	-
KB-UTC Inno-Tech Venture Fund	-	2,250	-	-
KB-Solidus Global Healthcare Fund	-	16,440	-	19,630
KB-Stonebridge Secondary Private Equity Fund	-	7,191	4,369	4,216
KB Star Office Private Real Estate Master Fund No.1 *	-	-	-	26,240
KB SPROTT Renewable Private Equity Fund No.1	-	476	12,247	-
KB-NAU Special Situation Corporate Restructuring Private Equity Fund	1,800	2,572	1,320	4,706
KB Bio Private Equity No.3 Ltd. *	-	-	-	10,000
Project Vanilla Co., Ltd. *	-	-	-	525
KB-TS Technology Venture Private Equity Fund	-	672	-	4,536
KB-Brain KOSDAQ Scale-up New Technology Business Investment Fund	-	12,500	-	12,800
Aju Good Technology Venture Fund	-	11,377	-	5,400
498/7 Owners LLC *	-	-	-	166,851
KB-KTB Technology Venture Fund	5,600	-	11,200	-
KB-SOLIDUS Healthcare Investment Fund	21,861	-	18,000	-
Paramark KB Fund No.1	3,342	-	12,444	2,285
FineKB Private Equity Fund No.1	-	2,125	7,500	3,100
KB-GeneN Medical Venture Fund No.1	-	-	2,000	-
KB-BridgePole Venture Investment Fund	-	714	850	-
KB-Kyobo New Mobility Power Fund	-	-	3,000	-
DA-Friend New Technology Investment Fund No.2	-	-	988	-
Cornerstone Pentastone Fund No.4	-	-	818	-
SKS-VLP New Technology Investment Fund No.2 *	-	1,156	1,156	-
JS Private Equity Fund No.3	-	-	1,700	-
Mirae Asset Mobility Investment Fund No.1	-	-	2,000	-
KB-FT 1st Green Growth Investment Fund	-	-	2,000	-
THE CHAEUL FUND NO.1	-	-	1,000	-
Star-Lord General Investors Private Real Estate Investment Company No.10	-	-	46,700	10
KB Co-Investment Private Equity Fund No.1	2,208	-	7,268	-
Glenwood Credit Private Equity Fund No.2	-	-	42,000	-
Apollo REIT PropCo LLC *	-	-	19,968	19,968

KB Financial Group Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

43.5 Details of significant investment and withdrawal transactions with related parties for the years ended December 31, 2023 and 2022, are as follows: (cont'd)

(In millions of Korean won)	2023		2022	
	Equity investment and others	Withdrawal and others	Equity investment and others	Withdrawal and others
TMAP Mobility Co., Ltd.	₩ -	₩ -	₩ 200,000	₩ -
POSITIVE Sobujang Venture Fund No.1	-	-	2,000	-
History 2022 Fintech Fund	-	-	2,000	-
PEBBLES-MW M.C.E New Technology Investment Fund 1st*	-	2,000	2,000	-
KB-NP Green ESG New Technology Venture Capital Fund	9,075	-	9,350	-
Nextrade Co., Ltd.	-	-	9,700	-
KB-Badgers Future Mobility ESG Fund No.1	5,540	-	2,137	-
Shinhan Global Mobility Fund No.1	-	-	1,345	-
SKB Next Unicorn K-Battery Fund No.1	-	-	1,995	-
Lakewood-AVES Fund No.1	2,000	-	-	-
MW-Pyco NewWave New Technology Investment Fund 4th	2,000	-	-	-
KB No.23 Special Purpose Acquisition Company *	-	5	-	-
KB No.24 Special Purpose Acquisition Company *	25	25	-	-
KB No.25 Special Purpose Acquisition Company	5	-	-	-
KB No.26 Special Purpose Acquisition Company	5	-	-	-
Bitgoeul Cheomdan Green 1st Co., Ltd.	190	-	-	-
KB-SUSUNG 1st Investment Fund	2,000	-	-	-
Friend 55 New Technology Business Investment Fund	1,200	-	-	-
Hahn & Company No. 4-3 Private Equity Fund *	7,183	32	-	-
KB No.27 Special Purpose Acquisition Company	5	-	-	-
DSIP-Pharos Bioenergy Fund	4,000	-	-	-
Shinhan-Eco Venture Fund 2nd	1,825	-	-	-
Leading H2O Fund 1	1,500	-	-	-
2023 JB Newtech No.2 Fund	1,800	-	-	-
KAELEEWALEE GLOBAL SAELAENJINSAMO INVESTMENT JE2HO LIMITED PARTNERSHIP	27,034	-	-	-
U-KB Credit No.1 Private Equity	6,419	-	-	-
KB-BridgePole Venture Investment Fund No.2	1,500	-	-	-
Sirius Silicon Valley I New Technology Fund	500	-	-	-

* Excluded from the Group's related party as of December 31, 2023.

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

(In millions of Korean won or in a US Dollar or Malaysian ringgit or the Indonesian Rupiah)	December 31, 2023	December 31, 2022
Associates and joint ventures		
Balhae Infrastructure Company	₩ 6,154	₩ 6,154
Korea Credit Bureau Co., Ltd.	563	562
Incheon Bridge Co., Ltd.	20,000	20,000
TeamSparta Inc.	1,000	-
3D Interactive Co., Ltd.	88	89
KG Capital Co., Ltd. *	633	-
Food Factory Co., Ltd.	8	-
KB No.23 Special Purpose Acquisition Company *	-	110
CellinCells Co., Ltd.	55	52
RAND Bio Science Co., Ltd.	-	12
Big Dipper Co., Ltd.	21	17
Gomi corporation Inc.	24	25
COSES GT Co., Ltd.	31	27
Spark Biopharma Inc.	45	16
Mantisco Co., Ltd.	29	24
IMBiologics Corp.	33	33
SuperNGine Co., Ltd.	17	15
IGGYMOB Co., Ltd.	18	18
Pin Therapeutics Inc.	37	14
Grinerly Co., Ltd.	43	35
S&E Bio Co., Ltd.	39	37
Wemade Connect Co., Ltd.	10	10
TMAP Mobility Co., Ltd.	37	40
Contents First Inc.	156	148
Bigwave Robotics Crop.	710	-
KB-TS Technology Venture Private Equity Fund	135	-
KB SPROTT Renewable Private Equity Fund No.1	69	-
KB-Stonebridge Secondary Private Equity Fund	110	110
KB-NAU Special Situation Corporate Restructuring Private Equity Fund	-	5,140
All Together Korea Fund No.2	864	864
KB-KTB Technology Venture Fund	13,488	15,288
	990,000	990,000
	5,600	11,200

KB Financial Group Inc. and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

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

<i>(In millions of Korean won or in a US Dollar or Malaysian ringgit or the Indonesian Rupiah)</i>		December 31, 2023	December 31, 2022
KB-SOLIDUS Healthcare Investment Fund	Purchase of securities	₩ 46,884	₩ 70,200
KB Co-Investment Private Equity Fund No.1	Purchase of securities	13,524	15,732
KB-Badgers Future Mobility ESG Fund No.1	Purchase of securities	37,323	42,863
U-KB Credit No.1 Private Equity	Purchase of securities	8,395	-
KB-NP Green ESG New Technology Venture Capital Fund	Purchase of securities	29,550	40,650
FineKB Private Equity Fund No.1	Purchase of securities	9,125	9,125
FineKB Private Equity Fund No.2	Purchase of securities	500	-
KB-Solidus Global Healthcare Fund	Purchase of securities Commitments on loss absorption priority	2,120 4,500	2,120 4,500
Paramark KB Fund No.1	Purchase of securities	14,490	17,832
Smart Korea KB Future9-Sejong Venture Fund	Purchase of securities	2,000	-
Shinhan-Eco Venture Fund 2nd	Purchase of securities	675	-
RMGP Bio-Pharma Investment Fund, L.P.	Purchase of securities	USD 3,622,333	USD 4,094,487
RMGP Bio-Pharma Investment, L.P.	Purchase of securities	USD 10,027	USD 10,731
KB-MDI Centauri Fund LP	Purchase of securities	-	USD 1,744,518
Hibiscus Fund L.P.	Purchase of securities	-	MYR 16,666.667
RMG-KB BP Management Ltd.	Purchase of securities	USD 630,679	USD 699,733
RMG-KB BioAccess Fund L.P.	Purchase of securities	USD 24,722,014	USD 27,428,899
Elev8-Capital Fund I	Purchase of securities	IDR 2,445,497,800	-
Ascent Global Fund III	Purchase of securities	USD 35,000,000	-
Key management personnel	Loan commitments in Korean won	2,666	2,354

* Excluded from the Group's related party as of December 31, 2023.

43.7 Details of compensation to key management personnel for the years ended December 31, 2023 and 2022, are as follows:

	2023			
	Short-term employee benefits	Post-employment benefits	Share-based payments	Total
Registered directors (executive)	₩ 7,874	₩ 930	₩ 8,654	₩ 17,458
Registered directors (non-executive)	1,092	-	-	1,092
Non-registered directors	18,087	707	15,816	34,610
	₩ 27,053	₩ 1,637	₩ 24,470	₩ 53,160

	2022			
	Short-term employee benefits	Post-employment benefits	Share-based payments	Total
Registered directors (executive)	₩ 8,725	₩ 863	₩ 7,487	₩ 17,075
Registered directors (non-executive)	1,058	-	-	1,058
Non-registered directors	16,756	484	12,432	29,672
	₩ 26,539	₩ 1,347	₩ 19,919	₩ 47,805

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

	Assets held as collateral	December 31, 2023	December 31, 2022
		Time deposits and others	₩ 638
Real estate		6,326	7,483

As of December 31, 2023, Incheon Bridge Co., Ltd. a related party, provides fund management account, civil engineering works insurance, and management and operations rights as senior collateral amounting to ₩ 611,000 million to the project financing group consisting of the Group and 5 other institutions, and as subordinated collateral amounting to ₩ 384,800 million to subordinated debt holders consisting of the Group and 2 other institutions. Also, it provides certificate of credit guarantee amounting to ₩ 400,000 million as collateral to the project financing group consisting of the Group and 5 other institutions.

KB Financial Group Inc. and Subsidiaries Notes to the Consolidated Financial Statements December 31, 2023 and 2022

44. Events after the reporting period

The Group plans to acquire ₩ 320,000 million of its own shares and retire the treasury shares by August 7, 2024 pursuant to board resolutions dated February 7, 2024.

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, 2023, was initially approved on February 7, 2024 and re-approved due to revision on March 5, 2024 by the Board of Directors.



Independent Auditor's Report on Internal Control over Financial Reporting for Consolidation Purposes

(English Translation of a Report Originally Issued in Korean)

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

Opinion on Internal Control over Financial Reporting for Consolidation Purposes

We have audited Internal Control over Financial Reporting (ICFR) of KB Financial Group Co., Ltd. and its subsidiaries (collectively referred to as the "Group") for consolidation purposes as at December 31, 2023, based on *Conceptual Framework for Designing and Operating Internal Control over Financial Reporting*.

In our opinion, the Group maintained, in all material respects, effective ICFR for consolidation purposes as at December 31, 2023, based on *Conceptual Framework for Designing and Operating Internal Control over Financial Reporting*.

We also have audited, in accordance with Korean Standards on Auditing, the consolidated financial statements of the Group, which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flow for the year then ended, and notes to the consolidated financial statements including material accounting policy information, and our report dated March 6, 2024 expressed an unqualified opinion.

Basis for Opinion on Internal Control over Financial Reporting for Consolidation Purposes

We conducted our audit in accordance with Korean Standards on Auditing. Our responsibility under these standards are further described in the *Auditor's Responsibilities for the Audit of Internal Control over Financial Reporting for consolidation purposes section of our report*. We are independent of the Group in accordance with the ethical requirements of the Republic of Korea that are relevant to our audit of ICFR for consolidation purposes and we have fulfilled our other ethical responsibilities in accordance with the ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management and Those Charged with Governance for Internal Control over Financial Reporting for Consolidation Purposes

Management is responsible for designing, implementing and maintaining effective ICFR for consolidation purposes, and for its assessment about the effectiveness of ICFR for consolidation purposes, included in the accompanying 'Operating Status Report of Internal Control over Financial Reporting for Consolidation Purposes'.

Those charged with governance have the responsibilities for overseeing ICFR for consolidation purposes.

Auditor's Responsibilities for the Audit of Internal Control over Financial Reporting for Consolidation Purposes

Our responsibility is to express an opinion on ICFR for consolidation purposes of the Group based on our audit. We conducted the audit in accordance with Korean Standards on Auditing. Those standards require



that we plan and perform the audit to obtain reasonable assurance about whether effective ICFR for consolidation purposes was maintained in all material respects.

An audit of ICFR for consolidation purposes involves performing procedures to obtain audit evidence about whether a material weakness exists. The procedures selected depend on the auditor's judgment, including the assessment of the risks that a material weakness exists. An audit includes obtaining an understanding of ICFR for consolidation purposes and testing and evaluating the design and operating effectiveness of ICFR for consolidation purposes based on the assessed risk.

Definition and Inherent Limitations of Internal Control over Financial Reporting for Consolidation Purposes

An entity's ICFR for consolidation purposes is a process effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance regarding the preparation of reliable consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the Republic of Korea. An entity's ICFR for consolidation purposes includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the entity; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the Republic of Korea, and that receipts and expenditures of the entity are being made only in accordance with authorizations of management and those charged with governance; and (3) provide reasonable assurance regarding prevention, or timely detection and correction of unauthorized acquisition, use, or disposition of the entity's assets that could have a material effect on the consolidated financial statements.

Because of its inherent limitations, ICFR for consolidation purposes may not prevent, or detect and correct, misstatements. Also, projections of any assessment of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The engagement partner on the audit resulting in this independent auditor's report is Yeob Yu, Certified Public Accountant.

/s/ Samil PricewaterhouseCoopers
Seoul, Korea
March 6, 2024

This report is effective as at March 6, 2024, 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 Group's ICFR for consolidation purposes thereto. Accordingly, the readers of the audit report should understand that there is a possibility that the above audit report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

Operating Status Report of the Internal Control over Financial Reporting for Consolidation Purposes

To the Shareholder, Board of Directors and Audit Committee of KB Financial Group Inc..

We, as the Chief Executive Officer and the Internal Accounting Manager of of KB Financial Group Inc. ("the Company"), assessed operating status of the Company's Internal Control over Financial Reporting for Consolidation Purposes ("ICFR") for the year ending December 31, 2023.

Design and operation of ICFR is the responsibility of the Company's management, including the Chief Executive Officer and the Internal Accounting Manager (collectively, "We", "Our" or "Us").

We evaluated whether the Company effectively designed and operated its ICFR to prevent and detect errors or frauds which may cause a misstatement in consolidated financial statements to ensure preparation and disclosure of reliable consolidated financial information.

We used the 'Conceptual Framework for Designing and Operating Internal Control over Financial Reporting' established by the Operating Committee of Internal Control over Financial Reporting in Korea (the "ICFR Committee") as the criteria for design and operation of the Company's ICFR. And we conducted an evaluation of ICFR based on the 'Management Guideline for Evaluating and Reporting Effectiveness of Internal Control over Financial Reporting' established by the ICFR Committee.

Based on our assessment, we concluded that the Company's ICFR is designed and operated effectively as of December 31, 2023, in all material respects, in accordance with the 'Conceptual Framework for Designing and Operating Internal Control over Financial Reporting'.

We certify that this report does not contain any untrue statement of a fact, or omit to state a fact necessary to be presented herein. We also certify that this report does not contain or present any statements which might cause material misunderstandings of the readers, and we have reviewed and verified this report with sufficient care.

March 5, 2024

Jong Hee Yang,
Chief Executive Officer

Jae Kwan Kim,
Internal Accounting Manager



Independent Auditor's Report

(English Translation of a Report Originally Issued in Korean)

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

Opinion

We have audited the accompanying separate financial statements of KB Financial Group Inc. (the Company), which comprise the separate statement of financial position as at December 31, 2023, and the separate statement of comprehensive income, separate statement of changes in equity and separate statement of cash flows for the year then ended, and notes to the separate financial statements, including material accounting policy information.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the separate financial position of the Company as at December 31, 2023, and its separate financial performance and its separate cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (Korean IFRS).

We also have audited, in accordance with Korean Standards on Auditing, the Company's Internal Control over Financial Reporting as of December 31, 2023, based on *Conceptual Framework for Designing and Operating Internal Control over Financial Reporting*, and our report dated March 6, 2024 expressed an unqualified opinion.

Basis for Opinion

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

Key Audit Matters

There is no key audit matter identified to be described in this audit report.

Other Matters

The separate financial statements of the Company for the year ended December 31, 2022, were audited by another auditor who expressed an unqualified opinion on those statements on March 7, 2023.

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



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

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

In preparing the 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 Korean Standards on Auditing 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 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 auditor's report to the related disclosures in the 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 auditor's 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 financial statements, including the disclosures, and whether the 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 internal control 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 to 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 financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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 auditor's report is Yeob Yu, Certified Public Accountant.

/s/ Samil PricewaterhouseCoopers
Seoul, Korea
March 6, 2024

This report is effective as of March 6, 2024, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying separate financial statements and notes thereto. Accordingly, the readers of the audit report should understand that there is a possibility that the above audit report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

KB Financial Group Inc.
Separate Statements of Financial Position
December 31, 2023 and 2022

(In millions of Korean won)

	Notes	December 31, 2023	December 31, 2022
Assets			
Cash and due from financial institutions	4,5,6,29	₩ 256,337	₩ 351,056
Financial assets at fair value through profit or loss	4,5,7	1,376,423	1,522,314
Loans measured at amortized cost	4,5,8	608,286	522,326
Investments in subsidiaries	9	26,717,817	26,741,438
Property and equipment	10	3,080	3,552
Intangible assets	11	15,954	16,752
Net defined benefit assets	17	3,694	4,288
Deferred income tax assets	13	4,492	19,904
Other assets	4,5,14	542,815	1,272,197
Total assets		₩ 29,528,898	₩ 30,453,827
Liabilities			
Borrowings	4,5,15	100,000	-
Debentures	4,5,16	3,871,820	4,956,949
Current income tax liabilities		104,299	926,573
Other liabilities	4,5,18	410,704	338,489
Total liabilities		4,486,823	6,222,011
Equity			
	19		
Share capital		2,090,558	2,090,558
Hybrid securities		5,032,518	4,433,981
Capital surplus		14,754,747	14,754,747
Accumulated other comprehensive loss		(6,809)	(5,847)
Retained earnings		4,336,898	3,794,565
Treasury shares		(1,165,837)	(836,188)
Total equity		25,042,075	24,231,816
Total liabilities and equity		₩ 29,528,898	₩ 30,453,827

KB Financial Group Inc.
Separate Statements of Comprehensive Income
Years Ended December 31, 2023 and 2022

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

	Notes	2023	2022
Interest income		₩ 35,127	₩ 19,402
Interest income from financial instruments at amortized cost		31,932	16,525
Interest income from financial instruments at fair value through profit or loss		3,195	2,877
Interest expense		(99,980)	(112,353)
Net interest expense	21	<u>(64,853)</u>	<u>(92,951)</u>
Fee and commission income		2,585	3,399
Fee and commission expense		(12,972)	(12,085)
Net fee and commission expense	22	<u>(10,387)</u>	<u>(8,686)</u>
Net gains (losses) on financial instruments at fair value through profit or loss	23	<u>108,399</u>	<u>(11,794)</u>
Net other operating income	24	<u>2,192,385</u>	<u>1,871,224</u>
General and administrative expenses	25	(92,603)	(89,149)
Operating income before provision for credit losses		2,132,941	1,668,644
Provision for credit losses		(546)	(303)
Net operating income		2,132,395	1,668,341
Net non-operating income	26	4,606	908
Profit before tax		2,137,001	1,669,249
Income tax benefit (expense)	27	(15,757)	15,263
Profit for the year		<u>2,121,244</u>	<u>1,684,512</u>
Items that will not be reclassified to profit or loss:			
Remeasurements of net defined benefit liabilities		(962)	2,483
Other comprehensive income(loss) for the year, net of tax		<u>(962)</u>	<u>2,483</u>
Total comprehensive income for the year		<u>₩ 2,120,282</u>	<u>₩ 1,686,995</u>
Earnings per share	28		
Basic earnings per share		₩ 5,042	₩ 3,999
Diluted earnings per share		4,929	3,912

KB Financial Group Inc.
Separate Statements of Changes in Equity
Years Ended December 31, 2023 and 2022

(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, 2022	₩ 2,090,558	₩ 2,837,981	₩ 14,754,747	₩ (8,330)	₩ 3,974,206	₩ (1,136,188)	₩ 22,512,974
Comprehensive income for the year							
Profit for the year	-	-	-	-	1,684,512	-	1,684,512
Remeasurements of net defined benefit liabilities	-	-	-	2,483	-	-	2,483
Total comprehensive income for the year	-	-	-	2,483	1,684,512	-	1,686,995
Transactions with shareholders							
Annual dividends	-	-	-	-	(853,299)	-	(853,299)
Quarterly dividends	-	-	-	-	(584,452)	-	(584,452)
Retirement of treasury shares	-	-	-	-	(300,000)	300,000	-
Issuance of hybrid securities	-	1,596,000	-	-	-	-	1,596,000
Dividends on hybrid securities	-	-	-	-	(126,402)	-	(126,402)
Total transactions with shareholders	-	1,596,000	-	-	(1,864,153)	300,000	31,847
Balance as of December 31, 2022	₩ 2,090,558	₩ 4,433,981	₩ 14,754,747	₩ (5,847)	₩ 3,794,565	₩ (836,188)	₩ 24,231,816
Balance as of January 1, 2023	₩ 2,090,558	₩ 4,433,981	₩ 14,754,747	₩ (5,847)	₩ 3,794,565	₩ (836,188)	₩ 24,231,816
Comprehensive income for the year							
Profit for the year	-	-	-	-	2,121,244	-	2,121,244
Remeasurements of net defined benefit liabilities	-	-	-	(962)	-	-	(962)
Total comprehensive income for the year	-	-	-	(962)	2,121,244	-	2,120,282
Transactions with shareholders							
Annual dividends	-	-	-	-	(564,970)	-	(564,970)
Quarterly dividends	-	-	-	-	(586,931)	-	(586,931)
Acquisition of treasury shares	-	-	-	-	-	(571,745)	(571,745)
Retirement of treasury shares	-	-	-	-	(242,096)	242,096	-
Issuance of hybrid securities	-	598,537	-	-	-	-	598,537
Dividends on hybrid securities	-	-	-	-	(184,914)	-	(184,914)
Total transactions with shareholders	-	598,537	-	-	(1,578,911)	(329,649)	(1,310,023)
Balance as of December 31, 2023	₩ 2,090,558	₩ 5,032,518	₩ 14,754,747	₩ (6,809)	₩ 4,336,898	₩ (1,165,837)	₩ 25,042,075

KB Financial Group Inc.
Separate Statements of Cash Flows
Years Ended December 31, 2023 and 2022

(In millions of Korean won)

	Notes	2023	2022
Cash flows from operating activities			
Profit for the year		₩ 2,121,244	₩ 1,684,512
Adjustment for non-cash items			
Depreciation and amortization expense		5,630	6,245
Provision for credit losses		546	303
Share-based payments		8,551	5,801
Net interest expense		4,187	3,289
Valuation losses (gains) on financial assets at fair value through profit or loss		(52,472)	50,002
Disposal gains of subsidiaries		(3,917)	-
Net other income (expense)		1,857	2,140
		<u>(35,618)</u>	<u>67,780</u>
Changes in operating assets and liabilities			
Due from financial institutions		(20,000)	(30,000)
Deferred income tax assets		15,757	(15,263)
Other assets		(13,379)	7,011
Other liabilities		(13,025)	(21,721)
		<u>(30,647)</u>	<u>(59,973)</u>
Net cash inflow from operating activities		<u>2,054,979</u>	<u>1,692,319</u>
Cash flows from investing activities			
Acquisition of financial assets at fair value through profit or loss		(100,000)	(1,330,000)
Disposal of financial assets at fair value through profit of loss		300,000	200,000
Disposal of subsidiaries		27,539	-
Increase in loans measured at amortized cost		(100,000)	(273,500)
Decrease in loans measured at amortized cost		13,500	-
Acquisition of property and equipment		(455)	(1,690)
Acquisition of intangible assets		(3,229)	(1,178)
Disposal of intangible assets		1,277	20
Net increase in guarantee deposits paid		(7,747)	(2,325)
Other investing activities		(52)	(827)
Net cash inflow (outflow) from investing activities		<u>130,833</u>	<u>(1,409,500)</u>
Cash flows from financing activities			
Increase in borrowings		100,000	-
Increase in debentures		-	498,898
Decrease in debentures		(1,090,000)	(1,100,000)
Dividends paid to shareholders		(1,151,901)	(1,437,751)
Redemption of principal of lease liabilities		(617)	(584)
Acquisition of treasury shares		(571,745)	-
Issuance of hybrid securities		598,537	1,596,000
Dividends paid on hybrid securities		(184,914)	(126,402)
Other financing activities		109	-
Net cash outflow from financing activities		<u>(2,300,531)</u>	<u>(569,839)</u>
Net increase (decrease) in cash and cash equivalents		<u>(114,719)</u>	<u>(287,020)</u>
Cash and cash equivalents at the beginning of the year	28	<u>231,053</u>	<u>518,073</u>
Cash and cash equivalents at the end of the year	28	<u>₩ 116,334</u>	<u>₩ 231,053</u>

KB Financial Group Inc.
Notes to the Separate Financial Statements
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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, 2023, is ₩ 2,090,558 million. In 2011, Kookmin Bank spun off its credit card business segment and established a new separate credit card company, KB Kookmin Card Co., Ltd., and KB Investment & Securities Co., Ltd. merged with KB Futures Co., Ltd. The Company established KB Savings Bank Co., Ltd. in January 2012, acquired Yehansoul Savings Bank Co., Ltd. in September 2013, and KB Savings Bank Co., Ltd. merged with Yehansoul Savings Bank Co., Ltd. in January 2014. In March 2014, the Company acquired Woori Financial Co., Ltd. and changed the name to KB Capital Co., Ltd. Meanwhile, the Company included LIG Insurance Co., Ltd. as an associate and changed the name to KB Insurance Co., Ltd. in June 2015, and KB Insurance Co., Ltd. became one of the subsidiaries through a tender offer in May 2017. Also, the Company included Hyundai Securities Co., Ltd. as an associate in June 2016 and included as a subsidiary in October 2016 by comprehensive exchange of shares. Hyundai Securities Co., Ltd. merged with KB Investment & Securities Co., Ltd. in December 2016 and changed its name to KB Securities Co., Ltd. in January 2017. In August 2020, the Group acquired Prudential Life Insurance Company of Korea Ltd. which was classified as a subsidiary and the name was changed to KB Life Insurance Co., Ltd. in December 2022. Then in January 2023, it merged with another existing KB Life Insurance Co., Ltd. The Company sold 100% shares of KB Credit Information Co., Ltd. to KB Kookmin Card Co., Ltd. on June 30, 2023.

The Company has been listed on the Korea Exchange ("KRX") since October 10, 2008, and on the New York Stock Exchange ("NYSE") for its American Depositary Shares ("ADS") since September 29, 2008. Number of shares authorized on its Articles of Incorporation is 1,000 million.

2. Basis of Preparation

2.1 Application of Korean IFRS

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

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

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

The separate financial statements have been prepared in accordance with Korean IFRS No.1027 *Separate Financial Statements*.

KB Financial Group Inc. Notes to the Separate Financial Statements December 31, 2023 and 2022

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

- Issuance of Korean IFRS No.1117 Insurance Contracts

Korean IFRS No.1117 *Insurance Contracts* replaced 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. These amendments do not 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. These amendments do not 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. These amendments do not 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. These amendments do not have a significant impact on the financial statements.

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

The amendments require disclosures about gains or losses on valuation occurred for the reporting period (but are limited to those included in profit or loss) for the conversion options or warrants (or financial liabilities with warrants), if all or part of the financial instrument whose exercise price is adjusted due to the issuers' stock price fluctuations, are classified as financial liabilities according to paragraph 11 of Korean IFRS No.1032 *Financial Instruments: Presentation*. These amendments do not have a significant impact on the financial statements.

- Amendments to Korean IFRS No.1012 Income Taxes – International Tax Reform: Pillar 2 Model Rules

The amendment reflects the enactment of laws reflecting the Pillar 2 Model Rules for International Tax Reform aimed at reforming international taxation for multinational enterprises. It temporarily relaxes the accounting treatment of deferred tax resulting from this law and requires disclosure of related current year income tax effects. The Company has applied a temporary exemption provision regarding the recognition and disclosure of deferred taxes related to the Pillar 2 rules. As this law is scheduled to be enacted on January 1, 2024, it will not have an impact on consolidated financial statements. Meanwhile, the Company is reviewing the impact of the global minimum tax.

KB Financial Group Inc. Notes to the Separate Financial Statements December 31, 2023 and 2022

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

- Amendment of Korean IFRS No.1001 "Presentation of Financial Statements" - Classification of Liabilities into Current and Non-Current

Liabilities are classified as current or non-current based on their substantive rights existing at the end of the reporting period, without considering the possibility of exercising the right to delay the payment or the management's expectations. Also, if the transfer of equity instruments is included in the payment of liabilities, it is excluded if the option to pay with equity instruments is recognized separately from the liability in a compound financial instrument and meets the definition of equity instruments. This amendment will be applied to the financial statements for the accounting year beginning on or after January 1, 2024. The Company expects that this amendment will not have a significant impact on the financial statements.

- Amendment of Korean IFRS No.1007 "Statement of Cash Flows" and No.1107 "Financial Instruments: Disclosures" – Disclosure of Supplier Finance Arrangements

The amendments require disclosure of the effects of supplier finance arrangements on the Company's liabilities, cash flows and exposure to liquidity risk. This amendment will be applied to the financial statements for the accounting year beginning on or after January 1, 2024. The Company expects that this amendment will not have a significant impact on the financial statements.

- Amendment of Korean IFRS No.1116 "Leases" - Lease Liability in a Sale and Leaseback

The amendments require a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognize any amount of the gain or loss that relates to the right of use it retains. This amendment will be applied to the financial statements for the accounting year beginning on or after January 1, 2024. The Company expects that this amendment will not have a significant impact on the financial statements.

- Amendment of Korean IFRS No.1001 "Presentation of Financial Statements" – Disclosure of Virtual Asset

The amendments require additional disclosure for virtual assets held by the Company, virtual assets entrusted by customers to the Company, and the issuance and transfer of virtual assets. This amendment will be applied to the financial statements for the accounting year beginning on or after January 1, 2024. The Company expects that this amendment will not have a significant impact on the financial statements.

2.2 Measurement Basis

The separate financial statements have been prepared under the historical cost convention unless otherwise specified.

2.3 Functional and Presentation Currency

Items included in the separate financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ("functional currency"). The separate financial statements are presented in Korean won, which is the Company's functional and presentation currency.

KB Financial Group Inc.

Notes to the Separate Financial Statements

December 31, 2023 and 2022

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. Material 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.

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.

KB Financial Group Inc. Notes to the Separate Financial Statements December 31, 2023 and 2022

3.1.2.2 Fair value (cont'd)

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

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

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

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

Level 3 : Unobservable inputs for the asset or liability

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

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

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

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

3.1.3 Derecognition

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

3.1.3.1 Derecognition of financial assets

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

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

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

3.1.3.2 Derecognition of financial liabilities

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

3.1.4 Offsetting

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

3.2 Cash and Due from Financial Institutions

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

KB Financial Group Inc.

Notes to the Separate Financial Statements

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3.3 Non-derivative Financial Assets

3.3.1 Financial assets at fair value through profit or loss

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

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

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

3.3.2 Financial assets at fair value through other comprehensive income

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

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

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

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

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

3.3.3 Financial assets at amortized cost

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

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.

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.

KB Financial Group Inc. Notes to the Separate Financial Statements December 31, 2023 and 2022

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	(-)
Benchmark interest rate	(+)
Three-year yields of Korea treasury bond	(+)
AA- rated corporate bond (3-year)	(+)
BBB- rated corporate bond (3-year)	(+)
Composite stock index	(-)
Rate of increase in housing transaction price index (Metropolitan Area)	(-)
WTI crude oil price	(+)
Growth rate of construction investment	(-)
Current account balance	(-)

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.

KB Financial Group Inc.
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3.5.1 Interest income and expense (cont'd)

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

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

3.5.2 Fee and commission income

The Company recognizes financial service fees in accordance with the purpose of charging the fees and the accounting standards of the financial instrument related to the fees earned.

3.5.2.1 Fees that are an integral part of the effective interest of a financial instrument

Such fees are generally treated as adjustments of effective interest rate. Such fees may include compensation for activities such as evaluating the borrower's financial condition, evaluating and recording guarantees, collateral and other security arrangements, negotiating the terms of the instrument, preparing and processing documents, and closing the transaction and origination fees received on issuing financial liabilities at amortized cost. However, fees relating to the creation or acquisition of a financial instrument at fair value through profit or loss are recognized as revenue immediately.

3.5.2.2 Fees related to performance obligations satisfied over time

If the control of a good or service is transferred over time, the Company recognizes revenue related to performance obligations over the period of performance obligations. Fees charged in return for the services for a certain period of time, such as asset management fees, consignment business fees, etc. are recognized over the period of performance obligations.

3.5.2.3 Fees related to performance obligations satisfied at a point in time

Fees earned at a point in time are recognized as revenue when a customer obtains controls of a promised good or service and the Company satisfies a performance obligation.

3.5.3 Net gains/losses on financial instruments at fair value through profit or loss

Net gains or losses on financial instruments at fair value through profit or loss (including changes in fair value, dividends, and gains or losses from foreign currency translation) include gains or losses on financial instruments as follows:

- Gains or losses relating to financial instruments at fair value through profit or loss (excluding interest income using the effective interest rate method)
- Gains or losses relating to derivative financial instruments for trading (including derivative financial instruments for hedging purpose but do not qualify for hedge accounting)

3.5.4 Dividend income

Dividend income is recognized in profit or loss when the right to receive payment is established. Dividend income is recognized as net gains or losses on financial instruments at fair value through profit or loss or other operating income depending on the classification of equity securities.

3.6 Investments in Subsidiaries and Associates

Investments in subsidiaries and associates are accounted at cost method in accordance with Korean IFRS No.1027. The Company determines at each reporting period whether there is any objective evidence that the investments in the subsidiaries and associates are impaired. If this is the case, the Company calculates the amount of impairment as the difference between the recoverable amount of the subsidiaries or associates and its carrying value.

3.7 Property and Equipment

3.7.1 Recognition and measurement

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

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

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

3.7.2 Depreciation

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

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

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

Property and equipment	Depreciation method	Estimated useful life
Leasehold improvements	Declining-balance	4 years
Equipment and vehicles	Declining-balance	4 years

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

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3.8 Intangible Assets

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

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

Intangible assets	Amortization method	Estimated useful life
Software	Straight-line	4 years
Others	Straight-line	4 ~ 19 years

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

3.9 Impairment of Non-financial Assets

The Company assesses at the end of each reporting period whether there is any indication that a non-financial asset, except for (a) deferred income tax assets, (b) assets arising from employee benefits and (c) non-current assets (or group of assets to be sold) classified as held for sale, may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset.

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

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss and recognized immediately in profit or loss.

3.10 Provisions

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

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

3.11 Equity Instrument Issued by the Company

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

3.11.1 Ordinary shares

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

3.11.2 Hybrid securities

The financial instruments can be classified as either financial liabilities or equity in accordance with the terms of the contract. The Company classifies hybrid securities as an equity if the Company has the unconditional right to avoid any contractual obligation to deliver cash or another financial asset in relation to the financial instruments.

3.12 Employee Compensation and Benefits

3.12.1 Post-employment benefits

3.12.1.1 Defined contribution plans

When an employee has rendered service to the Company during a period, the Company recognizes the contribution payable to a defined contribution plan in exchange for that service as post-employment benefits for the period.

3.12.1.2 Defined benefit plans

All post-employment benefits, other than defined contribution plans, are classified as defined benefit plans. The amount recognized as a net defined benefit liability is the present value of the defined benefit obligation less the fair value of plan assets at the end of the reporting period.

The present value of the defined benefit obligation is calculated annually by independent actuaries using the Projected Unit Credit method. The rate used to discount post-employment benefit obligations is determined by reference to market yields at the end of the reporting period on high quality corporate bonds. The currency and term of the corporate bonds are consistent with the currency and estimated term of the post-employment benefit obligations. Actuarial gains and losses resulted from changes in actuarial assumptions and experience adjustments are recognized in other comprehensive income.

When the present value of the defined benefit obligation minus the fair value of plan assets results in an asset, it is recognized to the extent of the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting from the introduction or changes to a defined benefit plan. Such past service cost is immediately recognized as an expense for the period.

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3.12.2 Short-term employee benefits

Short-term employee benefits are employee benefits that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. When an employee has rendered service to the Company during an accounting period, the Company recognizes the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service as an expense for the period.

The expected cost of profit-sharing and bonus payments is recognized as liabilities when the Company has a present legal or constructive obligation to make payments as a result of past events, such as service rendered by employees, and a reliable estimate of the obligation can be made.

3.12.3 Share-based payment

The Company provides stock grants program to executives and employees of the Company and its subsidiaries. When stock grants are exercised, the Company can either select to distribute newly issued shares or treasury shares or compensate in cash based on the share price.

For a share-based payment transaction in which the terms of the arrangement provide the Company with the choice of whether to settle in cash or by issuing equity instruments, the Company accounts for the transaction in accordance with the requirements applying to cash-settled share-based payment transactions because the Company determines that it has a present obligation to settle in cash based on a past practice and a stated policy of settling in cash.

Therefore, the Company measures the liability incurred as consideration for the service received at fair value and recognizes related expense and accrued expense over the vesting periods. Until the liability is settled, the Company remeasures the fair value of the liability at the end of each reporting period and at the date of settlement, with any changes in fair value recognized in profit or loss as share-based payments.

3.12.4 Termination benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or an employee's decision to accept an offer of benefits in exchange for the termination of employment. The Company recognizes a liability and expense for termination benefits at the earlier of the following dates; when the Company can no longer withdraw the offer of those benefits and when the Company recognizes costs for a restructuring that is within the scope of Korean IFRS No.1037 and involves the payment of termination benefits. If the termination benefits are not expected to be settled wholly before twelve months after the end of the annual reporting period, then the termination benefits are discounted to present value.

3.13 Income Tax Expense

Income tax expense comprises current tax expense and deferred income tax expense. Current and deferred income tax are recognized as income or expense and included in profit or loss for the period, except to the extent that the tax arises from (a) a transaction or event which is recognized, in the same or a different period, outside profit or loss, either in other comprehensive income or directly in equity and (b) a business combination.

3.13.1 Current income tax

Current income tax is the amount of income tax payable (recoverable) in respect of the taxable profit (tax loss) for a period. A difference between the taxable profit and accounting profit may arise when income or expense is included in accounting profit in one period but is included in taxable profit in a different period. Differences may also arise if there is revenue that is exempt from taxation, or expense that is not deductible in determining taxable profit (loss). Current income tax liabilities for the current and prior periods are measured using the tax rates that have been enacted or substantively enacted by the end of the reporting period.

The Company offsets current income tax assets and current income tax liabilities if, and only if, the Company (a) has a legally enforceable right to set off the recognized amounts and (b) intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

3.13.2 Deferred income tax

Deferred income tax is recognized, using the asset-liability method, on temporary differences arising between the tax-based amount of assets and liabilities and their carrying amount in the financial statements. Deferred income tax liabilities are recognized for all taxable temporary differences and deferred income tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized. However, deferred income tax liabilities are not recognized if they arise from the initial recognition of goodwill; deferred income tax assets and liabilities are not recognized if they arise from the initial recognition of an asset or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting nor taxable profit or loss.

The carrying amount of a deferred income tax asset is reviewed at the end of each reporting period. The Company reduces the carrying amount of a deferred income tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred income tax liabilities and deferred income tax assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

The Company offsets deferred income tax assets and deferred income tax liabilities if, and only if the Company has a legally enforceable right to set off current income tax assets against current income tax liabilities and the deferred income tax assets and the deferred income tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current income tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred income tax liabilities or assets are expected to be settled or recovered.

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3.13.3 Uncertain tax positions

Uncertain tax positions arise from tax treatments applied by the Company which may be challenged by the tax authorities due to the complexity of the transaction or different interpretation of the tax laws, such as a claim for rectification, a claim for a refund related to additional tax or a tax investigation by the tax authorities. The Company recognizes its uncertain tax positions in the financial statements in accordance with Korean IFRS No.1012 and Interpretation of Korean IFRS No.2123. The income tax asset is recognized if a tax refund is probable for taxes levied by the tax authority, and the amount to be paid as a result of the tax investigation and others is recognized as the current tax payable. However, penalty tax and additional refund on tax are regarded as penalty or interest and are accounted for in accordance with Korean IFRS No.1037.

3.14 Earnings per Share

The Company calculates basic earnings per share amounts and diluted earnings per share amounts for profit or loss for the period and presents them in the statement of comprehensive income. Basic earnings per share is calculated by dividing profit or loss attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is calculated by adjusting the profit or loss attributable to ordinary equity holders of the Parent Company and weighted average number of shares outstanding, taking into account all potential dilution effects, such as exchangeable bonds and share-based payments given to employees.

3.15 Lease

The Company as a lessor recognizes lease payments from operating leases as income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognized as expense over the lease term on the same basis as lease income. The respective leased assets are included in the statement of financial position based on their nature.

A lessee is required to recognize a right-of-use asset (lease assets) representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Assets and liabilities arising from a lease are initially measured at the present value.

Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payments that depend on an index or a rate
- Amounts expected to be payable by the lessee under residual value guarantees
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease

The lease payments are discounted using the interest rate implicit in the lease if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used, which is the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

3.15 Lease (cont'd)

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of the lease liability
- Any lease payments made at or before the commencement date, less any lease incentives received
- Any initial direct costs incurred by the lessee, and
- An estimate of restoration costs

However, the Company can elect not to apply the requirements of Korean IFRS No.1116 to short-term lease (lease that, at the commencement date, has a lease term of 12 months or less) and leases for which the underlying asset is of low value (for example, underlying leased asset under \$ 5,000).

The right-of-use asset is depreciated from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

For sale and leaseback transactions, the Company applies the requirements of Korean IFRS No.1115 *Revenue from Contracts with Customers*, to determine whether the transfer of an asset is accounted for as a sale of that asset.

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4. Financial Risk Management

4.1 Summary

4.1.1 Overview of financial risk management policy

The financial risks that the Company is exposed to are credit risk, market risk, liquidity risk, operational risk and others.

This note regarding financial risk management provides information about the risks that the Company is exposed to and about its objectives, policies, risk assessment and management procedures, and capital management. Additional quantitative information is disclosed throughout the separate financial statements.

The Company's risk management system focuses on efficiently supporting long-term strategy and management decisions of the Company by increasing risk transparency, preventing risk transfer between subsidiaries and preemptive response to rapidly changing financial environments. Credit risk, market risk, liquidity risk, operational risk, interest rate risk, insurance risk, credit concentration risk, strategy risk, and reputation risk are recognized as significant risks.

4.1.2 Risk management organization

4.1.2.1 Risk Management Committee

The Risk Management Committee, as the ultimate decision-making body, deals with risk-related issues, such as establishing risk management strategies in accordance with the strategic direction determined by the board of directors, determining the affordable level of risk appetite, reviewing the level of risk and the status of risk management activities, approving the application of risk management systems, methodologies, and major improvements, and establishing and approving risk management policies and procedures to timely recognize, measure, monitor, and control risks arising from various transactions by the Company and subsidiaries (the "Group").

4.1.2.2 Risk Management Council

The Risk Management Council is responsible for consulting on matters delegated by the Risk Management Committee and requests for review by the Group Management Executive Committee, consulting on details of each subsidiary's risk management policies and procedures, monitoring the Group's risk management status, and establishing and implementing necessary measures.

4.1.2.3 Risk Management Department

The Risk Management Department performs the Company's risk management detailed policies, procedures, and business processes, and is responsible for calculating the Group's risk-weighted assets, monitoring and managing internal capital limits.

4.2 Credit Risk

4.2.1 Overview of credit risk

Credit risk is the risk of loss from the portfolio of assets held due to the counterparty's default, breach of contract, and deterioration of credit quality. For risk management purposes, the Company considers default risk of individual borrowers.

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, 2023 and 2022, are as follows:

(In millions of Korean won)

	December 31, 2023		December 31, 2022	
Due from financial institutions	₩	256,337	₩	351,056
Loans measured at amortized cost *		608,286		522,326
Loans measured at fair value through profit or loss		48,981		343,525
Other financial assets *		57,562		44,841
	₩	971,166	₩	1,261,748

* 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, 2023 and 2022, are classified as follows:

(In millions of Korean won)

	December 31, 2023				
	12-month expected credit losses	Lifetime expected credit losses		Not applying expected credit losses	Total
		Non-impaired	Impaired		
Loans measured at amortized cost *					
Corporate					
Grade 1	₩ 610,000	₩ -	₩ -	₩ -	₩ 610,000
Grade 2	-	-	-	-	-
Grade 3	-	-	-	-	-
Grade 4	-	-	-	-	-
Grade 5	-	-	-	-	-
	₩ 610,000	₩ -	₩ -	₩ -	₩ 610,000

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4.2.4 Credit risk of loans (cont'd)

(In millions of Korean won)

	December 31, 2022							
	12-month expected credit losses	Lifetime expected credit losses		Not applying expected credit losses	Total			
		Non-impaired	Impaired					
Loans measured at amortized cost *								
Corporate								
Grade 1	W	523,500	W	-	W	-	W	523,500
Grade 2		-		-		-		-
Grade 3		-		-		-		-
Grade 4		-		-		-		-
Grade 5		-		-		-		-
	W	523,500	W	-	W	-	W	523,500

* Before netting of allowance

Credit qualities of loans graded according to the probability of default as December 31, 2023 and 2022, 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, 2023 and 2022, are as follows:

(In millions of Korean won)

	December 31, 2023							
	12-month expected credit losses	Lifetime expected credit losses		Not applying expected credit losses	Total			
		Non-impaired	Impaired					
Due from financial institutions measured at amortized cost								
Grade 1	W	256,337	W	-	W	-	W	256,337
Grade 2		-		-		-		-
Grade 3		-		-		-		-
Grade 4		-		-		-		-
Grade 5		-		-		-		-
	W	256,337	W	-	W	-	W	256,337

4.2.5 Credit risk of due from financial institutions (cont'd)

(In millions of Korean won)

	December 31, 2022							
	12-month expected credit losses	Lifetime expected credit losses		Not applying expected credit losses	Total			
		Non-impaired	Impaired					
Due from financial institutions measured at amortized cost								
Grade 1	W	351,056	W	-	W	-	W	351,056
Grade 2		-		-		-		-
Grade 3		-		-		-		-
Grade 4		-		-		-		-
Grade 5		-		-		-		-
	W	351,056	W	-	W	-	W	351,056

4.2.6 Credit risk concentration analysis

4.2.6.1 Classifications of loans by country as of December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

	December 31, 2023					
	Corporate loans *	%	Allowances	Carrying amount		
Korea	W	658,981	100.00	W (1,174)	W	657,267

(In millions of Korean won)

	December 31, 2022					
	Corporate loans *	%	Allowances	Carrying amount		
Korea	W	867,025	100.00	W (1,174)	W	865,851

* 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, 2023 and 2022, are as follows:

(In millions of Korean won)

	December 31, 2023					
	Corporate loans *	%	Allowances	Carrying amount		
Financial institutions	W	658,981	100.00	W (1,174)	W	657,267

(In millions of Korean won)

	December 31, 2022					
	Corporate loans *	%	Allowances	Carrying amount		
Financial institutions	W	867,025	100.00	W (1,174)	W	865,851

* Amount includes loans measured at fair value through profit or loss and amortized cost.

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4.2.6.3 Classifications of due from financial institutions by industry as of December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

	December 31, 2023			
	Amount	%	Allowances	Carrying amount
Due from financial institutions measured at amortized cost				
Financial institutions	₩ 256,337	100.00	₩ -	₩ 256,337

(In millions of Korean won)

	December 31, 2022			
	Amount	%	Allowances	Carrying amount
Due from financial institutions measured at amortized cost				
Financial institutions	₩ 351,056	100.00	₩ -	₩ 351,056

4.2.6.4 Classifications of due from financial institutions by country as of December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

	December 31, 2023			
	Amount	%	Allowances	Carrying amount
Due from financial institutions measured at amortized cost				
Korea	₩ 256,337	100.00	₩ -	₩ 256,337

(In millions of Korean won)

	December 31, 2022			
	Amount	%	Allowances	Carrying amount
Due from financial institutions measured at amortized cost				
Korea	₩ 351,056	100.00	₩ -	₩ 351,056

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, 2023 and 2022, are as follows:

(In millions of Korean won)

	December 31, 2023						
	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	-	3,074	388,246	757,507	1,880,375	1,115,241	4,144,443
Lease liabilities	-	50	62	256	245	-	613
Other financial liabilities	-	2,063	-	-	-	-	2,063
	₩ -	₩ 5,187	₩ 388,308	₩ 857,763	₩ 1,880,620	₩ 1,115,241	₩ 4,247,119

(In millions of Korean won)

	December 31, 2022						
	On Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Financial liabilities							
Debentures	₩ -	₩ 275,723	₩ 160,712	₩ 756,380	₩ 2,863,695	₩ 1,330,748	₩ 5,387,258
Lease liabilities	-	49	88	381	330	-	848
Other financial liabilities	-	1,620	-	-	-	-	1,620
	₩ -	₩ 277,392	₩ 160,800	₩ 756,761	₩ 2,864,025	₩ 1,330,748	₩ 5,389,726

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4.4 Market Risk

4.4.1 Concept

Market risk refers to risks that can result in losses due to changes in market factors such as interest rate, stock price, and foreign exchange rate, etc. The Company manages the market risks by dividing them into those arising from the trading position and those arising from the non-trading position.

4.4.2 Trading position

In accordance with Financial Holding Companies Act, the Company's main business is to control financial companies or companies closely related to the financial service. And the Company cannot perform any other business other than managing activities as a holding company, therefore there is no risk of trading position.

4.4.3 Non-trading position

Non-trading position refers to the part except trading position, and the main risk the Company is managing is interest rate risk.

4.4.3.1 Interest rate risk

(a) Definition of interest rate risk

Interest rate risk refers to the risk of changes in the value (fair value) of the items in the statement of financial position due to changes in interest rate and the risk of changes in cash flows related to interest income and interest expense arising from investment and financing activities.

(b) Observation method and management indicator on interest rate risk

The main objective of interest rate risk management is to protect the value changes from interest rate fluctuations. The Company applies the Interest Rate Risk in the Banking Book ("IRRB") standard methodology required for disclosure to measure interest rate risk.

(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 : Flatten 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)

ΔEVE is maximum out of six interest rate shock and stress scenarios, and ΔNII is maximum of parallel shock up and parallel shock down scenarios. Results as of December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

	December 31, 2023		December 31, 2022	
	₩	728,072	₩	819,850
ΔEVE				
ΔNII		3,820		9,484

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, 2023.

The Group's capital is classified into three categories in accordance with the Detailed Regulations on Supervision of Financial Holding Companies as follows:

- Common Equity Tier 1 Capital: Common equity Tier 1 Capital is the first to take losses of the Group and is the last to be compensated in liquidation of the Group and not repaid except for liquidation. It includes capital, capital surplus, retained earnings, non-controlling interests of the consolidated subsidiaries, accumulated other comprehensive income, and other capital surplus, etc.

- Additional Tier 1 Capital: Additional Tier 1 Capital includes capital, capital surplus, etc. related to the issuance of capital securities of a permanent nature that meets the conditional capital securities requirements.

- Tier 2 Capital: Tier 2 Capital means capital that can compensate for losses of the Group upon liquidation, including (a) the amount of subordinated bonds with maturity of not less than 5 years that meet the conditional capital securities requirements, and (b) the allowances for credit losses accumulated on the loans which are classified as normal or precautionary in accordance with Regulations on Supervision of Financial Holding Companies, and others.

The risk-weighted assets are the magnitude of the amount of risk inherent in the total asset held by the Group. The Group calculates risk-weighted assets by each risk (credit risk, market risk, and operational risk) based on the Detailed Regulations on Supervision of Financial Holding Companies and uses them to calculate capital adequacy ratio.

The Group evaluates and manages capital adequacy through separate internal policies. The evaluation of capital adequacy compares the size of available capital (the amount of capital actually available) to the size of internal capital (the amount of capital required to cover all the significant risks faced by the Group under its target credit rating), which monitors financial soundness and provides a risk-adjusted performance measurement basis.

Internal capital refers to the capital required to prevent the Group's insolvency from future unexpected losses. The Group operates a system to measure, allocate and manage internal capital to major subsidiaries by risk type.

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4.5 Capital Management (cont'd)

The Risk Management Committee of the Company determines the risk appetite of the Group, allocates internal capital by risk type and major subsidiaries, and major subsidiaries operate capital efficiently within the range of the allocated internal capital. The Risk Management Department of the Group monitors internal capital limit management and reports it to management and the Risk Management Committee. If the limit of internal capital is expected to be exceeded due to new businesses or business expansion, the Group's capital adequacy management is carried out through review and approval by the Risk Management Committee in advance.

Details of the Company's capital adequacy ratio in accordance with Basel III requirements as of December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

	December 31, 2023	December 31, 2022
Total Capital:	₩ 53,743,658	₩ 48,969,952
Tier 1 Capital	49,390,274	45,032,020
Common Equity Tier 1 Capital	43,663,753	40,103,660
Additional Tier 1 Capital	5,726,521	4,928,360
Tier 2 Capital	4,353,384	3,937,932
Risk-Weighted Assets:	321,318,905	302,983,943
Total Capital ratio (%):	16.73	16.16
Tier 1 Capital ratio (%)	15.37	14.86
Common Equity Tier 1 Capital ratio (%)	13.59	13.24

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, 2023 and 2022, are as follows:

(In millions of Korean won)

	December 31, 2023	
	Carrying amount	Fair value
Financial assets		
Financial assets at fair value through profit or loss		
Hybrid securities	₩ 1,011,362	₩ 1,011,362
Beneficiary certificates	316,080	316,080
Loans	48,981	48,981
Financial assets at amortized cost		
Due from financial institutions	256,337	256,337
Loans	608,286	608,286
Other financial assets	57,562	57,562
	₩ 2,298,608	₩ 2,298,608
Financial liabilities		
Financial liabilities at amortized cost		
Borrowings	₩ 100,000	₩ 100,000
Debentures	3,871,820	3,715,939
Other financial liabilities	10,381	10,381
	₩ 3,982,201	₩ 3,826,320

(In millions of Korean won)

	December 31, 2022	
	Carrying amount	Fair value
Financial assets		
Financial assets at fair value through profit or loss		
Hybrid securities	₩ 874,171	₩ 874,171
Beneficiary certificates	304,618	304,618
Loans	343,525	343,525
Financial assets at amortized cost		
Due from financial institutions	351,056	351,056
Loans	522,326	522,326
Other financial assets	44,841	44,841
	₩ 2,440,537	₩ 2,440,537
Financial liabilities		
Financial liabilities at amortized cost		
Debentures	₩ 4,956,949	₩ 4,576,973
Other financial liabilities	13,331	13,331
	₩ 4,970,280	₩ 4,590,304

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The Company discloses the fair value of each class of assets and liabilities in a way that permits it to be compared with its carrying amount at the end of each reporting period. The best evidence of fair value of financial instruments is quoted price in an active market.

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

Methods of determining fair value of financial instruments are as follows:

Cash and due from financial institutions	Fair value of cash is same as carrying amount. Carrying amount of demand deposit and settlement deposit is a reasonable approximation of fair value because these financial instruments do not have a fixed maturity and are receivable on demand. Fair value of general deposit is measured using Discounted Cash Flow ("DCF") Model.
Securities	Fair value of 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	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, 2023 and 2022, are as follows:

(In millions of Korean won)

		December 31, 2023			
		Fair value hierarchy			Total
		Level 1	Level 2	Level 3	
Financial assets					
Financial assets at fair value through profit or loss:					
Hybrid securities	₩	-	₩	-	₩ 1,011,362
Beneficiary certificates		-	316,080	-	316,080
Loans		-	48,981	-	48,981
	₩	-	₩ 365,061	₩ 1,011,362	₩ 1,376,423

(In millions of Korean won)

		December 31, 2022			
		Fair value hierarchy			Total
		Level 1	Level 2	Level 3	
Financial assets					
Financial assets at fair value through profit or loss:					
Hybrid securities	₩	-	₩	-	₩ 874,171
Beneficiary certificates		-	304,618	-	304,618
Loans		-	343,525	-	343,525
	₩	-	₩ 648,143	₩ 874,171	₩ 1,522,314

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5.1.2.1 Fair value hierarchy of financial assets and liabilities at fair value in the statements of financial position (cont'd)

Valuation techniques and inputs of financial assets and liabilities classified as Level 2 and measured at fair value in the statements of financial position as of December 31, 2023 and 2022, are as follows:

					December 31, 2023				
					Fair value hierarchy				
					Level 1	Level 2	Level 3	Total	
<i>(In millions of Korean won)</i>									
Financial assets									
Financial assets at fair value through profit or loss:									
		W	316,080	DCF model	Interest rate, Discount rate, etc.				
			48,981	DCF model	Interest rate, Discount rate, etc.				
		W	365,061						

					December 31, 2022				
					Fair value hierarchy				
					Level 1	Level 2	Level 3	Total	
<i>(In millions of Korean won)</i>									
Financial assets									
Financial assets at fair value through profit or loss:									
		W	304,618	DCF model	Interest rate, Discount rate, etc.				
			343,525	DCF model	Interest rate, Discount rate, etc.				
		W	648,143						

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, 2023 and 2022, are as follows:

					December 31, 2023				
					Fair value hierarchy				
					Level 1	Level 2	Level 3	Total	
<i>(In millions of Korean won)</i>									
Financial assets									
Cash and due from financial institutions ¹					W	-	W 256,337	W	-
Loans measured at amortized cost ²								W	608,286
Other financial assets ³								W	57,562
					W	-	W 256,337	W	665,848
								W	922,185
Financial liabilities									
Borrowings					W	-	W 100,000	W	-
Debentures								W	3,715,939
Other financial liabilities ³								W	10,381
					W	-	W 3,815,939	W	10,381
								W	3,826,320

5.1.2.2 Fair value hierarchy of financial assets and liabilities whose fair value is disclosed (cont'd)

					December 31, 2022				
					Fair value hierarchy				
					Level 1	Level 2	Level 3	Total	
<i>(In millions of Korean won)</i>									
Financial assets									
Cash and due from financial institutions ¹					W	-	W 351,056	W	-
Loans measured at amortized cost ²								W	522,326
Other financial assets ³								W	44,841
					W	-	W 351,056	W	567,167
								W	918,223
Financial liabilities									
Debentures					W	-	W 4,576,973	W	-
Other financial liabilities ³								W	13,331
					W	-	W 4,576,973	W	13,331
								W	4,590,304

¹ For cash and due from financial institutions classified as level 2, carrying amount is a reasonable approximation of fair value.

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 amount is reasonable approximations of fair value.

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 liabilities classified as Level 2, and whose fair value is disclosed as of December 31, 2023 and 2022, are as follows:

					Fair value			
					December 31, 2023	December 31, 2022	Valuation techniques	Inputs
<i>(In millions of Korean won)</i>								
Financial liabilities								
Debentures					W	3,715,939	W	4,576,973
							DCF model	Discount rate

5.2 Disclosure of Fair Value Hierarchy Level 3

5.2.1 Valuation policy and process of Level 3 fair value

The Company uses external, independent and qualified valuation service to determine the fair value of financial instruments at the end of every reporting period.

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5.2.2 Changes in fair value (Level 3) measured using valuation technique based on unobservable inputs in the market

5.2.2.1 Changes in financial instruments classified as Level 3 of the fair value hierarchy for the years ended December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

	2023		2022	
	Financial assets at fair value through profit or loss		Financial assets at fair value through profit or loss	
Beginning	₩	874,171	₩	389,606
Total gains or losses:				
- Profit or loss		37,191		(45,435)
- Other comprehensive income		-		-
Purchases		100,000		530,000
Sales		-		-
Issues		-		-
Settlements		-		-
Transfers into Level 3		-		-
Transfers out of Level 3		-		-
Ending	₩	1,011,362	₩	874,171

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, 2023 and 2022, are as follows:

(In millions of Korean won)

	2023			2022		
	Losses on financial instruments at fair value through profit or loss	Other operating income	Net interest income	Gains on financial instruments at fair value through profit or loss	Other operating income	Net interest income
Total gains (losses) included in profit or loss for the period	₩ 37,191	₩ -	₩ -	₩ (45,435)	₩ -	₩ -
Total gains (losses) for the period included in profit or loss for financial instruments held at the end of the reporting period	37,191	-	-	(45,435)	-	-

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5.2.3 Sensitivity analysis of changes in unobservable inputs

5.2.3.1 Information about fair value measurements using unobservable inputs as of December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

Financial assets	December 31, 2023					
	Fair value	Valuation techniques	Inputs	Unobservable inputs	Range of unobservable inputs (%)	Relationship of unobservable inputs to fair value
Financial assets at fair value through profit or loss:						
Hybrid securities	₩1,011,362	Hull and White Model, MonteCarlo Simulation	Matrix YTM, Additional spread by grade, Risk spread of company, Valid credit rating, Disclosed information of securities, Estimated volatility of Interest rate	Discount rate Volatility of interest rate	5.05 ~ 6.30 0.61	The lower the discount rate, the higher the fair value The higher the volatility, the higher the fair value fluctuation

(In millions of Korean won)

Financial assets	December 31, 2022					
	Fair value	Valuation techniques	Inputs	Unobservable inputs	Range of unobservable inputs (%)	Relationship of unobservable inputs to fair value
Financial assets at fair value through profit or loss:						
Hybrid securities	₩ 874,171	Hull and White Model, MonteCarlo Simulation	Matrix YTM, Additional spread by grade, Risk spread of company, Valid credit rating, Disclosed information of securities, Estimated volatility of Interest rate	Discount rate Volatility of interest rate	5.54 ~ 7.05 0.64	The lower the discount rate, the higher the fair value The higher the volatility, the higher the fair value fluctuation

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5.2.3.2 Sensitivity analysis of changes in unobservable inputs

Sensitivity analysis of financial instruments is performed to measure favorable and unfavorable changes in fair value of financial instruments which are affected by unobservable parameters, using a statistical technique. When the fair value is affected by more than one input parameter, the amounts represent the most favorable or most unfavorable outcome. There are hybrid securities whose fair value changes are recognized in profit or loss.

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

(In millions of Korean won)	December 31, 2023			
	Profit or loss		Other comprehensive income or loss	
	Favorable changes	Unfavorable changes	Favorable changes	Unfavorable changes

Financial assets

Financial assets at fair value through profit or loss:

Hybrid securities *	₩	6,866	₩	(6,746)	₩	-	₩	-
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* The changes in fair value are calculated by increasing or decreasing discount rates (5.05% ~ 6.30%) by 1%p, which are principal unobservable input parameters.

(In millions of Korean won)	December 31, 2022			
	Profit or loss		Other comprehensive income or loss	
	Favorable changes	Unfavorable changes	Favorable changes	Unfavorable changes

Financial assets

Financial assets at fair value through profit or loss:

Hybrid securities *	₩	10,460	₩	(10,199)	₩	-	₩	-
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* The changes in fair value are calculated by increasing or decreasing discount rates (5.54% ~ 7.05%) by 1%p, which are principal unobservable input parameters.

6. Due from Financial Institutions

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

(In millions of Korean won)	Financial Institution	Interest rate (%) as of	December 31, 2023		December 31, 2022	
			₩		₩	
Due from financial institutions in Korean won	Kookmin Bank	0.00 ~ 1.20	₩	114,336	₩	231,056
	KB Savings Bank Co., Ltd.	2.50 ~ 2.65		140,000		120,000
	Standard Chartered Bank	3.15		2,001		-
			₩	256,337	₩	351,056

6.2 Details of a maturity analysis of due from financial institutions other than restricted due from financial institutions, as of December 31, 2023 and 2022, are as follows:

Due from financial institutions in Korean won	December 31, 2023								
	Up to 3 months	3~6 months	6~12 months	1~3 years	Over 3 years	Total			
₩	146,334	₩	80,000	₩	30,000	₩	-	₩	256,334

(In millions of Korean won)

Due from financial institutions in Korean won	December 31, 2022										
	Up to 3 months	3~6 months	6~12 months	1~3 years	Over 3 years	Total					
₩	231,053	₩	30,000	₩	60,000	₩	30,000	₩	-	₩	351,053

6.3 Details of restricted due from financial institution as of December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

Due from financial institutions in Korean won	Financial Institution	December 31, 2023		December 31, 2022		Reasons of restriction
		₩		₩		
	Kookmin Bank	₩	3	₩	3	Pledged as collateral for the overdraft account

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7. Financial Assets at Fair Value through Profit or Loss

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

(In millions of Korean won)

	December 31, 2023		December 31, 2022	
Financial assets at fair value through profit or loss:				
Hybrid securities	₩	1,011,362	₩	874,171
Beneficiary certificates		316,080		304,618
Loans		48,981		343,525
	₩	1,376,423	₩	1,522,314

8. Loans Measured at Amortized Cost

8.1 Details of loans measured at amortized cost as of December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

	December 31, 2023		December 31, 2022	
Loans measured at amortized cost	₩	610,000	₩	523,500
Less: Allowances for loan losses		(1,714)		(1,174)
	₩	608,286	₩	522,326

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

(In millions of Korean won)

	December 31, 2023			
	Retail	Corporate	Credit card	Total
Loans	₩ -	₩ 610,000	₩ -	₩ 610,000
Proportion (%)	-	100.00	-	100.00
Less: Allowances	-	(1,714)	-	(1,714)
	₩ -	₩ 608,286	₩ -	₩ 608,286

(In millions of Korean won)

	December 31, 2022			
	Retail	Corporate	Credit card	Total
Loans	₩ -	₩ 523,500	₩ -	₩ 523,500
Proportion (%)	-	100.00	-	100.00
Less: Allowances	-	(1,174)	-	(1,174)
	₩ -	₩ 522,326	₩ -	₩ 522,326

9. Investments in Subsidiaries

9.1 Details of subsidiaries as of December 31, 2023, are as follows:

Name of subsidiaries	Industry	Location
Kookmin Bank	Banking and foreign exchange transaction	Korea
KB Securities Co., Ltd.	Financial investment	Korea
KB Insurance Co., Ltd.	Non-life insurance	Korea
KB Kookmin Card Co., Ltd.	Credit card and installment financial business	Korea
KB Life Insurance Co., Ltd.	Life insurance	Korea
KB Asset Management Co., Ltd.	Investment advisory and investment trust	Korea
KB Capital Co., Ltd.	Financial leasing	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

9.2 Details of investments in subsidiaries as of December 31, 2023 and 2022, are as follows:
(In millions of Korean won, except for shares)

Name of subsidiaries	As of December 31, 2023		Carrying amount	
	Number of issued shares	Ownership (%)	December 31,	
			2023	2022
Kookmin Bank	404,379,116	100.00	₩ 14,821,721	₩ 14,821,721
KB Securities Co., Ltd.	298,620,424	100.00	3,342,391	3,342,391
KB Insurance Co., Ltd.	66,500,000	100.00	2,375,430	2,375,430
KB Kookmin Card Co., Ltd.	92,000,000	100.00	1,953,175	1,953,175
KB Life Insurance Co., Ltd. ¹	16,201,518	100.00	2,795,367	2,310,054
KB Asset Management Co., Ltd.	7,667,550	100.00	96,312	96,312
KB Capital Co., Ltd.	32,175,147	100.00	873,811	873,811
KB Life Insurance Co., Ltd. ¹	-	-	-	485,314
KB Real Estate Trust Co., Ltd.	16,000,000	100.00	121,553	121,553
KB Savings Bank Co., Ltd.	8,001,912	100.00	176,813	176,813
KB Investment Co., Ltd.	22,525,328	100.00	154,910	154,910
KB Data System Co., Ltd.	800,000	100.00	6,334	6,334
KB Credit Information Co., Ltd. ²	-	-	-	23,620
			₩ 26,717,817	₩ 26,741,438

¹ KB Life Insurance Co., Ltd. (former Prudential Life Insurance Company of Korea Ltd.) merged with another existing KB Life Insurance Co., Ltd. on January 2, 2023, and issued 1,201,518 shares as the consideration.

² On June 30, 2023, the Company sold its 100% shares of KB Credit Information Co., Ltd. to KB Kookmin Card Co., Ltd. As of the date of disposal, the carrying amount of investments in KB Credit Information Co., Ltd. recorded by the Company was ₩ 23,620 million. The difference between the carrying amount and the consideration transferred (amounted ₩ 27,635 million), excluding disposal related costs, was recognized as gains on the disposal of investments in subsidiaries (amounted ₩ 3,917 million)

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9.3 Changes in accumulated impairment losses of investments in subsidiaries for the years ended December 31, 2023 and 2022, are as follows:

(In millions of Korean won)	2023			
	Beginning	Impairment	Reversal	Ending
Accumulated impairment losses of investments in subsidiaries	₩ (51,742)	₩ -	₩ -	₩ (51,742)

(In millions of Korean won)	2022			
	Beginning	Impairment	Reversal	Ending
Accumulated impairment losses of investments in subsidiaries	₩ (51,742)	₩ -	₩ -	₩ (51,742)

10. Property and Equipment

10.1 Details of property and equipment as of December 31, 2023 and 2022, are as follows:

(In millions of Korean won)	December 31, 2023			
	Acquisition cost	Accumulated depreciation	Accumulated impairment losses	Carrying amount
Leasehold improvements	₩ 7,838	₩ (7,222)	₩ -	₩ 616
Equipment and others	8,215	(7,238)	-	977
Right-of-use assets (buildings)	3,613	(2,527)	-	1,086
Right-of-use assets (vehicles)	2,052	(1,697)	-	355
Right-of-use assets (others)	252	(206)	-	46
	₩ 21,970	₩ (18,890)	₩ -	₩ 3,080

(In millions of Korean won)	December 31, 2022			
	Acquisition cost	Accumulated depreciation	Accumulated impairment losses	Carrying amount
Leasehold improvements	₩ 7,768	₩ (6,424)	₩ -	₩ 1,344
Equipment and others	7,857	(6,511)	-	1,346
Right-of-use assets (buildings)	1,981	(1,620)	-	361
Right-of-use assets (vehicles)	2,052	(1,592)	-	460
Right-of-use assets (others)	197	(156)	-	41
	₩ 19,855	₩ (16,303)	₩ -	₩ 3,552

10.2 Changes in property and equipment for the years ended December 31, 2023 and 2022, are as follows:

(In millions of Korean won)	2023				
	Beginning	Acquisition	Disposal	Depreciation	Ending
Leasehold improvements	₩ 1,344	₩ 70	₩ -	₩ (798)	₩ 616
Equipment and others	1,346	384	-	(753)	977
Right-of-use assets (buildings)	361	1,641	-	(916)	1,086
Right-of-use assets (vehicles)	460	401	(49)	(457)	355
Right-of-use assets (others)	41	55	-	(50)	46
	₩ 3,552	₩ 2,551	₩ (49)	₩ (2,974)	₩ 3,080

(In millions of Korean won)	2022				
	Beginning	Acquisition	Disposal	Depreciation	Ending
Leasehold improvements	₩ 1,761	₩ 912	₩ -	₩ (1,329)	₩ 1,344
Equipment and others	1,738	778	-	(1,170)	1,346
Right-of-use assets (buildings)	529	296	-	(464)	361
Right-of-use assets (vehicles)	377	704	(13)	(608)	460
Right-of-use assets (others)	39	54	-	(52)	41
	₩ 4,444	₩ 2,744	₩ (13)	₩ (3,623)	₩ 3,552

11. Intangible Assets

11.1 Details of intangible assets as of December 31, 2023 and 2022, are as follows:

(In millions of Korean won)	December 31, 2023			
	Acquisition cost	Accumulated amortization	Accumulated impairment losses	Carrying amount
Software	₩ 6,251	₩ (5,558)	₩ -	₩ 693
Membership rights	11,697	-	(858)	10,839
Other intangible assets	14,060	(9,638)	-	4,422
	₩ 32,008	₩ (15,196)	₩ (858)	₩ 15,954

(In millions of Korean won)	December 31, 2022			
	Acquisition cost	Accumulated amortization	Accumulated impairment losses	Carrying amount
Software	₩ 5,819	₩ (5,044)	₩ -	₩ 775
Membership rights	10,743	-	(792)	9,951
Other intangible assets	13,523	(7,497)	-	6,026
	₩ 30,085	₩ (12,541)	₩ (792)	₩ 16,752

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11.2 Changes in intangible assets for the years ended December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

	2023					
	Beginning	Acquisition	Disposal	Amortization	Reversal of impairment *	Ending
Software	₩ 775	₩ 432	₩ -	₩ (514)	₩ -	₩ 693
Membership rights	9,951	2,259	(1,277)	-	(94)	10,839
Other intangible assets	6,026	537	-	(2,141)	-	4,422
	₩ 16,752	₩ 3,228	₩ (1,277)	₩ (2,655)	₩ (94)	₩ 15,954

(In millions of Korean won)

	2022					
	Beginning	Acquisition	Disposal	Amortization	Reversal of impairment *	Ending
Software	₩ 1,321	₩ 103	₩ -	₩ (649)	₩ -	₩ 775
Membership rights	9,952	19	(20)	-	-	9,951
Other intangible assets	5,400	2,597	-	(1,971)	-	6,026
	₩ 16,673	₩ 2,719	₩ (20)	₩ (2,620)	₩ -	₩ 16,752

* 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, 2023 and 2022, are as follows:

(In millions of Korean won)

	2023				
	Beginning	Impairment	Reversal of impairment	Disposal and others	Ending
Accumulated impairment losses of intangible assets	₩ (792)	₩ (94)	₩ -	₩ 28	₩ (858)

(In millions of Korean won)

	2022				
	Beginning	Impairment	Reversal of impairment	Disposal and others	Ending
Accumulated impairment losses of intangible assets	₩ (792)	₩ (2)	₩ 2	₩ -	₩ (792)

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, 2023 and 2022, are as follows:

(In millions of Korean won)

	December 31, 2023		December 31, 2022	
Right-of-use property and equipment: ¹				
Real estate	₩	1,086	₩	361
Vehicles		355		460
Others		46		41
	₩	1,487	₩	862
Lease liabilities ²	₩	589	₩	828

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, 2023 and 2022, are as follows:

(In millions of Korean won)

	2023		2022	
Depreciation and amortization of right-of-use assets:				
Real estate	₩	916	₩	464
Vehicles		457		608
Others		50		52
	₩	1,423	₩	1,124
Interest expenses on the lease liabilities	₩	24	₩	18
Expense relating to short-term lease		23		28
Expense relating to lease of low-value assets that are not short-term lease		1		2

12.3 Total cash outflows for lease for the years ended December 31, 2023 and 2022 are ₩ 641 million and ₩ 614 million, respectively.

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13. Deferred Income Tax Assets and Liabilities

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

(In millions of Korean won)

	December 31, 2023		
	Assets	Liabilities	Net amount
Share-based payments	₩ 4,704	₩ -	₩ 4,704
Membership rights	227	-	227
Defined benefit obligation	2,369	-	2,369
Plan assets	-	(2,369)	(2,369)
Short-term employee benefits	403	-	403
Losses on valuation of financial assets at fair value through profit or loss	675	-	675
Others	2,159	(3,676)	(1,517)
	10,537	(6,045)	4,492
Offsetting of deferred tax assets and liabilities	(6,045)	6,045	-
	₩ 4,492	₩ -	₩ 4,492

(In millions of Korean won)

	December 31, 2022		
	Assets	Liabilities	Net amount
Share-based payments	₩ 4,502	₩ -	₩ 4,502
Membership rights	210	-	210
Defined benefit obligation	3,226	-	3,226
Plan assets	-	(3,393)	(3,393)
Short-term employee benefits	650	-	650
Losses on valuation of financial assets at fair value through profit or loss	14,795	-	14,795
Others	3,233	(3,319)	(86)
	26,616	(6,712)	19,904
Offsetting of deferred tax assets and liabilities	(6,712)	6,712	-
	₩ 19,904	₩ -	₩ 19,904

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, 2023, 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 ₩ 15,296 million associated subordinated bond as of December 31, 2023, 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, 2023, 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, 2023 and 2022, are as follows:

(In millions of Korean won)

	2023			
	Beginning	Decrease	Increase	Ending
Deductible temporary differences				
Share-based payments	₩ 16,990	₩ 7,725	₩ 8,551	₩ 17,816
Membership rights	792	-	68	860
Investments in subsidiaries	2,896,164	-	-	2,896,164
Defined benefit obligation	12,173	7,418	4,218	8,973
Short-term employee benefits	2,455	2,454	1,526	1,527
Impairment losses of investments in subsidiaries	51,742	-	-	51,742
Losses on valuation of financial assets at fair value through profit or loss	55,829	-	(53,272)	2,557
Others	29,132	2,503	(3,153)	23,476
	3,065,277	20,100	(42,062)	3,003,115
Unrecognized deferred income tax assets:				
Investments in subsidiaries	2,896,164			2,896,164
Impairment losses of investments in subsidiaries	51,742			51,742
Others	16,934			15,296
	100,437			39,913
Tax rate (%) *	26.5			26.4
Total deferred income tax assets	₩ 26,616			₩ 10,537
Taxable temporary differences				
Investments in subsidiaries	₩ (2,415,073)	₩ -	₩ -	₩ (2,415,073)
Plan assets	(12,804)	(7,418)	(3,587)	(8,973)
Others	(12,525)	(7,421)	(8,820)	(13,924)
	(2,440,402)	(14,839)	(12,407)	(2,437,970)
Unrecognized deferred income tax liabilities:				
Investments in subsidiaries	(2,415,073)			(2,415,073)
	(25,329)			(22,897)
Tax rate (%) *	26.5			26.4
Total deferred income tax liabilities	₩ (6,712)			₩ (6,045)

* The rate of 26.4% has been applied for the deferred tax assets and liabilities expected to be utilized in periods after December 31, 2023.

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	2022			
	Beginning	Decrease	Increase	Ending
Deductible temporary differences				
Share-based payments	₩ 16,314	₩ 5,124	₩ 5,800	₩ 16,990
Membership rights	792	-	-	792
Investments in subsidiaries	2,896,164	-	-	2,896,164
Defined benefit obligation	11,595	2,206	2,784	12,173
Short-term employee benefits	2,937	2,876	2,394	2,455
Impairment losses of investments in subsidiaries	51,742	-	-	51,742
Losses on valuation of financial assets at fair value through profit or loss	10,394	-	45,435	55,829
Others	21,259	2,155	10,028	29,132
	<u>3,011,197</u>	<u>12,361</u>	<u>66,441</u>	<u>3,065,277</u>
Unrecognized deferred income tax assets:				
Investments in subsidiaries	2,896,164			2,896,164
Impairment losses of investments in subsidiaries	51,742			51,742
Others	18,490			16,934
	<u>44,801</u>			<u>100,437</u>
Tax rate (%)	27.5			26.5
Total deferred income tax assets	<u>₩ 12,320</u>			<u>₩ 26,616</u>
Taxable temporary differences				
Investments in subsidiaries	₩ (2,415,073)	₩ -	₩ -	₩ (2,415,073)
Plan assets	(11,595)	(2,206)	(3,415)	(12,804)
Others	(12,902)	(4,467)	(4,090)	(12,525)
	<u>(2,439,570)</u>	<u>(6,673)</u>	<u>(7,505)</u>	<u>(2,440,402)</u>
Unrecognized deferred income tax liabilities:				
Investments in subsidiaries	(2,415,073)			(2,415,073)
	<u>(24,497)</u>			<u>(25,329)</u>
Tax rate (%)	27.5			26.5
Total deferred income tax liabilities	<u>₩ (6,737)</u>			<u>₩ (6,712)</u>

* The corporate tax rate was changed due to the amendment of corporate tax law in 2022. Accordingly, the rate of 26.5% has been applied for the deferred tax assets and liabilities expected to be utilized in periods after December 31, 2022.

14. Other Assets

14.1 Details of other assets as of December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

	December 31, 2023		December 31, 2022	
Other financial assets				
Accrued income	₩	17,352	₩	11,556
Guarantee deposits		40,227		33,297
Less: Allowances for credit losses		(17)		(12)
		<u>57,562</u>		<u>44,841</u>
Other non-financial assets				
Receivables		482,009		1,226,359
Prepaid expenses		3,140		946
Advanced payments		104		51
		<u>485,253</u>		<u>1,227,356</u>
	₩	<u>542,815</u>	₩	<u>1,272,197</u>

14.2 Changes in allowances for credit losses of other assets for the years ended December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

	2023			
	Other financial assets	Other non-financial assets	Total	
Beginning	₩ 12	₩ -	₩	12
Provision	5	-		5
Ending	<u>₩ 17</u>	<u>₩ -</u>	<u>₩</u>	<u>17</u>
	2022			
	Other financial assets	Other non-financial assets	Total	
Beginning	₩ 10	₩ -	₩	10
Provision	2	-		2
Ending	<u>₩ 12</u>	<u>₩ -</u>	<u>₩</u>	<u>12</u>

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15. Borrowings

15.1 Details of borrowings as of December 31, 2023 and December 31, 2022, are as follows:

(In millions of Korean won)

	December 31, 2023		December 31, 2022	
Borrowings	₩	100,000	₩	-

15.2 Details of borrowings as of December 31, 2023 and December 31, 2022, are as follows:

(In millions of Korean won)

	Other borrowings	Lenders	Borrowing date	Maturity date	Interest rate (%) as of December 31, 2023	December 31, 2023		December 31, 2022	
						Dec 31, 2023	Dec 31, 2022	Dec 31, 2023	Dec 31, 2022
Borrowings in Korean won		HI INVESTMENT & SECURITIES co., Ltd.	Jul. 21, 2023	Jul. 19, 2024	4.15	₩ 100,000	₩	-	-

15.3 Maturities of borrowings as of December 31, 2023 are as follows:

(In millions of Korean won)

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

(In millions of Korean won)

	Issuance date	Maturity date	Interest rate (%) as of December 31, 2023	December 31, 2023		December 31, 2022	
				Dec 31, 2023	Dec 31, 2022	Dec 31, 2023	Dec 31, 2022
Unguaranteed debentures No.15-3	May 12, 2016	May 12, 2026	2.01	₩	200,000	₩	200,000
Unguaranteed debentures No.16-3	May 27, 2016	May 27, 2023	-		-		150,000
Unguaranteed debentures No.18-3	Jul. 25, 2016	Jul. 25, 2026	1.69		80,000		80,000
Unguaranteed debentures No.19-3	Aug. 25, 2016	Aug. 25, 2026	1.69		120,000		120,000
Unguaranteed debentures No.25-4	May 24, 2017	May 24, 2027	2.62		80,000		80,000
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.28-2	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.29-2	Sep. 19, 2017	Sep. 19, 2024	2.44		110,000		110,000
Unguaranteed debentures No.31-2	Feb. 28, 2018	Feb. 28, 2023	-		-		50,000
Unguaranteed debentures No.31-3	Feb. 28, 2018	Feb. 28, 2028	3.02		60,000		60,000
Unguaranteed debentures No.32-2	Apr. 6, 2018	Apr. 6, 2023	-		-		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	-		-		100,000
Unguaranteed debentures No.33-2	Jun. 12, 2018	Jun. 12, 2028	2.92		30,000		30,000
Unguaranteed debentures No.34-2	Jul. 25, 2018	Jul. 25, 2023	-		-		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	-		-		120,000
Unguaranteed debentures No.36-2	Feb. 22, 2019	Feb. 22, 2024	2.11		230,000		230,000
Unguaranteed debentures No.36-3	Feb. 22, 2019	Feb. 22, 2029	2.22		60,000		60,000
Unguaranteed debentures No.37-1	Mar. 15, 2019	Mar. 15, 2024	2.06		140,000		140,000
Unguaranteed debentures No.37-2	Mar. 15, 2019	Mar. 15, 2029	2.16		70,000		70,000
Unguaranteed debentures No.38-1	Jun. 19, 2019	Jun. 19, 2026	1.73		80,000		80,000
Unguaranteed debentures No.38-2	Jun. 19, 2019	Jun. 19, 2029	1.77		120,000		120,000
Unguaranteed debentures No.39-1	Oct. 15, 2019	Oct. 15, 2024	1.60		80,000		80,000
Unguaranteed debentures No.39-2	Oct. 15, 2019	Oct. 15, 2029	1.67		40,000		40,000
Unguaranteed debentures No.40-1	Dec. 4, 2019	Dec. 4, 2024	1.76		70,000		70,000
Unguaranteed debentures No.40-2	Dec. 4, 2019	Dec. 4, 2029	1.87		30,000		30,000
Unguaranteed debentures No.41-1	Jan. 16, 2020	Jan. 16, 2023	-		-		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	-		-		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

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16.1 Details of debentures as of December 31, 2023 and 2022, are as follows: (cont'd)

	Issuance date	Maturity date	Interest rate (%) as of		
			December 31, 2023	December 31, 2023	December 31, 2022
(In millions of Korean won)					
Unguaranteed debentures No.44-2	Aug. 11, 2020	Aug. 11, 2023	-	₩ -	₩ 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	-	-	60,000
Unguaranteed debentures No.46-1	Jan. 14, 2021	Jan. 13, 2023	-	-	160,000
Unguaranteed debentures No.46-2	Jan. 14, 2021	Jan. 14, 2026	1.43	30,000	30,000
Unguaranteed debentures No.46-3	Jan. 14, 2021	Jan. 14, 2028	1.62	10,000	10,000
Unguaranteed debentures No.46-4	Jan. 14, 2021	Jan. 14, 2031	1.84	100,000	100,000
Unguaranteed debentures No.47	Feb. 24, 2021	Feb. 24, 2023	-	-	90,000
Unguaranteed debentures No.48-1	Jun. 16, 2022	Jun. 16, 2024	4.15	85,000	85,000
Unguaranteed debentures No.48-2	Jun. 16, 2022	Jun. 16, 2025	4.27	240,000	240,000
Unguaranteed debentures No.48-3	Jun. 16, 2022	Jun. 16, 2027	4.34	80,000	80,000
Unguaranteed debentures No.48-4	Jun. 16, 2022	Jun. 16, 2032	4.40	95,000	95,000
				₩ 3,880,000	₩ 4,970,000
			Less: Bond Discounts	(3,076)	(4,616)
			Less: adjustment on exchange right	(5,104)	(8,435)
				₩ 3,871,820	₩ 4,956,949

* 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. Exchange rights were fully exercised on February 14, 2024.

16.2 Maturities of debentures as of December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

	December 31, 2023					
	Up to 3 months	3~6 months	6~12 months	1~3 years	Over 3 years	Total
Debentures in						
Korean won	₩ 370,000	₩ 285,000	₩ 420,000	₩ 1,350,000	₩ 1,455,000	₩ 3,880,000

(In millions of Korean won)

	December 31, 2022					
	Up to 3 months	3~6 months	6~12 months	1~3 years	Over 3 years	Total
Debentures in						
Korean won	₩ 410,000	₩ 380,000	₩ 300,000	₩ 1,915,000	₩ 1,965,000	₩ 4,970,000

16.3 Changes in debentures based on par value for the years ended December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

	2023			
	Beginning	Issue	Repayment	Ending
Debentures in Korean won	₩ 4,970,000	₩ -	₩ (1,090,000)	₩ 3,880,000

(In millions of Korean won)

	2022			
	Beginning	Issue	Repayment	Ending
Debentures in Korean won	₩ 5,570,000	₩ 500,000	₩ (1,100,000)	₩ 4,970,000

17. Net Defined Benefit Liabilities(Assets)

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.

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17.2 Changes in net defined benefit liabilities for the years ended December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

	2023		
	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities (assets)
Beginning	₩ 17,973	₩ (22,261)	₩ (4,288)
Current service cost	2,041	-	2,041
Interest expense (income)	929	(1,152)	(223)
Remeasurements:			
Actuarial gains and losses by changes in demographic assumptions	-	-	-
Actuarial gains and losses by changes in financial assumptions	1,218	-	1,218
Actuarial gains and losses by experience adjustments	31	-	31
Return on plan assets (excluding amounts included in interest income)	-	58	58
Contributions by the Company	-	(2,292)	(2,292)
Payments from plans (benefit payments)	(3,296)	3,296	-
Payments from the Company	(262)	-	(262)
Transfer in (out)	1,005	(982)	23
Ending	₩ 19,639	₩ (23,333)	₩ (3,694)

(In millions of Korean won)

	2022		
	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities (assets)
Beginning	₩ 22,557	₩ (22,778)	₩ (221)
Current service cost	2,200	-	2,200
Interest expense (income)	584	(590)	(6)
Remeasurements:			
Actuarial gains and losses by changes in demographic assumptions	-	-	-
Actuarial gains and losses by changes in financial assumptions	(4,510)	-	(4,510)
Actuarial gains and losses by experience adjustments	388	-	388
Return on plan assets (excluding amounts included in interest income)	-	698	698
Contributions by the Company	-	(2,655)	(2,655)
Payments from plans (benefit payments)	(2,206)	2,206	-
Payments from the Company	(207)	-	(207)
Transfer in	3,211	(3,186)	25
Transfer out	(4,044)	4,044	-
Ending	₩ 17,973	₩ (22,261)	₩ (4,288)

17.3 Details of the net defined benefit liabilities as of December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

	December 31, 2023		December 31, 2022	
Present value of defined benefit obligation	₩	19,639	₩	17,973
Fair value of plan assets		(23,333)		(22,261)
Net defined benefit liabilities (assets)	₩	(3,694)	₩	(4,288)

17.4 Details of post-employment benefits recognized in profit or loss for the years ended December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

	2023		2022	
Current service cost	₩	2,041	₩	2,200
Net interest expense(income) on net defined benefit liabilities		(223)		(6)
Post-employment benefits	₩	1,818	₩	2,194

(*) The gains or losses related to the defined benefit pension plan is fully included in general administrative expenses.

17.5 Details of remeasurements of net defined benefit liabilities recognized in other comprehensive income for the years ended December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

	2023		2022	
Remeasurements:				
Return on plan assets (excluding amounts included in interest income)	₩	(58)	₩	(698)
Actuarial gains or losses		(1,249)		4,122
Income tax effect		345		(941)
Remeasurements after income tax expense	₩	(962)	₩	2,483

17.6 Details of fair value of plan assets as of December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

	December 31, 2023		
	Assets quoted in an active market	Assets not quoted in an active market	Total
Cash and due from financial institutions	₩ -	₩ 23,333	₩ 23,333

(In millions of Korean won)

	December 31, 2022		
	Assets quoted in an active market	Assets not quoted in an active market	Total
Cash and due from financial institutions	₩ -	₩ 22,261	₩ 22,261

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17.7 Details of significant actuarial assumptions used as of December 31, 2023 and 2022, are as follows:

	December 31, 2023	December 31, 2022
Discount rate (%)	4.30	5.20
Future salary increase rate (%)	4.00	4.20
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, 2023, are as follows:

	Changes in assumptions	Effect on defined benefit obligation	
		Increase in assumptions	Decrease in assumptions
Discount rate (%)	0.5%p	4.49% decrease	4.78% increase
Salary increase rate (%)	0.5%p	4.77% increase	4.52% decrease
Turnover rate (%)	0.5%p	0.16% increase	0.17% decrease

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. The sensitivity of the defined benefit obligation to changes in significant actuarial assumptions is calculated using the same projected unit credit method used in calculating the defined benefit obligation recognized in the statement of financial position.

17.9 Expected maturity analysis of undiscounted pension benefit payments (including expected future benefits) as of December 31, 2023, 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	₩	223	₩	501	₩	4,701	₩	11,829	₩	40,383	₩ 57,637

The weighted average duration of the defined benefit obligation is 9.70 years.

17.10 Reasonable estimation of expected contribution to plan assets for the next annual reporting period after December 31, 2023 is ₩ 1,800 million.

18. Other Liabilities

Details of other liabilities as of December 31, 2023 and 2022, are as follows:

(In millions of Korean won)	December 31,	
	2023	2022
Other financial liabilities		
Payables	₩ 1,082	₩ 881
Accrued expenses	8,710	11,622
Lease liabilities	589	828
	10,381	13,331
Other non-financial liabilities		
Payables	192,936	133,741
Accrued expenses	205,991	190,759
Withholding taxes	1,396	658
	400,323	325,158
	₩ 410,704	₩ 338,489

19. Equity

19.1 Share Capital

19.1.1 Details of share capital as of December 31, 2023 and 2022, are as follows:

(In millions of Korean won)	December 31,	
	2023	2022
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	403,511,072	408,897,068
Share capital *	₩ 2,090,558	₩ 2,090,558

* Due to the retirement of shares deducted through retained earnings, it is different from the total par value of the shares issued.

19.1.2 Changes in shares for the years ended December 31, 2023 and 2022, are as follows:

(In number of shares)	December 31,	
	2023	2022
Beginning	389,634,335	389,634,335
Increase	-	-
Decrease	(10,970,510)	-
Ending	378,663,825	389,634,335

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19.2 Hybrid Securities

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

(In millions of Korean won)

Hybrid securities	Issuance date	Maturity	Interest rate (%)		
			as of December 31, 2023	December 31, 2023	December 31, 2022
The 1-1 st	May 2, 2019	Perpetual bond	3.23	₩ 349,204	₩ 349,204
The 1-2 nd	May 2, 2019	Perpetual bond	3.44	49,881	49,881
The 2-1 st	May 8, 2020	Perpetual bond	3.30	324,099	324,099
The 2-2 nd	May 8, 2020	Perpetual bond	3.43	74,812	74,812
The 3-1 st	Jul. 14, 2020	Perpetual bond	3.17	369,099	369,099
The 3-2 nd	Jul. 14, 2020	Perpetual bond	3.38	29,922	29,922
The 4-1 st	Oct. 20, 2020	Perpetual bond	3.00	433,918	433,918
The 4-2 nd	Oct. 20, 2020	Perpetual bond	3.28	64,843	64,843
The 5-1 st	Feb. 19, 2021	Perpetual bond	2.67	419,056	419,056
The 5-2 nd	Feb. 19, 2021	Perpetual bond	2.87	59,862	59,862
The 5-3 rd	Feb. 19, 2021	Perpetual bond	3.28	119,727	119,727
The 6-1 st	May 28, 2021	Perpetual bond	3.20	165,563	165,563
The 6-2 nd	May 28, 2021	Perpetual bond	3.60	109,708	109,708
The 7-1 st	Oct. 8, 2021	Perpetual bond	3.57	208,453	208,453
The 7-2 nd	Oct. 8, 2021	Perpetual bond	3.80	59,834	59,834
The 8-1 st	Feb. 16, 2022	Perpetual bond	4.00	442,955	442,955
The 8-2 nd	Feb. 16, 2022	Perpetual bond	4.30	155,626	155,626
The 9-1 st	May 12, 2022	Perpetual bond	4.68	478,814	478,814
The 9-2 nd	May 12, 2022	Perpetual bond	4.97	19,906	19,906
The 10-1 st	Aug. 26, 2022	Perpetual bond	4.90	407,936	407,936
The 10-2 nd	Aug. 26, 2022	Perpetual bond	5.15	70,819	70,819
The 10-3 rd	Aug. 26, 2022	Perpetual bond	5.30	19,944	19,944
The 11-1 st	Feb. 03, 2023	Perpetual bond	4.90	548,666	-
The 11-2 nd	Feb. 03, 2023	Perpetual bond	5.03	49,871	-
				₩ 5,032,518	₩ 4,433,981

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, 2023 and 2022, are as follows:

(In millions of Korean won)

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

(In millions of Korean won)

	December 31, 2023		December 31, 2022	
Remeasurements of net defined benefit liabilities	₩	(6,809)	₩	(5,847)

19.4.2 Changes in accumulated other comprehensive income (loss) for the years ended December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

	2023							
	Beginning	Changes	Tax effect	Ending				
Remeasurements of net defined benefit liabilities	₩	(5,847)	₩	(1,307)	₩	345	₩	(6,809)

(In millions of Korean won)

	2022							
	Beginning	Changes	Tax effect	Ending				
Remeasurements of net defined benefit liabilities	₩	(8,330)	₩	3,424	₩	(941)	₩	(5,847)

19.5 Retained Earnings

19.5.1 Details of retained earnings as of December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

	December 31, 2023		December 31, 2022	
Legal reserves	₩	1,007,686	₩	839,235
Voluntary reserves		982,000		982,000
Regulatory reserve for credit losses		9,340		4,490
Unappropriated retained earnings		2,337,872		1,968,840
	₩	4,336,898	₩	3,794,565

With respect to the allocation of net profit earned in a fiscal term, the Company must set aside in its legal reserve an amount equal to at least 10% of its profit after tax as reported in the financial statements, each time it pays dividends on its net profits earned until its legal reserve reaches the aggregate amount of its paid-in capital in accordance with Article 53 of the Financial Holding Company Act. The reserve is not available for the payment of cash dividends, but may be transferred to share capital, or used to reduce accumulated deficit.

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19.5.2 Statement of appropriation of retained earnings

(Expected date of appropriation for 2023: March 22, 2024)
(Date of appropriation for 2022: March 24, 2023)

(In millions of Korean won)

	2023		2022	
Unappropriated retained earnings				
Unappropriated retained earnings carried over from prior years	₩	1,230,569	₩	1,295,182
Profit for the year		2,121,244		1,684,512
Quarterly dividends		(586,931)		(584,452)
Dividends on hybrid securities		(184,914)		(126,402)
Retirement of shares		(242,096)		(300,000)
		<u>2,337,872</u>		<u>1,968,840</u>
Transfer from voluntary reserves and others				
Regulatory reserve for credit losses		5,279		-
		<u>5,279</u>		<u>-</u>
Appropriation of retained earnings				
Legal reserves		212,124		168,451
Regulatory reserve for credit losses		-		4,850
Cash dividends:		587,006		564,970
(Dividends (rate) per share: ₩ 1,530 (30.6%) in 2023)				
(Dividends (rate) per share: ₩ 1,450 (29.0%) in 2022)				
		<u>799,130</u>		<u>738,271</u>
Unappropriated retained earnings to be carried forward	₩	<u>1,544,021</u>	₩	<u>1,230,569</u>

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, 2023 and 2022, are as follows:

(In millions of Korean won)

	December 31, 2023		December 31, 2022	
Amounts before appropriation	₩	9,340	₩	4,490
Amounts estimated to be appropriated (reversed)		(5,279)		4,850
	₩	<u>4,061</u>	₩	<u>9,340</u>

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, 2023 and 2022, are as follows:

(In millions of Korean won, except for per share amounts)

	2023		2022	
Regulatory reserve for credit losses estimated to be appropriated (reversed)	₩	(5,279)	₩	4,850
Adjusted profit after provision (reversal) of regulatory reserve for credit losses ^{1,2}		1,941,608		1,553,261
Adjusted basic earnings per share after provision (reversal) of regulatory reserve for credit losses ¹		5,056		3,986
Adjusted diluted earnings per share after provision (reversal) of regulatory reserve for credit losses ¹		4,943		3,899

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, 2023 and 2022, are as follows:

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

	2023			
	Beginning	Acquisition	Retirement	Ending
Number of treasury shares *	19,262,733	10,970,510	(5,385,996)	24,847,247
Carrying amount	₩ 836,188	₩ 571,745	₩ (242,096)	₩ 1,165,837

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

	2022			
	Beginning	Acquisition	Retirement	Ending
Number of treasury shares *	26,173,585	-	(6,910,852)	19,262,733
Carrying amount	₩ 1,136,188	₩ -	₩ (300,000)	₩ 836,188

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

In accordance with the resolution of the Board of Directors on July 25, 2023, the Company acquired 5,584,514 shares (₩ 300,000 million) and plans to retire of treasury stocks by July 31, 2024.

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20. Dividends

The annual dividends to the shareholders of the Company for the year ended December 31, 2022, amounting to ₩ 564,070 million (₩ 1,450 per share) were declared at the annual general shareholders' meeting on March 24, 2023 and paid in April 10, 2023.

According to the resolution of the board of directors on April 27, 2023, the quarterly dividend amounting to ₩ 195,966 million (₩ 510 per share) with dividend record date of March 31, 2023 were paid on May 11, 2023; according to the resolution of the board of directors on July 25, 2023, the quarterly dividend amounting to ₩ 195,966 million (₩ 510 per share) with dividend record date of June 30, 2023 were paid on August 8, 2023; and according to the resolution of the board of directors on October 24, 2023, the quarterly dividend amounting to ₩ 194,998 million (₩ 510 per share) with dividend record date of September 30, 2023 were paid on November 8, 2023. The annual dividends to the shareholders of the Company for the year ended December 31, 2023, amounting to ₩ 587,006 million (₩ 1,530 per share) is to be proposed at the general shareholders' meeting scheduled for March 22, 2024. The Company's financial statements as of and for the year ended December 31, 2023, do not reflect this dividend payable.

Meanwhile, the annual dividends and quarterly dividends paid in 2022 were ₩ 853,299 million (₩ 2,190 per share) and ₩ 584,452 million (₩ 500 per share), respectively.

21. Net Interest Expense

Details of interest income, interest expense, and net interest expense for the years ended December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

	2023		2022	
Interest income				
Due from financial institutions	₩	16,380	₩	9,019
Loans measured at amortized cost		14,736		7,073
Loans measured at fair value through profit or loss		3,195		2,877
Others		816		433
		<u>35,127</u>		<u>19,402</u>
Interest expense				
Borrowings		1,853		-
Debentures		98,102		112,334
Others		25		19
		<u>99,980</u>		<u>112,353</u>
Net interest expense	₩	<u>(64,853)</u>	₩	<u>(92,951)</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, 2023 and 2022, are as follows:

(In millions of Korean won)

	2023		2022	
Fee and commission income				
Fees earned in Korean won	₩	2,585	₩	3,399
Fee and commission expense				
Fees paid in Korean won		12,602		11,655
Fees paid in foreign currency		370		430
		<u>12,972</u>		<u>12,085</u>
Net fee and commission expense	₩	<u>(10,387)</u>	₩	<u>(8,686)</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, 2023 and 2022, are as follows:

(In millions of Korean won)

	2023		2022	
Gains on financial instruments at fair value through profit or loss				
Dividend income from financial assets at fair value through profit or loss	₩	52,546	₩	36,409
Gains on valuation of financial assets at fair value through profit or loss		52,472		7,067
Gains on disposal of financial assets at fair value through profit or loss		3,381		1,799
		<u>108,399</u>		<u>45,275</u>
Losses on financial instruments at fair value through profit or loss				
Losses on valuation of financial assets at fair value through profit or loss		-		57,069
		<u>-</u>		<u>57,069</u>
Net gains (losses) on financial instruments at fair value through profit or loss	₩	<u>108,399</u>	₩	<u>(11,794)</u>

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24. Net Other Operating Income and Expenses

Details of other operating income and expenses for the years ended December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

	2023		2022	
Other operating income				
Dividend income from subsidiaries	W	2,192,380	W	1,871,223
Others		5		1
Net other operating income	W	2,192,385	W	1,871,224

25. General and Administrative Expenses

25.1 Details of general and administrative expenses for the years ended December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

	2023		2022	
Expenses related to employee				
Employee benefits - salaries	W	32,965	W	36,254
Employee benefits - others		6,062		5,847
Post-employment benefits - defined benefit plans		1,818		2,194
Post-employment benefits - defined contribution plans		596		621
Share-based payments		8,551		5,801
		49,992		50,717
Depreciation and amortization		5,630		6,245
Other general and administrative expenses				
Travel		1,446		1,115
Communications		1,138		1,030
Tax and dues		522		478
Publication		412		345
Rental expense		2,295		1,876
Vehicle		164		173
Service fees		18,080		15,441
Advertising		1,091		1,017
Training		1,360		1,297
Others		10,473		9,415
		36,981		32,187
	W	92,603	W	89,149

25.2 Share-based Payments

Share-based payments plan for executives and employees of the Company and its subsidiaries as of December 31, 2023, are as follows:

25.2.1 Stock grants linked to long-term performance

(In number of shares)

	Grant date	Number of granted shares ¹	Vesting conditions ²
KB Financial Group Inc.			
Series 30	Apr. 1, 2021	3,070	Services fulfillment, market performance ³ 30%, and non-market performance ⁴ 70%
Series 33	Jan. 1, 2022	55,868	Services fulfillment, market performance ³ 0~30%, and non-market performance ⁴ 70~100%
Series 34	Feb. 1, 2022	654	Services fulfillment, market performance ³ 30%, and non-market performance ⁴ 70%
Series 35	May 27, 2022	5,067	Services fulfillment, market performance ³ 30%, and non-market performance ⁴ 70%
Series 36	Jan. 1, 2023	55,645	Services fulfillment, market performance ³ 0~30%, and non-market performance ⁴ 70~100%
Series 38	Nov. 21, 2023	55,547	Services fulfillment, market performance ³ 30%, and non-market performance ⁴ 70%
Deferred grant in 2015		3,183	Satisfied
Deferred grant in 2016		943	Satisfied
Deferred grant in 2018		884	Satisfied
Deferred grant in 2020		9,493	Satisfied
Deferred grant in 2021		18,105	Satisfied
Deferred grant in 2022		38,277	Satisfied
Deferred grant in 2023		40,881	Satisfied
		287,617	
Kookmin Bank			
Series 83	Apr. 1, 2021	14,972	Services fulfillment, market performance ³ 0~30%, and non-market performance ⁴ 70~100%
Series 85	Jan. 1, 2022	259,752	Services fulfillment, market performance ³ 0~30%, and non-market performance ⁴ 70~100% Services fulfillment, market performance ³ 30%, and EPS & Asset Quality ⁵ 70%
Series 86	Feb. 1, 2022	1,525	Services fulfillment, market performance ³ 0~30%, and non-market performance ⁴ 70~100%
Series 88	Mar. 14, 2022	5,179	Services fulfillment, market performance ³ 0~30%, and non-market performance ⁴ 70~100%
Series 90	Jul. 18, 2022	3,716	Services fulfillment, market performance ³ 0~30%, and non-market performance ⁴ 70~100%
Series 91	Aug. 24, 2022	7,277	Services fulfillment, market performance ³ 0~30%, and non-market performance ⁴ 70~100%
Series 92	Jan. 1, 2023	187,802	Services fulfillment, market performance ³ 0~30%, and non-market performance ⁴ 70~100%
Series 93	Mar. 15, 2023	585	Services fulfillment, market performance ³ 0~30%, and non-market performance ⁴ 70~100%
Series 94	Apr. 1, 2023	8,794	Services fulfillment, market performance ³ 0~30%, and non-market performance ⁴ 70~100%
Series 95	Oct. 5, 2023	126	Services fulfillment, market performance ³ 0~30%, and non-market performance ⁴ 70~100%

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25.2.1 Stock grants linked to long-term performance (cont'd)

<i>(In number of shares)</i>			
	Grant date	Number of granted shares ¹	Vesting conditions ²
Deferred grant in 2016		799	Satisfied
Deferred grant in 2017		893	Satisfied
Deferred grant in 2018		1,145	Satisfied
Deferred grant in 2020		26,763	Satisfied
Deferred grant in 2021		104,643	Satisfied
Deferred grant in 2022		87,342	Satisfied
Deferred grant in 2023		3,611	Satisfied
		<u>714,924</u>	
Other subsidiaries			
Stock granted in 2010		106	
Stock granted in 2011		146	
Stock granted in 2012		420	
Stock granted in 2013		544	
Stock granted in 2014		1,028	
Stock granted in 2015		2,014	
Stock granted in 2016		936	
Stock granted in 2017		9,162	Services fulfillment, market performance ³ 0~50%, and
Stock granted in 2018		19,861	non-market performance ⁴ 50~100%
Stock granted in 2019		23,789	
Stock granted in 2020		94,348	
Stock granted in 2021		120,615	
Stock granted in 2022		392,509	
Stock granted in 2023		368,112	
		<u>1,033,590</u>	
		<u>2,036,131</u>	

¹ Granted shares represent the total number of shares initially granted to executives and employees who have residual shares as of December 31, 2023 (Deferred grants are residual shares vested as of December 31, 2023).

² Executives and employees were given the right of choice about the timing of the deferred payment (after the date of retirement), payment ratio, and payment period. Accordingly, a certain percentage of the granted shares is deferred for up to five years after the date of retirement after the deferred grant has been confirmed.

³ Relative TSR (Total Shareholder Return): [(Fair value at the end of the contract - Fair value at the beginning of the contract) + (Total amount of dividend per share paid during the contract period)] / Fair value at the beginning of the contract

⁴ Performance results of company and employee

⁵ EPS, Asset Quality

The stock grant linked to long-term performance is an incentive plan that sets, on grant date, the maximum number of shares that can be awarded. Actual shares to be granted is determined in accordance with achievement of pre-set performance targets over the vesting period.

25.2.2 Stock grants linked to short-term performance

<i>(In number of shares)</i>			
		Estimated number of vested shares [*]	Vesting conditions
KB Financial Group Inc.			
Stock granted in 2015		2,097	Satisfied
Stock granted in 2016		3,034	Satisfied
Stock granted in 2017		306	Satisfied
Stock granted in 2018		380	Satisfied
Stock granted in 2020		10,514	Satisfied
Stock granted in 2021		23,677	Satisfied
Stock granted in 2022		45,115	Satisfied
Stock granted in 2023		46,045	Proportional to service period
Kookmin Bank			
Stock granted in 2015		419	Satisfied
Stock granted in 2016		2,135	Satisfied
Stock granted in 2017		535	Satisfied
Stock granted in 2018		739	Satisfied
Stock granted in 2020		44,890	Satisfied
Stock granted in 2021		86,235	Satisfied
Stock granted in 2022		164,595	Satisfied
Stock granted in 2023		133,455	Proportional to service period
Other subsidiaries			
Stock granted in 2015		4,048	Satisfied
Stock granted in 2016		18,144	Satisfied
Stock granted in 2017		35,359	Satisfied
Stock granted in 2018		82,096	Satisfied
Stock granted in 2019		91,957	Satisfied
Stock granted in 2020		262,023	Satisfied
Stock granted in 2021		461,736	Satisfied
Stock granted in 2022		511,024	Satisfied
Stock granted in 2023		307,631	Proportional to service period
		<u>2,338,189</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.

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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, 2023, 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 30	3.43	43,098~48,307	47,066~52,755
Series 33	3.43	41,446~51,061	47,066~52,755
Series 34	3.43	39,972~46,008	44,873~51,649
Series 35	3.43	44,392~49,758	47,066~52,755
Series 36	3.43	44,873~52,755	44,873~52,755
Series 38	3.43	35,080~40,381	41,090~47,300
Deferred grant in 2015	3.43	-	49,315~52,755
Deferred grant in 2016	3.43	-	52,755
Deferred grant in 2018	3.43	-	52,755
Deferred grant in 2020	3.43	-	49,315~52,755
Deferred grant in 2021	3.43	-	51,649~52,755
Deferred grant in 2022	3.43	-	49,315~52,755
Deferred grant in 2023	3.43	-	47,300~51,931
(Kookmin Bank)			
Series 83	3.43	42,053~48,307	47,066~52,755
Series 85	3.43	38,623~48,102	47,066~52,755
Series 86	3.43	39,972~46,008	44,873~51,649
Series 88	3.43	41,215~47,439	44,873~51,649
Series 90	3.43	42,737~49,190	44,873~51,649
Series 91	3.43	42,750~49,206	44,873~51,649
Series 92	3.43	44,873~52,755	44,873~52,755
Series 93	3.43	47,066~52,755	47,066~52,755
Series 94	3.43	42,787~52,755	42,787~52,755
Series 95	3.43	43,187~48,407	47,066~52,755
Grant deferred in 2016	3.43	-	52,755
Grant deferred in 2017	3.43	-	52,755
Grant deferred in 2018	3.43	-	52,755
Grant deferred in 2020	3.43	-	52,755
Grant deferred in 2021	3.43	-	51,649~52,755
Grant deferred in 2022	3.43	-	44,873~52,755
Grant deferred in 2023	3.43	-	48,939~53,705
(Other subsidiaries)			
Stock granted in 2010	3.43	-	52,755
Stock granted in 2011	3.43	-	52,755
Stock granted in 2012	3.43	-	49,315~52,755
Stock granted in 2013	3.43	-	49,315~52,755
Stock granted in 2014	3.43	-	49,315~52,755
Stock granted in 2015	3.43	-	47,066~52,755
Stock granted in 2016	3.43	-	51,649~52,755
Stock granted in 2017	3.43	-	42,787~52,755
Stock granted in 2018	3.43	-	40,891~56,379
Stock granted in 2019	3.43	-	42,787~56,379
Stock granted in 2020	3.43	-	44,873~56,379
Stock granted in 2021	3.43	40,108~52,755	42,787~56,379
Stock granted in 2022	3.43	38,994~52,549	44,873~53,544
Stock granted in 2023	3.43	39,278~52,755	42,787~52,755

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, 2023, 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	3.43	-	49,315~52,755
Stock granted in 2016	3.43	-	44,873~52,755
Stock granted in 2017	3.43	-	52,755
Stock granted in 2018	3.43	-	52,755
Stock granted in 2020	3.43	-	49,315~52,755
Stock granted in 2021	3.43	-	51,649~52,755
Stock granted in 2022	3.43	-	49,315~52,755
Stock granted in 2023	3.43	-	47,066~51,931
(Kookmin Bank)			
Stock granted in 2015	3.43	-	52,755
Stock granted in 2016	3.43	-	51,649~52,755
Stock granted in 2017	3.43	-	52,755
Stock granted in 2018	3.43	-	52,755
Stock granted in 2020	3.43	-	52,755
Stock granted in 2021	3.43	-	51,649~52,755
Stock granted in 2022	3.43	-	44,873~52,755
Stock granted in 2023	3.43	-	47,066~53,705
(Other subsidiaries)			
Stock granted in 2015	3.43	-	42,787~52,755
Stock granted in 2016	3.43	-	42,787~52,755
Stock granted in 2017	3.43	-	40,891~52,755
Stock granted in 2018	3.43	-	40,891~56,379
Stock granted in 2019	3.43	-	42,787~56,379
Stock granted in 2020	3.43	-	42,787~56,379
Stock granted in 2021	3.43	-	42,787~56,379
Stock granted in 2022	3.43	-	42,787~53,558
Stock granted in 2023	3.43	-	42,787~53,581

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, 2023 and 2022, are ₩ 202,249 million and ₩ 186,908 million, respectively, and the receivables to be reimbursed by subsidiaries for the compensation costs as of December 31, 2023 and 2022, are ₩ 184,433 million and ₩ 169,918 million, respectively. And compensation costs from share-based payments amounting to ₩ 8,551 million and ₩ 5,801 million were recognized for the years ended December 31, 2023 and 2022, respectively.

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26. Net Other Non-Operating Income and Expenses

Details of other non-operating income and expenses for the years ended December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

	2023		2022	
Other non-operating income				
Reversal of impairment losses of intangible assets	₩	-	₩	2
Others		5,841		2,008
		<u>5,841</u>		<u>2,010</u>
Other non-operating expenses				
Impairment losses of intangible assets		94		2
Donation		1,140		1,097
Others		1		3
		<u>1,235</u>		<u>1,102</u>
Net other non-operating income	₩	<u>4,606</u>	₩	<u>908</u>

27. Income Tax Benefit (Expense)

27.1 Details of income tax benefit (expense) for the years ended December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

	2023		2022	
Income tax payable	₩	-	₩	-
Changes in deferred tax assets and liabilities		(15,412)		14,321
Origination and reversal of temporary differences		(15,412)		14,321
Income tax recognized directly in equity		(345)		942
Remeasurements of net defined benefit liabilities		(345)		942
Income tax benefit (Expense)	₩	<u>(15,757)</u>	₩	<u>15,263</u>

27.2 Analysis of the relationship between net profit before income tax expense and income tax benefit (expense) for the years ended December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

	2023		2022	
	Tax rate (%)	Amount	Tax rate (%)	Amount
Profit before income tax expense		₩ 2,137,001		₩ 1,669,249
Income tax at the applicable tax rate *	(25.92)	(553,806)	(26.88)	(448,682)
Non-taxable income	25.86	552,531	29.21	487,657
Non-deductible expenses	(0.06)	(1,364)	(0.05)	(882)
Tax rate change effect	-	-	(0.04)	(751)
Consolidated tax return effect	(0.60)	(12,772)	(1.38)	(23,021)
Others	(0.02)	(346)	0.06	942
Average effective tax rate and income tax benefit (expense)	(0.74)	₩ (15,757)	0.91	₩ 15,263

* For the year ended December 31 2023, applicable income tax rate for ₩ 200 million and below is 9.9%, for over ₩ 200 million to ₩ 20,000 million is 20.9%, for over ₩ 20,000 to ₩ 300,000 million is 23.1%, for over ₩ 300,000 is 26.4%.

* For the year ended December 31 2022, applicable income tax rate for ₩ 200 million and below is 11%, for over ₩ 200 million to ₩ 20,000 million is 22%, for over ₩ 20,000 to ₩ 300,000 million is 24.2%, for over ₩ 300,000 is 27.5%.

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)

	2023		2022	
	Number of shares	Accumulated number of shares	Number of shares	Accumulated number of shares
Number of issued ordinary shares	403,511,072	147,787,824,904	408,897,068	150,138,929,728
Number of treasury shares *	(24,847,247)	(7,617,096,867)	(19,262,733)	(7,922,397,453)
Average number of ordinary shares outstanding	378,663,825	140,170,728,037	389,634,335	142,216,532,275
Number of days		365		365
Weighted average number of ordinary shares outstanding		384,029,392		389,634,335

* Treasury stock retired during the year ended December 31, 2023 and 2022 were deducted from April 4, 2023 and February 14, 2022, respectively.

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28.1.2 Basic earnings per share

(In Korean won and in number of shares)

	2023	2022
Profit for the period	₩ 2,121,243,990,198	₩ 1,684,512,284,129
Deduction: Dividends on hybrid securities	(184,915,050,000)	(126,402,175,000)
Profit attributable to ordinary equity holders (A)	1,936,328,940,198	1,558,110,109,129
Weighted average number of ordinary shares outstanding (B)	384,029,392	389,634,335
Basic earnings per share (A/B)	₩ 5,042	₩ 3,999

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)

	2023	2022
Profit attributable to the ordinary equity holders *	₩ 1,936,328,940,198	₩ 1,558,110,109,129
Adjustment:		
Interest expense on exchangeable bonds	2,451,851,049	2,380,953,816
Adjusted profit for diluted earnings per share	₩ 1,938,780,791,247	₩ 1,560,491,062,945

* 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)

	2023	2022
Weighted average number of ordinary shares outstanding	384,029,392	389,634,335
Adjustment:		
Stock grants	4,300,774	4,306,711
Exchangeable bonds	5,000,000	5,000,000
Adjusted weighted average number of ordinary shares outstanding for diluted earnings per share	393,330,166	398,941,046

28.2.3 Diluted earnings per share

(In Korean won and in number of shares)

	2023	2022
Adjusted profit for diluted earnings per share	₩ 1,938,780,791,247	₩ 1,560,491,062,945
Adjusted weighted average number of ordinary shares outstanding for diluted earnings per share	393,330,166	398,941,046
Diluted earnings per share	₩ 4,929	₩ 3,912

29. Statement of Cash Flows

29.1 Details of cash and cash equivalents as of December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

	December 31, 2023		December 31, 2022	
Due from financial institutions	₩	256,337	₩	351,056
Deduction:		256,337		351,056
Restricted due from financial institutions		(3)		(3)
Due from financial institutions with original maturities over three months		(140,000)		(120,000)
		(140,003)		(120,003)
	₩	116,334	₩	231,053

29.2 Significant non-cash transactions for the years ended December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

	2023		2022	
Changes in receivables and payables from consolidated tax return	₩	297,486	₩	485,720
Changes in receivables and payables related to stock grants		14,516		(6,791)

29.3 Cash inflows and outflows from income tax, interest, and dividends for the years ended December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

	Activity	2023		2022	
Income tax paid	Operating	₩	5,242	₩	3,887
Interest received	Operating		30,837		14,229
Interest paid	Operating		100,634		107,924
Dividends received	Operating		2,240,975		1,904,586
Dividends paid	Financing		1,336,816		1,564,153

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29.4 Changes in liabilities arising from financing activities for the years ended December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

	2023			
	Beginning	Net cash flows	Non-cash changes	Ending
Borrowings	₩ -	₩ 100,000	₩ -	₩ 100,000
Debentures	4,956,949	(1,089,891)	4,762	3,871,820
	₩ 4,956,949	₩ (989,891)	₩ 4,762	₩ 3,971,820

(In millions of Korean won)

	2022			
	Beginning	Net cash flows	Non-cash changes	Ending
Debentures	₩ 5,552,791	₩ (601,102)	₩ 5,260	₩ 4,956,949

30. Contingent Liabilities and Commitments

30.1 Commitments made with financial institutions as of December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

		December 31, 2023		December 31, 2022	
		Amount of commitments	Amount borrowed	Amount of commitments	Amount borrowed
General loan	Hana Bank	₩ 200,000	₩ -	₩ 200,000	₩ -
General loan	Shinhan Bank	200,000	-	-	-
General loan	NongHyup Bank	300,000	-	-	-

30.2 Other Matters (including litigation)

The Company has 1 pending lawsuit as a defendant with aggregate claims amount of ₩0.1 million, which arose in the normal course of the management activities, as of December 31, 2023.

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, 2023 and 2022, are as follows:

(In millions of Korean won)

Subsidiaries	Profit or loss	2023		2022	
		₩		₩	
Kookmin Bank	Interest income	₩ 12,010	₩ 6,247		
	Fee and commission income	1,259	1,262		
	Net other operating income ¹	1,346,588	1,031,167		
	General and administrative expenses	12,601	11,351		
KB Securities Co., Ltd.	Interest expense	-	15		
	Fee and commission income	88	119		
	Net gains (losses) on financial assets at fair value through profit or loss	46,168	(18,596)		
	Net other operating income ¹	100,000	400,000		
KB Insurance Co., Ltd.	General and administrative expenses	296	440		
	Fee and commission income	138	170		
	General and administrative expenses	1,502	1,631		
	Net other operating income ¹	349,990	-		
KB Kookmin Card Co., Ltd.	Fee and commission income	33	39		
	Net other operating income ¹	200,008	250,056		
	General and administrative expenses	414	92		
	Net non-operating income ²	3,922	6		
KB Life Insurance Co., Ltd.	Fee and commission income	45	29		
	Net other operating income ¹	100,000	100,000		
	General and administrative expenses	958	572		
KB Asset Management Co., Ltd.	Net other operating income ¹	60,000	40,000		
	General and administrative expenses	2	-		
KB Capital Co., Ltd	Interest income	4,830	487		
	Fee and commission income	16	17		
	Net gains on financial assets at fair value through profit or loss	43,570	9,570		
	General and administrative expenses	-	40		
KB Life Insurance Co., Ltd.	Provision for credit losses	289	234		
	Fee and commission income	-	24		
	General and administrative expenses	-	346		
KB Real Estate Trust. Co., Ltd.	Interest income	943	-		
	Net other operating income ¹	35,000	40,000		
	Provision for credit losses	133	-		
KB Savings Bank Co., Ltd.	Interest income	4,777	3,990		
	Fee and commission income	2	1		
	Net gains (losses) on financial assets at fair value through profit or loss	3,818	(9,185)		

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31.1 Details of significant profit or loss arising from transactions with related parties for the years ended December 31, 2023 and 2022, are as follows: (cont'd)

(In millions of Korean won)

Subsidiaries	Profit or loss	2023	2022
KB Investment Co., Ltd.	Interest income	₩ 8,697	₩ 6,537
	Net other operating income ¹	-	10,000
	Provision for credit losses	140	53
KB Data Systems Co., Ltd.	General and administrative expenses	2,914	2,653
	Net other operating income ¹	600	-
Other related parties	Profit or loss	2023	2022
KB Credit Information Co., Ltd. ³	Interest income	₩ 227	₩ 49
	Net other operating income ¹	200	-
	Reversal (Provision) for credit losses	16	(16)

¹ Net other operating income includes dividend income from subsidiaries.

² Includes ₩ 3,917 million of gains on disposal of investments in KB Credit Information Co., Ltd.

³ The Company sold the 100% shares of KB Credit Information Co., Ltd. to Kookmin Card Co., Ltd. on June 30, 2023.

31.2 Details of significant outstanding balances of receivables and payables arising from transactions with related parties as of December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

Subsidiaries	Assets or liabilities	December 31, 2023	December 31, 2022
Kookmin Bank	Cash and due from financial institutions	₩ 114,336	₩ 231,056
	Other assets	308,475	828,505
	Other liabilities	45	97
	Property and equipment	1,055	357
KB Securities Co., Ltd.	Financial assets at fair value through profit or loss	523,188	401,732
	Other assets	92,212	66,162
	Other liabilities	1	116,503
KB Insurance Co., Ltd.	Other assets	21,170	111,433
	Other liabilities	42,956	47
KB Kookmin Card Co., Ltd.	Other assets	56,852	88,968
	Other liabilities	730	755
KB Life Insurance Co., Ltd.	Other assets	9,552	70,534
	Other liabilities	132,548	67
KB Asset Management Co., Ltd.	Other assets	11,508	21,033
	Financial assets at fair value through profit or loss	488,175	472,439
KB Capital Co., Ltd.	Loans measured at amortized cost (gross amount)	200,000	200,000
	Allowances for credit losses	522	234
	Other assets	19,364	52,941
	Other liabilities	-	9,188
KB Life Insurance Co., Ltd.	Other assets	-	4,655
	Other liabilities	-	9,188

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

(In millions of Korean won)

Subsidiaries	Assets or liabilities	December 31, 2023	December 31, 2022
KB Real Estate Trust Co., Ltd.	Loans measured at amortized cost (gross amount)	₩ 50,000	₩ -
	Allowances for credit losses	131	-
	Other assets	3,949	8,860
	Other liabilities	8,910	-
KB Savings Bank Co., Ltd.	Cash and due from financial institutions	140,000	120,000
	Financial assets at fair value through profit or loss	48,980	43,524
	Other assets	4,729	7,280
	Other liabilities	2,599	67
KB Investment Co., Ltd.	Loans measured at amortized cost (gross amount)	360,000	310,000
	Allowances for credit losses	1,061	924
	Other assets	8,579	5,943
	Other liabilities	331	1,716
KB Data Systems Co., Ltd.	Intangible assets	331	1,716
	Other assets	1,972	3,456
	Other liabilities	1,118	208
Other related parties	Assets or liabilities	December 31, 2023	December 31, 2022
KB Credit Information Co., Ltd.	Loans measured at amortized cost (gross amount)	-	13,500
	Allowances for credit losses	-	16
	Other assets	996	1,054
	Other liabilities	94	61

¹ The Company sold the 100% shares of KB Credit Information Co., Ltd. to Kookmin Card Co., Ltd. on June 30, 2023.

31.3 Right-of-use assets and lease liabilities with related parties as of December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

Subsidiary	Kookmin Bank	Right-of-use assets	December 31, 2023	December 31, 2022
			₩ 1,055	₩ 357

31.4 Unused commitments provided from related parties as of December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

Subsidiary	KB Kookmin Card Co., Ltd.	Unused lines of credit for credit card	December 31, 2023	December 31, 2022
			₩ 2,270	₩ 2,245

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31.5 Share transactions with related parties for the years ended December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

		2023		2022	
Subsidiary	KB Capital Co., Ltd.	W	-	W	100,000
	KB Securities Co., Ltd.		100,000		430,000
Other related party	KB Credit Information Co., Ltd.		23,620		-

31.6 Details of significant lending transactions with related parties for the years ended December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

		2023			
		Beginning	Loan	Collection	Ending
Subsidiary	KB Investment Co., Ltd.	W 310,000	W 50,000	W -	W 360,000
	KB Capital Co., Ltd.	200,000	-	-	200,000
	KB Savings Bank Co., Ltd. ¹	70,000	-	-	70,000
	KB Real Estate Trust Co., Ltd.	-	50,000	-	50,000
Other related party	KB Credit Information Co., Ltd. ²	13,500	-	(13,500)	-

¹ 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.

² The Company sold the 100% shares of KB Credit Information Co., Ltd. to Kookmin Card Co., Ltd. on June 30, 2023.

(In millions of Korean won)

		2022			
		Beginning	Loan	Collection	Ending
Subsidiary	KB Investment Co., Ltd.	W 250,000	W 60,000	W -	W 310,000
	KB Credit Information Co., Ltd. ¹	-	13,500	-	13,500
	KB Capital Co., Ltd.	-	200,000	-	200,000
	KB Savings Bank Co., Ltd. ²	70,000	-	-	70,000

¹ The Company sold the 100% shares of KB Credit Information Co., Ltd. to Kookmin Card Co., Ltd. on June 30, 2023

² 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.

31.7 Details of compensation to key management personnel for the years ended December 31, 2023 and 2022, are as follows:

(In millions of Korean won)

		2023			
		Short-term employee benefits	Post-employment benefits	Share-based payments	Total
Registered directors (executive)		W 1,286	W 65	W 1,850	W 3,201
Registered directors (non-executive)		676	-	-	676
Non-registered directors		6,768	263	6,701	13,732
		W 8,730	W 328	W 8,551	W 17,609

(In millions of Korean won)

		2022			
		Short-term employee benefits	Post-employment benefits	Share-based payments	Total
Registered directors (executive)		W 1,100	W 33	W 932	W 2,065
Registered directors (non-executive)		638	-	-	638
Non-registered directors		6,955	140	4,869	11,964
		W 8,693	W 173	W 5,801	W 14,667

31.8 The Company paid W 15 million and W 45 million to KB Securities Co., Ltd., a subsidiary, for the underwriting and arrangement of debentures and hybrid securities for the years ended December 31, 2023 and 2022, respectively.

32. Events after the reporting period

The Company plans to acquire W 320,000 million of its own shares and retire the treasury shares by August 7, 2024 pursuant to board resolutions dated February 7, 2024.

33. Approval of Issuance of the Financial Statements

The issuance of the Company's separate financial statements as of and for the year ended December 31, 2023, was initially approved on February 7, 2024 and re-approved due to revision on March 5, 2024 by the Board of Directors.



**Independent Auditor's Report on
Internal Control over Financial Reporting**

(English Translation of a Report Originally Issued in Korean)

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

Opinion on Internal Control over Financial Reporting

We have audited KB Financial Group Inc.'s (the Company) Internal Control over Financial Reporting as at December 31, 2023, based on *Conceptual Framework for Designing and Operating Internal Control over Financial Reporting*.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as at December 31, 2023, based on *Conceptual Framework for Designing and Operating Internal Control over Financial Reporting*.

We also have audited, in accordance with Korean Standards on Auditing, the separate financial statements of the Company, which comprise the separate statement of financial position as at December 31, 2023, and the separate statement of comprehensive income, separate statement of changes in equity and separate statement of cash flow for the year then ended, and notes to the separate financial statements including material accounting policy information, and our report dated March 6, 2024 expressed an unqualified opinion.

Basis for Opinion on Internal Control over Financial Reporting

We conducted our audit in accordance with Korean Standards on Auditing. Our responsibility under these standards are further described in the *Auditor's Responsibilities for the Audit of Internal Control over Financial Reporting* section of our report. We are independent of the Company in accordance with the ethical requirements of the Republic of Korea that are relevant to our audit of internal control over financial reporting and we have fulfilled our other ethical responsibilities in accordance with the ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management and Those Charged with Governance for Internal Control over Financial Reporting

Management is responsible for designing, implementing and maintaining effective internal control over financial reporting, and for its assessment about the effectiveness of internal control over financial reporting, included in the accompanying *Operating Status Report of Internal Control over Financial Reporting*.

Those charged with governance have the responsibilities for overseeing internal control over financial reporting.

Auditor's Responsibilities for the Audit of Internal Control over Financial Reporting

Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We conducted the audit in accordance with Korean Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

An audit of internal control over financial reporting involves performing procedures to obtain audit evidence about whether a material weakness exists. The procedures selected depend on the auditor's judgment, including the assessment of the risks that a material weakness exists. An audit includes obtaining an understanding of internal control over financial reporting and testing and evaluating the design and operating effectiveness of internal control over financial reporting based on the assessed risk.

Definition and Inherent Limitations of Internal Control over Financial Reporting

An entity's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance regarding the preparation of reliable financial statements in accordance with International Financial Reporting



Standards as adopted by the Republic of Korea. An entity's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the entity; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with International Financial Reporting Standards as adopted by the Republic of Korea, and that receipts and expenditures of the entity are being made only in accordance with authorizations of management and those charged with governance; and (3) provide reasonable assurance regarding prevention, or timely detection and correction of unauthorized acquisition, use, or disposition of the entity's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct, misstatements. Also, projections of any assessment of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The engagement partner on the audit resulting in this independent auditor's report is Yeob Yu, Certified Public Accountant.

/s/ Samil PricewaterhouseCoopers
Seoul, Korea
March 6, 2024

This report is effective as at March 6, 2024, 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 Company's internal control over financial reporting thereto. Accordingly, the readers of the audit report should understand that there is a possibility that the above audit report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

Operating Status Report of the Internal Control over Financial Reporting

To the Shareholder, Board of Directors and Audit Committee of KB Financial Group Inc..

We, as the Chief Executive Officer and the Internal Accounting Manager of of KB Financial Group Inc. ("the Company"), assessed operating status of the Company's Internal Control over Financial Reporting ("ICFR") for the year ending December 31, 2023.

Design and operation of ICFR is the responsibility of the Company's management, including the Chief Executive Officer and the Internal Accounting Manager (collectively, "We", "Our" or "Us").

We evaluated whether the Company effectively designed and operated its ICFR to prevent and detect errors or frauds which may cause a misstatement in financial statements to ensure preparation and disclosure of reliable financial information.

We used the 'Conceptual Framework for Designing and Operating Internal Control over Financial Reporting' established by the Operating Committee of Internal Control over Financial Reporting in Korea (the "ICFR Committee") as the criteria for design and operation of the Company's ICFR. And we conducted an evaluation of ICFR based on the 'Management Guideline for Evaluating and Reporting Effectiveness of Internal Control over Financial Reporting' established by the ICFR Committee.

Based on our assessment, we concluded that the Company's ICFR is designed and operated effectively as of December 31, 2023, in all material respects, in accordance with the 'Conceptual Framework for Designing and Operating Internal Control over Financial Reporting'.

We certify that this report does not contain any untrue statement of a fact, or omit to state a fact necessary to be presented herein. We also certify that this report does not contain or present any statements which might cause material misunderstandings of the readers, and we have reviewed and verified this report with sufficient care.

March 5, 2024

Jong Hee Yang,
Chief Executive Officer

Jae Kwan Kim,
Internal Accounting Manager



 **KB Financial Group**