IMPORTANT NOTICE

THIS DOCUMENT IS AVAILABLE ONLY TO INVESTORS WHO ARE NON-U.S. PERSONS WITH ADDRESSES OUTSIDE OF THE U.S.

IMPORTANT: You must read the following before continuing. If you are not the intended recipient of this message, please do not distribute or copy the information contained in this e-mail, but instead, delete and destroy all copies of this e-mail including all attachments. The following applies to the preliminary offering circular (the "offering circular") following this page, and you are therefore advised to read this carefully before reading, accessing or making any other use of the offering circular. In accessing the following offering circular, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES DESCRIBED HEREIN HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES, OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S ("REGULATION S") UNDER THE SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THE FOLLOWING OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. PERSON OR TO ANY U.S. ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. ANY INVESTMENT DECISION SHOULD BE MADE ON THE BASIS OF THE FINAL TERMS AND CONDITIONS OF THE RELEVANT SECURITIES. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORIZED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED THEREIN.

THE SECURITIES HAVE NOT BEEN REGISTERED WITH THE FINANCIAL SERVICES COMMISSION OF KOREA UNDER THE FINANCIAL INVESTMENT SERVICES AND CAPITAL MARKETS ACT OF KOREA. ACCORDINGLY, THE SECURITIES MAY NOT BE OFFERED, DELIVERED, OR SOLD, DIRECTLY OR INDIRECTLY, IN THE REPUBLIC OF KOREA ("KOREA") OR TO ANY RESIDENT OF KOREA (AS DEFINED IN THE FOREIGN EXCHANGE TRANSACTION ACT OF KOREA AND RULES AND REGULATIONS PROMULGATED THEREUNDER) OR TO OTHERS FOR RE-OFFERING OR RESALE, DIRECTLY OR INDIRECTLY, IN KOREA OR TO ANY RESIDENT OF KOREA EXCEPT AS OTHERWISE PERMITTED UNDER APPLICABLE KOREAN LAWS AND REGULATIONS. IN ADDITION, DURING THE FIRST YEAR AFTER THE ISSUANCE OF THE SECURITIES, THE SECURITIES MAY NOT BE TRANSFERRED TO ANY RESIDENT OF KOREA OTHER THAN A KOREAN QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN THE REGULATION ON SECURITIES ISSUANCE AND PUBLIC DISCLOSURE, ETC. OF KOREA, A "KOREAN QIB") WHO IS REGISTERED WITH THE KOREA FINANCIAL INVESTMENT ASSOCIATION AS A KOREAN QIB, PROVIDED THAT THE AMOUNT OF THE NOTES ACQUIRED BY SUCH KOREAN QIBS IN THE PRIMARY MARKET IS LIMITED TO NO MORE THAN 20% OF THE AGGREGATE PRINCIPAL AMOUNT OF THE NOTES.

Confirmation of your Representation: In order to be eligible to view the following offering circular or make an investment decision with respect to the securities, investors must not be a U.S. person (within the meaning of Regulation S under the Securities Act). By accepting the e-mail and accessing the following offering circular, you shall be deemed to have represented to us that (1) you are not a U.S. person nor are you acting on behalf of a U.S. person, the electronic mail address that you gave us and to which this e-mail has been delivered is not located in the United States, its territories or possessions and, to the extent you purchase the securities described in the following offering circular, you will be doing so pursuant to Regulation S under the Securities Act and (2) you consent to the delivery of such offering circular and any amendments and supplements thereto by electronic transmission.

You are reminded that the following offering circular has been delivered to you on the basis that you are a person into whose possession the following offering circular may be lawfully delivered in accordance with the laws of jurisdiction in which you are located and you may not, nor are you authorized to, deliver or disclose the contents of the following offering circular to any other person. If this is not the case, you must return this offering circular to us immediately.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and a Manager or any affiliate of the Manager is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by such Manager or affiliate on behalf of the Issuer in such jurisdiction.

The following offering circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently, none of the issuer or the guarantor or BNP Paribas, Citigroup Global Markets Limited, Crédit Agricole Corporate and Investment Bank, The Hongkong and Shanghai Banking Corporation Limited, J.P. Morgan Securities plc, MUFG Securities Asia Limited or Standard Chartered Bank (collectively, the "Managers"), or any person who controls any of them or any director, officer, employee or agent of any of them or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the offering circular distributed to you in electronic format and the hard copy version available to you on request from the Managers.

You should not reply by e-mail to this announcement, and you may not purchase any securities by doing so. Any reply e-mail communications, including those you generate by using the "Reply" function on your e-mail software, will be ignored or rejected. You are responsible for protecting against viruses and other destructive items. Your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

The information in this Preliminary Offering Circular is not complete and may be changed. This Preliminary Offering Circular is not an offer to sell these securities and it is not a solicitation of an offer to buy these securities in any jurisdictions where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED JANUARY 12, 2024

OFFERING CIRCULAR **CONFIDENTIAL**

SK BATTERY AMERICA, INC.

(a corporation organized under the laws of the state of Delaware)

US$ % Guaranteed Senior Unsecured Green Notes due 20

Unconditionally and Irrevocably Guaranteed by

KOOKMIN BANK

(incorporated with limited liability under the laws of the Republic of Korea)

Issue Price: %

The US$ % Guaranteed Senior Unsecured Green Notes due 20 (the "Notes") will be issued by SK Battery America, Inc. (the "Issuer") and unconditionally and irrevocably guaranteed by Kookmin Bank (the "Guarantor" or the "Bank," and such guarantee, the "Guarantee"). The Notes constitute direct, general and unconditional obligations of the Issuer which will be unsecured and will rank *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer (save for such as may be preferred by mandatory provision of applicable law). The Guarantee relating to the Notes constitutes a direct, general and unconditional obligation of the Guarantor which will be unsecured and will rank *pari passu* with all other present and future unsecured and unsubordinated obligations of the Guarantor (save for such as may be preferred by mandatory provision of applicable law).

The Notes will bear interest from and including January , 2024 (the "Issue Date") at a rate of % per annum. Interest will be payable semi-annually in arrear on January and July of each year (each an "Interest Payment Date," with the first Interest Payment Date on July , 2024 in respect of the period from and including the Issue Date to but excluding such Interest Payment Date). Unless previously redeemed or purchased and canceled, the Notes will be redeemed at their outstanding principal amount on the Interest Payment Date on January , 20 (the "Maturity Date"). The Notes are subject to redemption in whole, but not in part, at their outstanding principal amount together with any accrued but unpaid interest thereon, in the event of certain changes to tax laws. See "Terms and Conditions of the Notes – Redemption."

The Notes are being issued by the Issuer as "Green Bonds" under SK Innovation Co., Ltd.'s Green Financing Framework (the "Green Financing Framework"). The Issuer expects to use an amount equal to the net proceeds from the offering of the Notes to finance or refinance, in part or in full, new and/or existing Eligible Projects (as defined in the Green Financing Framework). See "Use of Proceeds."

Investing in the Notes involves certain risks. See "Risk Factors" beginning on page 4.

Approval in-principle has been received from the Singapore Exchange Securities Trading Limited (the "SGX-ST") for the listing and quotation of the Notes on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this offering circular (the "Offering Circular"). Approval in-principle from, admission to the Official List of, and listing and quotation of the Notes on, the SGX-ST are not to be taken as an indication of the merits of the Issuer, the Guarantor or the Notes.

Approval in-principle has been received for the Notes to be recognized under the SGX Sustainable Fixed Income initiative on SGX-ST. Recognition under the SGX Sustainable Fixed Income initiative does not guarantee that the Notes will satisfy any investor's expectations or requirements on its sustainability-related performance or impact. The SGX-ST may remove the recognition from the Notes at its discretion. The latest list of fixed income securities that have been granted recognition under the SGX Sustainable Fixed Income initiative is available at the SGX website.

The Notes and the Guarantee have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") and, subject to certain exceptions, may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S ("Regulation S") under the Securities Act), unless pursuant to an exemption from or in a transaction not subject to the registration requirements of the Securities Act. For a description of these and certain further restrictions on offers and sales of the Notes and the Guarantee and the distribution of this Offering Circular, see "Subscription and Sale."

The Notes are expected to be rated "Aa3" by Moody's Investors Service ("Moody's"). Such rating of the Notes does not constitute a recommendation to buy, sell or hold the Notes and may be subject to revision or withdrawal at any time by such rating organization. Such rating should be evaluated independently of any other rating of the Notes, the Issuer's or Guarantor's other securities or the Issuer or Guarantor.

The Notes will initially be represented by beneficial interests in a global certificate (the "Global Certificate") in registered form which will be registered in the name of a nominee of, and shall be deposited on or about January , 2024 with a common depositary for, Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking, S.A. ("Clearstream"). Beneficial interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream. Except as described herein, certificates for Notes will not be issued in exchange for interests in the Global Certificate.

Joint Bookrunners and Joint Lead Managers

BNP PARIBAS **Citigroup**

Crédit Agricole CIB **HSBC**

J.P. Morgan **MUFG**

Standard Chartered Bank

The date of this Offering Circular is January , 2024.

TABLE OF CONTENTS

	Page
SUMMARY	1
RISK FACTORS	4
TERMS AND CONDITIONS OF THE NOTES	28
THE GLOBAL CERTIFICATE	43
USE OF PROCEEDS	44
CAPITALIZATION OF THE BANK	45
EXCHANGE RATES	46
SELECTED FINANCIAL AND OPERATING DATA OF THE BANK	47
THE ISSUER	50
THE BANK	51
ASSETS AND LIABILITIES OF THE BANK	74
RISK MANAGEMENT OF THE BANK	86
MANAGEMENT OF THE BANK	105
REGULATION AND SUPERVISION OF THE BANK	109
TAXATION	119
SUBSCRIPTION AND SALE	122
LEGAL MATTERS	129
INDEPENDENT ACCOUNTANTS	130
INDEX TO FINANCIAL STATEMENTS	F-1

You should rely only on the information contained in this Offering Circular. None of the Issuer, the Guarantor or the Managers (as defined in "Subscription and Sale") has authorized anyone to provide you with information that is different or make any representation other than as contained in this Offering Circular in connection with the offering of the Notes. If anyone provides you with different or inconsistent information, you should not rely on it. The contents of the Issuer's, the Guarantor's and SK Innovation Co., Ltd.'s websites do not form any part of this Offering Circular.

You should assume the information in this Offering Circular is accurate only as of the date of this Offering Circular or such other date as specified herein. The business, financial condition, results of operations and prospects of the Issuer or the Guarantor may have changed since that date. Neither the delivery of this Offering Circular nor any sale of the Notes made in connection with this Offering Circular will, under any circumstances, constitute a representation or create any implication that the information in this Offering Circular is correct as of any date subsequent to the date of this Offering Circular or that there have been no changes in the affairs of the Issuer or the Guarantor since the date of this Offering Circular. Statements contained in this Offering Circular as to the contents of any contract or other documents referred to in this Offering Circular may not set forth all of the terms and conditions of such contracts or other documents.

In making an investment decision, prospective investors must rely on their own examination of the Issuer and the Guarantor and the terms of the Notes and the Guarantee, including the merits and risks involved. Neither the Issuer nor the Guarantor is making any representation to any purchaser of the Notes regarding the legality of an investment in the Notes by such purchaser under any legal investment or similar laws or regulations. This Offering Circular should not be considered as a recommendation or constituting an invitation or offer by the Issuer, the Guarantor or the Managers that any recipient of this Offering Circular should purchase the Notes. You should not construe the contents of this Offering Circular as legal, business, accounting or tax advice. You should consult your own attorney, business adviser and tax adviser for legal, business and tax advice regarding an investment in the Notes.

The Issuer and the Guarantor have furnished the information contained in this Offering Circular. The Managers have not separately verified the information contained or incorporated by reference in this Offering Circular. No representation, undertaking or warranty, express or implied, is made by the Managers or any of their respective directors, officers, employees, agents, affiliates or advisers as to the accuracy or completeness of the information contained or incorporated by reference in this Offering Circular, and nothing contained in this Offering Circular is, or shall be relied upon as, a promise or representation by the Managers or any of their respective affiliates or advisers. The Managers assume no responsibility for any acts or omissions of the Issuer or the Guarantor or any other person (other than the relevant Managers) in connection with the issue and offering of the Notes or for the accuracy, adequacy, reasonableness or completeness of any of the information contained in this Offering Circular or any other information (financial, legal or otherwise) provided by the Issuer or the Guarantor in connection with the issue or distribution of the Notes, the issue of the Guarantee or the future performance of the Notes or the Guarantee. To the fullest extent permitted by law, none of the Managers accepts any responsibility for the contents of this Offering Circular or for any other statement, made or purported to be made by the Managers or on its behalf in connection with the Issuer, the Guarantor, the Guarantee or the issue and offering of the Notes. The Managers accordingly disclaim all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Offering Circular or any such statement. Each person receiving this Offering Circular acknowledges that such person has not relied on the Managers or any of their affiliates or advisers in connection with investigation of the accuracy of such information or such person's investment decisions.

The Notes and the Guarantee have not been registered with or approved or disapproved by the U.S. Securities and Exchange Commission, any state securities commission or other regulatory authority, nor has any of the foregoing authorities passed upon or endorsed the merits of this offering or the accuracy or adequacy of this Offering Circular.

This Offering Circular may only be used where it is legal to sell the Notes. None of the Issuer, the Guarantor and the Managers is making an offer to sell the Notes in any jurisdiction where the offer or sale is not permitted. This Offering Circular may not be used for, or in connection with, any offer to, or solicitation by, anyone in any jurisdiction in which it is unlawful to make such an offer or solicitation. The distribution of this Offering Circular and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular may come must inform themselves about and observe these relevant restrictions. No action is being taken in any jurisdiction to permit an offering to the general public of the Notes or the distribution of this Offering Circular in any jurisdiction where action would be required for those purposes.

This Offering Circular is confidential. This Offering Circular has been prepared by the Issuer and the Guarantor solely for use in connection with the proposed offering of the Notes described in this Offering Circular. This Offering Circular is personal to each prospective investor and does not constitute an offer to any other person or to the public generally to subscribe for, or otherwise acquire, the Notes. Distribution of this Offering Circular to any person other than the prospective investor and any person retained to advise such prospective investor with respect to its purchase is unauthorized and any disclosure of any of its contents or use of such information for any purpose other than making an investment decision, without the prior written consent of the Issuer and the Guarantor, is prohibited. Each prospective investor, by accepting delivery of this Offering Circular, agrees to the foregoing.

The Notes are subject to restrictions on transferability and may not be transferred or resold except as permitted under applicable U.S. federal and state securities laws pursuant to a registration statement or an exemption from registration. Any investor who purchases the Notes will be deemed to have made acknowledgments, representations, warranties and agreements intended to restrict the resale or other transfer of the Notes, as set forth under "Subscription and Sale – Transfer Restrictions." As a prospective purchaser, you should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time.

UK MIFIR product governance/Professional investors and ECPs only target market – Solely for the purposes of the manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("COBS"), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("UK MiFIR"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the manufacturer's target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "UK MiFIR Product Governance Rules") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels.

Important Notice to Prospective Investors

Prospective investors should be aware that certain intermediaries in the context of this offering of the Notes, including certain Managers, are "capital market intermediaries" ("CMIs") subject to Paragraph 21 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (the "SFC Code"). This notice to prospective investors is a summary of certain obligations the SFC Code imposes on such CMIs, which require the attention and cooperation of prospective investors. Certain CMIs may also be acting as "overall coordinators" ("OCs") for this offering and are subject to additional requirements under the SFC Code.

Prospective investors who are the directors, employees or major shareholders of the Issuer, the Guarantor, a CMI or its group companies would be considered under the SFC Code as having an association ("Association") with the Issuer, the Guarantor, the CMI or the relevant group company. Prospective investors associated with the Issuer, the Guarantor or any CMI (including its group

companies) should specifically disclose this when placing an order for the Notes and should disclose, at the same time, if such orders may negatively impact the price discovery process in relation to this offering. Prospective investors who do not disclose their Associations are hereby deemed not to be so associated. Where prospective investors disclose their Associations but do not disclose that such order may negatively impact the price discovery process in relation to this offering, such order is hereby deemed not to negatively impact the price discovery process in relation to this offering.

Prospective investors should ensure, and by placing an order prospective investors are deemed to confirm, that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e., two or more corresponding or identical orders placed via two or more CMIs). If a prospective investor is an asset management arm affiliated with any Manager, such prospective investor should indicate when placing an order if it is for a fund or portfolio where the Manager or its group company has more than a 50% interest, in which case it will be classified as a ''proprietary order'' and subject to appropriate handling by CMIs in accordance with the SFC Code and should disclose, at the same time, if such ''proprietary order'' may negatively impact the price discovery process in relation to this offering. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a ''proprietary order''. If a prospective investor is otherwise affiliated with any Manager, such that its order may be considered to be a ''proprietary order'' (pursuant to the SFC Code), such prospective investor should indicate to the relevant Manager when placing such order. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a ''proprietary order''. Where prospective investors disclose such information but do not disclose that such ''proprietary order'' may negatively impact the price discovery process in relation to this offering, such ''proprietary order'' is hereby deemed not to negatively impact the price discovery process in relation to this offering.

Prospective investors should be aware that certain information may be disclosed by CMIs (including private banks) which is personal and/or confidential in nature to the prospective investor. By placing an order, prospective investors are deemed to have understood and consented to the collection, disclosure, use and transfer of such information by the Managers and/or any other third parties as may be required by the SFC Code, including to the Issuer, the Guarantor, any OCs, relevant regulators and/or any other third parties as may be required by the SFC Code, it being understood and agreed that such information shall only be used for the purpose of complying with the SFC Code, during the bookbuilding process for this offering. Failure to provide such information may result in that order being rejected.

Notification under Section 309B(1)(c) of the Securities and Futures Act 2001 of Singapore (the "SFA") – the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

In connection with this offering, any of the Managers appointed and acting in its capacity as stabilization manager (the "Stabilization Manager") (or person(s) acting on its behalf) may, subject to all applicable laws, rules and regulations, over-allot Notes or effect transactions that stabilize or maintain the market price of the Notes at a higher level than the Notes might otherwise achieve in the open market for a limited period of time after the Issue Date. However, there is no assurance that the Stabilization Manager (or person(s) acting on its behalf) will undertake stabilization action. Such stabilizing, if commenced, may be discontinued at any time and must be brought to an end after a limited period. For a description of these activities, see "Subscription and Sale."

ENFORCEABILITY OF CIVIL LIABILITIES

The Guarantor is a corporation with limited liability organized under the laws of Korea. All of the officers and directors of the Guarantor named in this Offering Circular reside in Korea, and all or a substantial portion of the assets of the Guarantor and of such officers and directors are located outside the United States.

As a result, it may not be possible for you to effect service of process within the United States upon such persons or to enforce against them or the Guarantor in U.S. courts judgments predicated upon civil liability provisions of the federal securities laws of the United States. There is doubt as to the enforceability in Korea, either in original actions or in actions for enforcement of judgments of U.S. courts, of civil liabilities predicated on the U.S. federal securities laws.

AVAILABLE INFORMATION

Copies of the Fiscal Agency Agreement will be on file and available for inspection at the specified office of the Fiscal Agent (as defined in this Offering Circular) upon prior written request during normal office hours. In accordance with the Notes and the Fiscal Agency Agreement, the Fiscal Agent also will make available for inspection by holders of the Notes or, in certain cases, arrange for the mailing to such holders, certain documents or communications received from the Issuer or the Guarantor, as the case may be. See "Terms and Conditions of the Notes."

PRESENTATION OF FINANCIAL INFORMATION

The Issuer maintains its financial books and records and prepares its financial statements in U.S. dollars in accordance with generally accepted accounting principles in the United States ("U.S. GAAP"). The Issuer's audited consolidated financial statements as of and for the years ended December 31, 2022 and 2021 included elsewhere in this Offering Circular have been prepared in accordance with U.S. GAAP.

The Guarantor maintains its financial books and records and prepares its financial statements in Won in accordance with International Financial Reporting Standards as adopted by Korea ("Korean IFRS"). Unless otherwise stated, the financial data of the Guarantor contained in this Offering Circular as of and for the years ended December 31, 2022, 2021 and 2020 and as of September 30, 2023 and for the nine-month periods ended September 30, 2023 and 2022 are derived from the Guarantor's audited consolidated financial statements as of and for the years ended December 31, 2022, 2021 and 2020 and its unaudited consolidated interim financial statements as of September 30, 2023 and for the nine-month periods ended September 30, 2023 and 2022, respectively, which have been prepared in accordance with Korean IFRS.

The Guarantor has changed its accounting policy related to cash and cash equivalent for its annual reporting period commencing January 1, 2022, which resulted in retrospective adjustments to the statements of cashflows for the year ended December 31, 2021. The consolidated financial statements as of and for the years ended December 31, 2022 and 2021 included in the Offering Circular reflect the changes due to such retrospective application; however, the consolidated financial statements as of and for the years ended December 31, 2021 and 2020 included in the Offering Circular do not reflect such retrospective adjustments. For further information regarding the change in accounting policy, see Note 2.1.2 to the Guarantor's audited consolidated financial statements as of and for the years ended December 31, 2022 and 2021 included elsewhere in this Offering Circular.

CERTAIN DEFINED TERMS AND CONVENTIONS

All references to the "Issuer" in this Offering Circular are references to SK Battery America, Inc. and its consolidated subsidiaries collectively, as required or as indicated by the context. All references to the "Bank" or the "Guarantor" in this Offering Circular are references to Kookmin Bank or Kookmin Bank and its consolidated subsidiaries collectively, as required or as indicated by the context.

All references to "Korea" contained in this Offering Circular are references to The Republic of Korea. All references to the "Government" are references to the government of Korea. All references to "U.S." and the "United States" are references to the United States of America. All references to "Singapore" are references to the Republic of Singapore. In this Offering Circular, all references to "Won" or "₩" are to the lawful currency of Korea, all references to "U.S. dollar" or "US$" are to the lawful currency of the United States, all references to "Euro" are to the lawful currency of the European Union and all references to "Japanese yen" are to the lawful currency of Japan. For the reader's convenience, certain Won amounts in this Offering Circular have been translated into U.S. dollars at the market average exchange rate, announced by Seoul Money Brokerage Services, Ltd. in Seoul, between Won and dollars, rounded to the nearest tenth of one Won (the "Market Average Exchange Rate") on December 30, 2022, which was ₩1,267.3 to US$1.00. No representation is made that the Won or U.S. dollar amounts referred to herein could have been or could be converted into U.S. dollars or Won, as the case may be, at any particular rate, or at all. For historical information regarding the rate of exchange between the Won and the U.S. dollar, see "Exchange Rates." In this Offering Circular, where information has been prepared in thousands, millions or billions of units, amounts may have been rounded up or down. Accordingly, actual numbers may differ from those contained herein due to rounding. All discrepancies in any table between totals and the sums of the amounts listed are due to rounding.

FORWARD-LOOKING STATEMENTS

This Offering Circular contains certain "forward-looking statements" that are based on the Issuer's or the Guarantor's current expectations, assumptions, estimates and projections about the industries that the Issuer and Guarantor are in. The forward-looking statements are subject to various risks and uncertainties. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "anticipate", "believe", "estimate", "expect", "intend", "target", "seek", "aim", "contemplate", "project", "plan", "goal", "should" and similar expressions or the negatives thereof. Those statements include, among other things, the discussions of the Issuer's and the Guarantor's business strategy and expectations concerning their market position, future operations, cash flows, margins, profitability, liquidity and capital resources. Reliance on any forward-looking statement involves risks and uncertainties, and although the Issuer and the Guarantor believe that the assumptions on which the forward-looking statements are based are reasonable, any of those assumptions could prove to be inaccurate, and, as a result, the forward-looking statements based on those assumptions could be incorrect. The uncertainties in this regard include, but are not limited to, those identified in the "Risk Factors." In light of these and other uncertainties, you should not conclude that the Issuer or the Guarantor will necessarily achieve any plans and objectives or projected financial results referred to in any of the forward-looking statements. Neither the Issuer nor the Guarantor will undertake to release the results of any revisions of these forward-looking statements to reflect future events or circumstances, except as required by law.

SUMMARY

The following is a brief summary of certain terms of this offering. For a more complete description of the terms of the Notes, see "Terms and Conditions of the Notes" in this Offering Circular (the "Conditions"). Terms used and not otherwise defined in this summary have the meaning given to them in the Conditions.

Issuer	SK Battery America, Inc., a corporation organized under the laws of the state of Delaware.
Notes.	US$ % Guaranteed Senior Unsecured Green Notes due 20 .
Guarantor	Kookmin Bank, a bank incorporated under the laws of Korea.
Guarantee	The Guarantor has given for the benefit of the Holders of the Notes an unconditional and irrevocable guarantee for the due and punctual payment of all sums from time to time payable by the Issuer in respect of the Notes as and when the same shall become due according to the Conditions. The Guarantee relating to the Notes constitutes a direct, general and unconditional obligation of the Guarantor which will be unsecured and will rank *pari passu* with all other present and future unsecured and unsubordinated obligations of the Guarantor (save for such as may be preferred by mandatory provision of applicable law). The Guarantee will remain in full effect until the earlier of (i) when all of the obligations in respect of the Notes shall have been paid in full and (ii) the Maturity Date.
Issue Price.	%
Issue Date	January , 2024.
Interest Commencement Date.	January , 2024.
Interest Payment Dates. .	January and July of each year, commencing on July , 2024 and up to and including January , 20 , each subject to the following business day convention.
Rate of Interest	% per annum, from and including, the Issue Date to, but excluding, the Maturity Date, payable semi-annually in arrear.
Day Count Fraction	30/360.
Maturity Date	January , 20 .
Form and Denomination.	The Notes will be issued in registered form in denominations of US$200,000 and integral multiples of US$1,000 in excess thereof. Upon issue, the Global Certificate will be deposited with, and registered in the name of a nominee of, a common depositary for, Euroclear and Clearstream.

Redemption at Maturity .	Unless previously redeemed or purchased and canceled, the Notes will be redeemed at their outstanding principal amount on the Maturity Date.
Redemption for Tax Reasons	The Issuer may redeem the Notes in whole, but not in part, at their outstanding principal amount together with any accrued but unpaid interest thereon, in the event that the Issuer is obliged to pay Additional Amounts as provided in Condition 8.1.
Taxation	All payments in respect of the Notes by or on behalf of the Issuer or, as the case may be, the Guarantor, will be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Relevant Jurisdiction, unless the withholding or deduction of such taxes is required by law. In that event, subject to certain exceptions, the Issuer or, as the case may be, the Guarantor, will pay such Additional Amounts as may be necessary in order that the net amounts received by the Holders after the withholding or deduction (including any withholding or deduction in respect of such payment of Additional Amounts) will equal the respective amounts which would otherwise have been receivable in respect of the Notes in the absence of the withholding or deduction as described in Condition 8.
Negative Pledge	The Notes will contain a negative pledge provision given by the Issuer as described in Condition 3.2.
Cross Acceleration	The Notes will contain a cross-acceleration provision relating to indebtedness for money borrowed of the Issuer as described in Condition 11.3.
Status of the Notes	The Notes will constitute direct, general and unconditional obligations of the Issuer which will be unsecured and will rank *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer (save for such as may be preferred by mandatory provision of applicable law).
Governing Law	The Notes and the Guarantee will be governed by, construed in accordance with, the laws of the State of New York.
Rating	The Notes are expected to be rated "Aa3" by Moody's. A rating is not a recommendation to buy, sell or hold the Notes and may be subject to revision or withdrawal at any time by the assigning rating organization.
Fiscal Agent, Paying Agent, Transfer Agent and Registrar	The Hongkong and Shanghai Banking Corporation Limited.
Listing	Approval in-principle has been received from the SGX-ST for the listing and quotation of the Notes on the SGX-ST. For so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the Notes, if traded on the SGX-ST, will be traded in a minimum board lot size of SGD200,000 (or its equivalent in foreign currencies). Accordingly, the Notes, if traded on the SGX-ST, will be traded in a minimum board lot size of US$200,000.

Use of Proceeds	The Issuer expects to use an amount equal to the net proceeds from the offering of the Notes to finance or refinance, in part or in full, new and/or existing Eligible Projects (as defined in the Green Financing Framework). See "Use of Proceeds."
Green Bonds	The Notes are being issued by the Issuer as "Green Bonds" under the Green Financing Framework.
Selling Restrictions	The Notes and the Guarantee have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons, except in certain transactions exempt from the registration requirements of the Securities Act. For additional selling restrictions in relation to other jurisdictions, see "Subscription and Sale."
Clearance and Settlement	The Notes have been accepted for clearance by Euroclear and Clearstream under the following codes: ISIN: Temporary ISIN: Common Code: The Legal Entity Identifier (LEI) of the Issuer is 54930012FBFVNU7RWO57.

RISK FACTORS

Prospective purchasers of the Notes should carefully review the information contained in this Offering Circular, including in particular the following matters.

Risks Relating to the Bank's Retail Credit Portfolio

Future changes in market conditions as well as other factors may lead to increases in delinquency levels of the Bank's retail loan portfolio.

For most of the recent past, consumer debt has increased significantly in Korea. The Bank's portfolio of retail loans on a separate basis, including mortgage and home equity loans, increased from ₩162,328 billion as of December 31, 2020 to ₩170,531 billion as of December 31, 2021, although it decreased to ₩166,411 billion as of December 31, 2022. As of December 31, 2022, on a separate basis, the Bank's retail loans represented 45.6% of the Bank's total lending. On a separate basis, within the Bank's retail loan portfolio, the outstanding balance of other consumer loans, which unlike mortgage or home equity loans are often unsecured and therefore tend to carry a higher credit risk, amounted to ₩49,511 billion as of December 31, 2020, ₩51,499 billion as of December 31, 2021 and ₩46,865 billion as of December 31, 2022; such amounts represented 30.5%, 30.2% and 28.2% of the Bank's total outstanding retail loans on a separate basis as of December 31, 2020, 2021 and 2022, respectively. The Bank's retail lending business, which generally offers higher margins than other lending activities, has contributed significantly to its interest income and profitability in recent years.

The growth of the Bank's retail loan portfolio in most of the recent past, together with fluctuating economic conditions in Korea and globally in recent years, especially in light of the high level of consumer debt and rising interest rate levels, may lead to increases in delinquency levels and a deterioration in asset quality. On a separate basis, the amount of the Bank's non-performing retail loans (defined as those loans that are past due by 90 days or more) decreased from ₩182 billion as of December 31, 2020 to ₩136 billion as of December 31, 2021 but increased to ₩168 billion as of December 31, 2022. Higher delinquencies in the Bank's retail loan portfolio in the future will require the Bank to increase its loan loss provisions and charge-offs, which in turn will adversely affect its financial condition and results of operations.

The Bank's large exposure to consumer debt means that it is exposed to changes in economic conditions affecting Korean consumers. Accordingly, economic difficulties in Korea that hurt consumers could result in a deterioration in the credit quality of the Bank's retail loan portfolio. For example, a rise in unemployment or an increase in interest rates could adversely affect the ability of consumers to make payments and increase the likelihood of potential defaults, while reducing demand for retail loans. See "*– Risks Relating to Korea – Unfavorable financial and economic developments in Korea may have an adverse effect on the Bank*." Despite the Bank's efforts to minimize its risk as a result of such exposure, there is no assurance that it will be able to prevent significant credit quality deterioration in its retail loan portfolio.

In addition, the Bank is exposed to changes in regulations and policies on retail lending by the Korean government (the "Government"), which may adopt measures to restrict retail lending or encourage financial institutions to provide financial support to certain types of retail borrowers. From the second half of 2016 to 2021, the Government introduced various measures to tighten regulations on mortgage and other lending and housing subscription in response to the rapid growth in consumer debt and concerns over speculative investments in real estate in certain areas. The Government has since relaxed some of these measures by introducing a number of policy measures that seek to sustain housing prices and activity levels in the Korean real estate market, in light of an overall decrease in housing prices over the course of 2022. However, the Government has indicated in the second half of 2023 that it would begin tightening regulations again in response to the continued rise in the level of consumer debt. A continued decrease in housing prices, together with the high level of consumer debt and higher interest rate levels, could result in declines in consumer spending and reduced economic growth, which may lead to an increase in the delinquency level of the Bank's retail loan portfolio.

Under a pre-workout program established by the Credit Counseling and Recovery Service, a public service organization that provides debt adjustment services to low-income families in Korea, a number of Korean banks, including us, have provided individual borrowers with outstanding short-term debt in default with maturity extensions and/or interest reductions since April 2009. Such borrowers must have total loans of ₩1.5 billion or less (consisting of no more than ₩500 million of unsecured loans and ₩1 billion of secured loans) from one or more financial institutions, be in arrears on their payments for more than one day but less than 90 days (so far as those who have been delinquent in their payment for a period of between one day and 30 days have an annual income of ₩40 million or less and a cumulative delinquency period of 30 days or more during the year immediately preceding the application date), and either have an income in excess of the minimum cost of living or be deemed by the Credit Counseling and Recovery Service to have the ability to repay their loans. In addition, in March 2015 and September 2019, in response to increasing levels of consumer debt and amid concerns over the debt-servicing capacity of retail borrowers if interest rates were to rise, the Government launched, and requested Korean banks to participate in, a mortgage loan refinancing program aimed at reducing the payment burden on and improving the asset quality of outstanding mortgage loans. Under such refinancing programs, qualified retail borrowers were able to convert their outstanding non-amortising floating-rate mortgage loans from Korean commercial banks (including the Bank) into amortising fixed-rate mortgage loans with lower interest rates. The Bank's participation in such refinancing program may lead to a decrease in its interest income on its outstanding mortgage loans, as well as in its overall net interest margin. Moreover, the Bank's participation in such initiatives led by the Government to provide financial support to retail borrowers may lead the Bank to offer credit terms for such borrowers that it would not generally offer, which may have an adverse effect on the Bank's results of operations and financial condition.

Risks Relating to the Bank's Small- and Medium-Sized Enterprise (SME) Loan Portfolio

The Bank has significant exposure to SMEs, and any financial difficulties experienced by these customers may result in a deterioration of the Bank's asset quality and have an adverse impact on the Bank.

One of the Bank's core businesses is lending to SMEs. The Bank's loans to SMEs increased from ₩115,322 billion as of December 31, 2020 to ₩135,669 billion as of December 31, 2022. During that period, non-performing loans (defined as those loans that are past due by 90 days or more) to SMEs decreased from ₩111 billion to ₩99 billion. The non-performing loan ratio for such loans was 0.1% as of December 31, 2022. However, the Bank's non-performing loans and non-performing loan ratio may increase in the future. According to data compiled by the Financial Supervisory Service (the "FSS"), the delinquency ratio for Won currency loans by Korean commercial banks to SMEs was 0.3% as of December 31, 2022. The delinquency ratio for Won currency loans to SMEs is calculated as the ratio of (1) the outstanding balance of such loans in respect of which either principal or interest payments are overdue by one month or more to (2) the aggregate outstanding balance of such loans. The Bank's delinquency ratio for such loans was 0.2% as of December 31, 2020, 0.1% as of December 31, 2021 and 0.2% as of December 31, 2022. However, the Bank's delinquency ratio for such Won currency loans may further increase in the future.

The Government has historically introduced policies and initiatives intended to encourage Korean banks to provide financial support to SME borrowers. For example, the Government implemented various emergency aid initiatives involving Korean banks, including the Bank, to provide liquidity assistance to SME borrowers adversely affected by the COVID-19 pandemic. Such initiatives included the provision of new loans to borrowers with low credit ratings, extension of maturity dates for existing loans and suspension of interest payment obligations for an extended period of time. See "*Other Risks Relating to the Bank's Business – The global COVID-19 pandemic and any possible recurrence of other types of widespread infectious disease may adversely affect the Bank's business, financial condition or results of operations*." The overall prospects for the Korean economy in 2024 and beyond remain uncertain, and the Government may extend or renew existing or past policies and initiatives or introduce new policies or initiatives to encourage Korean banks to provide financial support to SMEs. The Bank's participation

in such Government-led initiatives may lead the Bank to extend credit to SME borrowers that the Bank would not otherwise lend to, or offer terms for such credit that the Bank would not otherwise offer, in the absence of such initiatives. Furthermore, there is no guarantee that the financial condition and liquidity position of the Bank's SME borrowers benefiting from such initiatives will improve sufficiently for them to service their debt on a timely basis, or at all. Accordingly, increases in the Bank's exposure to SME borrowers resulting from such Government-led initiatives may have a material adverse effect on the Bank's financial condition and results of operations.

A substantial part of the Bank's SME lending comprises loans to "small office/home office" customers ("SOHOs"). SOHOs, which the Bank currently defines to include sole proprietorships and individual business interests, are usually dependent on a limited number of suppliers or customers. SOHOs tend to be affected to a greater extent than larger corporate borrowers by fluctuations in the Korean economy. In addition, SOHOs often maintain less sophisticated financial records than other corporate borrowers. Although the Bank continues to make efforts to improve its internally developed credit rating systems to rate potential borrowers, particularly with respect to SOHOs, and intends to manage its exposure to these borrowers closely in order to prevent any deterioration in the asset quality of the Bank's loans to this segment, the Bank may not be able to do so as intended.

In addition, many SMEs have close business relationships with the largest Korean commercial conglomerates, known as "*chaebols*," primarily as suppliers. Any difficulties encountered by those *chaebols* would likely hurt the liquidity and financial condition of related SMEs, including those to which the Bank has exposure, also resulting in an impairment of their ability to repay loans.

In recent years, the Bank has taken measures which sought to stem rising delinquencies in its loans to SMEs, including through strengthening of the review of loan applications and closer monitoring of the post-loan performance of SME borrowers in industry sectors that are relatively more sensitive to downturns in the economy and have shown higher delinquency ratios, such as the shipping, construction, lodging, retail and wholesale, restaurants and real estate development and supplier industries. Despite such efforts, however, there is no assurance that delinquency levels of the Bank's loans to SMEs will not rise in the future. In particular, financial difficulties experienced by SMEs as a result of, among other things, adverse economic conditions in Korea and globally, as well as aggressive marketing and competition among banks to lend to this segment, may lead to a deterioration in the asset quality of the Bank's loans to this segment in the future. Any such deterioration would result in increased charge-offs and higher provisioning and reduced interest and fee income from this segment, which would have an adverse impact on the Bank's financial condition and results of operations.

The Bank has exposure to Korean construction, shipbuilding and shipping companies, and financial difficulties of these companies may have an adverse impact on the Bank.

As of December 31, 2022, on a separate basis, the Bank had loans outstanding to construction (most of which are SMEs), shipbuilding and shipping companies in the amount of ₩3,861 billion, ₩579 billion and ₩211 billion, or 1.1%, 0.2% and 0.1% of its total loans, respectively. The Bank also has other exposures to Korean construction, shipbuilding and shipping companies, including in the form of guarantees extended on behalf of such companies and debt and equity securities of such companies held by the Bank. In the case of construction companies, such exposures include guarantees provided to the Bank by general contractors with respect to financing extended by the Bank for residential and commercial real estate development projects. In the case of shipbuilding companies, such exposures include refund guarantees extended by the Bank on behalf of shipbuilding companies to cover their obligation to return a portion of the ship order contract amount to customers in the event of performance delays or defaults under shipbuilding contracts.

The construction industry in Korea has undergone significant fluctuations in recent years. Following a period of growth from 2015 to 2018, the construction industry had stagnated from 2019 to 2020, caused mainly by the uncertainty resulting from the Government's strengthening of mortgage and other lending regulations to control the increasing real property prices, as well as temporary suspensions in

construction projects due to the COVID-19 pandemic. After a brief period of recovery, the construction industry has experienced a rapid downturn starting in the second half of 2022, caused by a rise in interest rates and the resulting decline in demand for residential property throughout Korea, adverse changes in the price and availability of construction materials due to disruptions in global supply chains caused by, among others, the ongoing invasion of Ukraine by Russia, and financing difficulties faced by construction companies as investors became reluctant to invest in real estate. The shipbuilding industry in Korea has remained relatively stable despite the global downturn of the industry in recent years, mainly due to a large increase in the number of orders for liquefied natural gas carriers. The prospects for this industry currently remain uncertain, however, given the slowdown in the global economy and a rise in shipbuilding costs and resulting prices. In the case of shipping companies in Korea, the COVID-19 pandemic and the ensuing global lockdown caused a severe downturn in the industry in 2020. Although the industry subsequently showed signs of recovery from the pandemic as the levels of consumer spending and global trade began to rise, the industry has again entered a downturn starting in the second quarter of 2022 resulting from a decrease in shipping volume and an increase in the supply of ships. The shipping industry continues to face difficulties arising from, among others, a deteriorating global economy, a decrease in shipping volume and the strengthening of international shipping regulations.

The allowances that the Bank has established against its credit exposures to Korean construction, shipbuilding and shipping companies may not be sufficient to cover all future losses arising from such exposures. If the asset quality of the Bank's exposures to such companies declines further, the Bank may incur substantial additional provisions (including in connection with restructurings of such companies) and charge-offs, which could adversely impact its results of operations and financial condition. See "– *Risks Relating to the Bank's Large Corporate Loan Portfolio – The Bank has exposure to large corporate borrowers that are currently or may in the future be put in restructuring, and the Bank may suffer losses as a result of additional loan loss provisions being required and/or the adoption of restructuring plans with which it does not agree*." Furthermore, although a portion of the Bank's credit exposures to construction, shipbuilding and shipping companies are secured by collateral, such collateral may not be sufficient to cover uncollectible amounts in respect of such credit exposures. See "– *Other Risks Relating to the Bank's Business – A decline in the value of the collateral securing the Bank's loans and the Bank's inability to realize full collateral value may adversely affect its credit portfolio*."

Risks Relating to the Bank's Strategy

Although increasing its fee income is an important part of the Bank's strategy, the Bank may not be able to do so.

The Bank has historically relied on interest income as its primary revenue source. While the Bank has developed new sources of fee income as part of its business strategy, the Bank's ability to increase its fee income and thereby reduce its dependence on interest income will be affected by the extent to which the Bank's customers generally accept the concept of fee-based services. Historically, customers in Korea have generally been reluctant to pay fees in return for value-added financial services, and their continued reluctance to do so will adversely affect the implementation of the Bank's strategy to increase its fee income. Furthermore, the fees that the Bank charges to customers are subject to regulation by Korean financial regulatory authorities, which may seek to implement regulations or measures that may also have an adverse impact on the Bank's ability to achieve this aspect of the Bank's strategy.

The Bank may suffer customer attrition or the Bank's net interest margin may decrease as a result of government regulations or its competition strategy.

The Bank has pursued a strategy of enhancing its margins by maintaining relatively low interest rates on its deposit products while charging relatively higher interest rates on loans. The Bank may need to adjust such strategy, however, in order to comply with stricter government regulations, which would also require it to pursue a more effective competition strategy in order to minimize customer attrition.

For example, the successive increases in interest rates in Korea from August 2021 to the first quarter of 2023 has led to a significant increase in the net interest spreads (the difference between the average yield on interest-earning assets and the average cost of interest-bearing liabilities) reported by many Korean banks, including the Bank, as the rise in interest rates for loans have generally outpaced the rise in interest rates for deposit products. See "– *Significant increases in interest rates could decrease the value of the Bank's debt securities portfolio and raise its funding costs while reducing loan demand and the repayment ability of its borrowers, which, as a result, could adversely affect the Bank*." In response to widespread public outcry against such increase in net interest spreads and the high levels of profits realized by Korean banks, the Korean government and the Financial Services Commission (the "FSC") announced in February 2023 that they intend to impose stricter regulations on Korean banks, including the Bank, to reduce such net interest spreads and pursue measures to increase competition among financial institutions in Korea. In November 2023, the Government reaffirmed its intention to impose stricter regulations on Korean banks in order to increase competition. Such regulations could force the Bank to compete to a greater extent based on interest rates, which could lead to a decrease in its net interest margins. In addition, if other banks and financial institutions adopt a strategy of expanding market share through interest rate competition, the Bank may suffer customer attrition due to rate sensitivity. See "– *Competition in the Korean banking industry is intense, and the Bank may lose market share and experience declining margins as a result*."

Although it is not possible to predict what, if any, new regulations will ultimately be imposed on the Bank and the financial industry, such regulations could reduce the Bank's profit margins, limit its operational flexibility and increase competition, which, in turn, could have a materially adverse effect on its results of operations and financial condition.

Risks Relating to the Bank's Competition

Competition in the Korean banking industry is intense, and the Bank may lose market share and experience declining margins as a result.

Competition in the Korean banking industry has been and is likely to remain intense. Some of the banks that the Bank competes with have greater financial resources or more specialized capabilities than the Bank. In the retail and SME lending business, which has been the Bank's traditional core business, competition has increased significantly and is expected to increase further. Most Korean banks have been focusing on retail customers and SMEs in recent years, although they have begun to generally increase their exposure to large corporate borrowers. In addition, the profitability of the Bank's retail banking operations may decline as a result of growing market saturation in the retail lending segment, increased interest rate competition and higher marketing expenses. Intense and increasing competition has made and continues to make it more difficult for the Bank to secure retail and SME customers with the credit quality and on credit terms necessary to achieve the Bank's business objectives in a commercially acceptable manner.

In addition, the introduction of Internet-only banks in Korea has led to an increase in competition in the Korean banking industry. Internet-only banks operate without branches and conduct most of their operations through electronic means, which enables them to minimize costs and offer customers higher interest rates on deposits or lower lending rates. In April 2017, Kbank, the first Internet-only bank in Korea, commenced operations. Kakao Bank, another Internet-only bank, in which the Bank held a 4.9% equity interest as of December 31, 2022, commenced operations in July 2017. Most recently, Toss Bank, another Internet-only bank, commenced operations in October 2021.

Moreover, the Bank believes that regulatory reforms and the general modernization of business practices in Korea will lead to increased competition among financial institutions in Korea. In the second half of 2015, the Government implemented measures to facilitate bank account portability of retail customers by requiring commercial banks to establish systems that allow retail customers to easily switch their bank accounts at one commercial bank to another and automatically transfer the automatic payment settings of their former accounts to the new ones. Such measures have further intensified competition among

financial institutions in Korea. Moreover, in March 2016, the FSC introduced an individual savings account ("ISA") scheme in Korea, which enables individuals to efficiently manage a wide range of retail investment vehicles, including cash deposits, funds and securities investment products, from a single integrated account with one financial institution and offers tax benefits on investment returns. Since the Government-backed scheme allows only one ISA per person, financial institutions have been competing to retain existing customers and attract new customers since the launch of the ISA scheme. Over 30 financial institutions, including banks, securities companies and insurance companies, have registered with the FSC to sell their ISA products and competition among these financial institutions is expected to remain intense. More recently, in August 2020, amendments to the Credit Information Use and Protection Act established the framework for MyData services in Korea, which allow the collection of customers' personal credit information from credit information providers/users or public institutions upon the customer's request and subject to compliance requirements, so that customers may access such collected personal credit information in whole or in part. As of December 31, 2023, the FSC had granted licenses to 68 companies to operate as MyData service providers, 24 of which were fintech or IT firms, and competition between traditional financial institutions and fintech firms is expected to intensify, particularly with respect to asset management services. MyData services are currently offered through several channels including KB Star Banking, the Bank's mobile banking application. In order to further boost competition in the Korean banking industry, the Government has announced that it is planning to introduce various measures to lower the barriers to entry for certain financial institutions. See "– *The Bank may suffer customer attrition or the Bank's net interest margin may decrease as a result of government regulations or its competition strategy*."

Furthermore, a number of significant mergers and acquisitions in the banking industry have taken place in Korea in recent years, including Hana Financial Group's acquisition of a controlling interest in Korea Exchange Bank in 2012 and the subsequent merger of Hana Bank into Korea Exchange Bank in 2015. In addition, as part of the Government's plans to privatize Woori Finance Holdings Co., Ltd. (the former financial holding company of Woori Bank), certain subsidiaries of Woori Finance Holdings were sold to other financial institutions and Woori Finance Holdings itself was merged into Woori Bank in 2014, which established a new financial holding company, Woori Financial Group Inc., in January 2019.

The Bank expects that consolidation in the Korean banking industry may continue. The financial institutions resulting from such consolidation may, by virtue of their increased size and business scope, provide significantly greater competition for the Bank. The Bank also believes that foreign financial institutions, many of which have greater experience and resources than the Bank, may seek to compete with the Bank in providing financial products and services either by themselves or in partnership with existing Korean financial institutions. Increased competition and continuing consolidation may lead to decreased margins, resulting in a material adverse impact on the Bank's future profitability. Accordingly, the Bank's results of operations and financial condition may suffer as a result of increasing competition in the Korean banking industry.

Risks Relating to the Bank's Large Corporate Loan Portfolio

The Bank has exposure to *chaebols*, and, as a result, financial difficulties of chaebols may have an adverse impact on the Bank.

Of the Bank's 20 largest corporate exposures (including loans, debt and equity securities and guarantees and acceptances) as of December 31, 2022 on a separate basis, thirteen were to companies that were members of the 32 largest highly-indebted business groups among *chaebols* in Korea designated as such by the FSS based on their outstanding exposures. As of that date, on a separate basis, the total amount of the Bank's exposures to such largest highly-indebted business groups among *chaebols* was ₩31,544 billion, or 6.7% of the Bank's total exposures. If the credit quality of the Bank's exposures to *chaebols* declines as a result of financial difficulties they experience or for other reasons, the Bank could require substantial additional loan loss provisions, which would hurt its results of operations and financial condition.

The Bank cannot provide assurance that the allowances it has established against these exposures will be sufficient to cover all future losses arising from these exposures. In addition, with respect to those companies that are in or in the future enter into workout or liquidation proceedings, the Bank may not be able to make any recoveries against such companies. The Bank may, therefore, experience future losses with respect to those loans.

The Bank has exposure to large corporate borrowers that are currently or may in the future be put in restructuring, and the Bank may suffer losses as a result of additional loan loss provisions being required and/or the adoption of restructuring plans with which it does not agree.

As of December 31, 2022, on a separate basis, the Bank's loans and guarantees to large corporate borrowers that were in workout, restructuring or rehabilitation amounted to ₩41 billion or 0.01% of the Bank's total loans and guarantees, most of which were classified as impaired. As of the same date, on a separate basis, the Bank's allowances for credit losses on these loans and guarantees amounted to ₩40 billion, or 97.6% of these loans and guarantees. These allowances may not be sufficient to cover all future losses arising from the Bank's exposure to these companies. Furthermore, the Bank has other exposure to such companies, in the form of debt and equity securities of such companies held by the Bank (including equity securities the Bank acquired as a result of debt-to-equity conversions). In addition, in the case of borrowers that are or become subject to workout or restructuring, the Bank may be forced to restructure its credits pursuant to restructuring plans approved by other creditor financial institutions of the borrower, or to dispose of the Bank's credits to other creditors on unfavorable terms.

In particular, as of December 31, 2022, on a separate basis, the Bank had ₩111 billion of outstanding loans and ₩427 billion of outstanding guarantees (mainly in the form of refund guarantees relating to shipbuilding contracts), to Daewoo Shipbuilding & Marine Engineering Co., Ltd. (later re-named Hanwha Ocean, as discussed below) (''DSME''), which has been pursuing a voluntary restructuring program. In April 2017, the creditors of DSME agreed on a plan to provide additional financial support to DSME in connection with its voluntary restructuring program, under which the Korea Development Bank and the Export-Import Bank of Korea would provide ₩2.9 trillion of new loans to DSME, on the condition that DSME's other creditors and bondholders agree to a ₩2.9 trillion debt-to-equity swap. The financial support plan requires the Korean commercial bank creditors of DSME (including the Bank) to swap 80% of their outstanding unsecured loans into equity of DSME and extend the maturity of the remaining loans for a period of five years. The financial support plan also requires DSME's creditors (including the Bank) to provide additional refund guarantees in connection with future shipbuilding contracts of DSME. The implementation of the financial support plan for DSME has required and may continue to require the Bank to increase its loan loss provisions and recognize write-offs and impairment losses with respect to its exposures to DSME and may therefore have a material adverse impact on the Bank's results of operations and financial condition. In May 2023, Hanwha Group acquired a 49.3% equity stake in DSME for approximately ₩2 trillion and thereby became its largest shareholder. DSME was subsequently renamed Hanwha Ocean. Following such acquisition, the creditors of Hanwha Ocean extended the financial support plan by another five years, and the plan is currently scheduled to expire in December 2028.

A large portion of the Bank's credit exposure is concentrated in a relatively small number of large corporate borrowers, which increases the risk of the Bank's corporate credit portfolio.

As of December 31, 2022, the Bank's loans and guarantees to its 20 largest borrowers totalled ₩12,100 billion and accounted for 3.2% of the Bank's total loans and guarantees. As of that date, the Bank's single largest corporate credit exposure was to LG Display Co., Ltd., to which the Bank had outstanding loans (in Won and other currencies) of ₩1,241 billion, representing 0.3% of the Bank's total loans and guarantees. Any deterioration in the financial condition of LG Display Co., Ltd. or the Bank's other large corporate borrowers, and certain sectors of the manufacturing industry, may require the Bank to record substantial additional provisions and charge-offs and may have a material adverse impact on its results of operations and financial condition.

Other Risks Relating to the Bank's Business

The global COVID-19 pandemic and any possible recurrence of other types of widespread infectious disease may adversely affect the Bank's business, financial condition or results of operations.

COVID-19, an infectious disease caused by severe acute respiratory syndrome coronavirus 2, was declared a "pandemic" by the World Health Organization in March 2020. The COVID-19 pandemic had materially and adversely affected the global economy and financial markets as well as disrupted the Bank's business operations. The Bank has been subjected to a number of risks, including but not limited to:

- an increase in defaults on loan payments from the Bank's customers that are particularly affected by the COVID-19 pandemic, who may not be able to meet payment obligations, which may lead to an increase in delinquency ratios and a deterioration in asset quality (see "*Assets and Liabilities – Loan Portfolio – Loan Concentration by Industry*");

- decreases in interest rates followed by recent increases in interest rates worldwide;

- depreciation of the Won against major foreign currencies, which in turn may increase the Bank's cost in servicing its foreign currency denominated debt and result in foreign exchange losses;

- disruption in the normal operations of the Bank's business resulting from contraction of infectious disease by the Bank's employees, which may necessitate the Bank's employees to be quarantined and/or the Bank's offices to be temporarily shut down;

- disruption resulting from the necessity for social distancing, including, for example, temporary arrangements for employees to work remotely, which may lead to a reduction in labor productivity; and

- impairments in the fair value of the Bank's investments in companies that may be adversely affected by the pandemic.

It is not possible to predict the duration or the full magnitude of the overall harm that may result from COVID-19 in the long term. In the event that a future recurrence of COVID-19 or other types of widespread infectious diseases cannot be effectively and timely contained, the Bank's business, financial condition and results of operations will likely suffer.

Unfavorable changes in the global financial markets could adversely affect the Bank's results of operations and financial condition.

The overall prospects for the Korean and global economy in 2024 and beyond remain uncertain. In recent years, the global financial markets have experienced significant volatility as a result of, among other things:

- the occurrence of severe health epidemics, including the COVID-19 pandemic;

- hostilities, political or social tensions involving Russia (including the invasion of Ukraine by Russia and ensuing actions that the United States and other countries have taken or may take in the future, such as the imposition of sanctions against Russia) and the resulting adverse effects on the global supply of oil and other natural resources and the global financial markets;

- interest rate fluctuations as well as perceived or actual changes in policy rates by, or other monetary and fiscal policies set forth by, the U.S. Federal Reserve and other central banks;

- a rise in inflation rates and volatility in stock markets and exchange rates worldwide;

- increased uncertainties in the global financial markets and industry, including difficulties faced by several banks in the United States and Europe;

- a deterioration in economic and trade relations between the United States and its major trading partners, including China;

- financial and social difficulties affecting many countries worldwide, in particular in Latin America and Europe;

- escalations in trade protectionism globally and geopolitical tensions in East Asia and the Middle East (including the ongoing Israel-Hamas war);

- the slowdown of economic growth in China and other major emerging market economies; and

- political and social instability in various countries in the Middle East, including Iran, Syria and Iraq.

In light of the high level of interdependence of the global economy, unfavorable changes in the global financial markets, including as a result of any of the foregoing developments, could have a material adverse effect on the Korean economy and financial markets. In addition, in certain circumstances of emergency affecting domestic and global economic conditions, the Government may impose certain restrictions or obligations on banks, including the Bank, pursuant to the Foreign Exchange Transactions Act of Korea in an effort to stabilize the Korean economy. Such restrictions or obligations may also have a material adverse effect on the Bank's business, financial condition and results of operations.

The Bank is also exposed to adverse changes and volatility in the global and Korean financial markets as a result of the Bank's liabilities and assets denominated in foreign currencies and the Bank's holdings of trading and investment securities, including structured products. The value of the Won relative to major foreign currencies in general and the U.S. dollar in particular has fluctuated widely in recent years and has been subject to significant volatility as a result of the COVID-19 pandemic, the invasion of Ukraine by Russia and the ensuing sanctions against Russia, the ongoing Israel-Hamas war and, more recently, the widening difference in policy rates between the United States and Korea, among others. A depreciation of the Won will increase the Bank's cost in Won of servicing the Bank's foreign currency-denominated debt, while continued exchange rate volatility may also result in foreign exchange losses for the Bank. Furthermore, as a result of the deterioration in global and Korean economic conditions, there has been fluctuations in securities prices, including the stock prices of Korean and foreign companies in which the Bank holds an interest. Such developments have resulted in and may lead to further trading and valuation losses on the Bank's trading and investment securities portfolio as well as impairment losses on its investments accounted for under the equity method.

Adverse developments affecting the financial services industry, such as actual events or concerns involving liquidity, could adversely affect the Bank's results of operations and financial condition.

In early 2023, difficulties at several banks in the United States and Europe have caused uncertainty for financial services companies, in particular the banking sector, and fear of instability in the global financial system generally, including in Korea. Such difficulties were caused, among others, by rising levels of inflation rates and rapid increases in interest rates, which have led to declines in the values of previously issued government securities held by such banks. Although the relevant financial authorities have intervened directly and indirectly in notable cases, there is a risk that other financial institutions could face difficulties, including from contagion disconnected from market fundamentals or for other reasons, and it is unclear what steps regulators would take, if any, in the event of further bank difficulties or continuing (or increasing) market distress. Many financial institutions have experienced volatile stock prices and significant losses in their equity value, and there is concern that depositors have withdrawn, or could withdraw in the future, significant sums from their accounts at these institutions. Any negative perceptions resulting from such developments concerning the soundness of

savings banks, Internet-only banks or the banking system generally in Korea could impact where customers choose to maintain deposits, which could lead certain banks in Korea to experience closure or other significant distress. In such event, the Korean government has in the past and may in the future require the Bank, as one of the largest banks in Korea, to intervene, which could strain the Bank's resources, divert its management's attention and have an adverse impact on its results of operations and financial condition.

Actual events involving limited liquidity, defaults, non-performance or other adverse developments that affect the financial services industry generally or financial institutions, transactional counterparties or other companies in the financial services industry, or concerns or rumors about any events of these kinds or other similar risks, may in the future lead to market-wide liquidity problems or increase the Bank's risk in various dealings with its counterparties, among others. If, as a result of such developments, any parties with whom the Bank conducts business are unable to access their deposits with a distressed financial institution or any of their other funds loaned to such distressed financial institution, including through financial instruments or lending arrangements, such parties' credit quality, ability to pay their obligations to the Bank, or to enter into new commercial arrangements requiring additional payments to the Bank could be adversely affected. In addition, the Bank's ability to access funding sources and other arrangements in amounts adequate to finance or capitalize its current and projected future business operations could also be affected by such disruptions or instability in the financial services industry or financial markets. Furthermore, the Bank could be impacted by current or future negative perceptions and expectations about the prospects for the financial services industry, which could worsen over time and result in downward pressure on, and continued or accelerated volatility of, bank securities. Any of these developments resulting from the general instability of the financial services industry could materially adversely impact the Bank's results of operations and financial condition.

The Bank's business may be materially and adversely affected by legal claims and regulatory actions against the Bank.

The Bank is subject to the risk of legal claims and regulatory actions in the ordinary course of its business, which may expose the Bank to substantial monetary damages and legal costs, injunctive relief, criminal and civil penalties, sanctions against the Bank's management and employees and regulatory restrictions on its operations, as well as significant reputational harm. See "*Business – Legal Proceedings.*"

The Bank is unable to predict the outcome of the legal claims and regulatory actions in which it is involved, and the scope of the claims or actions or the total amount in dispute in such matters may increase. Furthermore, adverse final determinations, decisions or resolutions in such matters could encourage other parties to bring related claims and actions against the Bank. Accordingly, the outcome of current and future legal claims and regulatory actions, particularly those for which it is difficult to assess the maximum potential exposure or the ultimate adverse impact with any degree of certainty, may materially and adversely impact the Bank's business, reputation, results of operations and financial condition.

The Bank's risk management system may not be effective in mitigating risk and loss, including operational risk.

The Bank seeks to monitor and manage its risk exposure through a broad risk management platform, encompassing a multi-layered risk management governance structure, reporting and monitoring systems, early warning systems, credit risk management systems for the Bank's banking operations and other risk management infrastructure, using a variety of risk management strategies and techniques. See "*Risk Management*." However, there can be no assurance that such risk management system will be effective in mitigating the Bank's risk and loss, especially since such risk management strategies and techniques employed by the Bank and the judgments that accompany their application cannot anticipate the economic and financial outcome in all market environments, and many of the Bank's risk management strategies and techniques have a basis in historical market behavior that may limit the effectiveness of

such strategies and techniques in times of significant market stress or other unforeseen circumstances. Furthermore, the Bank's risk management strategies may not be effective in a difficult or less liquid market environment, as other market participants may be attempting to use the same or similar strategies as the Bank to deal with such market conditions. In such circumstances, it may be difficult for the Bank to reduce its risk positions due to the activity of such other market participants.

The Bank also seeks to identify and manage its exposure to operational risk, which it defines broadly to include all financial and non-financial risks, other than credit risk, market risk, interest rate risk and liquidity risk, that may arise from its operations that could negatively impact its capital, including the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events as defined under Basel II. In addition to the Bank's internal audits and inspections, the FSS conducts general annual audits of the Bank's operations, as well as special audits and investigations as the need arises on particular aspects of its operations, such as risk management, internal control, credit monitoring and liquidity. In the ordinary course of these audits or investigations, the FSS routinely issues warning notices where it determines that a regulated financial institution or such institution's employees have failed to comply with the applicable laws or rules, regulations and guidelines of the FSS. The Bank has in the past received, and expects in the future to receive, such notices, and it has taken and will continue to take appropriate actions in response to such notices. While the Bank intends to fully cooperate with the FSS in its audits and investigations and take any remedial measures as necessary, no assurance can be given that these remedial measures would be sufficient to prevent similar or more adverse operational risks from materializing.

The Bank may suffer losses due to employee misconduct.

The Bank's businesses are exposed to risk from potential non-compliance by its employees with policies or regulations, employee misconduct or negligence and fraud, which could result in civil, regulatory or criminal investigations, litigations and charges, regulatory sanctions and reputational or financial harm. For example, in January 2023, the Bank discovered through internal investigations that one of its employees had misappropriated an aggregate amount of ₩14.9 billion between May 2021 and December 2022. The Bank reported such incident to the FSS, which began investigations in January 2023. As of the date of this Offering Circular, the FSS has not released the results of such investigation. There can be no assurance that the Bank will be able to fully recoup any financial losses that it may have sustained as a result of any employee misconduct. Furthermore, it is not always possible to deter or fully prevent employee misconduct and the precautions the Bank takes to prevent and detect such activity may not always be fully effective. Accordingly, there can be no assurance that employee misconduct will not occur again in the future.

The Bank is generally subject to Korean corporate governance and disclosure standards, which may differ from those in other countries.

Companies in Korea, including the Bank, are subject to corporate governance standards which may differ in some respects from standards applicable in other countries, including the United States. There may also be less publicly available information about Korean companies, such as the Bank, than is regularly made available by public or non-public companies in other countries. Such differences in corporate governance standards and less public information could result in corporate governance practices or disclosures that are perceived as less than satisfactory by investors in certain countries.

A decline in the value of the collateral securing the Bank's loans and the Bank's inability to realize full collateral value may adversely affect its credit portfolio.

A substantial portion of the Bank's loans is secured by real estate, the values of which have fluctuated significantly in recent years. Although it is the Bank's general policy to lend up to 60% to 80% of the appraised value of collateral (except in certain regulated areas designated by the Government where the Bank generally limits its lending to between 30% to 80% of the appraised value of collateral) and to periodically re-appraise its collateral, a downturn in the real estate market in Korea, which most recently commenced in 2022, may result in declines in the value of the collateral securing the Bank's mortgage

and home equity loans. If collateral values decline in the future, they may not be sufficient to cover uncollectible amounts in respect of the Bank's secured loans. Any future declines in the value of the real estate or other collateral securing the Bank's loans, or its inability to obtain additional collateral in the event of such declines, could result in a deterioration in the Bank's asset quality and may require the Bank to take additional loan loss provisions.

In Korea, foreclosure on collateral generally requires a written petition to a court. An application, when made, may be subject to delays and administrative requirements that may result in a decrease in the value realized with respect to such collateral. The Bank cannot guarantee that it will be able to realize the full value on its collateral as a result of, among other factors, delays in foreclosure proceedings and defects in the perfection of its security interest in collateral. The Bank's failure to recover the expected value of collateral could expose it to losses.

The secondary market for corporate bonds in Korea is not fully developed, and, as a result, the Bank may not be able to realize the full book value of debt securities the Bank holds at the time of any sale of such securities.

As of December 31, 2022, the Bank held debt securities issued by Korean companies and financial institutions (other than those issued by the Government and government-owned or -controlled enterprises or financial institutions, including the Bank of Korea (the "BOK"), Korea Housing Finance Corporation, the Korea Development Bank, Industrial Bank of Korea, the Export-Import Bank of Korea, the Korea Deposit Insurance Corporation (the "KDIC") and Korea Land & Housing Corporation) with a total carrying amount of ₩22,561 billion in the Bank's trading and investment securities portfolio. The market value of these securities could decline significantly due to various factors, including future increases in interest rates or a deterioration in the financial and economic condition of any particular issuer or of Korea in general. Any of these factors individually or a combination of these factors would require the Bank to write down the fair value of these debt securities, resulting in impairment losses. Because the secondary market for corporate bonds in Korea is not fully developed, the market value of many of these securities as reflected on the Bank's statements of financial position is determined by references to suggested prices posted by Korean rating agencies or the Korea Financial Investment Association. These valuations, however, may differ significantly from the actual value that the Bank could realize in the event it elects to sell these securities. As a result, the Bank may not be able to realize the full book value at the time of any such sale of these securities and thus may incur losses.

The Bank may be required to make transfers from its general banking operations to cover shortfalls in its guaranteed trust accounts, which could have an adverse effect on its results of operations.

The Bank manages a number of money trust accounts. Under Korean law, trust account assets of a bank are required to be segregated from the assets of that bank's general banking operations. Those assets are not available to satisfy the claims of a bank's depositors or other creditors of its general banking operations. For some of the trust accounts the Bank manages, the Bank has guaranteed either the principal amount of the investor's investment or the principal and a fixed rate of interest.

If, at any time, the income from the Bank's guaranteed trust accounts is not sufficient to pay any guaranteed amount, the Bank will have to cover the shortfall first from the special reserves maintained in these trust accounts, then from the Bank's fees from such trust accounts and finally from funds transferred from the Bank's general banking operations. As of December 31, 2022, the Bank had ₩115 billion of special reserves in respect of trust accounts for which the Bank provided guarantees of principal. There was no transfer from general banking operations to cover deficiencies in guaranteed trust accounts in 2020, 2021 and 2022. However, the Bank may be required to make transfers from its general banking operations to cover shortfalls, if any, in its guaranteed trust accounts in the future. Such transfers may adversely impact the Bank's results of operations.

The Bank's operations have been, and will continue to be, subject to increasing and continually evolving cyber security and other technological risks.

With the proliferation of new technologies and the increasing use of the Internet and mobile devices to conduct financial transactions, the Bank's operations as a large financial institution have been, and will continue to be, subject to an increasing risk of cyber incidents relating to these activities, the nature of which is continually evolving. The Bank's computer systems, software and networks are subject to cyber incidents, such as disruptions, delays or other difficulties from its information technology system, computer viruses or other malicious codes, loss or destruction of data (including confidential client information), unauthorized access, account takeover attempts and cyber attacks. A significant portion of the Bank's daily operations relies on its information technology systems, including customer service, billing, the secure processing, storage and transmission of confidential and other information as well as the timely monitoring of a large number of complex transactions. Although the Bank has made substantial and continual investments to build systems and defenses to address cyber security and other technological risks, there is no guarantee that such measures or any other measures can provide adequate security. In addition, because methods used to cause cyber attacks change frequently or, in some cases, are not recognized until launched, the Bank may be unable to implement effective preventive measures or proactively address these methods. Furthermore, these cyber threats may arise from human error, accidental technological failure and third parties with whom the Bank does business. Although the Bank maintains insurance coverage that may cover certain aspects of cyber risks, such insurance coverage may be insufficient to cover all losses. If the Bank were to be subject to a cyber incident, it could result in the disclosure of confidential client information, damage to its reputation with its customers and in the market, customer dissatisfaction, additional costs to the Bank, regulatory penalties, exposure to litigation and other financial losses to both the Bank and its customers, which could have an adverse effect on the Bank's business and results of operations.

Risks Relating to the Bank's Liquidity and Capital Management

Significant increases in interest rates could decrease the value of the Bank's debt securities portfolio and raise its funding costs while reducing loan demand and the repayment ability of its borrowers, which, as a result, could adversely affect the Bank.

Interest rates in Korea have been subject to significant fluctuations in recent years. After the BOK reduced its policy rate to 1.50% in June 2015 and again to 1.25% in June 2016 amid deflationary concerns and interest rate cuts by central banks around the world, it increased its policy rate to 1.50% in November 2017 and 1.75% in November 2018 in light of improved growth prospects in Korea and rising interest rate levels globally. However, the BOK again lowered its policy rate to 1.50% in July 2019 and to 1.25% in October 2019 in order to address the sluggishness of the global and domestic economy. Subsequently, the BOK further lowered its policy rate to 0.75% in March 2020 and to 0.50% in May 2020 in response to deteriorating economic conditions resulting from the COVID-19 pandemic. However, as the economy began to show signs of recovery from the COVID-19 pandemic starting from the second half of 2021, the BOK gradually raised its policy rate to pre-pandemic levels of 1.25% from August 2021 through January 2022. More recently, in response to rising levels of household debt and inflation in Korea as well as globally, the BOK raised its policy rate further to 1.50% in April 2022, 1.75% in May 2022, 2.25% in July 2022, 2.50% in August 2022, 3.00% in October 2022, 3.25% in November 2022 and 3.50% in January 2023. All else being equal, increases in interest rates in the future could lead to a decline in the value of the Bank's portfolio of debt securities, which generally pay interest based on a fixed rate. A sustained increase in interest rates will also raise the Bank's funding costs, while reducing loan demand, especially among retail borrowers. Rising interest rates may therefore require the Bank to re-balance its asset portfolio and its liabilities in order to minimize the risk of potential mismatches and maintain its profitability.

In addition, rising interest rate levels may adversely affect the Korean economy and the financial condition and repayment ability of the Bank's corporate and retail borrowers, which in turn may lead to a deterioration in the Bank's credit portfolio. In particular, since most of the Bank's retail and corporate

loans bear interest at rates that adjust periodically based on prevailing market rates, a sustained increase in interest rate levels will increase the interest costs of the Bank's retail and corporate borrowers and could adversely affect their ability to make payments on their outstanding loans.

The Bank's funding is highly dependent on short-term deposits, which dependence may adversely affect the Bank's operations.

The Bank meets a significant amount of its funding requirements through short-term funding sources, which consist primarily of customer deposits. As of December 31, 2022, 95.5% of the Bank's deposits had maturities of one year or less or were payable on demand. In the past, a substantial proportion of the Bank's customer deposits have been rolled over upon maturity. The Bank cannot guarantee, however, that depositors will continue to roll over their deposits in the future. In the event that a substantial number of the Bank's short-term deposit customers withdraw their funds or fail to roll over their deposits as higher-yielding investment opportunities emerge, the Bank's liquidity position could be adversely affected. The Bank may also be required to seek more expensive sources of short-term and long-term funding to finance its operations.

The Bank may be required to raise additional capital if its capital adequacy ratio deteriorates or the applicable capital requirements change in the future, but the Bank may not be able to do so on favorable terms or at all.

Under the capital adequacy requirements of the FSC, as of December 31, 2022, the Bank was required to maintain a total minimum common equity Tier I capital adequacy ratio of 8.0%, Tier I capital adequacy ratio of 9.5% and combined Tier I and Tier II capital adequacy ratio of 11.5%, on a consolidated basis (including applicable additional capital buffers and requirements as described below). As of December 31, 2022, the Bank's common equity Tier I capital, Tier I capital and combined Tier I and Tier II capital adequacy ratios were 14.50%, 14.92% and 17.46%, respectively, all of which exceeded the minimum levels required by the FSC. However, the Bank's capital base and capital adequacy ratios may deteriorate in the future if its results of operations or financial condition deteriorates for any reason, including as a result of a deterioration in the asset quality of the Bank's retail loans and loans to SMEs, or if the Bank is not able to deploy its funding into suitably low-risk assets.

The current capital adequacy requirements of the FSC are derived from a new set of bank capital measures, referred to as Basel III, which the Basel Committee on Banking Supervision initially introduced in 2009 and began phasing in starting from 2013. Commencing in July 2013, the FSC promulgated a series of amended regulations implementing Basel III, pursuant to which Korean banks and bank holding companies were required to maintain a minimum ratio of common equity Tier I capital to risk-weighted assets of 3.5% and Tier I capital to risk-weighted assets of 4.5% from December 1, 2013, which minimum ratios were increased to 4.0% and 5.5%, respectively, from January 1, 2014 and increased further to 4.5% and 6.0%, respectively, from January 1, 2015. The amended regulations also require an additional capital conservation buffer of 2.5% from January 2019, as well as a potential counter-cyclical capital buffer of up to 2.5%, which is determined on a quarterly basis by the FSC. In May 2023, the FSC announced that a counter-cyclical capital buffer of 1.0% would apply from May 1, 2024, while maintaining an additional capital conservation buffer of 2.5% in 2024. Furthermore, the Bank was designated as one of the domestic systemically important banks for 2023 by the FSC and was subject to an additional capital requirement of 1.0% in 2022. In July 2023, the Bank was again designated as a domestic systemically important bank for 2024, which would again subject the Bank to the same additional capital requirement of 1.0% in 2024. Such requirements are in addition to the pre-existing requirement for a minimum ratio of Tier I and Tier II capital (less any capital deductions) to risk-weighted assets. The implementation of Basel III in Korea may have a significant effect on the capital requirements of Korean financial institutions, including the Bank. See "*Regulation and Supervision – Legal and Regulatory Framework in Korea – Capital Adequacy.*"

The Bank may be required to obtain additional capital in the future in order to remain in compliance with more stringent capital adequacy and other regulatory requirements. However, the Bank may not be able to obtain additional capital on favorable terms, or at all. The Bank's ability to obtain additional capital at any time may be constrained to the extent that banks or other financial institutions in Korea or from other countries are seeking to raise capital at the same time. To the extent that the Bank fails to comply with applicable capital adequacy ratios or other regulatory requirements in the future, Korean regulatory authorities may impose penalties on the Bank ranging from a warning to suspension or revocation of the Bank's banking license.

Reductions in the Bank's credit ratings could, among other things, increase the cost of borrowing funds and may adversely impact the Bank's ability to raise new funds or refinance maturing debt on commercially acceptable terms.

Credit ratings are an indicator of the Bank's financial and liquidity profile. Among other factors, the Bank's credit ratings are based on its financial strength, the credit quality of and concentrations in the Bank's loan portfolio, the level and volatility of its earnings, its capital adequacy, the quality of its management, the liquidity of its balance sheet, the availability of a significant base of core and retail deposits, and its ability to access a broad range of funding sources. Any reduction in the Bank's credit ratings could adversely affect its liquidity and competitive position, increase its borrowing costs, and limit its access to the capital markets and funding sources on commercially acceptable terms. Such events could adversely affect the Bank's financial condition and results of operations. A reduction in the Bank's ratings could also adversely affect the ratings of the Notes.

Risks of the Bank Relating to Government Regulation and Policy

Strengthening of consumer protection laws applicable to financial institutions could adversely affect the Bank's operations.

As a financial service provider, the Bank is subject to a variety of regulations in Korea that are designed to protect financial consumers. In recent years, in light of heightened public concern regarding privacy issues, the Government has placed greater emphasis on the protection of personal information by financial institutions and has implemented a number of measures to enhance consumer protection, including considerable restrictions on the transfer or provision of personal information by financial institutions to their affiliates or holding company. Under the Personal Information Protection Act, financial institutions, as personal information managers, may not collect, store, maintain, utilize or provide resident registration numbers of their customers, unless other laws or regulations specifically require or permit the management of resident registration numbers. In addition, under the Use and Protection of Credit Information Act, a financial institution has a higher duty to protect all information that it collects from its customers and is required to treat such information as credit information. There are considerable restrictions on the transfer or provision of information by financial institutions to their affiliates or holding company. Quintuple damages may be imposed on a financial institution for leakage of such information. Furthermore, under the Electronic Financial Transaction Act, a financial institution is primarily responsible for compensating its customers harmed by a cyber security breach affecting the financial institution even if the breach is not directly attributable to the financial institution.

Under the Financial Consumer Protection Act, which was enacted in March 2020, banks, as financial instrument distributors, are subject to heightened investor protection measures, including stricter distribution guidelines, improved financial dispute resolution procedures, increased liability for customer losses and newly imposed penalty surcharges. Following the enactment of the Financial Consumer Protection Act, financial regulators have published subordinate regulations to such Act, including the Enforcement Decree, Supervisory Regulations and Enforcement Rules to the Supervisory Regulations governing consumer protection within the financial industry.

These and other measures that may be implemented by the Government to strengthen consumer protection laws applicable to financial institutions may limit the Bank's operational flexibility and cause the Bank to incur significant additional compliance costs, as well as subject the Bank to increased potential liability to its customers, which could adversely affect the Bank's business and performance.

The Government may promote lending and financial support by the Korean financial industry to certain types of borrowers as a matter of policy, which financial institutions, including the Bank, may decide to follow.

Through its policies and recommendations, the Government has promoted and, as a matter of policy, may continue to attempt to promote lending by the Korean financial industry to particular types of borrowers. For example, the Government has in the past provided and may continue to provide policy loans, which encourage lending to particular types of borrowers. The Government has generally done this by identifying sectors of the economy it wishes to promote and making low interest funding available to financial institutions that may voluntarily choose to lend to these sectors. All loans or credits the Bank chooses to make pursuant to these policy loans would be subject to review in accordance with its credit approval procedures. However, the availability of policy loans may influence the Bank to lend to certain sectors or in a manner in which it otherwise would not have done in the absence of such loans from the Government.

In the past, the Government has also announced policies under which financial institutions in Korea are encouraged to provide financial support to particular sectors. For example, in light of the deteriorating financial condition and liquidity position of SMEs in Korea and adverse conditions in the Korean economy affecting such enterprises, the Government had temporarily introduced measures from April 2020 to September 2023 intended to encourage Korean banks to provide financial support to SMEs and retail borrowers, including guidelines for Korean banks to extend loan terms and defer interest payments with respect to SMEs and SOHOs affected by the COVID-19 pandemic. See "*– Risks Relating to the Bank's Retail Credit Portfolio – Future changes in market conditions as well as other factors may lead to increases in delinquency levels of the Bank's retail loan portfolio*" and "*– Risks Relating to the Bank's Small- and Medium-Sized Enterprise (SME) Loan Portfolio – The Bank has significant exposure to SMEs, and any financial difficulties experienced by these customers may result in a deterioration of the Bank's asset quality and have an adverse impact on the Bank.*" The Government may in the future request financial institutions in Korea, including the Bank, to make investments in or provide other forms of financial support to particular sectors of the Korean economy as a matter of policy, which financial institutions, including the Bank, may decide to accept. The Bank may incur costs or losses as a result of providing such financial support.

The FSC may impose burdensome measures on the Bank if the FSC deems the Bank to be financially unsound.

If the FSC deems the Bank's financial condition to be unsound, or if the Bank fails to meet applicable regulatory standards, such as minimum capital adequacy and liquidity ratios, the FSC may order or recommend, among other things:

- admonitions or warnings with respect to the Bank or its officers;
- capital increases or reductions;
- assignments of contractual rights and obligations relating to financial transactions;
- a suspension of performance by the Bank's officers of their duties and the appointment of receivers;
- disposals of property holdings or closures of subsidiaries or branch offices or downsizing;
- stock cancellations or consolidations;

- mergers with other financial institutions;
- acquisition of the Bank by a third party; and
- suspensions of a part or all of the Bank's business operations for not more than six months.

If any of these measures is imposed on the Bank by the FSC, it could damage the Bank's business, results of operations and financial condition.

Risks Relating to Korea

Escalations in tensions with North Korea could have an adverse effect on the Bank and the market value of the Notes.

Relations between Korea and North Korea have been tense throughout Korea's modern history. The level of tension between the two Koreas has fluctuated and may increase abruptly as a result of current and future events. In particular, there have been heightened security concerns in recent years stemming from North Korea's nuclear weapon, ballistic missile and satellite programs as well as its hostile military actions against Korea. Some of the significant incidents in recent years include the following:

- North Korea renounced its obligations under the Nuclear Non-Proliferation Treaty in January 2003 and conducted six rounds of nuclear tests since October 2006, including claimed detonations of hydrogen bombs, which are more powerful than plutonium bombs, and warheads that can be mounted on ballistic missiles. Over the years, North Korea has also conducted a series of ballistic missile tests, including missiles launched from submarines and intercontinental ballistic missiles that it claims can reach the United States mainland. North Korea has increased the frequency of its missile tests since the beginning of 2022, firing numerous ballistic missiles, including intercontinental ballistic missiles, and in November 2023, successfully launched its first spy satellite. In response, the Government has repeatedly condemned the provocations and flagrant violations of relevant United Nations Security Council resolutions. In February 2016, the Government also closed the inter-Korea Gaesong Industrial Complex in response to North Korea's fourth nuclear test in January 2016. Internationally, the United Nations Security Council has passed a series of resolutions condemning North Korea's actions and significantly expanding the scope of sanctions applicable to North Korea, most recently in December 2017 in response to North Korea's intercontinental ballistic missile test in November 2017. Over the years, the United States and the European Union have also expanded their sanctions applicable to North Korea.

- In March 2010, a Korean naval vessel was destroyed by an underwater explosion, killing many of the crewmen on board. The Government formally accused North Korea of causing the sinking, while North Korea denied responsibility. Moreover, in November 2010, North Korea fired more than one hundred artillery shells that hit Korea's Yeonpyeong Island near the Northern Limit Line, which acts as the de facto maritime boundary between Korea and North Korea on the west coast of the Korean peninsula, causing casualties and significant property damage. The Government condemned North Korea for the attack and vowed stern retaliation should there be further provocation.

North Korea's economy also faces severe challenges, which may further aggravate social and political pressures within North Korea. Although bilateral summit meetings were held between Korea and North Korea in April, May and September 2018 and between North Korea and the United States in June 2018, February 2019 and June 2019, there can be no assurance that the level of tensions affecting the Korean peninsula will not escalate in the future. Any increase in tensions, which may occur, for example, if North Korea experiences a leadership crisis, high-level contacts between Korea and North Korea or between the United States and North Korea break down or military hostilities occur, could have a material adverse effect on the Korean economy and on the Bank's business, financial condition and results of operations and the market price and ratings of the Notes.

Unfavorable financial and economic developments in Korea may have an adverse effect on the Bank.

The Bank is incorporated in Korea, and substantially all of its operations are located in Korea. As a result, the Bank is subject to political, economic, legal and regulatory risks specific to Korea, and the Bank's performance and successful fulfillment of its operational strategies are dependent to a large extent on the overall Korean economy. Due to the debilitating effects of the COVID-19 pandemic on the Korean economy and the economies of Korea's major trading partners, the economic indicators in Korea have shown mixed signs of deterioration and uncertain recovery since the outbreak of the COVID-19 pandemic. See "*– Other Risks Relating to the Bank's Business – The global COVID-19 pandemic and any possible recurrence of other types of widespread infectious disease may adversely affect the Bank's business, financial condition or results of operations*." As a result, future growth of the Korean economy is subject to many factors beyond the Bank's control, including developments in the global economy.

In recent years, adverse conditions and volatility in the worldwide financial markets, fluctuations in oil and commodity prices, supply chain disruptions and the increasing weakness of the global economy, mainly due to the COVID-19 pandemic, Russia's invasion of Ukraine and ensuing sanctions against Russia, difficulties faced by several banks in the United States and Europe and more recently, the ongoing Israel-Hamas war as well as rapid increases in policy interest rates globally to combat rising inflationary pressures, have contributed to the uncertainty of global economic prospects in general and have adversely affected, and may continue to adversely affect, the Korean economy. See "*– Other Risks Relating to the Bank's Business – Unfavorable changes in the global financial markets could adversely affect the Bank's results of operations and financial condition.*" The value of the Won relative to major foreign currencies has fluctuated significantly and, as a result of uncertain global and Korean economic, social and political conditions, there recently has been significant volatility in the stock prices of Korean companies. Future declines in the Korea Composite Stock Price Index (the "KOSPI"), and large amounts of sales of Korean securities by foreign investors and subsequent repatriation of the proceeds of such sales may adversely affect the value of the Won, the foreign currency reserves held by financial institutions in Korea, and the ability of Korean companies to raise capital. Any future deterioration of the Korean or global economy could adversely affect the Bank's business, financial condition and results of operations.

Developments that could have an adverse impact on Korea's economy include:

- declines in consumer confidence and a slowdown in consumer spending in the Korean or global economy, including as a result of the global COVID-19 pandemic and increases in market increase rates;

- rising inflationary pressures leading to increases in the costs of goods and services and a decrease in purchasing power;

- the occurrence of severe health pandemics, such as the COVID-19 pandemic, or other severe health epidemics in Korea or other parts of the world, such as the Middle East Respiratory Syndrome outbreak in Korea in 2015;

- deterioration in economic or diplomatic relations between Korea and its trading partners or allies, including deterioration resulting from territorial or trade disputes or disagreements in foreign policy;

- adverse conditions or developments in the economies of countries and regions that are important export markets for Korea, such as China, the United States, Europe and Japan, or in emerging market economies in Asia or elsewhere, including as a result of deteriorating economic and trade relations between the United States and China and increased uncertainties in the global financial markets and industry;

- adverse changes or volatility in foreign currency reserve levels, commodity prices (including oil prices), exchange rates (including fluctuation of the U.S. dollar, Euro or Japanese Yen exchange rates or revaluation of the Chinese Renminbi), interest rates, inflation rates or stock markets;

- hostilities, political or social tensions involving Russia (including the invasion of Ukraine by Russia and the ensuing actions that the United States and other countries have taken or may take in the future, such as the imposition of sanctions against Russia) and the resulting adverse effects on the global supply of oil and other natural resources and the global financial markets;

- increased sovereign default risks in select countries and the resulting adverse effects on the global financial markets;

- a continuing rise in the level of household debt and increasing delinquencies and credit defaults by retail and SME borrowers in Korea;

- a deterioration in the financial condition or performance of SMEs and other companies in Korea due to the Government's policies to increase minimum wages and limit working hours of employees;

- investigations of large Korean business groups and their senior management for possible misconduct;

- shortages of imported raw materials, natural resources, rare earth minerals or component parts, including semiconductors, due to disruptions to the global supply chain;

- social and labor unrest;

- substantial changes in the market prices of Korean real estate;

- a substantial decrease in tax revenues or a substantial increase in the Government's expenditures for fiscal stimulus measures, unemployment compensation and other economic and social programs, particularly in light of the Government's ongoing efforts to provide emergency relief payments to households and emergency loans to corporations in need of funding in light of the COVID-19 pandemic as well as recent interest rate increases, which, together, may lead to a national budget deficit as well as an increase in the Government's debt;

- financial problems or lack of progress in the restructuring of *chaebols*, other large troubled companies (including those in the construction, shipbuilding and shipping sectors) and their suppliers or the financial sector;

- loss of investor confidence arising from corporate accounting irregularities or corporate governance issues at certain *chaebols*;

- increases in social expenditures to support an aging population in Korea or decreases in economic productivity due to the declining population size in Korea;

- the economic impact of any pending or future free trade agreements or of any changes to existing free trade agreements;

- geo-political uncertainty and the risk of further attacks by terrorist groups around the world;

- natural or man-made disasters that have a significant adverse economic or other impact on Korea or its major trading partners;

- political uncertainty or increasing strife among or within political parties in Korea;

- hostilities or political or social tensions involving countries in the Middle East (including the ongoing Israel-Hamas war) and Northern Africa and any material disruption in the global supply of oil or sudden increase in the price of oil;

- increased reliance on exports to service foreign currency debts, which could cause friction with Korea's trading partners;

- an increase in the level of tensions or an outbreak of hostilities between North Korea and Korea or the United States; and

- changes in financial regulations in Korea.

Labor unrest in Korea may adversely affect the Bank's operations.

Economic difficulties in Korea or increases in corporate reorganizations and bankruptcies could result in layoffs and higher unemployment. Such developments could lead to social unrest and substantially increase government expenditures for unemployment compensation and other costs for social programs. According to statistics from the Korea National Statistical Office, the unemployment rate decreased from 4.0% in 2020 to 3.7% in 2021 and 2.9% in 2022. Increases in unemployment and any resulting labor unrest in the future could adversely affect the Bank's operations, as well as the operations of many of the Bank's customers and their ability to repay their loans, and could adversely affect the financial condition of Korean companies in general, depressing the price of their securities. These developments would likely have an adverse effect on the Bank's financial condition and results of operations.

Risks Relating to the Notes

The rating assigned to the Notes may be suspended, lowered or withdrawn in the future.

The Notes are expected to be rated "Aa3" by Moody's. The rating assigned to the Notes will have been based primarily on the Guarantee to be issued by the Bank with respect to the Notes. Pursuant to the Guarantee, the Bank will unconditionally and irrevocably guarantee the due and punctual payment of all sums from time to time payable by the Issuer in respect of the Notes as and when such sums become due (the "Guaranteed Amounts"). The payment of the Guaranteed Amounts will, therefore, depend on the Bank performing its obligations under the Guarantee, and the likelihood of payment of the Guaranteed Amounts will depend on the creditworthiness of the Bank. Consequently, investors are relying not only on the creditworthiness of the Issuer but also on the creditworthiness of the Bank to perform its obligations under the Guarantee. A significant deterioration in the financial condition of the Bank could adversely affect the likelihood of investors receiving Guaranteed Amounts under the Guarantee and could result in a downgrade or withdrawal of the rating of the Notes.

A rating is not a recommendation to buy, sell or hold the Notes and may be subject to revision, suspension or withdrawal at any time. There can be no assurance that a rating will remain for any given period of time or that a rating will not be lowered, suspended or withdrawn entirely by the relevant rating agency if in its judgment circumstances in the future so warrant. Neither the Issuer nor the Bank has an obligation to inform Holders of any such revision, downgrade or withdrawal. A reduction, suspension, or withdrawal at any time of the rating assigned to the Notes may adversely affect the market price of the Notes or a Holder's ability to dispose of the Notes.

The liquidity and price of the Notes may be volatile.

The price and trading volume of the Notes may be highly volatile. Factors such as variations in the Issuer's or the Bank's revenues, earnings and cash flows and proposals for new investments, strategic alliances and/or acquisitions or dispositions, interest rates, fluctuations in price for comparable companies, government regulations and changes thereof applicable to the Issuer's or the Bank's industry, as well as general economic conditions in Korea or internationally, could cause the price of the Notes to fluctuate. Any such developments may result in large and sudden adverse changes in the trading volume and price of the Notes. There is no assurance that these developments will not occur in the future.

An active trading market for the Notes may not develop.

The Notes are a new issue of securities for which there is currently no trading market. No assurance can be given that the Issuer will obtain or be able to maintain a listing and quotation of the Notes on the SGX-ST or that an active trading market for the Notes will develop or as to the liquidity or sustainability of any such market, the ability of Holders to sell their Notes or the price at which Holders will be able to sell their Notes.

The Managers are not obliged to make a market in the Notes and any such market making, if commenced, may be discontinued at any time at their sole discretion. Even if the Managers act as market makers for the Notes, the secondary market for the Notes may be limited and there is no assurance given as to the price offered by secondary market-makers or the impact of any such quoted prices on those available in the wider market. To the extent that the Notes become illiquid, an investor may have to hold the relevant Notes until maturity before it is able to realize value. Investors should note that a secondary market may be affected by both legal restrictions in certain jurisdictions and by the Issuer and/or the Managers purchasing or holding the Notes.

The Notes contain provisions regarding meetings, modification, waivers and substitution which may affect the rights of Holders.

The Conditions of the Notes and the Fiscal Agency Agreement contain provisions for calling meetings of Holders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Holders including Holders who did not attend and vote at the relevant meeting and Holders who voted in a manner contrary to the majority.

The Conditions of the Notes also provide that the Fiscal Agent may agree, without the consent of Holders, to the waiver or authorization of any breach or proposed breach of, any of the Conditions of the Notes or any of the provisions of the Fiscal Agency Agreement, provided that it is not, in the opinion of the Issuer, materially prejudicial to the interests of the Holders, or may agree, among other things, to make any modifications to the Notes or the Fiscal Agency Agreement of a formal, minor or technical nature or necessary in the reasonable opinion of the Issuer to correct a manifest error or to comply with mandatory provisions of the laws of Korea so long as such modification does not adversely affect the rights of any Holder in any material respect.

The Notes are represented by the Global Certificate and Holders must rely on the procedures of the relevant Clearing System(s).

Notes are represented by the Global Certificate. The Global Certificate will be deposited with a common depositary for Euroclear and Clearstream (each of Euroclear and Clearstream, a "Clearing System"). Except in the circumstances described in the relevant Global Certificate, investors will not be entitled to receive Definitive Certificates. The relevant Clearing System(s) will maintain records of the beneficial interests in the Global Certificate. While the Notes are represented by the Global Certificate, investors will be able to trade their beneficial interests only through the Clearing Systems.

While the Notes are represented by the Global Certificate, the Issuer and the Guarantor will discharge their payment obligations under the Notes by making payments to the relevant Clearing System for distribution to their account holders.

A holder of a beneficial interest in the Global Certificate must rely on the procedures of the relevant Clearing System(s) to receive payments under the relevant Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Certificate.

The Notes are represented by the Global Certificate and Holders must rely on the procedures of the relevant Clearing System(s).

Notes are represented by the Global Certificate. The Global Certificate will be deposited with a common depositary for Euroclear and Clearstream (each of Euroclear and Clearstream, a "Clearing System"). Except in the circumstances described in the relevant Global Certificate, investors will not be entitled to receive Definitive Certificates. The relevant Clearing System(s) will maintain records of the beneficial interests in the Global Certificate. While the Notes are represented by the Global Certificate, investors will be able to trade their beneficial interests only through the Clearing Systems.

While the Notes are represented by the Global Certificate, the Issuer and the Guarantor will discharge their payment obligations under the Notes by making payments to the relevant Clearing System for distribution to their account holders.

A holder of a beneficial interest in the Global Certificate must rely on the procedures of the relevant Clearing System(s) to receive payments under the relevant Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Certificate.

The Notes are unsecured obligations.

Because the Notes are unsecured obligations, their repayment may be compromised if:

- the Issuer enters into bankruptcy, liquidation, reorganization or other winding-up proceedings;
- there is a default in payment under the Issuer's secured indebtedness or other unsecured indebtedness; or
- there is an acceleration of any of the Issuer's indebtedness.

If any of these events occurs, the Issuer's assets may not be sufficient to pay amounts due on any of the Notes.

The Notes are subject to transfer restrictions.

The Notes will not be registered under the Securities Act or any state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons, except to certain persons in offshore transactions in reliance on Regulation S, or pursuant to another exemption from, or in another transaction not subject to, the registration requirements of the Securities Act and in accordance with applicable state securities laws. For a further discussion of the transfer restrictions applicable to the Notes, see "*Subscription and Sale*."

The Notes may not be a suitable investment for all investors seeking exposure to green assets.

Pursuant to the recommendation in the International Capital Market Association ("ICMA")'s Green Bond Principles 2021 (the "2021 Green Bond Principles") that issuers use external assurance to confirm their alignment with the key features of the 2021 Green Bond Principles, at SK Innovation Co., Ltd.'s request, CICERO Shades of Green ("CICERO Green") has issued a framework overview and second party opinion dated April 19, 2022 (the "Framework Report").

There is currently no clear definition of, nor market consensus as to what constitutes, a "green" or an equivalently-labeled project or as to what precise attributes are required for a particular project or series of notes to be defined as "green" or such other equivalent label, nor can any assurance be given that such a clear definition or consensus will develop over time. Therefore, no representation or assurance can be provided that the use of proceeds of the Notes will satisfy any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable laws or regulations

or by its own by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental impact of any project. Although Eligible Projects will be selected in accordance with the Green Financing Framework, and will be developed in accordance with relevant legislation and standards, there can be no guarantee that the projects will deliver the environmental benefits as anticipated, or that adverse environmental and/or social impacts will not occur during the design, construction, commissioning and operation of the projects. In addition, where any negative impacts are insufficiently mitigated, the projects may become controversial, and/or may be criticized by activist groups or other stakeholders.

The Framework Report may not reflect the potential impact of all risks related to the structure, marketability, trading price, or liquidity and other factors that may affect the price or value of the Notes. The Framework Report is not a recommendation to buy, sell or hold securities and is only current as of the date it was initially issued and is subject to certain disclaimers set out therein, and may be updated, suspended or withdrawn at any time. Furthermore, the Framework Report is for information purposes only and none of the Issuer, the Guarantor, the Managers or CICERO Green accepts any form of liability for the substance of its Framework Report and/or any liability for loss arising from the use of its Framework Report and/or the information provided therein.

Currently, the providers of second party opinions and providers of similar opinions, certifications and validations are not subject to any specific regulatory or other regime or oversight. Any such opinion, certification or validation is not, nor should be deemed to be, a recommendation by the Issuer, the Guarantor, or the Managers, any second-party opinion provider or any other person to buy, sell or hold the Notes. Noteholders have no recourse against the Issuer, the Guarantor or any of the Managers or the provider of any such opinion, certification or validation for the contents of any such opinion, certification or validation, which is only current as at the date it was initially issued. Prospective investors must determine for themselves the relevance of any such opinion, certification or validation and/or the information contained therein and/or the provider of such opinion, certification or validation for the purpose of any investment in the Notes. Any withdrawal of any such opinion, certification or validation or any such opinion, certification or validation attesting that the Issuer is not complying in whole or in part with any matters for which such opinion, certification or validation is opining on or certifying on may have a material adverse effect on the value of the Notes and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose.

The Issuer has agreed to use an amount equal to the net proceeds from this offering as described under the section "Use of Proceeds"; however, it will not be an event of default under the Notes if the Issuer fails to comply with such obligations. A withdrawal of either of the Framework Report may affect the value of the Notes and/or may have consequences for certain investors with portfolio mandates to invest in green assets. In the event that the Notes are included in any dedicated "green," "environmental," "sustainable" or other equivalently-labeled index, no representation or assurance is given by the Issuer or any other person that such listing or admission, or inclusion in such index, satisfies any present or future investor expectations or requirements as regards to any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates.

No assurance can be provided with respect to the suitability or reliability of the Framework Report or that the Notes will fulfill the environmental criteria to qualify as green bonds. The Managers have not undertaken, nor are responsible for, any assessment of the eligibility of the Green Financing Framework, or Eligible Projects, or the monitoring of the use of proceeds from the offering of the Notes. Each potential purchaser of the Notes should determine for itself the relevance of the information contained in this Offering Circular regarding the use of proceeds and its purchase of the Notes should be based upon such investigation as it deems necessary. Therefore, the Notes may not be a suitable investment for all investors seeking exposure to green assets.

The Framework Report provides an opinion on certain environmental and related considerations but is not intended to address any credit, market or other aspects of an investment in the Notes including, without limitation, market price, marketability, investor preference or suitability of any security. None of SK Innovation Co., Ltd. ("SK Innovation"), the Issuer or the Managers makes any representation as to the suitability of the Framework Report. Further, the Managers make no assurances as to (i) whether the Notes will meet investor criteria and expectations with regard to environmental impact and sustainability performance for any investors, (ii) whether the use of an amount equal to the net proceeds will be used for projects meeting green criteria or (iii) the characteristics of any such projects, including their environmental criteria. The Framework Report is not a recommendation to buy, sell or hold securities and is only current as of the date it was initially issued. The Framework Report is not incorporated into, and does not form part of, this Offering Circular.

TERMS AND CONDITIONS OF THE NOTES

The US$ % Guaranteed Senior Unsecured Green Notes due 20 (the "**Notes**," which expression, unless the context otherwise requires, includes any further Notes issued pursuant to Condition 10 and forming a single series with the Notes) of SK Battery America, Inc. (the "**Issuer**") are issued under a fiscal agency agreement dated January , 2024 (as amended from time to time, the "**Fiscal Agency Agreement**"), among the Issuer, Kookmin Bank as the guarantor (the "**Guarantor**") and The Hongkong and Shanghai Banking Corporation Limited, as fiscal agent (the "**Fiscal Agent**," which expression shall include its successor(s)), paying agent (the "**Paying Agent**," which expression shall include its successor(s)), transfer agent (the "**Transfer Agent**," which expression shall include its successor(s)) and registrar (the "**Registrar**," which expression shall include its successor(s)). References herein to the "**Agents**" are to the Fiscal Agent, the Paying Agent, the Transfer Agent and the Registrar, and any reference to an "**Agent**" is to any one of them. The Notes are issued, and may or must be redeemed by the Issuer, on the terms set out in these Terms and Conditions (the "**Conditions**").

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Fiscal Agency Agreement. Copies of the Fiscal Agency Agreement are available for inspection during normal business hours by the Holders (as defined below) at the specified office of the Fiscal Agent. Holders are deemed to have notice of those provisions applicable to them of the Fiscal Agency Agreement.

1. FORM AND TRANSFER

1.1 Form and Principal Amount

The Notes are in registered form and are issued on their date of issue and transferable in minimum principal amounts (the "**Principal Amount**") of US$200,000 and integral multiples of US$1,000 in excess thereof. A security certificate (a "**Definitive Certificate**") will be issued to each Holder in respect of its registered holding of Notes. Each Definitive Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the register of Holders (the "**Register**") which the Issuer will procure to be kept by the Registrar. The Notes will initially be represented by one or more certificates in global form (each, a "**Global Certificate**"). No individual certificates will be issued to Holders except upon the circumstances set forth in the Fiscal Agency Agreement. The Notes will be issued at the Issue Price.

1.2 Title

Title to the Notes passes only by registration in the Register. The holder of any Note will (except as otherwise required by law) be treated as its absolute owner for all purposes (regardless of any notice of ownership, trust or any interest or any writing on, or the theft or loss of, the Definitive Certificate issued in respect of it) and no person will be liable for so treating the holder. In these Conditions, "**Holder**" and (in relation to a Note) "**holder**" means the person in whose name a Note is registered in the Register (or, in the case of a joint holding, the first named thereof).

2. TRANSFERS OF NOTES AND ISSUE OF DEFINITIVE CERTIFICATES

2.1 Transfers

Subject as provided in Condition 2.4, a Note may be transferred by depositing the Definitive Certificate issued in respect of that Note, with the form of transfer on the back duly completed and signed, at the specified office of the Fiscal Agent (or, in the case of a Note represented by a Global Certificate, delivery of a duly executed form of transfer as set forth in the Fiscal Agency Agreement), together with such evidence as the Fiscal Agent may reasonably require to prove title to the Notes that are the subject of the transfer and the authority of the individuals who have executed the form of transfer. Legal title to the Notes will pass upon registration of such transfer in the Register.

All transfers of Notes and entries in the Register will be made subject to the terms concerning transfers of Notes provided in the Fiscal Agency Agreement.

2.2 Delivery of new Definitive Certificates

Each new Definitive Certificate to be issued upon transfer of Notes will, within five business days of receipt by the Fiscal Agent of the duly completed form of transfer endorsed on the relevant Definitive Certificate, be mailed by uninsured mail at the risk of the holder entitled to the Note to the address specified in the form of transfer. For the purposes of this Condition, "**business day**" shall mean a day on which banks are open for business in the city where the Agents have their specified offices.

Where some but not all of the Notes in respect of which a Definitive Certificate is issued are to be transferred, a new Definitive Certificate in respect of the Principal Amount of Notes not so transferred will, within 10 business days of receipt by the Fiscal Agent of the original Definitive Certificate, be mailed by uninsured mail at the risk of the holder of the Notes not so transferred to the address of such holder appearing on the Register (or, in the case of a joint holding, the first named thereof).

2.3 Formalities free of charge

Registration of transfer of Notes will be effected without charge by or on behalf of the Issuer or the Fiscal Agent but upon payment (or the giving of such indemnity as the Issuer or the Fiscal Agent may reasonably require) in respect of any tax or other governmental charges which may be imposed on the Issuer or the Fiscal Agent (as the case may be) in relation to such transfer.

2.4 Closed periods

No Holder may require the transfer of a Note to be registered during the period of 15 days ending on the due date for any payment of any principal or interest on that Note.

3. STATUS AND NEGATIVE PLEDGE

3.1 Status of the Notes

The Notes constitute direct, general and unconditional obligations of the Issuer which will be unsecured and will rank *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer (save for such as may be preferred by mandatory provision of applicable law).

3.2 Negative Pledge

So long as any Note remains outstanding (as defined in the Fiscal Agency Agreement), the Issuer will not create or permit to subsist any mortgage, charge, lien, pledge or other security interest upon or over the whole or any part of its property, assets or revenues (whether present or future) to secure for the benefit of the holders of any International Investment Securities:

(a) payment of any sum due in respect of any such International Investment Securities;

(b) payment under any guarantee in respect of any such International Investment Securities; or

(c) payment under any indemnity or other like obligation in respect of any such International Investment Securities,

without, in any such case and at the same time, according to the Notes the same security as is available for the benefit of the holders of such International Investment Securities.

"**International Investment Securities**" means notes, bonds, debentures, certificates of deposit or investment securities of any person which (i) by their terms either are payable, or confer a right to receive payment, in any currency other than Korean Won or are denominated in Korean Won and more than one-half of the aggregate principal amount of which is initially distributed outside Korea by or with the authorization of the Issuer and (ii) are for the time being, or are intended to be, quoted, listed, ordinarily dealt in or traded on any stock exchange or over-the-counter or other securities market outside of Korea.

4. GUARANTEE

Pursuant to the guarantee set out in Section 3 of the Fiscal Agency Agreement as evidenced by the notation of guarantee dated January , 2024 (the "**Guarantee**"), the Guarantor has given for the benefit of the Holders an unconditional and irrevocable guarantee for the due and punctual payment of all sums from time to time payable by the Issuer in respect of the Notes as and when the same shall become due according these Conditions. The Guarantee relating to the Notes constitutes a direct, general and unconditional obligation of the Guarantor which will be unsecured and will rank *pari passu* with all other present and future unsecured and unsubordinated obligations of the Guarantor (save for such as may be preferred by mandatory provision of applicable law). The Guarantee will remain in full effect until the earlier of (i) the payment of all sums payable in respect of the relevant Notes having been paid in full and (ii) the Maturity Date.

5. INTEREST

5.1 Interest Payment Dates

The Notes bear interest from and including January , 2024 to but excluding the due date for redemption of the Notes and such interest will be payable in equal installments on each January and July (each an "**Interest Payment Date**") for interest accrued during each Interest Period (as defined herein). If any Interest Payment Date would otherwise fall on a day which is not a Business Day, it shall be postponed to the next day which is a Business Day. The period beginning on January , 2024 and ending on (but excluding) the first Interest Payment Date and each successive period beginning on an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date is called an "**Interest Period**".

If interest is required to be calculated for a period of less than a complete Interest Period, the relevant day-count fraction will be determined on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed.

5.2 Interest Payments

Each Note will cease to bear interest from the due date for redemption unless, after surrender of the relevant Definitive Certificate, payment of principal is improperly withheld or refused. In such event, it shall continue to bear interest at the rate set forth in Condition 5.3 (both before and after judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Holder, and (ii) the day seven days after the Fiscal Agent has notified Holders of receipt of all sums due in respect of all the Notes up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions or any payment by the Issuer has subsequently become void).

5.3 Rate of Interest

Interest on the Notes will accrue from and including January , 2024 to but excluding the due date for redemption of the Notes at the rate of % per annum.

6. REDEMPTION

6.1 Maturity

Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their principal amount on , 20 (the "**Maturity Date**"). The Notes may not be redeemed at the option of the Issuer other than in accordance with Condition 6.2.

6.2 Early Redemption for Tax Reasons

The Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date, at their outstanding principal amount together with any accrued but unpaid interest thereon, on giving not less than 30 nor more than 60 days' notice to the Fiscal Agent and the Guarantor and, in accordance with Condition 13, the Holders (which notice shall be irrevocable), if

(a) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay Additional Amounts as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction or any change in the application or official interpretation of such laws or regulations, which (including the cessation of tax exemptions presently applicable) change or amendment becomes effective on or after January , 2024; and

(b) such obligation cannot be avoided by the Issuer taking reasonable measures available to it.

6.3 Cancellations

All Notes which are redeemed or purchased by or on behalf of the Issuer, or any of the Issuer's Subsidiaries and which the Issuer elects to cancel, will forthwith be cancelled.

7. PAYMENTS

7.1 Payments of principal and interest in respect of each Note will be made by transfer to the registered account of the Holder or by U.S. dollar check drawn on a bank (nominated in writing to the Paying Agent by the Holder) that processes payments in U.S. dollars mailed to the registered address of the Holder if it does not have a registered account, provided that the nomination is received by the Paying Agent not later than 10 Payment Business Days before any date on which payment is scheduled. Interest on Notes due on an Interest Payment Date will be paid to the holder shown on the Register at the close of business on the date (the "**record date**") being the fifteenth day before the due date for the payment of interest; provided that, the record date for any Interest Payment Date will be, with respect to Notes represented by a Global Certificate, the close of business on the Clearing System Business Day immediately prior to the Interest Payment Date, where "**Clearing System Business Day**" means Monday to Friday inclusive except December 25 and January 1.

For the purposes of this Condition 7.1, a Holder's "**registered account**" means the U.S. dollar account maintained by or on behalf of it with a bank that processes payments in U.S. dollars, details of which appear on the Register at the close of business on the relevant record date, and a Holder's "**registered address**" means its address appearing on the Register at that time.

7.2 Where payment is to be made by transfer to a registered account, payment instructions (for value the due date or, if that is not a Payment Business Day, for value the first following day which is a Payment Business Day) will be initiated and, where payment is to be made by cheque, the cheque will be mailed on the due date for payment, or if that is not a Payment Business Day, on the next succeeding Payment Business Day, without any interest or payment in respect of such delay.

7.3 Payments in respect of amounts payable by way of interest and on redemption of the Notes will be subject in all cases to: (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8; and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 8) any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Holders in respect of such payments.

7.4 In this Condition, "**Payment Business Day**" means a day which is both: (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the city in which the Paying Agent has its registered office from time to time; and (b) a day on which banks are open for business in New York, Hong Kong and Seoul.

7.5 Unless the context otherwise requires, any reference in these Conditions to principal in respect of the Notes shall be deemed to include any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

8. TAXATION AND GROSS-UP

8.1 Payment without withholding

All payments in respect of the Notes by or on behalf of the Issuer or, as the case may be, the Guarantor, will be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of a Relevant Jurisdiction ("**Relevant Taxes**"), unless the withholding or deduction of such Relevant Taxes is required by law. In that event, the Issuer or, as the case may be, the Guarantor, will pay such additional amounts ("**Additional Amounts**") as may be necessary in order that the net amounts received by the Holders after the withholding or deduction (including any withholding or deduction in respect of such payment of Additional Amounts) will equal the respective amounts which would otherwise have been receivable in respect of the Notes in the absence of the withholding or deduction; except that no Additional Amounts will be payable in relation to any Relevant Taxes imposed on, withheld or deducted from any payment in respect of any Note:

(a) held by or on behalf of a Holder or beneficial owner who is liable for such Relevant Taxes in respect of such Note by reason of having some connection with the Relevant Jurisdiction other than the mere holding of the Note or the receipt of payments or enforcement of rights thereunder; or

(b) held by or on behalf of a Holder or beneficial owner who is liable for such Relevant Taxes in respect of the Note by reason of having some relationship with the Issuer for tax purposes of the Relevant Jurisdiction other than the mere holding of such Note; or

(c) where such withholding or deduction is imposed by reason of a failure of a Holder or any other person to (i) comply with any certification, identification, information-provision or documentation requirement concerning the nationality, residence, identity or connection with the Relevant Jurisdiction of the Holder or beneficial owner or (ii) comply with any other certification, identification, information-provision or documentation requirement, or enter into any agreement with any taxing authority, provided that (x) the Issuer or the Fiscal Agent has given the Holder at least 30 calendar days prior notice of an opportunity to satisfy such a requirement and (y) compliance is required or imposed by a statute, treaty, rule, regulation, agreement or administrative practice of the Relevant Jurisdiction as a condition or precondition to relief or exemption from all or part of such Relevant Taxes; or

(d) where such withholding or deduction is imposed only by virtue of a Holder or any other person not having presented the Note (where presentation is required) for payment within 30 days after the date on which such payment becomes due and payable or the date on which such payment thereof is duly provided for, whichever occurs earlier, except to the extent such Holder or other person would be entitled to Additional Amounts had the Note been surrendered during such 30-day period; or

(e) in the event that a Holder or any other person who holds an interest in the Note is a fiduciary, a partnership or any person other than the sole beneficial owner of such payment, where such withholding or deduction would not have been imposed had the beneficiary or settlor with respect to such fiduciary, member of such partnership or beneficial owner of such payment been the actual Holder of the Note; or

(f) by or on behalf of a Holder who does not qualify for the portfolio interest exemption under Sections 871(h) or 881(c) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**") or any successor provisions (including by failing to deliver appropriate U.S. Internal Revenue Service forms to the relevant withholding agent); or

(g) where such withholding or deduction is imposed pursuant to Sections 1471 through 1474 of the Code, U.S. Treasury regulations or administrative guidance promulgated thereunder or any law implementing an intergovernmental approach thereto; or

(h) where such withholding or deduction is imposed as a result of any combination of (a) through (e) above.

Additionally, the obligation of the Issuer or, as the case may be, the Guarantor, to pay such Additional Amounts shall not apply with respect to (i) any estate, inheritance, gift, sales, transfer or personal property tax or any similar taxes, duties, assessments or other governmental charges or (ii) any taxes, duties, assessments or other governmental charges that are payable otherwise than by deduction or withholding from payments on the Notes.

8.2 Additional Amounts

Any reference in these Conditions to any amounts in respect of the Notes will be deemed also to refer to any Additional Amounts which may be payable under this Condition 8 or under any undertakings given in addition to, or in substitution for, this Condition pursuant to the Fiscal Agency Agreement.

8.3 Documentation

The Issuer will provide the Fiscal Agent with the official acknowledgment, if any, of the Relevant Jurisdiction (or, if such acknowledgment is not available, other reasonable documentation) evidencing payment of any Relevant Taxes in respect of which the Issuer has paid any Additional Amounts. Copies of such documentation will be made available to the Holders or beneficial owners of the Notes by the Fiscal Agent upon written request therefor.

8.4 Other Taxes

The Issuer will pay any stamp, issue, excise, registration, documentary or other similar taxes and duties, including interest and penalties, imposed by a Relevant Jurisdiction in respect of the creation, issue, delivery, registration and offering of the Notes. The Issuer will also pay and indemnify the Holders and beneficial owners of the Notes from and against all court taxes or other taxes and duties, including interest and penalties, paid by any of them in any jurisdiction in connection with any action permitted to be taken by the Holders and beneficial owners to enforce the Issuer's obligations under the Notes.

9. PRESCRIPTION

A claim against the Issuer or the Guarantor for payment under these Conditions will become void unless made within periods of 10 years (in the case of principal) and five years (in the case of interest) from the Relevant Date relating thereto.

10. FURTHER ISSUES

Subject to applicable law, the Issuer may from time to time without the consent of the Holders create and issue further securities or incur further debt obligations either (a) ranking *pari passu* in all respects (or in all respects save for the first payment of Interest Amount thereon) and so that the same will be consolidated and form a single series with the Notes (provided, however, that any such issuance of securities shall be subject to the prior written consent of the Guarantor); or (b) upon such terms as to ranking, distributions or interest, conversion, redemption and otherwise as the Issuer may determine at the time of issue.

11. EVENTS OF DEFAULT

If any of the following events (each an "**Event of Default**") occurs and is continuing:

11.1 Non-payment: default is made in the payment of any amount of principal or interest in respect of the Notes on the due date for payment thereof and, in the case of default in the payment of principal, such default remains unremedied for 10 days or, in the case of default in the payment of interest, 15 days thereafter; or

11.2 Breach of other obligations: default is made in the performance or observance of any other obligation of the Issuer or the Guarantor under or in respect of the Notes and such default remains unremedied for 60 days after written notice thereof, addressed to the Issuer by any holder of Notes, has been delivered to the Issuer; or

11.3 Cross-acceleration: (1) any Indebtedness in aggregate exceeding US$30,000,000 (or its equivalent in one or more currencies) of the Issuer is not paid within 30 days after the due date or, as the case may be, the expiry of any originally applicable grace period, (2) any Indebtedness of the Issuer becomes due and payable prior to its stated maturity otherwise than at the option of the Issuer or (in the absence of any event of default, howsoever described) any person entitled to such Indebtedness or (3) the Issuer fails to pay within 30 days after the due date or, as the case may be, the expiry of any originally applicable grace period, any amount payable by it under any Surety; or

11.4 Guarantee: the Guarantor denies or disaffirms its obligations under the Guarantee or the Guarantee is determined to be unenforceable or invalid or shall for any reason cease to be in full force and effect; or

11.5 Enforcement proceedings: an execution or other legal process is levied, enforced or sued out upon or against the whole or substantially the whole of the property of the Issuer or the Guarantor which is material in its effect upon the operations of the Issuer or the Guarantor and is not discharged or stayed within 60 days; or

11.6 Cessation of Business: the Issuer ceases or threatens to cease to carry on the whole or a substantial part of its respective business save for the purposes of, or pursuant to and followed by, a consolidation, amalgamation, merger or reorganization the terms of which shall have previously been approved as a Special Matter by the Holders; or

11.7 Security enforced: a secured party takes possession, or a receiver, manager or other similar officer is appointed, of the whole or substantially the whole of the undertaking, assets and revenues of the Issuer or the Guarantor; or

11.8 Winding-up: an order is made or an effective resolution is passed for the Winding-Up of the Issuer or the Guarantor; or

11.9 Analogous event: any event occurs which under the laws of the Relevant Jurisdiction has an analogous effect to any of the events referred to in Conditions 11.1 to 11.8,

then the holder of any Note may, by written notice addressed to the Issuer and the Guarantor and delivered to the Issuer and the Guarantor or to the Fiscal Agent in accordance with Condition 13, declare such Note to be immediately due and payable whereupon it shall become immediately due and payable at its principal amount together with accrued interest without further action or formality. Any such notice shall specify the serial number of each Note in respect of which it is given.

12. VARIATION OF RIGHTS

12.1 Variation without consent

The Fiscal Agent may agree with the Issuer and the Guarantor, without the approval of Holders, to amend, modify, alter or add to either these Conditions or the provisions of the Fiscal Agency Agreement, if the Issuer and the Guarantor are of the opinion that the amendment, modification, alteration or addition is:

(a) of a formal, minor or technical nature;

(b) made to correct an error which, in the opinion of the Issuer, is proven;

(c) not materially prejudicial to the interests of Holders as a whole; or

(d) to comply with mandatory provisions of law.

12.2 Meetings

(a) The Fiscal Agency Agreement contains provisions for convening meetings of the Holders to consider any matter relating to the Notes and/or the Fiscal Agency Agreement, including the modification or abrogation of any of these Conditions or any of the provisions of the Fiscal Agency Agreement, upon either the written consent of the Holders of not less than a majority in Principal Amount of the outstanding Notes or the approval of persons entitled to vote not less than a majority of the Principal Amount of such Notes represented and voting at a meeting of the Holders duly called. The quorum at such meeting shall be one or more persons entitled to vote a majority in Principal Amount of the outstanding Notes, or at an adjourned meeting, one or more persons entitled to vote 25% in Principal Amount of the outstanding Notes.

(b) Notwithstanding Condition 12.1 above, for the purposes of passing a resolution at a meeting the business of which includes a Special Matter, no amendment, modification or abrogation shall be made to the Notes (including these Conditions) or the Fiscal Agency Agreement without the approval or written consent of the Holders of not less than 90% in Principal Amount of the then outstanding Notes or the approval of persons entitled to vote not less than 75% of the Principal Amount of such Notes represented and voting at a meeting of the Holders duly called, and where at such meeting a special quorum shall be required comprising one or more persons entitled to vote two-thirds in Principal Amount of the then outstanding Notes, or at an adjourned meeting, one or more persons entitled to vote one-third in Principal Amount of the then outstanding Notes.

(c) On a poll each Holder of a Note present in person or by proxy and entitled to vote shall have one vote in respect of each US$1,000 in Principal Amount of such Holder's Notes.

(d) The Issuer, the Guarantor and the Fiscal Agent may, at any time and from time to time, without the consent of any Holders, amend or supplement the Fiscal Agency Agreement or these Conditions: (i) to evidence the succession of another person to the Issuer or the Guarantor and the assumption by any such successor of the covenants of the Issuer or the Guarantor, as applicable, in the Fiscal Agency Agreement and the Notes; (ii) to add to the covenants of the Issuer or the Guarantor for the benefit of the Holders or to surrender any right or power conferred on the Issuer or the Guarantor; (iii) to provide for the issuance of additional Notes in accordance with the limitations set forth in these Conditions and the Fiscal Agency Agreement; (iv) to cure any ambiguity or to correct or supplement any provision in the Fiscal Agency Agreement or these Conditions, which may be inconsistent with any other provision therein, or to make any other provisions with respect to matters or questions arising under the Fiscal Agency Agreement that are not inconsistent with the provisions of the Fiscal Agency Agreement; provided that such action shall not adversely affect the interests of the Holders in any material respect; or (v) to make any other modifications to the Notes or the Fiscal Agency Agreement of a formal, minor or technical nature or necessary in the reasonable opinion of the Issuer to correct a manifest error or, in reliance on an opinion of counsel delivered to the Fiscal Agent, to comply with mandatory provisions of the laws of the Relevant Jurisdiction so long as such modification does not adversely affect the rights of any Holder in any material respect.

12.3 Waiver, authorization and determination

The Fiscal Agent may agree, without the consent of the Holders, to the waiver or authorization of any breach or proposed breach of, any of these Conditions or any of the provisions of the Fiscal Agency Agreement, provided that it is not, in the opinion of the Issuer, materially prejudicial to the interests of the Holders.

12.4 Notification to the Holders

Any modification, abrogation, waiver, determination, authorization or substitution pursuant to or described in this Condition 12 shall be (i) binding on the Holders, whether or not they are present at any meeting and whether or not they voted, and (ii) notified by the Issuer to the Holders as soon as practicable thereafter in accordance with Condition 13.

12.5 Compliance with stock exchange rules

In connection with any amendment, modification, alteration, addition or substitution under this Condition 12, the Issuer will comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

13. NOTICES

All notices regarding the Notes shall be valid if sent by post to the Holders at their respective addresses in the Register (which, in the case of a Global Certificate, is expected to consist solely of the common depositary of Euroclear or Clearstream or its nominee, or any successor thereto). The Issuer shall also ensure that notices are duly given or published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Notes are for the time being listed. Any notice shall be deemed to have been given on the second day after being so mailed or on the date of publication or, if so published more than once or on different dates, on the date of the first publication.

So long as the Notes are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear or Clearstream or an alternative clearing system appointed in accordance with the terms of the Notes and the Fiscal Agency Agreement, notices to Holders may be given by delivery of the relevant notice to the clearing systems in accordance with the applicable rules and procedures of the clearing systems for communication by them to entitled accountholders. Any such notice shall be deemed validly given on the day after it has been delivered to Euroclear, Clearstream or an alternative clearing system as aforesaid.

The Issuer shall provide the Guarantor with a copy of each notice it is required to provide to the Holders or an Agent.

14. AGENTS

Under the terms of the Fiscal Agency Agreement, the Issuer has the right to terminate the appointment of any Agent and appoint a successor provided that there shall at all times be:

(a) at least one paying agent, provided that so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, in the event that the Global Certificate is exchanged for Definitive Certificates, and unless the Issuer obtains an exemption from the SGX-ST, the Issuer will appoint and maintain a paying agent in Singapore, where the Definitive Certificates may be presented or surrendered for payment or redemption. In addition, in the event that the Global Certificate is exchanged for Definitive Certificates, an announcement of such exchange will be made by or on behalf of the Issuer through the SGX-ST and such announcement will include all material information with respect to the delivery of the Definitive Certificates, including details of the paying agent in Singapore;

(b) a fiscal agent;

(c) a registrar; and

(d) a transfer agent.

15. GOVERNING LAW AND SUBMISSION TO JURISDICTION

15.1 Governing law

The Notes and the Guarantee are governed by, and will be construed in accordance with, the laws of the State of New York.

15.2 Jurisdiction

In relation to any suit, legal action or proceedings arising out of or in connection with the Notes, each of the Issuer and the Guarantor will irrevocably submit to the jurisdiction of the New York State and United States Federal courts sitting in the Borough of Manhattan, New York City.

15.3 Service of process

The Issuer has agreed to receive service of process at 1760 SK Boulevard, Commerce, GA 30529, United States in respect of any suit, action or proceedings arising out of or in connection with the Notes.

The Guarantor has irrevocably and unconditionally appointed Kookmin Bank, New York Branch at 565 Fifth Avenue, 24th Floor, New York, NY 10017, United States as its agent for service of process in respect of any suit, action or proceedings arising out of or in connection with the Notes and has undertaken that in the event of such agent ceasing so to act it will appoint another person as its agent for that purpose.

15.4 Waiver of Immunity

To the extent that the Issuer or the Guarantor has or hereafter may acquire any immunity (sovereign or otherwise) from jurisdiction of any court or from any legal process (whether through service of notice, attachment prior to judgment, attachment in aid of execution, execution, set-off or otherwise) with respect to themselves or their respective property and assets or the Notes (in the case of the Issuer) or the Guarantee (in the case of the Guarantor), the Issuer and the Guarantor hereby irrevocably and unconditionally waive, and agree not to plead or claim, any such immunity, and consent to the relief or enforcement, in respect of its respective obligations under the Notes (in the case of the Issuer) or the Guarantee (in the case of the Guarantor) to the fullest extent permitted by applicable law.

16. DEFINITIONS

Unless the context otherwise requires, the following terms will have the following meanings in these Conditions:

"**Additional Amounts**" has the meaning specified in Condition 8.1.

"**Business Day**" means a day on which banks are open for business in New York City, Seoul and Hong Kong.

"**Conditions**" means these terms and conditions of the Notes.

"**Definitive Certificate**" has the meaning specified in Condition 1.1.

"**Fiscal Agency Agreement**" has the meaning specified in the preamble to these Conditions.

"**Fiscal Agent**" means has the meaning specified in the preamble to these Conditions.

"**Global Certificate**" has the meaning specified in Condition 1.1.

"**Holder**" has the meaning specified in Condition 1.2.

"**Indebtedness**" means any obligation (whether present or future, actual or contingent) for the payment or repayment of money which has been borrowed or raised (including money raised by way of acceptances or leasing).

"**Interest Amount**" means the amount payable per U.S.$1,000 in principal amount of the Notes on an Interest Payment Date.

"**Interest Payment Date**" has the meaning specified in Condition 5.1.

"**Interest Period**" has the meaning specified in Condition 5.1.

"**International Investment Securities**" has the meaning specified in Condition 3.2.

"**Issue Price**", in relation to a Note, has the meaning specified in the offering circular or other issuance documentation in respect of that Note.

"**Issuer**" means SK Battery America, Inc.

"**Payment Business Day**" has the meaning specified in Condition 7.4.

"**Principal Amount**" has the meaning specified in Condition 1.1.

"**Register**" has the meaning specified in Condition 1.1.

"**Registrar**" has the meaning specified in the preamble to these Conditions.

"**Relevant Date**" means the date on which the relevant payment first becomes due but, if the full amount of the money payable has not been received by the relevant Agent on or before the due date, it means the date on which, the full amount of the money having been so received, notice to that effect has been duly given to the Holders by the Issuer.

"**Relevant Jurisdiction**" means the United States (in the case of the Issuer) or the Republic of Korea (in the case of the Guarantor) or any political subdivision or any authority thereof or therein having power to tax or, in the event of any substitution, Solvent Reorganization or other corporate action resulting in the Issuer or the Guarantor being tax resident in any other jurisdiction, that other jurisdiction or any political subdivision or any authority thereof or therein having power to tax.

"**Relevant Taxes**" has the meaning specified in Condition 8.1.

"**SGX-ST**" means the Singapore Exchange Securities Trading Limited.

"**Solvent Reorganization**" means, with respect to the Issuer, solvent Winding-Up, deregistration, dissolution, scheme of arrangement or other reorganization of the Issuer solely for the purposes of a consolidation, amalgamation, merger or reconstruction under which the continuing or resulting corporation effectively assumes the obligations of the Issuer under the Notes and the Fiscal Agency Agreement.

"**Special Matter**" means each of the following matters:

(i) reduction or cancellation of the amount payable or, where applicable, modification, except where such modification is in the opinion of the Fiscal Agent bound to result in an increase of any principal or interest in respect of the Notes;

(ii) modification of the date of payment in respect of any principal or interest in respect of the Notes;

(iii) alteration of the currency in which payments under the Notes are to be made;

(iv) modification or waiver of the provisions regarding the negative pledge of the Issuer referred to in Condition 3.2 (Negative Pledge);

(v) alteration of the obligations of the Issuer under Conditions 6 (Redemption), 8 (Taxation and Gross-up) or 11 (Events of Default);

(vi) the terms of any consolidation, amalgamation, merger or reorganization of the Issuer;

(vii) reduction of any of the percentage voting and quorum provisions in Condition 12; or

(viii) modification of any of the above matters constituting the Special Matters.

"**Subsidiary**" means any corporation or other business entity of which one person owns or controls (in either case, either directly or through another Subsidiary or other Subsidiaries) 50% or more of the issued share capital or other ownership interest having ordinary voting power to elect directors, managers or trustees of such corporation or other business entity (other than capital stock or other ownership interest of any other class or classes which has voting power only upon the occurrence of any contingency).

"**Surety**" means any obligation of any person(s) to pay any Indebtedness of another person(s) in an aggregate principal amount of not less than US$10,000,000 including, without limitation, (1) any obligation to purchase such Indebtedness, (2) any obligation to lend or give money, to purchase or subscribe shares or other securities or to purchase assets or services in order to provide funds for the payment of such Indebtedness, (3) any indemnity against the consequences of a default in the payment of such Indebtedness and (4) any other agreement to be responsible for such Indebtedness.

"**Transfer Agent**" has the meaning specified in the preamble to these Conditions.

"**Winding-Up**" means, with respect to the Issuer or the Guarantor, a final and effective order or resolution for the bankruptcy (in the case of the Guarantor, as set forth in Part 3 of the Debtor Rehabilitation and Bankruptcy Act of Korea), winding up, liquidation or any other proceedings in respect of the Issuer or the Guarantor, as the case may be, which commences with a view to liquidation of the Issuer or the Guarantor, as the case may be.

THE GLOBAL CERTIFICATE

The Global Certificate contains provisions that apply to the Notes in respect of which it is issued, some of which modify the effect of the Conditions of the Notes set out in this Offering Circular. The following is a summary of provisions of the Notes while in global form.

Form

The Notes will initially be represented by a temporary Global Certificate (the "Temporary Global Certificate"). On and after the date (the "Exchange Date") which is the later of (i) 40 days after the date on which any Temporary Global Certificate is issued and (ii) 40 days after the completion of the distribution of the relevant tranche, interests in such Temporary Global Certificate will be exchangeable (free of charge), in whole or in part, upon a request as described therein either for interests in a permanent Global Certificate (the "Global Certificate") against certification of beneficial ownership as described below and applicable U.S. securities laws in accordance with the terms of the Temporary Global Certificate. In no event shall the Temporary Global Certificate be exchanged by the Issuer for a Definitive Certificate prior to (i) the Exchange Date and (ii) the receipt by the Fiscal Agent of the certificate with respect to the beneficial interests in the Temporary Global Certificate.

Meetings

The registered holders of the Notes in respect of which the Global Certificate is issued will be treated as being one person for the purposes of any meeting of Holders, and at any such meeting, as having one vote in respect of each US$1,000 in principal amount of the Notes in respect of which the Global Certificate is issued.

Cancellation

Cancellation of any Notes following its redemption or purchase by the Issuer will be effected by a reduction in the principal amount of the Notes in the register of Holders.

Transfers

Transfers of interests in the Notes will be effected through the records of Euroclear and Clearstream, and their respective participants in accordance with their respective rules and operating procedures.

Notices

So long as the Notes are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear, Clearstream or an alternative clearing system appointed in accordance with the terms of the Notes and the Fiscal Agency Agreement, notices to the Holders may be given by delivery of the relevant notice to the clearing systems in accordance with the applicable rules and procedures of the clearing systems for communication by them to entitled accountholders. Any such notice shall be deemed validly given on the day after it has been delivered to Euroclear, Clearstream or an alternative clearing system.

Singapore Paying Agent

For so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, in the event that the Global Certificate is exchanged for Definitive Certificates, the Issuer will appoint and maintain a paying agent in Singapore, where the Definitive Certificates may be presented or surrendered for payment or redemption. In addition, in the event that the Global Certificate is exchanged for Definitive Certificates, an announcement of such exchange will be made by or on behalf of the Issuer through the SGX-ST and such announcement will include all material information with respect to the delivery of the Definitive Certificates, including details of the paying agent in Singapore.

USE OF PROCEEDS

The net proceeds to the Issuer from this offering (after deducting underwriting commissions but not other estimated expenses relating to the offering) are expected to be US$.

The Notes are being issued by the Issuer as "Green Bonds" under the Green Financing Framework, which is based on the ICMA 2021 Green Bond Principles. The Framework Report, issued by CICERO Green, reviewed the Green Financing Framework and found it to be in alignment with the ICMA 2021 Green Bond Principles. The Green Financing Framework and the Framework Report thereto are publicly available on SK Innovation's website (https://www.skinnovation.com/ir/greenloan). The Green Financing Framework, the Framework Report and the content of SK Innovation's web site are not incorporated by reference to and do not form any part of this Offering Circular.

The Issuer expects to use an amount equal to the net proceeds from the offering of the Notes to finance or refinance, in part or in full, new and/or existing Eligible Projects (as defined in the Green Financing Framework).

The Issuer expects to allocate the amount equal to the net proceeds of the sale of Notes to Eligible Projects within two years of the issue date of the Notes in accordance with the evaluation and selection process described in the Green Financing Framework. Any portion of the net proceeds from the Notes that has not yet been allocated to Eligible Projects may temporarily be invested in cash, deposits and money market instruments in accordance with the Issuer's liquidity management policies.

CAPITALIZATION OF THE BANK

The following table sets forth the Bank's capitalization, defined as the sum of its borrowings and debentures and its equity, as of September 30, 2023:

	As of September 30, 2023
	(in billions of Won)
Borrowings and debentures[(1)]	₩62,521
Equity	
Capital stock, par value ₩5,000	
Authorized – 1,000,000,000 shares	
Issued and outstanding common stock – 404,379,116 shares	₩2,022
Hybrid securities	1,283
Capital surplus	4,735
Accumulated other comprehensive income	350
Retained earnings	27,321
Non-controlling interests in equity	246
Total equity	₩35,957
Total capitalization	₩98,478

Notes:

(1) Consists of borrowings of ₩31,725 billion (excluding call money and bonds sold under repurchase agreements and others) and debentures of ₩30,795 billion.

Except as set forth herein, there has been no material change in the capitalization of the Bank since September 30, 2023.

EXCHANGE RATES

The table below sets forth, for the periods and dates indicated, information concerning the Market Average Exchange Rate. No representation is made that the Won or U.S. dollar amounts referred to herein could have been or could be converted into U.S. dollars or Won, as the case may be, at any particular rate or at all.

Period	At End of Period	Average Rate[(1)]	High	Low
		(Won per US$1.00)		
2019	1,157.8	1,165.7	1,218.9	1,111.6
2020	1,088.0	1,180.1	1,280.1	1.082.7
2021	1,185.5	1,144.4	1,199.1	1,083.1
2022	1,267.3	1,292.0	1,436.6	1,185.5
2023	1,289.4	1,305.4	1,360.6	1,219.3
July	1,280.0	1,286.3	1,319.4	1,261.6
August	1,321.4	1,318.5	1,341.6	1,273.8
September	1,344.8	1,329.5	1,344.8	1,319.2
October	1,352.8	1,350.7	1,360.6	1,339.6
November	1,289.0	1,310.4	1,356.9	1,287.7
December	1,289.4	1,304.0	1,322.7	1,289.4
2024 (through January 11)	1,320.1	1,308.6	1,320.1	1,289.4

Note:

(1) The average rate for each year is calculated as the average of the Market Average Exchange Rates on each business day during the relevant year (or portion thereof). The average rate for a month is calculated as the average of the Market Average Exchange Rates on each business day during the relevant month (or portion thereof).

Source: Seoul Money Brokerage Services, Ltd.

SELECTED FINANCIAL AND OPERATING DATA OF THE BANK

SELECTED FINANCIAL DATA

The selected financial data of the Bank as of and for the years ended December 31, 2020, 2021 and 2022 set forth below have been derived from the Bank's audited consolidated financial statements included elsewhere in this Offering Circular, which have been prepared in accordance with Korean IFRS. The selected financial data as of September 30, 2023 and for the nine months ended September 31, 2022 and 2023 have been derived from the Bank's unaudited interim consolidated financial statements included elsewhere in this Offering Circular, which have been prepared in accordance with Korean IFRS 1034 *Interim Financial Reporting*.

You should read the following data together with the Bank's consolidated financial statements included elsewhere in this Offering Circular. Historical results do not necessarily predict future results.

	For the Year ended December 31,			For the Nine Months Ended September 30,	
	2020	2021	2022	2022	2023
	(in billions of Won)				
Consolidated statements of comprehensive income data					
Interest income	₩ 10,456	₩ 10,674	₩ 15,359	₩ 10,476	₩ 16,425
Interest expense	(3,701)	(2,946)	(6,068)	(3,633)	(9,093)
Net interest income	6,755	7,728	9,291	6,843	7,332
Fee and commission income	1,450	1,587	1,530	1,144	1,186
Fee and commission expense	(382)	(399)	(434)	(317)	(320)
Net fee and commission income	1,068	1,188	1,097	826	866
Net gains (losses) on financial instruments at fair value through profit or loss	244	343	211	(5)	453
Net other operating expenses	(230)	(820)	(944)	(823)	(703)
General and administrative expenses	(4,201)	(4,403)	(4,698)	(3,191)	(3,176)
Operating income before provision for credit losses	3,635	4,037	4,956	3,651	4,772
Provision for credit losses	(484)	(523)	(1,121)	(355)	(918)
Net operating income	3,151	3,514	3,835	3,295	3,853
Share of profit (loss) of associates	(48)	57	13	20	9
Net other non-operating income (expenses)	29	(80)	(38)	(1)	(81)
Net non-operating income (expenses)	(19)	(22)	(25)	19	(71)
Profit before income tax expense	3,132	3,492	3,810	3,314	3,782
Income tax expenses	(812)	(954)	(1,081)	(793)	(976)
Profit for the year/period	₩ 2,320	₩ 2,538	₩ 2,728	₩ 2,521	₩ 2,806
(Adjusted profit after provision of regulatory reserve for credit losses) [1]	2,206	2,210	2,893	2,299	3,200
Items that will not be reclassified to profit or loss:					
Remeasurements of net defined benefit liabilities	(4)	(72)	179	(34)	2
Net gains (losses) on equity securities at fair value through other comprehensive income	667	874	(954)	(1,003)	(46)
Items that may be subsequently reclassified to profit or loss:					
Currency translation differences	(155)	208	146	548	102
Net gains (losses) on debt securities at fair value through other comprehensive income	31	(274)	(467)	(668)	347
Share of other comprehensive income (loss) of associates	(7)	0	(0)	0	(0)
Gains (losses) on hedging instruments of net investments in foreign operations	61	(54)	(65)	(194)	(62)
Gains (losses) on cash flow hedging instruments	(6)	10	34	41	12
Other comprehensive income (loss) for the year/period, net of tax	586	692	(1,128)	(1,311)	355
Total comprehensive income for the year/period	₩ 2,906	₩ 3,230	₩ 1,601	₩ 1,211	₩ 3,161
Profit attributable to:					
Shareholders of the parent company	₩ 2,298	₩ 2,591	₩ 2,996	₩ 2,551	₩ 2,855
Non-controlling interests	21	(53)	(268)	(29)	(50)
	₩ 2,320	₩ 2,538	₩ 2,728	₩ 2,521	₩ 2,806
Total comprehensive income attributable to:					
Shareholders of the parent entity	₩ 2,906	₩ 3,266	₩ 1,857	₩ 1,218	₩ 3,219
Non-controlling interests	(0)	(36)	(256)	(7)	(59)
	₩ 2,906	₩ 3,230	₩ 1,601	₩ 1,211	₩ 3,161

Notes:

(1) Please see Note 25 of the notes to the Bank's consolidated financial statements for 2021 and 2022 and Note 19 of the notes to the Bank's interim consolidated financial statements for the nine months ended September 30, 2023 and 2022 included elsewhere in this Offering Circular.

	As of December 31,			As of September 30,
	2020	2021	2022	2023
	(in billions of Won)			
Consolidated balance sheet data				
Assets				
Cash and due from financial institutions	₩ 19,972	₩ 25,165	₩ 25,128	₩ 25,611
Financial assets at fair value through profit or loss	16,042	18,834	21,213	18,802
Derivative financial assets	4,457	2,966	7,768	7,650
Loans measured at amortized cost	327,332	361,145	374,672	381,536
Financial investments	58,286	63,745	75,250	77,626
Investments in associates	441	391	530	560
Property and equipment	4,042	3,934	3,838	3,795
Investment property	318	325	345	346
Intangible assets	963	1,028	1,055	1,074
Net defined benefit asset	–	–	308	308
Current income tax assets	48	61	192	244
Deferred income tax assets	58	150	181	230
Assets held for sale	198	237	212	221
Other assets	6,286	5,583	7,078	19,093
Total assets	₩ 438,444	₩ 483,565	₩ 517,770	₩ 537,097
Liabilities				
Financial liabilities at fair value through profit or loss	141	113	109	89
Derivative financial liabilities	4,282	2,749	7,271	6,681
Deposits	330,352	363,141	381,747	386,358
Borrowings[(1)]	26,871	32,523	45,073	37,658
Debentures	26,970	29,719	29,788	30,795
Provisions	388	427	533	607
Net defined benefit liabilities	165	155	16	48
Current income tax liabilities	37	57	63	43
Deferred income tax liabilities	347	702	154	513
Other liabilities	18,482	21,090	19,292	38,348
Total liabilities	₩ 408,036	₩ 450,676	₩ 484,046	₩ 501,140
Equity				
Capital stock	2,022	2,022	2,022	2,022
Hybrid securities	575	575	874	1,283
Capital surplus	4,808	5,025	5,025	4,735
Accumulated other comprehensive income	494	1,395	13	350
Retained earnings	22,244	23,661	25,834	27,321
(Provision of regulatory reserve for credit losses)	(2,442)	(2,534)	(2,915)	(3,018)
(Amounts estimated to be appropriated (reversed))	(93)	(381)	(103)	345
Equity attributable to shareholders of the parent company	30,143	32,678	33,768	35,711
Non-controlling interests	265	211	(45)	246
Total equity	30,408	32,889	33,723	35,957
Total liabilities and equity	₩ 438,444	₩ 483,565	₩ 517,770	₩ 537,097

Notes:

(1) Includes call money and bonds sold under repurchase agreements and others.

SELECTED OPERATING DATA

Unless otherwise stated, the selected ratios and other operating data of the Bank set forth below as of and for the years ended December 31, 2020, 2021 and 2022 and as of September 30, 2023 and for the nine months ended September 30, 2022 and 2023 have been calculated based on the separate financial statements of the Bank prepared in accordance with Korean IFRS, which are not included in this Offering Circular.

	As of or for the year ended December 31,			As of or for the nine months ended September 30,	
	2020	2021	2022	2022	2023
			(%)		
Ratio of non-performing credits to total credits[1]	0.21	0.15	0.14	0.14	0.21
Ratio of allowance to total credits[2]	0.46	0.46	0.51	0.49	0.60
Net interest spread[3]	1.48	1.56	1.70	1.69	1.75
Net interest margin[4]	1.51	1.58	1.73	1.71	1.83
Total capital adequacy ratio[5][9]	17.78	17.47	17.46	16.80	18.32
Tier I capital adequacy ratio[6][9]	15.42	14.98	14.92	14.33	15.81
Common equity Tier I capital adequacy ratio[7][9]	15.10	14.70	14.50	13.93	15.22
Tier II capital adequacy ratio[8][9]	2.36	2.50	2.54	2.47	2.50

Notes:

(1) Includes loans, guarantees and other credits in both the banking and trust accounts, calculated in accordance with applicable FSS reporting guidelines.

(2) Includes loans, guarantees and other credits in both the banking and trust accounts, and is calculated as the ratio of (i) allowance for credit losses in accordance with the FSS reporting guidelines to (ii) the aggregate outstanding balance of such credits in accordance with the FSS reporting guidelines.

(3) Represents the difference between the average annual rate of interest earned on interest-earning assets and the average annual rate of interest paid on interest-bearing liabilities, calculated in accordance with applicable FSS reporting guidelines.

(4) Derived by dividing net interest income (annualized for interim products) by the daily average balance of interest-earning assets, calculated in accordance with applicable FSS reporting guidelines.

(5) Calculated as the ratio of the sum of Tier I and Tier II capital to risk-weighted assets, on a consolidated basis and in accordance with guidelines issued by the FSC. See "*Regulation and Supervision – Legal and Regulatory Framework in Korea – Capital Adequacy*."

(6) Calculated as the ratio of Tier I capital to risk-weighted assets, on a consolidated basis and in accordance with guidelines issued by the FSC. See "*Regulation and Supervision – Legal and Regulatory Framework in Korea – Capital Adequacy*."

(7) Calculated as the ratio of common equity Tier I capital to risk-weighted assets, on a consolidated basis and in accordance with guidelines issued by the FSC. See "*Regulation and Supervision – Legal and Regulatory Framework in Korea – Capital Adequacy*."

(8) Calculated as the ratio of Tier II capital to risk-weighted assets, on a consolidated basis and in accordance with guidelines issued by the FSC. See "*Regulation and Supervision – Legal and Regulatory Framework in Korea – Capital Adequacy*."

(9) Calculated based on the consolidated financial statements of the Bank prepared in accordance with Korean IFRS.

THE ISSUER

The Issuer was incorporated in the State of Georgia on November 27, 2018 and was later converted to a Delaware corporation on February 21, 2019. The Issuer is a wholly-owned subsidiary of SK on Co., Ltd.

The Issuer operates battery production plants in Georgia, United States. In January 2022, the Issuer commenced production at its first plant with an annual capacity of 10.3 GWh. In June 2023, the Issuer commenced production at its second plant with an annual capacity of 11.7 GWh. The Issuer currently supplies battery cells to Volkswagen AG, the Ford Motor Company and other major automakers.

The Issuer's office and production plants are located at 1760 SK Boulevard, Commerce, GA 30529, United States.

THE BANK

BUSINESS

Overview

The Bank is one of the largest commercial banks in Korea in terms of total assets (including loans). As of December 31, 2022, the Bank had total assets of ₩517,770 billion and total deposits of ₩381,747 billion.

The Bank provides credit and related financial services to individuals and SMEs and, to a lesser extent, to large corporate customers. The Bank also provides a full range of deposit products and related services to both individuals and enterprises of all sizes.

By their nature, the Bank's core consumer and SME operations place a high premium on customer access and convenience. The Bank's network of 856 branches as of December 31, 2022, one of the most extensive in Korea, provides the Bank with access to a large, stable and cost-effective funding source, enables the Bank to provide its customers convenient access and gives the Bank the ability to provide the customer attention and service essential to conducting its business, particularly in an increasingly competitive environment. The Bank's branch network is further enhanced by automated banking machines and fixed-line, smartphone and Internet banking. As of December 31, 2022, the Bank had a customer base of approximately 32.9 million retail customers, which represented over one-half of the Korean population.

The following table shows the principal components of the Bank's lending business as of the dates indicated, on a separate basis:

	As of December 31,					
	2020		2021		2022	
	(in billions of Won, except percentages)					
Retail	₩162,328	50.9%	₩170,531	48.6%	₩166,411	45.5%
Corporate	149,078	46.7	168,238	47.9	182,362	49.9
Foreign	7,658	2.4	12,171	3.5	16,839	4.6
Total loans	₩319,064	100.0%	₩350,940	100.0%	₩365,612	100.0%

The Bank provides a full range of personal lending products and retail banking services to individual customers, including mortgage loans. The Bank is the largest private sector home equity loan provider in Korea.

Lending to SMEs is the single largest component of the Bank's non-retail credit portfolio and represents a widely diversified exposure to a broad spectrum of the Korean corporate community, both by type of lending and type of customer, with one of the categories being collateralized loans to SOHO customers that are among the smallest of the SMEs. The volume of the Bank's loans to SMEs requires a customer-oriented approach that is facilitated by the Bank's large and geographically diverse branch network.

With respect to large corporate customers, the Bank continues to seek to maintain and expand quality relationships by providing them with an increasing range of fee-related services.

The legal name of the Bank is Kookmin Bank. The Bank is registered in Korea and incorporated with limited liability under the laws of Korea (registration number: 110111-2365321) and operates pursuant to the Bank Act of 1950, as amended (the "Bank Act") and the Bank of Korea Act of 1950, as amended (the "Bank of Korea Act"), as well as regulations and supervision of the BOK, the BOK's Monetary Policy Board (the "MPB"), the FSC and its executive body, the FSS. The Bank's registered office is located at 26, Gukjegeumyung-ro 8-gil, Yeongdeungpo-gu, Seoul 07331, Korea (telephone: + (822) 2073-7114).

Organizational Structure

In September 2008, the Bank completed a "comprehensive stock transfer" under Article 360-15 of the Korean Commercial Code, whereby KB Financial Group Inc. ("KB Financial Group") became the holding company of the Bank and eight additional entities that were originally the Bank's subsidiaries. See "– *History and Development – Establishment of KB Financial Group.*" Currently, the Bank is a wholly-owned subsidiary of KB Financial Group and the Bank's main operating subsidiaries comprise Kookmin Bank Cambodia Plc., Kookmin Bank (China) Ltd., KB Microfinance Myanmar Co., Ltd., KB PRASAC Bank Plc. ("PRASAC", formerly PRASAC Microfinance Institution Plc.), PT Bank KB Bukopin, Tbk ("Bank Bukopin") and KB Bank Myanmar Co., Ltd.

The following tables provide summary information for the Bank's main operating subsidiaries, including their total assets, net income, operating income and shareholder's equity as of and for the year ended December 31, 2022:

	As of December 31, 2022			Year ended December 31, 2022	
	Percentage of ownership	Total assets	Equity	Operating revenue	Profit (Loss) for the period
		(in millions of Won, except percentages)			
Subsidiaries[(1)]					
Kookmin Bank Cambodia Plc.	100.0	677,093	140,477	40,295	13,581
Kookmin Bank (China) Ltd.	100.0	3,666,107	501,506	230,027	(869)
KB Microfinance Myanmar Co., Ltd.	100.0	20,111	10,636	5,379	(1,164)
KB Bank Myanmar Co., Ltd.	100.0	262,478	248,823	3,252	(1,333)
KB PRASAC Bank Plc.	100.0	6,083,323	1,083,529	1,095,307	233,852
PT Bank KB Bukopin, Tbk	67.0	6,533,161	(128,018)	410,422	(802,084)

Note:

(1) Kookmin Bank Int'l Ltd. (London) was liquidated in October 2020.

For additional information, see Note 38 of the notes to the Bank's consolidated financial statements for 2021 and 2022 included elsewhere in this Offering Circular.

Further information regarding the Bank's subsidiaries is provided below:

- The Bank acquired a controlling interest in *Kookmin Bank Cambodia Plc.* (formerly Khmer Union Bank) in May 2009, to enable the Bank to provide various banking services in Cambodia. In August 2023, *Kookmin Bank Cambodia Plc.* merged with *PRASAC Microfinance Institution Plc.* to form *KB PRASAC Bank Plc*

- *Kookmin Bank (China) Ltd.* was established in China in November 2012 to provide a broad range of corporate banking services.

- *KB Microfinance Myanmar Co., Ltd.* was established in Myanmar in March 2017 to provide a variety of microfinance-related services.

- *KB Bank Myanmar Co., Ltd.* was established in Myanmar in December 2020 to provide a variety of banking and foreign exchange transaction-related services.

- In April 2020, the Bank acquired a 70.0% interest in *PRASAC Microfinance Institution Plc.*, a provider of microfinance and deposit-taking services in Cambodia, and in October 2021, acquired the remaining 30.0% interest. In August 2023, *PRASAC Microfinance Institution Plc.* was renamed *KB PRASAC Bank Plc*, following its merger with *Kookmin Bank Cambodia Plc.*

- Through a series of acquisitions from July 2018 to September 2020, the Bank obtained a 67.0% interest in *PT Bank Bukopin TBK* of Indonesia, and changed its name to *PT Bank KB Bukopin, Tbk* in February 2021.

HISTORY AND DEVELOPMENT

History of the Former Kookmin Bank

The former Kookmin Bank was established by the Government in 1963 under its original name of Citizens National Bank under the Citizens National Bank Act of Korea with majority government ownership. Under this Act, the Bank was limited to providing banking services to the general public and to SMEs. In September 1994, Citizens National Bank completed its initial public offering in Korea and listed its shares on the KRX KOSPI Market of the Korea Exchange (the "KRX KOSPI Market").

In January 1995, the Citizens National Bank Act of Korea was repealed and replaced by the Repeal Act of the Citizens National Bank Act. Citizens National Bank's status was changed from a specialized bank to a nationwide commercial bank and in February 1995, it changed its name to Kookmin Bank. The Repeal Act allowed the former Kookmin Bank to engage in lending to large businesses.

History of Housing & Commercial Bank

Housing & Commercial Bank ("H&CB") was established by the Government in 1967 under the name Korea Housing Finance Corporation. In 1969, Korea Housing Finance Corporation became the Korea Housing Bank pursuant to the Korea Housing Bank Act. H&CB was originally established to provide low and middle income households with long-term, low-interest mortgages in order to help them purchase their own homes, and to promote the increase of housing supply in Korea by providing low-interest housing loans to construction companies. Until 1997 when the Korea Housing Bank Act was repealed, H&CB was the only entity in Korea allowed to provide mortgage loans with a term of longer than ten years. H&CB also had the exclusive ability to offer housing-related deposit accounts offering preferential rights to subscribe for newly-built apartments.

The Merger of the Former Kookmin Bank and H&CB

Effective November 1, 2001, the former Kookmin Bank and H&CB merged into a new entity named Kookmin Bank. This merger resulted in the Bank becoming the largest commercial bank in Korea by total assets (including loans), according to the data compiled by the FSS. American depositary shares ("ADSs") representing the Bank's common stock were listed on the New York Stock Exchange on November 1, 2001 and its common stock was listed on the KRX KOSPI Market on November 9, 2001.

The Merger with Kookmin Credit Card

On May 30, 2003, the Bank entered into a merger agreement with Kookmin Credit Card, previously a 75% owned and consolidated subsidiary. On July 23, 2003, the Bank's board approved the merger with Kookmin Credit Card and on September 5, 2003, the merger was approved by the shareholders of Kookmin Credit Card. On September 30, 2003, the Bank merged with Kookmin Credit Card.

Establishment of KB Financial Group

KB Financial Group was established on September 29, 2008 pursuant to a comprehensive stock transfer under Article 360-15 of the Korean Commercial Code, whereby holders of the common stock of the Bank and certain of its subsidiaries transferred all of their shares to KB Financial Group, a new financial holding company, and in return received shares of KB Financial Group's common stock. In the stock transfer, each holder of one share of the Bank's common stock received one share of KB Financial Group's common stock, par value ₩5,000 per share. Holders of the Bank's ADSs and global depositary shares, each of which represented one share of the Bank's common stock, received one of KB Financial Group's ADSs for every ADS or global depositary share they owned. In addition, holders of the common stock of 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., all of which were the Bank's subsidiaries, transferred all of their shares to KB Financial Group and, as consideration for such transferred shares, received shares of KB Financial Group's common stock in accordance with the specified stock transfer ratio applicable to each such subsidiary. Following the completion of the stock transfer, the Bank and the aforementioned subsidiaries of the Bank became KB Financial Group's wholly-owned subsidiaries. Following the stock transfer, KB Financial Group's common stock was listed on the KRX KOSPI Market on October 10, 2008 and its ADSs were listed on the New York Stock Exchange on September 29, 2008.

Spin-off of the Credit Card Business

On September 28, 2010, the board of directors of the Bank resolved to effect a horizontal spin-off of its credit card business, such that the business would be operated by a newly established sister company of the Bank that is wholly-owned by KB Financial Group. Pursuant to such resolution, the assets and liabilities of the Bank which were directly or indirectly related to its credit card business were transferred to a newly established company, KB Card, on February 28, 2011, and all of the shares of common stock of KB Card were distributed to KB Financial Group on March 2, 2011. Pursuant to the Korean Commercial Code, the Bank will remain jointly and severally liable for the spun-off liabilities of the credit card business and KB Card will be jointly and severally liable for the liabilities of the Bank existing as of the date of the spin-off, in each case for an indefinite period.

MAIN BUSINESSES

Branch Network

As of December 31, 2022, the Bank had 856 branches and sub-branches in Korea, which represented one of the largest branch networks among Korean commercial banks. An extensive branch network is important to attracting and maintaining retail customers, who use branches extensively and value convenience. The following table presents the geographical distribution of the Bank's branch network in Korea as of December 31, 2022:

	Number of Branches	Percentage
Area		
Seoul	323	37.7%
Six largest cities (other than Seoul)	177	20.7
Other	356	41.6
Total	856	100.0%

In addition, the Bank has continued to implement the specialization of its branch functions. Of its branch network as of December 31, 2022, the Bank had two branches that primarily handled large corporate banking.

In order to support the Bank's branch network, the Bank has established an extensive network of ATMs, which are located in branches and in unmanned outlets known as "autobanks." As of December 31, 2022, the Bank had 4,563 ATMs.

The Bank has actively promoted the use of these distribution outlets in order to provide convenient service to customers, as well as to maximize the marketing and sales functions at the branch level, reduce employee costs and improve profitability. The aggregate number of transactions conducted using the Bank's ATMs amounted to approximately 295 million in 2020, 251 million in 2021 and 224 million in 2022.

Retail Banking

Due to the Bank's history and development as a retail bank and the know-how and expertise the Bank has acquired from its activities in that market, retail banking has been and will continue to remain one of the Bank's core businesses. The Bank's retail banking activities consist primarily of lending and deposit-taking.

Lending Activities

The Bank offers various loan products that target different segments of the population, with features tailored to each segment's financial profile and other characteristics. The following table sets forth the balances and the percentage of the Bank's total domestic retail lending represented by the categories of the Bank's domestic retail loans as of the dates indicated, on a separate basis:

	As of December 31,					
	2020		2021		2022	
	(in billions of Won, except percentages)					
Retail:						
Mortgage and home equity loans	₩112,817	69.5%	₩119,032	69.8%	₩119,546	71.8%
Other consumer loans[(1)]	49,511	30.5	51,499	30.2	46,865	28.2
Total	₩162,328	100.0%	₩170,531	100.0%	₩166,411	100.0%

Note:

(1) Includes overdraft loans.

The Bank's retail loans consist of:

- *Mortgage loans*, which are loans made to customers to finance home purchases, construction, improvements or rentals, and *home equity loans*, which are loans made to the Bank's customers secured by their homes to ensure loan repayment. The Bank also provides overdraft loans in connection with the Bank's home equity loans.

- *Other consumer loans*, which are loans made to customers for any purpose (other than mortgage and home equity loans). These include overdraft loans, which are loans extended to customers to cover insufficient funds when they withdraw funds from their demand deposit accounts with the Bank in excess of the amount in such accounts up to a limit established by the Bank.

For secured loans, including mortgage and home equity loans, the Bank's policy is to lend up to 100% of the adjusted collateral value (except in areas of high speculation designated by the government where the Bank generally limits its lending to between 30% to 80% of the appraised value of collateral) minus the value of any lien or other security interests that are prior to the Bank's security interest. In calculating the adjusted collateral value for real estate, the Bank uses the appraisal value of the collateral multiplied by a factor, generally between 60% to 80%. This factor varies depending upon the location and use of the real estate and is established in part by taking into account court-supervised auction prices for nearby properties.

A borrower's eligibility for the Bank's mortgage loans depends on the value of the mortgage property, the appropriateness of the use of proceeds and the borrower's creditworthiness. A borrower's eligibility for home equity loans is determined by the borrower's credit and the value of the property, while the borrower's eligibility for other consumer loans is primarily determined by the borrower's credit. If the borrower's credit deteriorates, it may be difficult for the Bank to recover the loan. As a result, the Bank reviews the borrower's creditworthiness, collateral value, credit scoring and third party guarantees when evaluating a borrower. In addition, to reduce the interest rate of a loan or to qualify for a loan, a borrower may provide collateral, deposits or guarantees from third parties.

Mortgage and Home Equity Lending

The housing finance market in Korea is divided into public sector and private sector lending. In the public sector, two government entities, the National Housing and Urban Fund and the National Agricultural Cooperative Federation, are responsible for most of the mortgage lending.

Private sector mortgage and home equity lending in Korea has expanded substantially in recent years. The Bank provides customers with a number of mortgage and home equity loan products that have flexible features, including terms, repayment schedules, amounts and eligibility for loans, and the Bank offers interest rates on a commercial basis. The maximum term of mortgage loans is 50 years and the majority of the Bank's mortgage loans have long-term maturities, which may be renewed. Non-amortising home equity loans have a maturity of one to five years and home equity loans subject to amortization of principal may have a maximum term of up to 50 years. Any customer is eligible for a mortgage or an individual home equity loan regardless of whether it participates in one of the Bank's housing related savings programs and so long as that customer is not barred by regulation from obtaining a loan because of bad credit history. However, customers with whom the Bank frequently transacts business and who provide the Bank with significant revenue receive preferential interest rates on loans.

Contrary to prevailing practice in many other countries, a portion of the Bank's mortgage loans are unsecured (although the use of proceeds from these loans is restricted to the financing of home purchases, and some of these loans are guaranteed by a third party). One reason for this phenomenon is that the Bank, along with other Korean banks, provides advance loans to borrowers for the down payment of new housing (particularly apartments) that is in the process of being built. Once construction is completed, which may take several years, these mortgage loans become secured by the new housing purchased by these borrowers.

Pricing. The interest rates on the Bank's retail mortgage loans are generally based on a periodic floating rate (which is based on a base rate determined for three-month, six-month or 12-month periods using the Bank's Market Opportunity Rate system, which reflects the Bank's internal cost of funding, further adjusted to account for the Bank's expenses related to lending). The Bank's interest rates also incorporate a margin based among other things on the type of security, the credit score of the borrower and the estimated loss on the security. The Bank can adjust the price to reflect the borrower's current and/or expected future contribution to it. The applicable interest rate is determined at the time of the loan. If a loan is terminated prior to its maturity, the borrower is obligated to pay the Bank an early termination fee of approximately 1.2% to 1.4% of the loan amount in addition to the accrued interest.

The interest rates on the Bank's home equity loans are determined on the same basis as the Bank's retail mortgage loans.

Other Consumer Loans

Other consumer loans are primarily unsecured. However, such loans may be secured by real estate, deposits or securities, or guaranteed by a third party. Overdraft loans are also classified as other consumer loans, are primarily unsecured and generally have an initial maturity of one year, which is typically extended automatically on an annual basis and may be extended up to a maximum of ten years.

Pricing. The interest rates on the Bank's other consumer loans (including overdraft loans) are determined on the same basis as on the Bank's mortgage and home equity loans, except that, for unsecured loans, the borrower's credit score as determined during the Bank's loan approval process is also taken into account. See "*Risk Management – Credit Risk Management*."

Deposit-taking Activities

Due to the Bank's extensive nationwide network of branches, together with the Bank's long history of development and the Bank's resulting know-how and expertise, as of December 31, 2022, the Bank had the largest number of retail customers and retail deposits among Korean commercial banks. The total amount of deposits from the Bank's retail customers amounted to ₩223,298 billion as of December 31, 2022, or 58.5% of the Bank's total deposits.

The Bank offers many deposit products that target different segments of its retail customer base, with features tailored to each segment's financial profile, characteristics and needs, including:

- *Demand deposits*, which either do not accrue interest or accrue interest at a lower rate than time deposits. Demand deposits allow the customer to deposit and withdraw funds at any time and, if they are interest-bearing, accrue interest at a variable rate depending on the amount of deposit.

- *Time deposits*, which generally require the customer to maintain a deposit for a fixed term, during which the deposit accrues interest at a fixed rate or a variable rate, or to deposit specified amounts on an installment basis. If the amount of the deposit is withdrawn prior to the end of the fixed term, the customer will be paid a lower interest rate than that originally offered. The term for time deposits typically ranges from one month to three years, and the term for installment savings deposits ranges from six months to five years. Most installment savings deposits offer fixed interest rates.

- *Certificates of deposit*, the maturities of which typically range from 30 days to 730 days with a required minimum deposit of ₩10 million. Interest rates on certificates of deposit are determined based on the length of the deposit and prevailing market rates. The Bank's certificates of deposit are sold at a discount to their face value, reflecting the interest payable on the certificates of deposit.

- *Foreign currency deposits*, which are available to Korean and foreign residents, non-residents and overseas immigrants. The Bank offers foreign currency demand deposits and time deposits as well as checking accounts in 11 currencies. *Foreign currency demand deposits*, which accrue interest at a variable rate, allow customers to deposit and withdraw funds at any time. *Foreign currency time deposits* generally require customers to maintain the deposit for a fixed term, during which the deposit accrues interest at a fixed rate. If the funds in a foreign currency time deposit are withdrawn prior to the end of the fixed term, the customer will be paid a lower interest rate than that originally offered.

The Bank offers varying interest rates on its deposit products depending upon average funding costs, the rate of return on the Bank's interest-earning assets and the interest rates offered by other commercial banks.

The Bank also offers comprehensive savings deposits for housing subscription, which are monthly installment savings deposits that provide the holder with preferential rights to subscribe for both public and private housing under the Housing Act. This law is the basic law setting forth various measures supporting the purchase of houses and the supply of such houses by construction companies. These deposits require monthly installments of ₩20,000 to ₩500,000 and accrue interest at variable rates depending on the term. An eligible account holder with ₩70 million or less in annual salary income may also claim a tax deduction for 40% of its annual installment amounts, subject to a maximum deductible amount, in its income tax return for the year under the Special Tax Treatment Control Law of Korea.

In 2002, after significant research and planning, the Bank launched private banking operations at its headquarters. Shortly thereafter, the Bank launched a comprehensive strategy with respect to customers with higher net worth, which included staffing appropriate representatives, marketing aggressively, establishing IT systems, selecting appropriate branch locations and readying such branches with the necessary facilities to service such customers. As of December 31, 2022, the Bank operated 23 main private banking centers.

The MPB imposes a reserve requirement on Won currency deposits of commercial banks based generally on the type of deposit instrument. The minimum reserve requirement ratio is 7% of the average balance of Won currency demand deposits outstanding. See "*Regulation and Supervision – Legal and Regulatory Framework in Korea – Liquidity*."

The Depositor Protection Act provides for a deposit insurance system where the KDIC guarantees to depositors the repayment of their eligible bank deposits. The deposit insurance system insures up to a total of ₩50 million per depositor per bank. See "*Regulation and Supervision – Legal and Regulatory Framework in Korea – Deposit Insurance System*." The Bank paid ₩496 billion of premiums to the KDIC in 2022 for such deposit insurance.

Corporate Banking

The Bank lends to and takes deposits from SMEs and, to a lesser extent, large corporate customers. The Bank also receives fee revenue from "cash management" services offered to corporate customers, which include "firm banking" services such as inter-account transfers, transfers of funds from various branches and agencies of a company (such as insurance premium payments) to the account of the headquarters of such company and transfers of funds from various customers of a company to the main account of such company. Of the Bank's branch network as of December 31, 2022, two branches primarily handled large corporate banking.

The following table sets forth the balances and the percentage of the Bank's total domestic corporate lending represented by its domestic SME loans and large corporate loans as of the dates indicated, on a separate basis, estimated based on the Bank's internal classifications of corporate borrowers:

	As of December 31,					
	2020		2021		2022	
	(in billions of Won, except percentages)					
Corporate:						
SME loans	₩115,322	77.4%	₩126,191	75.0%	₩135,669	74.4%
Large corporate loans	33,756	22.6	42,047	25.0	46,693	25.6
Total	₩149,078	100.0%	₩168,238	100.0%	₩182,362	100.0%

On the deposit-taking side, the Bank currently offers its corporate customers several types of corporate deposits. The Bank's corporate deposit products can be divided into two general categories: (1) demand deposits that have no restrictions on deposits or withdrawals, but which offer a relatively low interest rate; and (2) deposits from which withdrawals are restricted for a period of time, but offer higher interest rates. The Bank also offers installment savings deposits, certificates of deposit and repurchase instruments. The Bank offers varying interest rates on deposit products depending upon the rate of return on the Bank's income-earning assets, average funding costs and interest rates offered by other nationwide commercial banks.

The total amount of deposits from the Bank's corporate customers amounted to ₩150,478 billion as of December 31, 2022, or 39.4% of the Bank's total deposits.

SME Banking

The Bank's SME banking business has traditionally been and will remain one of the Bank's core businesses because of both the Bank's historical development and its accumulated expertise. The Bank believes that it possesses the necessary elements to succeed in the SME market, including its extensive

branch network, its credit rating system for credit approval, its marketing capabilities (which the Bank believes have provided the Bank with significant brand loyalty) and its ability to take advantage of economies of scale.

The Bank uses the term "SMEs" as defined in the Framework Act on Small and Medium Enterprises and related regulations. Under the Framework Act on Small and Medium Enterprises and related regulations, an enterprise must meet each of the following criteria in order to meet the definition of an SME: (i) total assets at the end of the immediately preceding fiscal year must be less than ₩500 billion, (ii) the average or annual sales revenue standards as prescribed by the Enforcement Decree of the Framework Act on Small and Medium Enterprises that are applicable to the enterprise's primary business must be met and (iii) the standards of management independence as prescribed by the Enforcement Decree of the Framework Act on Small and Medium Enterprises must be met. However, pursuant to an amendment to the Framework Act on Small and Medium Enterprises, which has become effective in June 2020, an enterprise that qualifies as an SME pursuant to the above definition shall no longer be considered an SME if it is incorporated into, or is deemed to be incorporated into, a business group subject to certain disclosure requirements under the Monopoly Regulation and Fair Trade Act. Moreover, certified social enterprises (as defined in the Social Enterprise Promotion Act) and cooperatives and federations of cooperatives (each as defined in the Framework Act on Cooperatives, the Consumer Cooperatives Act and the Small and Medium Enterprise Cooperatives Act) that satisfy the requirements prescribed by the Framework Act on Small and Medium Enterprises may also qualify as SMEs.

Lending Activities

The Bank's principal loan products for its SME customers are working capital loans and facilities loans. Working capital loans are provided to finance working capital requirements and include notes discounted and trade financing. Facilities loans are provided to finance the purchase of equipment and the establishment of manufacturing assembly plants. As of December 31, 2022, the Bank had over 432,172 SME customers on the lending side.

Loans to SMEs may be secured by real estate or deposits or may be unsecured. Working capital loans generally have a maturity of one year, but may be extended for additional terms of up to one year in length for an aggregate term of five years. Facilities loans have a maximum maturity of 15 years.

When evaluating the extension of working capital loans, the Bank reviews the corporate customer's creditworthiness and capability to generate cash. Furthermore, the Bank takes credit guaranty letters from other financial institutions and uses time deposits that the borrower has with the Bank as collateral, and may require additional collateral.

The value of any collateral is defined using a formula that takes into account the appraised value of the property, any prior liens or other claims against the property and an adjustment factor based on a number of considerations including, with respect to property, the value of any nearby property sold in a court-supervised auction during the previous five years. The Bank revalues any collateral on a periodic basis (generally every year) or if a trigger event occurs with respect to the loan in question.

The Bank also offers mortgage loans to home builders or developers who build or sell single- or multi-family housing units, principally apartment buildings. Many of these builders and developers are categorized as SMEs. The Bank offers a variety of such mortgage loans, including loans to purchase property or finance the construction of housing units and loans to contractors used for working capital purposes. Such mortgage loans subject the Bank to the risk that the housing units will not be sold. As a result, the Bank reviews the probability of the sale of the housing unit when evaluating the extension of a loan. The Bank also reviews the borrower's creditworthiness and the adequacy of the intended use of proceeds. Furthermore, the Bank takes a lien on the land on which the housing unit is to be constructed as collateral. If the collateral is not sufficient to cover the loan, the Bank also takes a guarantee from the Housing Finance Credit Guarantee Fund as security.

A substantial number of the Bank's SME customers are SOHOs, which the Bank currently defines to include sole proprietorships and individual business interests. With respect to SOHOs, the Bank applies credit risk evaluation models, which not only uses quantitative analysis related to a customer's accounts, personal credit and financial information and due amounts but also requires the Bank's credit officers to perform a qualitative analysis of each potential SOHO customer. With respect to SOHO loans in excess of ₩1 billion, the Bank's credit risk evaluation model also includes a quantitative analysis of the financial statements of the underlying business. The Bank generally lends to SOHOs on a secured basis, although a small portion of the Bank's SOHO exposures are unsecured.

Pricing

The Bank establishes the price for its corporate loan products based principally on transaction risk, the Bank's cost of funding and market considerations. Transaction risk is measured by such factors as the credit rating assigned to a particular borrower, the size of the borrower and the value and type of collateral. The Bank's loans are priced based on the Market Opportunity Rate system, which is a periodic floating rate system that takes into account the current market interest rate.

While the Bank generally utilizes the Market Opportunity Rate system, depending on the price and other terms set by competing banks for similar borrowers, the Bank may adjust the interest rate it charges to compete more effectively with other banks.

Large Corporate Banking

Large corporate customers include all companies that are not SME customers. The Bank's articles of incorporation provide that financial services to large corporate customers must be no more than 40% of the total amount of the Bank's Won-denominated loans. The Bank's business focus with respect to large corporate banking is to selectively increase the proportion of high quality large corporate customers. Specifically, the Bank is carrying out various initiatives to improve the Bank's customer relationship with large corporate customers and has been seeking to expand the Bank's service offerings to this segment.

Lending Activities

The Bank's principal loan products for the Bank's large corporate customers are working capital loans and facilities loans. Working capital loans generally have a maturity of one year, but may be extended for additional terms ranging from three months to one year in length for an aggregate term of five years. Facilities loans have a maximum maturity of 15 years. The Bank also offers mortgage loans to large corporate clients who build or sell single- or multi-family housing units, as described above under "– *SME Banking – Lending Activities.*"

In the Bank's unsecured lending to large corporate customers, a critical consideration in its policy regarding the extension of such unsecured loans is the borrower's creditworthiness. The Bank assigns each borrower a credit rating based on the judgment of its experts or scores calculated using the appropriate credit rating system, taking into account both financial factors and non-financial factors (such as its perception of a borrower's reliability, management and operational risk and risk relating to the borrower's industry). The credit ratings, along with such factors, are key determinants in the Bank's lending to large corporate customers. Large corporate customers generally have higher credit ratings due to their higher repayment capability compared to other types of borrowers, such as SME borrowers. In addition, large corporate borrowers generally are affected to a lesser extent than SME borrowers by fluctuations in the Korean economy and also maintain more sophisticated financial records.

The Bank monitors the credit status of large corporate borrowers and collects information to adjust its ratings appropriately. The Bank also manages and monitors its large corporate customers through the Large Corporate Business Department. In addition, the Credit Risk Department manages the Bank's exposure to each large corporate customer and conducts in-depth analysis of various economic and industry-related risks that are relevant to large corporate customers.

Pricing

The Bank determines pricing of its large corporate loans in the same way as the Bank determines the pricing of its SME loans. See "*– SME Banking – Pricing.*"

Capital Markets Activities and International Banking

Through the Bank's capital markets operations, the Bank invests and trades in debt and equity securities and, to a lesser extent, engages in derivatives and asset securitization transactions and makes call loans. The Bank also provides investment banking services to corporate customers.

Securities Investment and Trading

The Bank invests in and trades securities for the Bank's own account in order to maintain adequate sources of liquidity and to generate interest and dividend income and capital gains. As of December 31, 2020, 2021 and 2022, the Bank's investment portfolio, which consists primarily of financial instruments at amortized cost and financial assets at fair value through other comprehensive income, and the Bank's trading portfolio (which consists of (i) financial assets at fair value through profit or loss, excluding loans, (ii) financial assets at fair value through other comprehensive income, excluding loans, and (iii) financial assets at amortized cost, excluding allowances for credit losses) had a combined total carrying amount of ₩74,057 billion, ₩82,216 billion and ₩96,086 billion and represented 16.9%, 17.0% and 18.6% of the Bank's total assets, respectively.

The Bank's trading and investment portfolios consist primarily of Korean treasury securities and debt securities issued by Government agencies, local governments or certain government-invested enterprises and debt securities issued by financial institutions.

From time to time the Bank also purchases equity securities for the Bank's securities portfolios. The Bank's equity securities consist primarily of marketable beneficiary certificates and equities listed on the KRX KOSPI Market, the KRX KOSDAQ Market of the Korea Exchange or the KRX KONEX Market of the Korea Exchange.

The Bank's trading portfolio also includes derivative-linked securities, the underlying assets of which were linked to, among other things, interest rates, exchange rates, stock price indices or credit risks.

The following tables set forth the carrying amounts of the securities in the Bank's trading and investment portfolios as of the dates indicated:

	As of December 31, 2020				As of December 31, 2021				As of December 31, 2022			
	Amortized Cost	Net Unrealized Gain and Loss	Loss Allowance for Expected Credit Losses	Fair Value	Amortized Cost	Net Unrealized Gain and Loss	Loss Allowance for Expected Credit Losses	Fair Value	Amortized Cost	Net Unrealized Gain and Loss	Loss Allowance for Expected Credit Losses	Fair Value
						(in billions of Won)						
Financial assets at fair value through profit or loss												
Debt securities:												
Government and public bonds	₩ 3,131	₩ –	₩ –	₩ 3,131	₩ 2,690	₩ –	₩ –	₩ 2,690	₩ 4,548	₩ –	₩ –	₩ 4,548
Financial bonds	6,885	–	–	6,885	7,711	–	–	7,711	7,286	–	–	7,286
Corporate bonds	1,717	–	–	1,717	1,804	–	–	1,804	1,170	–	–	1,170
Asset-backed securities	211	–	–	211	198	–	–	198	165	–	–	165
Beneficiary certificates	3,000	–	–	3,000	4,634	–	–	4,634	5,728	–	–	5,728
Others	764	–	–	764	1,476	–	–	1,476	1,860	–	–	1,860
Equity securities:												
Stocks	206	–	–	206	114	–	–	114	218	–	–	218
Others	90	–	–	90	114	–	–	114	90	–	–	90
Total financial assets at fair value through profit or loss	₩ 16,004	₩ –	₩ –	₩ 16,004	₩ 18,740	₩ –	₩ –	₩ 18,740	₩ 21,064	₩ –	₩ –	₩ 21,064
Financial investments												
Financial assets at fair value through other comprehensive income												
Debt securities:												
Government and public bonds	₩ 5,950	₩ 3	₩ 0	₩ 5,953	₩ 6,200	₩ (53)	₩ 0	₩ 6,147	₩ 8,324	₩ (175)	₩ –	₩ 8,149
Financial bonds	19,578	46	2	19,622	18,761	(77)	3	18,681	17,424	(308)	2	17,114
Corporate bonds	12,767	67	2	12,832	12,651	(116)	5	12,530	13,010	(399)	4	12,607
Asset-backed securities	1,546	8	1	1,553	786	(3)	0	782	239	(2)	–	238
Others	–	–	–	–	–	–	–	–	255	2	–	257
Equity securities:												
Stocks	1,434	1,032	–	2,467	577	2,567	–	3,144	489	914	–	1,403
Equity investments	57	(21)	–	36	57	(31)	–	26	57	(42)	–	16
Beneficiary certificates	–	–	–	–	–	–	–	–	–	–	–	–
Others	–	–	–	–	–	–	–	–	–	–	–	–
Total financial assets at fair value through other comprehensive income	41,332	1,135	5	42,463	39,031	2,288	8	41,311	39,799	(10)	7	39,782
Financial instruments at amortized cost												
Debt securities:												
Government and public bonds	2,182	24	–	2,206	5,742	(83)	–	5,659	6,521	(450)	–	6,071
Financial bonds	5,189	8	0	5,196	3,377	(9)	1	3,367	10,936	(234)	2	10,699
Corporate bonds	2,593	(3)	0	2,590	6,358	(85)	–	6,273	10,026	(544)	–	9,482
Asset-backed securities	5,596	39	2	5,633	6,660	(105)	2	6,552	7,395	(586)	3	6,806
Others	30	0	0	30	31	(2)	0	29	364	(4)	–	360
Financial instruments at amortized cost	15,590	67	2	15,655	22,168	(282)	3	21,881	35,242	(1,819)	5	33,418
Total financial investments	₩ 72,926	₩ 1,202	₩ 7	₩ 74,122	₩ 79,939	₩ 2,004	₩ 12	₩ 81,932	₩ 75,041	₩ (1,828)	₩ 12	₩ 73,201

Derivatives Trading

The Bank provides and trades a range of derivatives products, including:

- interest rate swaps and options, relating to interest rate risks;
- cross-currency swaps, forwards and options relating to foreign exchange risks; and
- stock price index options linked to the KOSPI index.

The following table shows the estimated fair value of the Bank's derivatives as of the dates indicated:

	As of December 31,					
	2020		2021		2022	
	Estimated Fair Value Assets	Estimated Fair Value Liabilities	Estimated Fair Value Assets	Estimated Fair Value Liabilities	Estimated Fair Value Assets	Estimated Fair Value Liabilities
			(in billions of Won)			
Foreign exchange derivatives[(1)]	₩ 3,551	₩ 3,343	₩ 2,337	₩ 2,199	₩ 6,146	₩ 6,452
Interest rate derivatives[(1)]	906	939	629	551	1,622	819
Equity derivatives	0	–	0	–	0	–
Others[(1)]	–	0	–	0	–	0
Total	₩ 4,457	₩ 4,282	₩ 2,966	₩ 2,750	₩ 7,768	₩ 7,271

Note:

(1) Includes those for trading purposes and hedging purposes.

The Bank's derivatives operations focus on addressing the needs of the Bank's corporate clients to hedge their risk exposure and the need to hedge the Bank's risk exposure that results from such client contracts. The Bank also engages in derivatives trading activities to hedge the interest rate and foreign currency risk exposures that arise from the Bank's own assets and liabilities. In addition, the Bank engages in proprietary trading of derivatives within the Bank's regulated open position limits.

Asset Securitization Transactions

The Bank is active in the Korean asset-backed securities market. Based on the Bank's diverse experience with respect to product development and management capabilities relating to asset securitization, the Bank offers customers a wide range of financial products to reinforce the Bank's position as a leading bank with respect to the asset securitization market.

Call Loans

The Bank makes call loans and borrows call money in the short-term money market. Call loans are defined as short-term lending among banks and financial institutions either in Won or in foreign currencies with maturities of 90 days or less. Typically, call loans have maturities of one day.

Investment Banking

The Bank has focused on selectively expanding its investment banking activities in order to increase its fee income and diversify its revenue base. The main focus of the Bank's investment banking operations is project finance and financial advisory services. The Bank's principal investment banking services include:

- project finance and financial advisory services for social overhead capital projects such as highway, port, power, water and sewage projects;
- financing and financial advisory services for real estate development projects;
- structured finance; and
- financing for mergers and acquisitions.

International Banking

The Bank engages in various international banking activities, including foreign exchange services and derivatives dealing, import and export-related services, offshore lending, syndicated loans and foreign currency securities investment. These services are provided primarily to the Bank's domestic customers and overseas subsidiaries and affiliates of Korean corporations. The Bank also raises foreign currency funds through its international banking operations.

The table below sets forth certain information regarding the Bank's foreign currency assets and borrowings:

	As of December 31,		
	2020	2021	2022
	(in billions of Won)		
Total foreign currency assets	₩ 43,211	₩ 56,119	₩ 68,287
Foreign currency borrowings:			
Debts	11,500	16,476	21,514
Debentures	5,774	7,903	9,619
Total borrowings	₩ 17,274	₩ 24,379	₩ 31,133

The table below sets forth the Bank's overseas branches in operation as of the date of this Offering Circular:

Branches	
Kookmin Bank (China) Ltd. (including five branches)	China
Kookmin Bank, Tokyo Branch	Japan
Kookmin Bank, Auckland Branch	New Zealand
Kookmin Bank, New York Branch	United States
Kookmin Bank, London Branch	United Kingdom
Kookmin Bank, Ho Chi Minh City Branch	Vietnam
Kookmin Bank, Hanoi Branch	Vietnam
Kookmin Bank, Hong Kong Branch	Hong Kong
Kookmin Bank, Gurugram Branch	India
Kookmin Bank, Singapore Branch	Singapore
KB Microfinance Myanmar Co., Ltd. (including 23 branches)	Myanmar
PT Bank KB Bukopin, Tbk (including 275 branches)	Indonesia
KB PRASAC Bank Plc. (including 192 branches)	Cambodia
KB Bank Myanmar Co., Ltd.	Myanmar

The Bank's overseas branches and subsidiaries principally provide Korean companies and nationals in overseas markets with trade financing, local currency funding and foreign exchange services, in conjunction with the operations of the Bank's headquarters.

Trustee and Custodian Services Relating to Investment Trusts and Other Functions

The Bank acts as a trustee for financial investment companies with a collective investment license, which invest in investment assets using funds raised by the sale of beneficiary certificates of investment trusts to investors. The Bank also acts as custodian for financial institutions and as fund administrator for financial institutions with respect to various investments, as well as acting as settlement agent in connection with such services. The Bank receives a fee for acting in these capacities and generally performs the following functions:

- holding assets for the benefit of the investment trusts or institutional investors;
- receiving and making payments in respect of such investments;

- acting as settlement agent in respect of such investments on behalf of the investment trust or institutional investors, in the domestic and overseas markets;
- providing reports on assets held in custody;
- providing certain foreign exchange services for overseas investment and foreign investors; and
- providing fund-related administration and accounting services.

OTHER BUSINESSES

Trust Account Management Services

Money Trust Management Services

The Bank provides trust account management services for both specified money trusts and unspecified money trusts. The Bank receives fees for its trust account management services consisting of basic fees that are based upon a percentage of either the net asset value of the assets or the principal under management and, for certain types of trust account operations, performance fees that are based upon the performance of the trust account operations. In 2022, the Bank's basic money trust fees ranged from 0.1% to 2.0% of total assets under management depending on the type of trust account. The Bank also charges performance fees with respect to certain types of trust account products. The Bank receives penalty payments when customers terminate their trust accounts prior to the original contract maturity.

The Bank provides trust account management services for various types of money trusts. The maturities of the money trusts the Bank manages vary by the type of the trust. Approximately 2.8% of the Bank's money trusts also provide periodic payments of dividends which are added to the assets held in such trusts and not distributed.

Under Korean law, the assets of the Bank's trust accounts are segregated from the Bank's banking account assets and are not available to satisfy the claims of any of the Bank's potential creditors. The Bank is, however, permitted to deposit surplus funds generated by trust assets into the Bank's banking accounts in certain circumstances as set forth under the Financial Investment Services and Capital Markets Act (the "FSCMA") and the regulations thereunder.

As of December 31, 2022, the total balance of the Bank's money trusts was ₩67,345 billion (as calculated in accordance with Statement of Korea Accounting Standard No. 5004, *Trust Accounts*, and the Enforcement Regulations of Financial Investment Services under the FSCMA, which the Bank refers to as an "SKAS basis").

As for unspecified money trust accounts, the Bank has investment discretion over all money trusts, which are pooled and managed jointly for each type of trust account. Specified money trust accounts are established on behalf of individual customers who direct the Bank's investment of trust assets.

The following table shows the balances of the Bank's money trusts by type as of the dates indicated. Under Korean IFRS, the Bank consolidates trust accounts for which it guarantees both the repayment of the principal amount and a fixed rate of interest as well as trust accounts for which it guarantees only the repayment of the principal amount.

	As of December 31,		
	2020	2021	2022
	(in billions of Won)		
Principal and interest guaranteed trusts[1]	₩ 0	₩ 0	₩ 0
Principal guaranteed trusts[1]	3,927	3,874	3,741
Performance trusts[1][2]	48,663	55,549	63,604
Total	₩ 52,590	₩ 59,423	₩ 67,345

Notes:

(1) Calculated on an SKAS basis.

(2) Trusts which are primarily non-guaranteed.

As of December 31, 2022, the trust assets the Bank managed consisted principally of securities investments and loans from the trust accounts. As of December 31, 2022, on an SKAS basis, the Bank's trust accounts had invested in securities in the aggregate amount of ₩28,528 billion, of which ₩19,423 billion was debt securities and derivative-linked securities. Securities investments consist of Government-related debt securities, corporate debt securities, including bonds and commercial paper, equity securities, derivative-linked securities and other securities. Loans made by the Bank's trust account operations are similar in type to the loans made by the Bank's bank account operations. As of December 31, 2022, on an SKAS basis, the Bank's trust accounts had made loans in the principal amount of ₩322 billion (excluding loans from the trust accounts to the Bank's banking accounts of ₩2,099 billion), which accounted for 0.5% of the Bank's money trust assets. Loans by the Bank's money trusts are subject to the same credit approval process as loans from the Bank's banking accounts. As of December 31, 2022, substantially all of the loans from the Bank's money trust accounts were collateralized or guaranteed.

The Bank's money trust accounts also invest, to a lesser extent, in equity securities, including beneficiary certificates issued by financial investment companies with a collective investment license. On an SKAS basis, as of December 31, 2022, equity securities in the Bank's money trust accounts amounted to ₩9,109 billion, which accounted for 13.2% of the Bank's total money trust assets. Of this amount, ₩8,977 billion was from specified money trusts and ₩132 billion was from unspecified money trusts.

If the income from a money trust for which the Bank provides a guarantee is less than the amount of the payments the Bank has guaranteed, the Bank will need to pay the amount of the shortfall with funds from special reserves maintained with respect to trust accounts followed by basic fees from that money trust and funds from the Bank's general banking operations. In 2020, 2021 and 2022, the Bank made no such payments from the Bank's banking accounts to cover shortfalls in the Bank's guaranteed trusts.

Property Trust Management Services

The Bank also offers property trust management services, where the Bank manages non-monetary assets in return for a fee. Non-monetary assets include mostly securities, but can also include other liquid receivables and real estate. Under these arrangements, the Bank renders custodial services for the property in question and collects fee income in return.

In 2022, the Bank's property trust fees ranged from 0.001% to 0.3% of total assets under management depending on the type of trust accounts. On an SKAS basis, as of December 31, 2022, the aggregate balance of the Bank's property trusts was ₩12,025 billion, compared to ₩12,146 billion as of December 31, 2021.

Bancassurance

The Bank offers insurance products of other institutions to retail customers in Korea. The Bank currently markets a wide range of bancassurance products and seeks to generate additional fee-based revenues by expanding its offering of these products. As of December 31, 2022, the Bank's bancassurance business had alliances with 22 life insurance companies (including its affiliate KB Life Insurance) and 11 non-life insurance companies (including its affiliate, KB Insurance) and offered 62 different products through the Bank's branch network.

Management of the National Housing and Urban Fund

The National Housing and Urban Fund is a Government fund that provides financial support to low-income households in Korea by providing mortgage financing and construction loans for projects to build small-sized housing. The operations of the National Housing and Urban Fund include providing and managing National Housing and Urban Fund loans, issuing National Housing and Urban Fund bonds and collecting subscription savings deposits.

In February 2013, the Ministry of Land, Infrastructure and Transport (formerly the Ministry of Land, Transport and Maritime Affairs) designated the Bank as one of the managers of the National Housing and Urban Fund.

The financial accounting for the National Housing and Urban Fund is entirely separate from the Bank's financial accounting, and the non-performing loans and loan losses of the National Housing and Urban Fund, in general, do not impact the Bank's financial condition. Regulations and guidelines for managing the National Housing and Urban Fund are issued by the Minister of Land, Infrastructure and Transport pursuant to the Housing and Urban Fund Act.

Other Banking Channels

The following table sets forth information, for the periods indicated, on the number of users and transactions of the other banking channels for the Bank's retail and corporate banking customers, which are discussed below:

	For the year ended December 31,		
	2020	2021	2022
Internet banking:			
Number of users[(1)]	25,313,463	26,415,723	27,711,718
Number of transactions (thousands)[(2)]	14,794,331	18,941,829	4,827,755
Phone banking:			
Number of users[(3)]	5,073,346	5,076,733	5,076,895
Number of transactions (thousands)[(2)]	76,595	62,835	51,594
Smartphone banking:			
Number of users[(4)]	16,681,329	17,930,859	19,584,887
Number of transactions (thousands)[(2)]	13,811,431	20,828,944	21,741,324

Notes:

(1) Number of users is defined as the total cumulative number of retail and corporate customers who have registered through branch offices to use Internet banking services.

(2) Number of transactions includes balance and transaction inquiries, fund transfers and other transactions.

(3) Number of users is defined as the total cumulative number of retail and corporate customers who have registered through branch offices to use phone banking services.

(4) Number of users is defined as the total cumulative number of retail customers who have registered through branch offices, or the customers' smartphones, to use smartphone banking services.

Internet Banking

The Bank's goal is to consolidate the Bank's position as a market leader in online banking. The Bank's Internet banking services currently include:

- basic banking services, including fund transfers, balance and transaction inquiries, pre-set automatic transfers, product inquiries, online bill payments and foreign exchange services;
- investment services, including opening deposit accounts and investing in funds;
- processing of loan applications;

- electronic certification services, which permit the Bank's Internet banking service users to authenticate their identity and transactions on a confidential basis through digital signatures; and

- wealth management and advisory services, including financial planning and real estate information services.

Phone Banking

The Bank offers a variety of phone banking services, including inter-account fund transfers, balance and transaction inquiries, customer service inquiries and bill payments. The Bank also has call centers, which the Bank primarily uses to:

- advise clients with respect to deposits and loans and to provide the Bank's customers a way to report any emergencies with respect to their accounts;

- allow the Bank's customers to conduct transactions with respect to their accounts, such as balance and transfer inquiries, transfers or payments and opening accounts; and

- conduct telemarketing to the Bank's customers or potential customers to advertise products or services.

Smartphone Banking

"KB Star Banking," the Bank's mobile banking application for smartphones, allows its customers the flexibility to conduct a variety of financial transactions, including balance and transaction inquiries, fund transfers and asset management, anywhere at any time. The Bank's smartphone banking services currently include:

- basic banking services, including fund transfers, balance and transaction inquiries, bill payments and foreign exchange services;

- investment services, including investing in savings deposits that are designed specifically for and offered to smartphone banking customers; and

- processing of loan applications and bancassurance services.

The Bank also continues to develop innovative mobile applications that cater to specific customer needs and lifestyles. For example, the Bank offers "Liiv Next," a finance platform that provides easy-to-use banking services such as wire transfers and electronic payments as well as a variety of non-banking services such as games and quizzes to its younger "Generation Z" customers. The Bank also offers a range of other mobile applications, including "Liiv Talk Talk," a mobile peer-to-peer payment and messaging application, "Liiv M," a mobile virtual network operator (MVNO) that offers a fusion of finance and mobile services and "KB Real Estate," the Bank's new cloud-based real estate application that provides various information on real properties. The Bank also offers MyData services through several channels including KB Star Banking, its mobile banking application.

Other Channels

The Bank provides cash management services, which include automatic transfers, connection services to other financial institutions, real-time firm banking, automatic fund concentration and transmittal of trading information.

Competition

The Bank competes principally with other nationwide commercial banks in Korea, as well as regional banks, development banks, specialized banks and branches of foreign banks operating in Korea. The Bank also competes with other types of financial institutions in Korea, including savings institutions

(such as mutual savings and finance companies and credit unions and credit cooperatives), investment institutions (such as merchant banking corporations), life insurance companies, non-life insurance companies, securities companies and other financial investment companies.

Competition in the domestic banking industry is generally based on the types and quality of the products and services offered, including the size and location of retail networks, the level of automation and interest rates charged and paid. Competition has increased significantly in the Bank's traditional core businesses, retail banking and SME banking, contributing to some extent to the asset quality deterioration in retail and SME loans. As a result, the Bank's margins on lending activities may decrease in the future.

Furthermore, the introduction of Internet-only banks in Korea has led to an increase in competition in the Korean banking industry. Internet-only banks operate without branches and conduct most of their operations through electronic means, which enables them to minimize costs and offer customers higher interest rates on deposits or lower lending rates. In April 2017, Kbank, the first Internet-only bank in Korea, commenced operations. Kakao Bank, another Internet-only bank, in which the Bank held a 4.9% equity interest as of December 31, 2022, commenced operations in July 2017. Most recently, Toss Bank, another Internet-only bank, commenced operations in October 2021.

In addition, general regulatory reforms in the Korean financial industry have increased competition among banks and other financial institutions in Korea. As the reform of the financial sector continues, foreign financial institutions, some with greater resources than the Bank, have entered, and may continue to enter, the Korean market either by themselves or in partnership with existing Korean financial institutions and compete with the Bank in providing financial and related services.

Moreover, the Korean commercial banking sector is undergoing significant consolidation. The number of nationwide commercial banks in Korea has decreased from 16 as of December 31, 1997, to six as of December 31, 2022. A number of significant mergers and acquisitions in the financial industry have taken place in Korea in recent years, including Hana Financial Group's acquisition of a controlling interest in Korea Exchange Bank in 2012 and the subsequent merger of Hana Bank into Korea Exchange Bank in 2015. In addition, as part of the Government's plans to privatize Woori Finance Holdings (the former financial holding company of Woori Bank), certain subsidiaries of Woori Finance Holdings were sold to other financial institutions and Woori Finance Holdings itself was merged into Woori Bank in 2014, which established a new financial holding company, Woori Financial Group Inc., in January 2019.

The Bank expects that consolidation in the Korean banking industry may continue. The financial institutions resulting from such consolidation may, by virtue of their increased size and business scope, provide significantly greater competition for the Bank. The Bank and its parent, KB Financial Group, intend to review potential acquisition opportunities as they arise. The Bank cannot guarantee that it will not be involved in any future mergers or acquisitions. The Bank also believes that foreign financial institutions, many of which have greater experience and resources than the Bank, may seek to compete with the Bank in providing financial products and services either by themselves or in partnership with existing Korean financial institutions.

Information Technology

The Bank regularly implements various IT system-related initiatives and upgrades. The Bank believes that continual improvement of its IT systems is crucial in supporting its operations and management and providing high-quality customer service. Accordingly, the Bank continues to upgrade and improve its systems through various activities, including projects to develop next-generation banking systems, further strengthen system security and timely develop and implement various new IT systems and services that support its business operations and risk management activities.

The Bank's mainframe-based banking IT systems are designed to ensure continuity of services even where there is a failure of the host data center due to a natural disaster or other accidents by utilising backup systems in disaster recovery data centers. In addition, through the implementation of Parallel Sysplex, a "multi-CPU system," the Bank's banking systems are designed and operated to be able to process transactions without material interruption in the event of CPU failure. From 2019 to 2020, the Bank implemented a banking IT system designed to promote digital transformation and innovation in its IT infrastructure. In addition, the Bank implemented new technologies, including Multi-Channel Integration and Enterprise Application Integration systems, to standardize its IT system and better manage IT system operational risk.

The integrity and the ability of the Bank's IT systems to withstand potential catastrophic events (such as natural calamities and internal system failures) are crucial to the Bank's continuing operations. The Bank currently tests its disaster recovery systems on a quarterly basis using a new disaster recovery system that has been implemented to ensure the continuity of our operations. For additional information, see "*Risk Management – Operational Risk Management.*"

Property, Plant and Equipment

The Bank's registered office and headquarters is located at 26, Gukjegeumyung-ro 8-gil, Yeongdeungpo-gu, Seoul 07331, Korea. The following table presents information regarding certain of the Bank's properties in Korea:

Type of facility/building	Location	Area (square meters)
Registered office and headquarters #1	Yeongdeungpo-gu, Seoul	5,354
Headquarters #2	Yeongdeungpo-gu, Seoul	4,727
Training institute	Ilsan	207,560
Training institute	Daecheon	4,158
Training institute	Sokcho	15,559
Training institute	Cheonan	196,649
IT center	Gangseo-gu, Seoul	13,116
IT center	Yeouido, Seoul	5,928
IT center	Yeouido, Seoul	2,006
IT center	Gimpo	13,144
Support center	Seongbuk-gu, Seoul	9,939

In August 2020, the Bank completed the construction of a second headquarters building in Yeouido, Seoul. The total capital expenditure for its construction amounted to approximately ₩356.5 billion.

As of the date of this Offering Circular, the Bank had a countrywide network of 796 branches and sub-branches. Approximately 24.6% of these facilities are housed in buildings owned by the Bank, while the remaining branches are leased properties. See "– *Organizational Structure*" for a list of the Bank's overseas subsidiaries and see "– *Capital Markets Activities and International Banking – International Banking*" for a list of the Bank's overseas branches and representative and liaison offices in operation as of December 31, 2022.

Kookmin Bank, Gurgaon Representative Office in India converted to Kookmin Bank, Gurugram Branch in February 2019, and Kookmin Bank, Hanoi Representative Office in Vietnam was liquidated in September 2020. In December 2020, the Bank established KB Bank Myanmar Co., Ltd. in Myanmar, and in January 2022, the Bank established Kookmin Bank, Singapore Branch in Singapore. Kookmin Bank, Yangon Representative Office was liquidated in February 2023. Lease terms are generally from two to three years and seldom exceed five years. The Bank does not own any material properties outside of Korea.

Employees

The following table sets forth information, for the periods indicated, regarding the Bank's employees:

	As of December 31,		
	2020	2021	2022
Full-time employees[(1)]	16,054	15,333	14,697
Contractual employees	1,728	1,899	2,429
Managerial employees	9,026	8,474	8,063
Members of Korea Financial Industry Union	14,266	13,989	13,016

Note:

(1) Excluding executive officers.

The Bank considers its relations with its employees to be satisfactory. Every year, the Bank's labor union and the Bank's management negotiate and enter into a new collective bargaining agreement and negotiate annual wage adjustments.

The Bank's compensation packages consist of base salary and base bonuses. The Bank also provides performance-based compensation to employees and management. Executive officers, heads of regional headquarters and employees in positions that require professional skills, such as fund managers and dealers, are compensated depending on their individual annual performance evaluation. The Bank has also implemented a profit-sharing system in order to enhance the performance of its employees. Under this system, the Bank pays bonuses to its employees, in addition to the base salary and depending on the Bank's annual performance.

In January 2016, Kookmin Bank implemented a "mileage stock" program, pursuant to which it may grant to the Bank's and its subsidiaries' employees performance-based cash payments that correspond to the market value of KB Financial Group's common stock. The accumulated "miles" of common stock can be exercised for cash during a two-year period commencing on the one-year anniversary of the grant date.

The Bank provides a wide range of benefits to its employees, including its executive directors. These benefits include medical insurance, employment insurance, workers compensation, employee and spouse life insurance, free medical examinations, child tuition and fee reimbursement, disabled child financial assistance and reimbursement for medical expenses.

In accordance with the National Pension Act, the Bank contributes an amount equal to 4.5% of employee wages, and each employee contributes 4.5% of his or her wages, into each employee's personal pension account. In addition, in accordance with the Guarantee of Worker's Retirement Benefits Act, the Bank has adopted retirement pension plans for its employees. Contributions under the retirement pension plans are deposited annually into a financial institution, and an employee may elect to receive a monthly pension or a lump-sum amount upon retirement. The Bank's retirement pension plans are provided in the form of a defined benefit plan and a defined contribution plan. The defined benefit plan guarantees a certain payout at retirement, according to a fixed formula based on the employee's average salary and the number of years for which the employee has been a plan member. The defined contribution plan, in which the employer's contribution is determined in advance based on one-twelfth of an employee's total annual pay, is managed directly by the employees. Under Korean law, the Bank may not terminate the employment of full-time employees except under certain limited circumstances. However, the Bank regularly invites its employees to apply for its early retirement programs, which provide for varying amounts of severance pay based on the duration of time an employee has worked for the Bank, along with several other key features. The Bank believes that such programs enhance its productivity and efficiency by improving its labor structure.

In June 2009, KB Financial Group established an employee stock ownership association. All of the Bank's employees are eligible to participate in this association. Members of KB Financial Group's employee stock ownership association have pre-emptive rights to acquire up to 20% of the shares issued in public offerings by KB Financial Group pursuant to the FSCMA.

Employees of the Bank have been eligible to participate in its employee stock ownership association, which will be terminated once all of KB Financial Group's common stock held by the association (which the association received following the transfer of the Bank's shares held by it as a result of the comprehensive stock transfer pursuant to which KB Financial Group was established) has been distributed to the relevant employees of the Bank at the request of such employees following the expiration of the required holding periods. As of December 31, 2022, the Bank's employee stock ownership association held 236,308 shares of KB Financial Group common stock.

Legal Proceedings

Excluding the legal proceedings discussed below, the Bank is not a party to any legal or administrative proceedings and no proceedings are known by the Bank to be contemplated by governmental authorities or third parties, which, if adversely determined, may have a material adverse effect on the Bank's financial condition or results of operations.

In June 2010, Fairfield Sentry Limited ("Fairfield"), which is currently in liquidation and whose assets were directly or indirectly invested with Bernard L. Madoff Investment Securities LLC ("BLMIS"), filed a lawsuit in the Supreme Court of the State of New York against the Bank, which acted as a trustee bank for its clients who invested in Fairfield. Fairfield seeks recovery of approximately US$42 million it paid to the Bank in connection with share redemptions on the ground that such payments were made by mistake, based on inflated values resulting from BLMIS' fraud. In September 2010, the case was transferred to the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court"), which in turn ordered that the case be returned to a state court in September 2011 but then stayed the lawsuit before it was sent to state court. In August 2019, the Bankruptcy Court issued an order to the effect that the case would proceed in a federal court, instead of returning to a state court, on the condition that the proceedings be halted temporarily until a similar lawsuit that Fairfield had filed against a different fund investor (the "Parallel Case"), then pending in the United States District Court for the Southern District of New York (the "District Court"), was decided. The Bankruptcy Court had dismissed the Parallel Case in December 2018, which Fairfield had then subsequently appealed to the District Court. In August 2022, the District Court dismissed Fairfield's appeal related to the Parallel Case, and in September 2022, Fairfield again appealed such dismissal to the United States Court of Appeals for the Second Circuit (the "Second Circuit"), where the Parallel Case is currently pending. It is difficult to predict when the Second Circuit will rule on Fairfield's appeal. Fairfield has filed similar actions against numerous other fund investors to seek recovery of redemption payments.

In May 2012, the trustee appointed for the liquidation of BLMIS filed a lawsuit against the Bank in the Bankruptcy Court. The trustee seeks recovery of approximately US$42 million, the amount of funds that were allegedly redeemed by the Bank from Fairfield between June 2004 and January 2006 as described in the paragraph above. The trustee alleges that Fairfield was a "feeder fund" that invested in BLMIS and that redemptions from such BLMIS feeder fund are avoidable and recoverable under the U.S. Bankruptcy Code and New York law. The Bankruptcy Court issued an order to dismiss the case during the pleading stage of the litigation in March 2017, and the trustee appealed such decision to the United States Court of Appeals for the Second Circuit (the "Second Circuit"), which reversed the dismissal and vacated the judgment in February 2019. The Bank, along with other defendants, filed a motion asking the Second Circuit to reconsider its ruling and, after such motion was denied, filed a petition for a writ of certiorari asking the United States Supreme Court to accept an appeal of the Second Circuit's ruling, which was denied in June 2020. Subsequently, the Second Circuit remanded the case to the Bankruptcy

Court for further proceedings, and in December 2022, the Bank's motion to dismiss the case was denied. The Bank has since filed its response denying liability, and the case is currently ongoing. The trustee has filed similar claw back actions against numerous other institutions.

In November 2023, the FSS commenced an investigation into an alleged violation of, among others, the Financial Consumer Protection Act during past sales by the Bank and other banks in Korea of certain high-risk equity-linked securities products tied to the performance of the Hang Seng China Enterprise Index, which is expected to result in significant losses to the customers who purchased such products upon maturity. Approximately ₩4.8 trillion of such products sold by the Bank is expected to mature in the first half of 2024. Following the FSS's commencement of investigations, the Bank announced that it has ceased the sale of such products. While the Bank intends to fully cooperate with the investigations by the FSS, it is not currently possible to predict the final outcome of such investigations.

ASSETS AND LIABILITIES OF THE BANK

The tables below set out selected financial highlights regarding the Bank's assets and liabilities, on a consolidated basis, except as otherwise indicated.

Certain information with respect to the Bank's loan portfolio and the asset quality of the Bank's loans is presented below on a basis consistent with certain requirements of the FSC applicable to Korean banks, which differs (as described below where applicable) from the presentation of such information in the Bank's financial statements prepared in accordance with Korean IFRS, as the Bank believes that such alternative presentation allows the Bank to provide additional details regarding its loan portfolio and the asset quality of our loans which would be helpful to its investors.

Loan Portfolio

Loan Types

The following table presents, on a separate basis, loans by type as of the dates indicated. Except where specified otherwise, all loan amounts stated below are before deduction of allowances for loan losses. Total loans reflect the Bank's loan portfolio, including past due amounts, on a separate basis.

	As of December 31,		
	2020	2021	2022
	(in billions of Won)		
Domestic:			
Corporate			
SME	₩ 115,322	₩ 126,191	₩ 135,669
Large corporate[(1)]	33,756	42,047	46,693
Retail			
Mortgage and home equity	112,817	119,032	119,546
Other consumer	49,511	51,499	46,865
Total domestic	311,406	338,769	348,773
Foreign	7,658	12,171	16,839
Total gross loans	₩ 319,064	₩ 350,940	₩ 365,612

Note:

(1) Large corporate loans include loans to the Government or Government-related agencies (including KDIC).

Loan Concentration by Industry

The following table presents, on a separate basis, the aggregate balance of the Bank's domestic and foreign corporate loans, by industry concentration, as of the dates indicated:

	As of December 31,					
	2020		2021		2022	
	Amount	%	Amount	%	Amount	%
	(in billions of Won, except percentages)					
Industry						
Services	₩ 69,933	44.6%	₩ 79,044	43.8%	₩ 89,947	45.1%
Manufacturing	43,242	27.6	46,252	25.6	50,628	25.4
Wholesale and retail	20,548	13.1	23,802	13.2	26,587	13.3
Financial institutions	13,610	8.7	18,710	10.4	19,347	9.7
Construction	2,574	1.6	2,883	1.6	3,861	1.9
Public sector	1,114	0.7	1,564	0.9	1,489	0.7
Others	5,832	3.7	8,292	4.6	7,723	3.9
Total	₩ 156,853	100.0%	₩ 180,547	100.0%	₩ 199,582	100.0%

Maturity Analysis

The Bank typically rolls over its working capital loans and unsecured consumer loans (other than those payable in installments) after it conducts its normal loan review in accordance with its loan review procedures. Working capital loans may generally be extended on an annual basis for an aggregate term of five years and unsecured consumer loans may generally be extended for another term of up to 12 months for an aggregate term of ten years.

The following table sets out, on a separate basis, the scheduled maturities (time remaining until maturity) of the Bank's loan portfolio as of December 31, 2022. The amounts disclosed are before deduction of allowances for loan losses:

	1 Year or Less	Over 1 year But Not More Than 5 Years	Over 5 Years But Not More Than 15 Years	Over 15 Years	Total
			(in billions of Won)		
Domestic:					
Corporate					
SMEs	₩ 101,094	₩ 30,153	₩ 4,180	₩ 242	₩ 135,669
Large corporate	31,118	11,935	2,822	818	46,693
Total corporate	132,212	42,088	7,002	1,060	182,362
Retail					
Mortgage and home equity	20,659	20,732	7,480	70,675	119,546
Other consumer	34,411	6,524	2,386	3,544	46,865
Total retail	55,070	27,256	9,866	74,219	166,411
Total domestic	187,282	69,344	16,868	75,279	348,773
Foreign	8,153	7,893	737	56	16,839
Total gross loans	₩ 195,435	₩ 77,237	₩ 17,605	₩ 75,335	₩ 365,612

Interest Rate Sensitivity

The following table shows, on a separate basis, the total amount of loans due after one year which have fixed interest rates and variable or adjustable interest rates as of December 31, 2022:

	Fixed Rate[(1)]	Variable or adjustable rates[(2)]	Total
		(in billions of Won)	
Domestic:			
Corporate			
SMEs	₩13,749	₩20,827	₩34,576
Large corporate	6,137	9,438	15,575
Total corporate	19,886	30,265	50,151
Retail			
Mortgage and home equity	8,799	90,089	98,888
Other consumer	194	12,260	12,454
Total retail	8,993	102,349	111,342
Foreign	1,334	7,352	8,686
Total	₩30,213	₩139,966	₩170,179

(1) Fixed rate loans are loans for which the interest rate is fixed for the entire term.

(2) Variable or adjustable rate loans are loans for which the interest rate is not fixed for the entire term.

For additional information regarding the Bank's management of interest rate risk, see "*Risk Management – Market Risk Management*."

Credit Exposures to Companies in Workout, Restructuring or Rehabilitation

Workout is a voluntary procedure through which the Bank, together with the borrower and its other creditors, seeks to restore the borrower's financial stability and viability. Previously, workouts were regulated under a series of Corporate Restructuring Promotion Acts, which expired on October 15, 2023. On December 26, 2023, the National Assembly of Korea adopted a new Corporate Restructuring Promotion Act, which became effective on December 26, 2023 and is scheduled to expire on December 25, 2026.

Under the new Corporate Restructuring Promotion Act, creditors of a financially troubled borrower may participate in a creditors' committee, which is authorized to prohibit such creditors from exercising their rights against the borrower, commence workout procedures and approve or make revisions to a reorganization plan prepared by the lead creditor bank, the borrower and external experts. The composition of the creditors' committee is determined at the initial meeting of the committee by the approval of creditors holding not less than 75% of the borrower's total outstanding debt held by creditors who were notified of the initial meeting of the committee. Although creditors that are not financial institutions or hold less than 1% of the total outstanding debt of the borrower need not be notified of the initial meeting of the creditors' committee, if such creditors wish to participate, they may not be excluded. Any decision of the creditors' committee required the approval of creditors holding not less than 75% of the total outstanding debt of the borrower. However, if a single creditor holds 75% or more of the borrower's total outstanding debt held by the creditors comprising the creditors' committee, any decision of the creditors' committee requires the approval of not less than 40% of the total number of creditors (including such single creditor) comprising the committee. An additional approval of creditors holding not less than 75% of the secured debt is required with respect to the borrower's debt restructuring. Once approved, any decision made by the creditors' committee is binding on all creditors of the borrower, with the exception of those creditors that are excluded by a resolution of the committee at its initial meeting and those who exercise their right to request that their claims be purchased. Creditors that vote against commencement of workout, approval or revision of the reorganization plan, debt restructuring, granting of new credit, extension of the joint management process or other resolutions of the committee have the right to request the creditors that vote in favor of such matters to purchase their claims at a mutually agreed price. In the event that the parties are not able to agree on the terms of purchase, a coordination committee consisting of experts would determine the terms. The creditors that oppose a decision made by the coordination committee may request a court to change such decision.

Upon approval of a workout plan, a credit exposure is initially classified as precautionary or lower and thereafter cannot be classified higher than precautionary with limited exceptions. If a corporate borrower is in workout, restructuring or rehabilitation, the Bank takes the status of the borrower into account in valuing the Bank's loans to and collateral from that borrower for purposes of establishing the Bank's allowances for credit losses.

Korean law also provides for corporate rehabilitation proceedings, which are court-supervised procedures to rehabilitate an insolvent company. Under these procedures, a restructuring plan is adopted at a meeting of interested parties, including creditors of the company. Such restructuring plan is subject to court approval.

As of December 31, 2022, on a separate basis, the Bank's loans and guarantees to companies that were in workout, restructuring or rehabilitation amounted to ₩174 billion or 0.05% of the Bank's total loans and guarantees, most of which were classified as impaired.

Provisioning Policy

Under Korean IFRS 1109, the Bank establishes allowances for credit losses based on expected credit losses instead of incurred losses by assessing changes in expected credit losses and recognizing such changes as impairment loss (or reversal of impairment loss) in profit or loss. According to the three stages of credit risk deterioration under Korean IFRS 1109, the allowance required to be established

with respect to a loan or receivable since its initial recognition is (i) the amount of the expected 12-month credit loss for stage 1 loans or receivables and (ii) the expected lifetime credit loss for stages 2 and 3 loans or receivables.

If additions or changes to the allowances for loan losses are required, then the Bank records a provision for loan losses, which is included in impairment losses on credit loss and treated as a charge against current income. Credit exposures that the Bank deems to be uncollectible, including actual loan losses, net of recoveries of previously charged-off amounts, are charged directly against the allowances for loan losses.

The Bank generally considers the following loans to be impaired loans:

- loans that are past due by 90 days or more;
- loans that are subject to legal proceedings related to collection;
- loans to a borrower that has received a warning from the Korea Credit Information Services indicating that such borrower has exhibited difficulties in making timely payments of principal and interest;
- loans to corporate borrowers that are rated C or D according to the Bank's internal credit ratings for large companies or SMEs;
- loans for which account-specific provisions have been made resulting from a significant perceived decline in credit quality; and
- loans with respect to which the amount of principal and interest payable has been materially decreased due to restructuring.

The Bank regularly evaluates the adequacy of the overall allowances for loan losses and the Bank believes that the allowances for loan losses reflect its best estimate of probable loan losses as of each balance sheet date.

Non-performing Loans

Non-performing loans are defined as loans that are past due by 90 days or more. These loans are generally classified as substandard or below. For further information on the classification of non-performing loans under Korean regulatory requirements, see "*– Regulatory Reserve for Credit Losses*" below.

The following table shows, on a separate basis, certain details of the Bank's total non-performing loan portfolio as of the dates indicated:

	As of December 31,		
	2020	2021	2022
	(in billions of Won, except percentages)		
Total non-performing loans	₩ 293	₩ 244	₩ 266
As a percentage of total loans	0.1%	0.1%	0.1%

The Bank has also issued securities backed by non-performing loans and collateralized bond obligations. Some of these transactions involve transfers of loans through securitizations where control of the loans has not been surrendered and, therefore, are not treated as sale transactions. Instead, the assets remain on the Bank's balance sheet with the securitization proceeds treated as secured borrowings.

Analysis of Non-Performing Loans

The following table sets forth, on a separate basis, the Bank's total non-performing loans by type of borrower as of the dates indicated:

	As of December 31,					
	2020		2021		2022	
	Amount	%	Amount	%	Amount	%
	(in billions of Won, except percentages)					
Domestic:						
Corporate						
SMEs	₩ 111	37.8%	₩ 83	34.0%	₩ 99	37.0%
Large corporate	1	0.3	23	9.6	0	0.0
Total corporate	112	38.1	106	43.6	99	37.0
Retail						
Mortgage and home equity	133	45.2	100	40.9	129	48.5
Other consumer	49	16.7	36	15.0	38	14.5
Total retail	182	61.9	136	55.8	168	63.0
Total domestic	293	100.0	242	99.5	266	100.0
Foreign	0	0.1	1	0.5	0	0.0
Total non-performing loans	₩ 293	100.0%	₩ 244	100.0%	₩ 266	100.0%

Top 20 Non-Performing Loans

As of December 31, 2022, the Bank's 20 largest non-performing loans accounted for, on a separate basis, 12.7% of its total non-performing loan portfolio. The following table shows, on a separate basis, certain information regarding the Bank's 20 largest non-performing loans as of December 31, 2022:

	Industry	Gross Principal Outstanding	Allowances for Loan Losses[(1)]
		(in millions of Won)	
Borrower A	Services	₩ 8,000	₩ 1,312
Borrower B	Manufacturing	4,774	2,184
Borrower C	Services	2,590	2,590
Borrower D	Wholesale and retail	1,500	28
Borrower E	Services	1,460	262
Borrower F	Manufacturing	1,447	66
Borrower G	Manufacturing	1,298	326
Borrower H	Manufacturing	1,275	1,025
Borrower I	Services	1,243	68
Borrower J	Services	1,200	683
Borrower K	Others	1,109	67
Borrower L	Others	1,000	7
Borrower M	Manufacturing	987	184
Borrower N	Manufacturing	940	227
Borrower O	Manufacturing	920	97
Borrower P	Manufacturing	816	52
Borrower Q	Manufacturing	799	221
Borrower R	Manufacturing	771	419
Borrower S	Manufacturing	767	750
Borrower T	Manufacturing	756	208
Total		₩ 33,652	₩ 10,776

Note:

(1) If the estimated recovery value of collateral for a non-performing loan is sufficient compared to the outstanding loan balance, no allowances for loan losses for such non-performing loan is recorded.

Non-performing Loan Strategy

One of the Bank's primary objectives is to prevent the Bank's loans from becoming non-performing. Through the Bank's corporate credit rating systems, the Bank believes that it has reduced its risks relating to future non-performing loans. The Bank's credit rating systems are designed to prevent the Bank's loan officers from extending new loans to borrowers with high credit risks based on the borrower's credit rating. The Bank's early warning system is designed to bring any sudden increase in a borrower's credit risk to the attention of the Bank's loan officers, who then closely monitor such loans. See "*Risk Management – Credit Risk Management*."

Notwithstanding the above, if a loan becomes non-performing, an officer at the branch level responsible for monitoring non-performing loans will commence a due diligence review of the borrower's assets, send a notice either demanding payment or stating that the Bank will take legal action and prepare for legal action.

At the same time, the Bank will also initiate its non-performing loan management process, which begins with:

- identifying loans subject to a proposed sale by assessing the estimated losses from such sale based on the estimated recovery value of collateral, if any, for such non-performing loans;
- identifying loans subject to charge-off based on the estimated recovery value of collateral, if any, for such non-performing loans and the estimated rate of recovery of unsecured loans; and
- on a limited basis, identifying corporate loans subject to normalization efforts based on the cash flow situation of the borrower.

Once the details of a non-performing loan are identified, the Bank pursues early solutions for recovery. While the overall process is the responsibility of the Bank's Credit Division, actual recovery efforts on non-performing loans are handled at the operating branch level.

Methods for resolving non-performing loans include the following:

- non-performing loans are managed by the operating branches until such loans are charged off;
- a demand note is dispatched by mail if payment is generally one month past due;
- calls and visits are made by the operating branches to customers encouraging them to make payments;
- borrowers who are past due on payments of interest and principal are registered on the Korea Federation of Issuers' database of non-performing loans;
- for unsecured loans, the loans are transferred to the Bank's affiliate, KB Credit Information, for collection on a case-by-case basis;
- for secured loans, actions to enforce or protect the security interests (including foreclosure and auction of the collateral) are commenced within four months of such loans becoming past due; and
- charged off loans are given to KB Credit Information for collection, except for loans where the cost of collection exceeds the possible recovery or where the statute of limitations for collection has expired.

If a loan becomes non-performing, it is managed by an operating branch until such loan is charged off. However, in order to promote speedy recovery on loans subject to foreclosures and litigation, the Bank's policy is to permit the branch responsible for handling these loans to request one of the Bank's regional head offices for assistance with litigation proceedings and proceedings related to foreclosure and auction of the collateral.

In addition to making efforts to collect on these non-performing loans, the Bank also undertakes measures to reduce the level of the Bank's non-performing loans, which include:

- selling the Bank's non-performing loans to third parties, including the Korea Asset Management Corporation; and

- entering into asset securitization transactions with respect to the Bank's non-performing loans.

The Bank generally expects to suffer a partial loss on loans that it sells or securitizes, to the extent such sales and securitizations are recognized under Korean IFRS as sale transactions.

Regulatory Reserve for Credit Losses

If the Bank's allowances for credit losses are deemed insufficient for regulatory purposes, the Bank is required to compensate for the difference by recording a regulatory reserve for credit losses, which is segregated within the Bank's retained earnings. Regulatory reserve for credit losses is not available for distribution to shareholders as dividends. The level of regulatory reserve for credit losses required to be recorded is equal to the amount by which the Bank's allowances for credit losses are less than the greater of (x) the amount of expected loss calculated using the internal ratings-based approach under Basel III and as approved by the FSS and (y) the required amount of credit loss reserve calculated based on standards prescribed by the FSC. As of December 31, 2022, on a separate basis, the Bank's regulatory reserve for credit losses was ₩2,786 billion.

The following tables set forth the FSC's guidelines for the classification of loans and the minimum percentages of the outstanding principal amount of the relevant loans or balances that the credit loss reserve must cover:

Loan Classification	Loan Characteristics
Normal	Loans extended to customers that, based on the Bank's consideration of their business, financial position and future cash flows, do not raise concerns regarding their ability to repay the loans.
Precautionary	Loans extended to customers that (i) based on the Bank's consideration of their business, financial position and future cash flows, show potential risks with respect to their ability to repay the loans, although showing no immediate default risk or (ii) are in arrears for one month or more but less than three months.
Substandard	(i) Loans extended to customers that, based on the Bank's consideration of their business, financial position and future cash flows, are judged to have incurred considerable default risks as their ability to repay has deteriorated; or

Loan Classification	Loan Characteristics
	(ii) the portion that the Bank expects to collect of total loans (a) extended to customers that have been in arrears for three months or more, (b) extended to customers that have incurred serious default risks due to the occurrence of, among other things, final refusal to pay their debt instruments, entry into liquidation or bankruptcy proceedings, or closure of their businesses, or (c) extended to customers who have outstanding loans that are classified as "doubtful" or "estimated loss."
Doubtful	Loans exceeding the amount that the Bank expects to collect of total loans to customers that: (i) based on the Bank's consideration of their business, financial position and future cash flows, have incurred serious default risks due to noticeable deterioration in their ability to repay; or (ii) have been in arrears for three months or more but less than 12 months.
Estimated loss	Loans exceeding the amount that the Bank expects to collect of total loans to customers that: (i) based on the Bank's consideration of their business, financial position and future cash flows, are judged to be accounted as a loss because the inability to repay became certain due to serious deterioration in their ability to repay; (ii) have been in arrears for 12 months or more; or (iii) have incurred serious risks of default in repayment due to the occurrence of, among other things, final refusal to pay their debt instruments, liquidation or bankruptcy proceedings or closure of their business.

Loan Classifications	Corporate[(1)]	Consumer
Normal	0.85% or above	1% or above
Precautionary	7% or above	10% or above
Substandard	20% or above	20% or above
Doubtful	50% or above	55% or above
Estimated loss	100%	100%

Note:

(1) Subject to certain exceptions pursuant to the Banking Industry Supervision Regulation of Korea.

Loan Charge-Offs

Basic Principles

The Bank attempts to minimize loans to be charged off by adhering to a sound credit approval process based on credit risk analysis prior to extending loans and a systematic management of outstanding loans. However, if charge-offs are necessary, the Bank charges off loans subject to its charge-off policy at an early stage in order to maximize accounting transparency, to minimize any waste of resources in managing loans which have a low probability of being collected and to reduce the Bank's non-performing loan ratio.

Loans to Be Charged Off

Loans are charged off if they are deemed to be uncollectible by falling under any of the following categories:

- loans for which collection is not foreseeable due to insolvency, bankruptcy, compulsory execution, disorganization, dissolution or the shutting down of the business of the debtor;
- loans for which collection is not foreseeable due to the death or disappearance of the debtor;
- loans for which expenses of collection exceed the collectable amount;
- loans on which collection is not possible through legal or any other means; and
- the portion of loans classified as "estimated loss," net of any recovery from collateral, which is deemed to be uncollectible.

Procedure for Charge-off Approval

In order to charge off corporate loans, an application for a charge-off must be submitted to the Credit Management Department promptly after the corporate loan is classified as estimated loss or deemed uncollectible. The Credit Management Department refers the charge-off application to the Bank's Audit Department for their review to ensure compliance with the Bank's internal procedures for charge-offs. Then, the Credit Management Department, after reviewing the application to confirm that it meets relevant requirements, seeks an approval from the FSS for the Bank's charge-offs, which is typically granted. Once the Bank receives approval from the FSS, the Bank must also obtain approval from its senior management to charge off those loans. For accounting purposes, the Bank recognizes charge-offs of corporate loans under Korean IFRS prior to approval from the FSS.

With respect to unsecured retail loans, the Bank follows a different process to determine which unsecured retail loans should be charged off, based on the length of time those loans are past due. The Bank charges off unsecured retail loans deemed to be uncollectible under Korean IFRS.

Treatment of Loans Charged Off

Once loans are charged off, the Bank classifies them as charged-off loans and removes them from its balance sheet. These loans are managed based on a different set of procedures. The Bank continues its collection efforts in respect of these loans although loans may be charged off before the Bank begins collection efforts in some circumstances.

If a collateralized loan is overdue, the Bank will, typically within one year from the time that such loan became overdue (or after a longer period in certain circumstances), petition a court to foreclose and sell the collateral through a court-supervised auction. If a debtor ultimately fails to repay and the court grants its approval for foreclosure, the Bank will sell the collateral, net of expenses incurred from the auction.

Net Charge-Offs

The following table presents the Bank's net charge-offs for each of the years indicated:

	For the years ended December 31,								
	2020			2021			2022		
	Average Loans[(1)]	Net Charge-Offs	Net Charge-Offs/ Average Loans	Average Loans[(1)]	Net Charge-Offs	Net Charge-Offs/ Average Loans	Average Loans[(1)]	Net Charge-Offs	Net Charge-Offs/ Average Loans
	(in billions of Won, except percentages)								
Domestic:									
Corporate									
Small- and medium sized enterprise	₩113,727	₩ (9)	0.0%	₩120,344	₩ (13)	0.0%	₩136,321	₩ (4)	0.0%
Large corporate	33,175	102	0.3	35,000	100	0.3	43,247	39	0.1
Total corporate	146,902	93	0.1	155,344	87	0.1	179,568	35	0.0
Retail									
Mortgage and home equity	109,130	(3)	0.0	114,726	(28)	0.0	117,648	(8)	0.0
Other consumer	46,810	208	0.4	52,105	110	0.2	50,344	101	0.2
Total retail	155,940	205	0.1	166,831	82	0.0	167,992	93	0.1
Foreign:	13,647	121	0.9	21,143	87	0.4	30,013	452	1.5
Total	₩316,489	₩419	0.1%	₩343,318	₩256	0.1%	₩377,573	₩580	0.2%

Note:

(1) Average loans are based on daily balances.

Investment Portfolio

Investment Policy

The Bank invests in and trades Won-denominated and, to a lesser extent, foreign currency-denominated securities for its own account to:

- maintain the stability and diversification of the Bank's assets;
- maintain adequate sources of back-up liquidity to match the Bank's funding requirements; and
- supplement income from the Bank's core lending activities.

In making securities investments, the Bank takes into account a number of factors, including macroeconomic trends, industry analysis, credit evaluation and maturity in determining whether to make particular investments in securities.

The Bank's investments in securities are also subject to a number of guidelines, including limitations prescribed under the Financial Holding Company Act and the Bank Act. Under these regulations, the Bank must limit its investments in equity securities and certain other securities with a redemption period of over three years (other than Government bonds, the Monetary Stabilization Bonds issued by the BOK, among others) to 100% of its total Tier I and Tier II capital amount (less any capital deductions). Generally, the Bank is also prohibited from acquiring more than 15% of the shares with voting rights issued by any other corporation subject to certain exceptions. Pursuant to the Bank Act, a bank and its trust accounts are prohibited from acquiring the shares of a major shareholder (for the definition of "major shareholder," see "*Regulation and Supervision – Legal and Regulatory Framework in Korea – Financial Exposure to Any Individual Customer or Major Shareholder*") of that bank in excess of an amount equal to 1% of the sum of the bank's Tier I and Tier II capital (less any capital deductions). Further information on the regulatory environment governing the Bank's investment activities is set out in "*Regulation and Supervision – Legal and Regulatory Framework in Korea – Liquidity*" and "*Regulation and Supervision – Legal and Regulatory Framework in Korea – Restrictions on Shareholdings in Other Companies*."

For the definitions of the three categories of securities the Bank holds (financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and financial instruments at amortized cost), see Note 3.5 of the notes to the Bank's consolidated financial statements for 2021 and 2022 included elsewhere in this Offering Circular. The Bank also holds limited balances of venture capital securities, non-marketable and restricted equity securities and derivative instruments.

Maturity Analysis

The following table categorizes the Bank's debt securities by maturity and weighted average yield as of December 31, 2022:

	Within 1 Year	Weighted Average Yield[(1)]	Over 1 But within 5 Years	Weighted Average Yield[(1)]	Over 5 But within 10 Years	Weighted Average Yield[(1)]	Over 10 Years	Weighted Average Yield[(1)]	Total	Weighted Average Yield[(1)]
					(in billions of Won, except percentages)					
Financial assets at fair value through other comprehensive income:										
Korean treasury securities and government agencies	₩ 2,829	1.36%	₩ 5,167	2.06%	₩ 145	3.72%	₩ 8	7.00%	₩ 8,149	1.85%
Debt securities issued by financial institutions	8,020	1.99	9,048	2.21	46	2.68	–	–	17,114	2.11
Corporate debt securities	2,872	1.97	9,683	2.19	52	2.72	–	–	12,607	2.14
Asset-backed securities	208	1.38	29	3.77	–	–	–	–	238	1.68
Total	₩ 13,929	1.85 %	₩ 23,927	2.17 %	₩ 243	3.31%	₩ 8	7.00 %	₩ 38,108	2.06%
Financial assets at amortized cost:										
Korean treasury securities and government agencies	₩ 504	1,78%	₩ 4,406	1.19%	₩ 1,611	1.89%	₩ –	–%	₩ 6,521	1.41%
Debt securities issued by financial institutions	5,416	2.15	4,672	2.98	337	6.45	510	4.03	10,936	2.73
Corporate debt securities	1,634	2.24	7,451	2.32	941	1.76	–	–	10,026	2.25
Asset-backed securities	531	5.01	4,929	2.02	1,911	1.95	24	1.84	7,395	2.21
Total	₩ 8,085	2.33%	₩ 21,458	2.16%	₩ 4,800	2.21%	₩ 534	3.93%	₩ 34,878	2.23%
Total	₩ 22,014	2.03%	₩ 45,385	1.70%	₩ 5,043	2.26%	₩ 542	3.98%	₩ 72,986	2.14%

(1) The weighted average yield for the portfolio represents the yield to maturity for each individual security, weighted using its carrying amount (which is the amortized cost in the case of financial assets at amortized cost and the fair value in the case of financial assets at fair value through other comprehensive income).

Funding

The Bank obtains funding for its lending activities from a variety of sources, both domestic and foreign. The Bank's principal source of funding is customer deposits. In addition, the Bank acquires funding through long-term borrowings (comprising debentures and debts), short-term borrowings, including borrowings from the BOK, and call money.

The Bank's primary funding strategy has been to achieve low-cost funding by increasing the average balances of low-cost retail deposits, in particular demand deposits and time deposits. The Bank also has focused its marketing efforts on higher net worth individuals, who account for a significant portion of the assets in its retail deposit base.

The Bank's borrowings consist of issuances of debentures and debt from financial institutions, the Government and government-affiliated funds. The majority of the Bank's debt is long-term, with maturities ranging from one year to 15 years.

Deposits

Although the majority of the Bank's deposits are short-term, it has been the Bank's experience that the majority of the Bank's depositors generally roll over their deposits at maturity, providing the Bank with a stable source of funding.

The following table shows the average balances of the Bank's deposits and the average rates paid on such deposits for the periods indicated:

	For the years ended December 31,					
	2020		2021		2022	
	Average Balance[(1)]	Average Rate Paid	Average Balance[(1)]	Average Rate Paid	Average Balance[(1)]	Average Rate Paid
	(in billions of Won, except percentages)					
Demand deposits:						
Non-interest-bearing	₩ 4,565	–	₩ 5,356	–	₩ 5,598	–
Interest-bearing	143,203	0.17%	172,980	0.15%	174,923	0.23%
Time deposits	165,435	1.57%	157,371	1.20%	186,063	2.11%
Certificates of deposit	3,636	1.38%	3,618	0.86%	5,512	2.36%
Average total deposits	₩ 316,839	0.91%	₩ 339,325	0.64%	₩ 372,096	1.20%

Note:

(1) Average balances are based on daily balances.

For a description of the Bank's retail deposit products, see *"Business – Retail Banking – Deposit-taking Activities."*

Uninsured deposits, including uninsured time deposits, are not subject to Korean regulatory reporting requirements. Notwithstanding the foregoing, the Depositor Protection Act provides insurance for certain deposits of banks in Korea through a deposit insurance system. See "*Regulation and Supervision – Deposit Insurance System*." Other than the maximum W50 million per individual or entity for deposits and interest in a single financial institution insured by the Korea Deposit Insurance Corporation in accordance with the foregoing, all deposits are uninsured. Although the Depositor Protection Act provides insurance for the deposits at the Bank's foreign branches, to the extent those deposits are recognized by the Korea Deposit Insurance Corporation to also be protected by the deposit insurance systems of the countries where such foreign branches are located, such deposits are not protected by the Korea Deposit Insurance Corporation under the Depositor Protection Act.

The insured status of deposits in our foreign branches, the amount of which we do not consider to be material as of the date of this Offering Circular, are determined based on the individual insurance limits enacted within local regulations, and are thus subject to differing national deposit insurance regimes.

The Bank's total uninsured deposits, including uninsured deposits at its foreign branches, amounted to W343,002 billion and W299,356 billion as of December 31, 2021 and 2022, respectively.

Uninsured Time Deposits

The following table presents the remaining maturities of the Bank's uninsured time deposits, including uninsured time deposits at its foreign subsidiaries, as of December 31, 2022:

	As of December 31, 2022
	(in billions of Won)
Maturing within three months	₩ 111,721
After three but within six months	33,696
After six but within 12 months	79,050
After 12 months	9,625
Total	₩ 234,092

RISK MANAGEMENT OF THE BANK

Overview

As a financial services provider, the Bank is exposed to various risks related to its lending and trading businesses, its funding activities and its operating environment. The Bank's goal in risk management is to ensure that it identifies, measures, monitors and controls the various risks that arise, and that its organization adheres strictly to the policies and procedures which it has established to address these risks. Under the Bank's internal regulations pertaining to its capital adequacy ratio and internal standards for risk appetite and internal capital under Basel III, the Bank identifies the following eight separate categories of risk inherent in its business activities: credit risk, market risk, operational risk, interest rate risk, liquidity risk, credit concentration risk, reputation risk and strategic risk. Of these, the principal risks to which the Bank is exposed are credit risk, market risk, liquidity risk and operational risk, and it strives to manage these and other risks within acceptable limits.

Organization

The Bank delegates risk management authority to its Risk Management Committee. The Risk Management Committee measures and monitors the various risks faced by the Bank and reports to the Bank's board of directors regarding decisions that it makes on risk management issues. The Risk Management Committee also makes certain strategic risk-related decisions regarding the operations of the Bank, such as allocating credit risk limits, setting total exposure limits and market risk-related limits and determining which market risk derivatives instruments the Bank can trade. The major activities of the Risk Management Committee include:

- determining and monitoring risk policies, guidelines, limits and tolerance levels and the level of risk in accordance with group policy established by KB Financial Group;
- reviewing and analysing the Bank's risk profile;
- setting limits for and adjusting the risk capital allocation plan and risk levels for each business unit within the Bank; and
- monitoring compliance with the group-wide risk management policies and practices at the business unit and entity level.

The Risk Management Committee is supported by the Risk Management Council, which serves as the executive decision making body for the Bank's risk management operations. At the operational level, the Bank's Risk Management Department and the Credit Group work closely with its business groups to implement risk management strategies, policies and procedures in accordance with the policies set forth by KB Financial Group's Group Risk Management Committee and the risk management strategies determined by the Bank's Risk Management Committee.

Credit Risk Management

Credit risk is the risk of expected and unexpected losses in the event of borrower or counterparty defaults. Credit risk management aims to improve asset quality and generate stable profits while reducing risk through diversified and balanced loan portfolios. The Bank determines the creditworthiness of each type of borrower or counterparty through reviews conducted by its credit experts and through its credit rating systems, and the Bank sets a credit limit for each borrower or counterparty.

The Bank assesses and manages all credit exposures. The Bank measures expected losses and economic capital on assets (whether on- or off-balance sheet) that are subject to credit risk management and uses expected losses and economic capital as management indicators. The Bank manages credit risk by allocating credit risk economic capital limits. In addition, the Bank controls credit concentration risk exposure by applying and managing total exposure limits to prevent excessive risk concentration to particular industries or borrowers. Credit exposures that the Bank assesses and manages include loans to

borrowers and counterparties, investments in securities, letters of credit, bankers' acceptances, derivatives and commitments. The Bank's risk appetite, which is the ratio of its required economic capital to its estimated available book capital, is approved by KB Financial Group's Group Risk Management Committee once a year. Thereafter, the Bank calculates economic capital every month for each business group and bank-wide based on attributed economic capital in accordance with the risk appetite as approved by the Group Risk Management Committee. The Bank measures and reports profiles of credit risk on a bank-wide level and by business group regularly to relevant business groups and senior management, including the Risk Management Council and the Risk Management Committee.

The Bank uses expected default rates and recovery rates to determine the expected loss rate of a borrower or counterparty. The Bank uses the expected loss rate to make credit related decisions, including pricing, loan approval and establishment of standards to be followed at each level of decision making. These rates are calculated using information gathered from its internal database. With respect to large corporate borrowers, the Bank also uses information provided by external credit rating services to calculate default rates and recovery rates.

The Bank's credit risk management processes include:

- establishing credit policy;
- credit evaluation and approval;
- industry assessment;
- total exposure management;
- collateral evaluation and monitoring;
- credit risk assessment;
- early warning and credit review; and
- post-credit extension monitoring.

Credit Evaluation

With respect to corporate loans, the Bank evaluates the ability of all loan applicants to repay their debts before it approves any loans, except for loans fully guaranteed by letters of guarantee issued by the Credit Guarantee Fund and the Korea Technology Credit Guarantee Fund, for loans fully secured by deposits and for other loans similarly guaranteed or secured. The Bank assigns each borrower or guarantor a credit rating based on the judgment of its experts or scores calculated using the appropriate credit rating system. Factors that the Bank considers in assigning credit ratings include both financial factors and non-financial factors, such as its perception of the borrower's ability to meet its payment obligations, risks relating to the industry in which the borrower operates, management and operational risks relating to the borrower, the borrower's financial flexibility and the borrower's level of reliability based on its transaction history. With respect to retail loans, the Bank assigns credit ratings based on its internal information regarding the borrower that has been accumulated as well as external information gathered from credit bureaus relating to various criteria, such as the borrower's profession, annual income, credit card overdue information and transaction history involving both the Bank and other financial institutions. The credit rating process differs according to the type, size and characteristics of the borrower.

The Bank uses its internally developed credit rating systems to rate potential borrowers. As the characteristics of each customer segment differ, the Bank uses several credit rating systems for its customers. The nature of the credit rating system used for a particular borrower depends on whether the

borrower is an individual, SOHO, SME or large company. For large companies and SMEs, the Bank has 17 credit ratings ranging from AAA to D. For retail customers, the Bank has 13 credit ratings ranging from grade 1 to grade 13.

Based on the credit rating of a borrower, the Bank applies different credit policies, which affect factors such as credit limit, loan period, loan pricing, loan classification and provisioning. The Bank also uses these credit ratings in evaluating its bank-wide risk management strategy. Factors the Bank considers in making this evaluation include the profitability of each company or transaction, performance of each business unit and portfolio management. The Bank monitors the credit status of borrowers and collects information to adjust its ratings appropriately. If the Bank changes a borrower's credit rating, the Bank will also change the credit policies relating to that borrower and it may also change the policies underlying its loan portfolio.

Retail Loan Approval Process

Mortgage Loans and Secured Retail Loans

The Bank's processing center staff reviews mortgage loans and retail loans secured by real estate or guarantees. Branch staff employees forward loan applications to processing centers. However, in the case of loans secured by deposits with the Bank, its branch staff approves such loans. The Bank makes lending decisions based on its assessment of the value of the collateral, debt service capability and the borrower's score generated from its credit scoring systems.

For mortgage loans and loans secured by real estate, the Bank evaluates the value of the real estate offered as collateral using a database the Bank has developed that contains information about real estate values throughout Korea. The Bank also uses information from a third party provider about the real estate market in Korea, which gives the Bank up-to-date market value information for Korean real estate. In addition, the Bank's processing center staff employees review the value of real estate provided by the evaluation system to ensure there are no significant discrepancies. The Bank bases decisions regarding the approval of such loans primarily on the results of its credit scoring systems.

For loans secured by deposits, the Bank will generally grant loans up to 95% of the deposit amount if the Bank holds the deposit.

The Bank generally decides whether to evaluate a loan application within three to five days after recording the relevant information in its credit scoring systems.

Unsecured Retail Loans

The Bank reviews applications for unsecured retail loans in accordance with its credit scoring systems. These automated systems evaluate loan applications and determine an appropriate pricing for the loan. The major benefits of using a credit scoring system are that it yields uniform results regardless of the user, that it can be used effectively by employees who do not necessarily have extensive experience in credit evaluation and that it can be updated easily to reflect changing market conditions by adjusting how each factor is weighted. The staff at the Bank's processing centers reviews the results of the credit scoring system based on information input by its branch staff and, if approved, issues the loan.

The Bank's credit scoring systems take into account factors including borrower's income, assets, profession, age, transaction history (with both the Bank and other financial institutions) and other relevant credit information. The systems rank each borrower in an appropriate grade and that grade is used as a factor in deciding whether to approve loans as well as to determine loan amounts.

The Bank generally bases its decisions on the results of its credit scoring systems to evaluate applications. However, a credit officer may overturn the results of the Bank's credit scoring systems in certain circumstances.

Corporate Loan Approval Process

The Bank approves corporate loans at different levels of its organization depending on the size and type of the loan, the credit risk level assessed by the credit rating system, whether the loan is secured by collateral and, if secured, the value of the collateral. The lowest level of authority is the branch staff employee, who can approve small loans and loans that have the lowest range of credit risk. Larger loans and loans with higher credit risk are approved by higher levels of authority depending on where they fall in a matrix of loan size and credit risk. Depending on the size and terms of any particular loan or the credit risk relating to a particular borrower, more than one entity may review the application, although generally loan applications are reviewed only by the entity having corresponding authority to approve the loan.

The Bank evaluates all of its corporate borrowers by using credit rating systems, except for applicants whose borrowings are fully secured by deposits or applicants who have obtained third-party guarantees from the Government or certain other very highly rated guarantors. See "– *Credit Evaluation*" above.

For owner-operated enterprises (which the Bank refers to as SOHOs), the Bank has put in place a credit rating system known as Small Office Home Office Corporate Rating System ("SOHO CRS"). For other SMEs, the Bank has put in place a similar credit rating system known as Corporate Rating System ("CRS"). For large corporations, the Bank has put in place a similar credit rating system known as Large Corporate Rating System ("LCRS"). For financial institutions, certain non-profit organizations and public institutions, the Bank has put in place a credit rating system known as Financial Institute, Non-profit, Public Corporate Rating System ("FNP CRS"). The SOHO CRS, the CRS, the LCRS and the FNP CRS models consist of the following four parts:

- *Financial Model.* The financial model uses financial ratios such as stability ratio, profitability ratio and cash flow ratio to make credit determinations.

- *Non-financial Model.* The non-financial model uses various qualitative and quantitative factors, such as future repayment capability, industry-related risks, management-related risks and operation-related risks, to evaluate borrowers.

- *CEO Evaluation Model*. The CEO evaluation model is relevant for the SOHO CRS in particular (including business entities without external audits), and evaluates the credit information of the individual owner of SOHOs by reviewing such owner's personal information, bank transaction records and external credit ratings.

- *Default Signal Check Model*. The default signal check model checks factors that have low frequency of occurrence but are highly likely to lead to a default in the event of an occurrence. The results of the default signal check model may be used to cap a borrower's credit grade.

Total Exposure Management

The Bank establishes and manages total exposure limits for industries, *chaebols* and corporations, as well as certain SMEs, in order to efficiently manage financial assets and to optimize the Bank's credit portfolio. The Bank establishes total exposure limits for (i) main debtor groups designated by the FSS, (ii) groups to which the Bank has total exposure of ₩50 billion or more, (iii) enterprises that belong to a main debtor group or large enterprises, in both cases to which the Bank has total exposure of ₩40 billion or more, (iv) SMEs to which the Bank has total exposure of ₩30 billion or more and (v) other groups or individual enterprises designated by the head of the Bank's Risk Management Group as necessary. The Bank establishes total exposure limits by reviewing factors such as industry, size, cash flows, financial ratios and credit ratings, while establishing exposure limits for industries by reviewing the sales growth rate and risk concentration for each industry. The total exposure limits for a specific industry are set following approval by the Bank's Risk Management Council after review by the Credit Risk Management Subcommittee, while the exposure limits for a specific company or company group are set during the review of their credit application by the relevant approval authority.

The Bank's maximum exposure limit is within 25% of its Tier I and Tier II capital for a single group, and within 10% of its Tier I and Tier II capital for a single corporation.

The Bank manages and controls exposure limits on a daily basis. The principal system that the Bank uses for this purpose is the Total Exposure Management System. This system allows the Bank to monitor and control its total exposure to corporations, *chaebols* and industries. The Bank monitors its exposure to large corporations to which the Bank has an exposure of ₩40 billion or more, individual corporations to which the Bank has an exposure of ₩30 billion or more, and also its exposure to the 168 business groups, which comprise the 32 largest highly-indebted business groups, such groups being the main debtor groups in Korea designated as such by the FSS based on their outstanding exposures as well as 136 business groups to which it has exposures (in the form of securities or loans) of ₩50 billion or more. The Bank also monitors its exposure to 37 industries. The Bank's Total Exposure Management System integrates all of its credit-related risk including credit extended by its overseas branches and affiliates. The assets subject to the system include all Won-denominated and foreign currency-denominated loans, all assets in trust accounts except specified money trusts, guarantees, trade-related credits, commercial paper, corporate bonds and other securities and derivatives.

Collateral Evaluation and Monitoring System

The Bank uses the Collateral Evaluation and Monitoring System to manage the liquidation value of collateral it holds. The Collateral Evaluation and Monitoring System is a computerised collateral management system that can be accessed from its headquarters and its branches. Using this system, the Bank can more accurately assess the actual liquidation value of collateral, determine the recovery rate on its loans and use this information in setting the Bank's credit risk management and loan policies. The Bank can monitor the value of all the collateral a borrower provides and the value of that collateral based on its liquidation value. When appraising the value of real estate collateral, which makes up the largest part of the Bank's collateral, the Bank consults a regularly updated database provided by a third party that tracks the prices at which various types of real estate in various regions of Korea are sold. The Bank appraises the value of collateral when it makes a loan, when the loan is due for renewal and when events occur that may change the value of the collateral.

Credit Risk Management and Monitoring

The Bank's Credit Risk Department establishes the Bank's loan portfolio policies and appropriate credit risk limits, including those applicable to internal capital and total exposures to certain assets and business groups, to prevent excessive credit risk. The Credit Risk Department also analyzes and monitors the Bank's loan portfolios and monitors the Bank's compliance with the applicable limits for credit risk on a regular basis. In addition, it implements an industrial risk management plan by monitoring industrial trends and evaluating industry ratings. It also separately manages high-risk products, such as real estate project financing loans and over-the-counter derivative products, by setting appropriate limits.

Credit Review

The Bank's credit review function is independent of the business groups which manage its assets. The Bank's Credit Review Department:

- reviews the Bank's internal credit regulations, policies and systems;
- analyzes the credit status of selected loan assets and verifies the appropriateness of the credit evaluations/approvals made by branches and headquarters; and
- evaluates the corporate credit risk of potentially insolvent companies.

More specifically, the Credit Review Department continually reviews the financial condition of selected borrowers with respect to their current debt, collateral, business, transactions with related parties and debt service capability. Based on its review, the Bank may adjust the borrower's credit rating, its lending policy or asset quality classification of the loan provided to the borrower, depending on the applicable circumstances. The Bank also regularly reviews other aspects of the lending process, including industries and regions in which its borrowers operate and the quality of its domestic and overseas assets. The Bank's industry reviews focus on growth, stability, competition and ability to adapt to a changing environment. Based on the results of a particular industry review, the Bank may revise the total exposure limit assigned to that industry and the lending policy for each company within that industry. When a review takes place, the Bank may adjust not only the credit ratings of its borrowers based on a variety of factors, but also asset quality classification, credit limits and its credit policies. Credit review results are reported to the Bank's chief risk officer and the Risk Management Committee on a quarterly basis.

The Credit Review Department also conducts on-site reviews of selected branches and related credit analysis centers which are experiencing increasing delinquency ratios and bad debts. During these visits, the loan processes are examined and improvement plans and appropriate follow-up measures are recommended.

Also, based on guidelines provided by the FSS to all Korean banks, the Bank operates a corporate credit risk assessment program to facilitate the identification of weak companies and possible commencement of corporate restructuring. Through this program, the Bank, together with other banks, is able to detect symptoms of financially troubled companies at an early stage, assess related credit risk and support the normalization of companies that are likely to turnaround through a workout process, or seek to liquidate those companies that are not likely to recover.

The Credit Review Department also analyzes issues related to credit risk and provides information necessary for the formulation of effective credit policies and strategies and for effective credit risk management.

Market Risk Management

The major risks to which the Bank is exposed are interest rate risk on debt instruments and interest-bearing securities and foreign exchange risk and, to a lesser extent, stock price risk. The financial instruments that expose the Bank to these risks are securities and financial derivatives. The Bank is also exposed to interest rate risk and liquidity risk in its banking book. The Bank divides market risk into risks arising from trading activities and risks arising from non-trading activities.

The Bank's Risk Management Council establishes overall market risk management principles. It has delegated the responsibility for the market risk management for trading activities to the Market Risk Management Subcommittee, which is chaired by its chief risk officer. This subcommittee meets on a regular basis each month and as required to respond to developments in the market and the economy. Based on the policies approved by the Risk Management Council, the Market Risk Management Subcommittee reviews and approves reports as required that include trading profits and losses, position reports, limit utilization, sensitivity analysis and value at risk ("VaR") analysis results for the Bank's trading activities.

The Risk Management Council is responsible for interest rate and liquidity risk management of non-trading activities. It meets on a regular basis and as required to respond to developments in the market and the economy. Members of the Risk Management Council, acting through the Bank's Risk Management Department, review the Bank's interest rate and liquidity gap position monthly, as well as the business profile and its impact on asset and liability management.

To ensure adequate interest rate and liquidity risk management, the Bank has assigned the responsibilities for its asset and liability risk management to its Risk Management Department in its Risk Management Group, which monitors and reviews the asset and liability operating procedures and activities of its Financial Planning Department, and independently reports to the management on the related issues.

Market Risk Management for Trading Activities

The Bank's trading activities consist of:

- trading activities for its own account to realize short-term trading profits in Won-denominated debt and equities markets and foreign exchange markets based on the Bank's short-term forecast of changes in the market situation; and

- trading activities involving derivatives, such as swaps, forwards, futures and option transactions, to realize profits primarily from selling derivative products to the Bank's customers and to hedge market risk incurred from those activities.

The Bank uses derivative instruments to hedge its market risk and, to a limited extent, to make profits by trading derivative products within acceptable risk limits. The principal objective of its hedging strategy is to manage the Bank's market risk within established limits. The Bank uses the following hedging instruments to manage relevant risks:

- to hedge interest rate risk arising from its trading activities, the Capital Markets Group occasionally uses interest rate futures (Korea Treasury Bond Futures) and interest rate swaps;

- to hedge stock price risk arising from its trading activities, the Capital Markets Group selectively uses stock index futures;

- to hedge interest rate risk and foreign exchange risk arising from its foreign currency-denominated asset and liability positions as well as its trading activities, the Capital Markets Group uses interest rate swaps, cross-currency interest rate swaps, foreign exchange forwards and futures, Euro-dollar futures and currency options; and

- to change the interest rate characteristics of certain assets and liabilities after the original investment or funding, the Bank uses swaps. For example, depending on the market situation, the Bank may choose to obtain fixed rate funding instead of floating rate funding if it believes that the terms are more favorable, which the Bank can achieve by entering into interest rate swaps.

The Bank generally manages its market risk at the portfolio level. To control its exposure to market risk, the Bank uses internal capital limits set by its Risk Management Council for itself and its groups and departments, VaR, position and stop loss limits set by the Risk Management Council for itself and its groups, and VaR, position, stop loss and sensitivity limits (PVBP, Delta, Gamma, Vega) set by the Bank's Market Risk Management Subcommittee for its departments. The Bank prepared its risk control and management guidelines for derivative trading based on the regulations and guidelines promulgated by the FSS.

In addition, the Bank has implemented internal processes which include a number of key controls designed to ensure that fair value is measured appropriately, particularly where a fair value model is internally developed and used to price a significant product. See Notes 3.3 and 6 of the notes to the Bank's consolidated financial statements for 2021 and 2022 included elsewhere in this Offering Circular. For example, each year the Risk Management Department reviews the existing pricing and valuation models, with a focus on their underlying modelling assumptions and restrictions, to assess the appropriateness of their continued use. In consultation with the Trading Department, the Risk

Management Department recommends potential valuation models to the Fair Value Evaluation Committee. Upon approval by the Fair Value Evaluation Committee, the selected valuation models are reported to the Market Risk Management Subcommittee.

The Bank monitors market risk arising from trading activities of its business groups and departments. The market risk measurement model the Bank uses for both its Won-denominated trading operations and foreign currency-denominated trading operations is implemented through its integrated market risk management system, called Adaptiv, which enables the Bank to generate consistent VaR numbers for all trading activities.

VaR analysis. The Bank uses VaR to measure market risk. VaR is a statistically estimated maximum amount of loss that could occur over a given period of time at a given level of confidence. VaR is a commonly used market risk management technique. However, this approach does have some shortcomings. VaR estimates possible losses over a certain period at a particular confidence level using past market movement data. Past market movement, however, is not necessarily a good indicator of future events, as there may be conditions and circumstances in the future that the model does not anticipate. As a result, the timing and magnitude of the actual losses can be different depending on the assumptions made at the time of calculation. In addition, the time periods used for the model, generally one or ten days, are assumed to be a sufficient holding period before liquidating the relevant underlying positions. If these holding periods are not sufficient, or are too long, the VaR results may understate or overstate the potential loss. Different VaR methodologies and distributional assumptions could produce a materially different VaR. VaR is most appropriate as a risk measure for trading positions in liquid capital markets and will understate the risk associated with severe events, such as a period of extreme illiquidity.

The Bank uses a 99% single tail confidence level to measure VaR, which means the actual amount of loss may exceed the VaR, on average, once out of 100 business days. Until 2011, the Bank used the "variance-covariance method" or parametric VaR ("PVaR") methodology to measure its daily VaR, which took into account the diversification effects among different risk categories as well as within the same risk category. In 2012, the Bank received authorization from the FSC to use a historical simulation VaR ("HSVaR") methodology, which the Bank believes to be more accurate and responsive in reflecting market volatilities, to measure market risk. The Bank's ten-day HSVaR method, which is computed using a full valuation and is computationally intensive, uses an archive of historical price data and the VaR for a portfolio is estimated by creating a hypothetical time series of returns on that portfolio, obtained by running the portfolio through actual ten-day historical data and computing the changes that would have occurred in each ten-day period.

The following table shows the volume and types of positions held by the Bank for which the VaR method is used to measure market risk as of the dates indicated.

	As of December 31,		
	2020	**2021**	**2022**
		(in millions of Won)	
Securities – Bond[(1)]	₩10,168,932	₩11,744,275	₩12,580,957
Securities – Equity[(1)]	72,317	61,485	65,914
Spot exchanges[(2)]	3,875,863	2,776,925	6,340,438
Derivatives[(3)]	8,994,807	5,900,343	15,181,621
Total	₩23,111,919	₩20,483,028	₩34,168,929

Note:

(1) Represents amounts marked to market and as shown on the balance sheet information that is prepared and submitted to the FSS for risk management purposes.

(2) Represents the overall net open currency position in each currency, which is the greater of (i) the sum of the absolute value of all short positions and (ii) the sum of the absolute value of all long positions.

(3) For over the counter derivatives, represents the absolute value of over the counter derivatives measured at fair value at year end. For exchange traded derivatives, includes the amount of deposits and the collateral posted for such derivatives.

The following table shows the Bank's ten-day HSVaRs (at a 99% confidence level for a ten-day holding period) as of the dates indicated for interest risk, stock price risk and foreign exchange risk relating to the Bank's trading activities. The following figures were calculated on a consolidated basis.

	As of December 31,		
	2020	2021	2022
	(in millions of Won)		
Risk Categories:			
Interest risk	₩ 50.8	₩ 16.5	₩ 47.1
Stock price risk	24.8	5.5	9.4
Foreign exchange risk	49.3	21.5	41.2
Less: diversification	(7.3)	(13.0)	(5.1)
Diversified VaR for overall trading activities	₩ 117.6	₩ 30.5	₩ 92.5

In 2022, the average, high, low and ending amounts of ten-day HSVaR (at a 99% confidence level for a ten-day holding period) for the Bank relating to its trading activities were as follows:

	Trading activities VaR for 2022			
	Average	Minimum	Maximum	As of December 31, 2022
		(in billions of Won)		
Interest risk	₩ 34.9	₩ 16.5	₩ 64.4	₩ 47.1
Stock price risk	8.6	5.1	11.1	9.4
Foreign exchange risk	24.1	14.4	41.8	41.2
Less: diversification				(5.1)
Diversified VaR for overall trading activities	₩ 49.7	₩ 22.1	₩ 99.4	₩ 92.5

In 2021, the average, high, low and ending amounts of ten-day HSVaR (at a 99% confidence level for a ten-day holding period) for the Bank relating to its trading activities were as follows:

	Trading activities VaR for 2021			
	Average	Minimum	Maximum	As of December 31, 2021
		(in billions of Won)		
Interest risk	₩ 20.0	₩ 6.3	₩ 55.6	₩ 16.5
Stock price risk	9.0	4.5	24.8	5.5
Foreign exchange risk	27.8	17.8	49.2	21.5
Less: diversification				(13.0)
Diversified VaR for overall trading activities	₩ 40.9	₩ 15.9	₩ 115.3	₩ 30.5

In 2020, the average, high, low and ending amounts of ten-day HSVaR (at a 99% confidence level for a ten-day holding period) for the Bank relating to its trading activities were as follows:

	Trading activities VaR for 2020			
	Average	Minimum	Maximum	As of December 31, 2020
		(in billions of Won)		
Interest risk	₩ 59.3	₩ 9.6	₩ 106.0	₩ 50.8
Stock price risk	15.2	3.8	24.3	24.8
Foreign exchange risk	36.1	5.3	67.8	49.3
Less: diversification				(7.3)
Diversified VaR for overall trading activities	₩ 105.4	₩ 14.2	₩ 158.8	₩ 117.6

Standardized Method. Market risk for positions not measured by VaR are measured using the standardized method for measuring market risk-based required equity capital specified by the FSS, which takes into account certain risk factors. Under the standardized method, the required equity capital is measured using the risk-weighted values for each risk factor. The method used to measure the market risk-based required equity capital for each risk factor is as follows:

- Interest rate risk:
  - General market risk: General market risk relates to the risk of losses from macroscopic events which could have an impact on interest rates, stock prices, exchange rates, and market prices of general commodities. General market interest rate risk of a debt security is calculated on its net position, taking into consideration the remaining maturity and coupon rate.
  - Specific risk: Specific risk relates to the risk of loss from changes in credit risk of issuers of debt securities or equities, excluding changes in general market prices. Specific interest rate risk of a debt security is measured by multiplying the interest rate position appraised, based on the market price of such security, by the risk-weighted value applicable to the type of debt security, credit rating and the remaining maturity.
- Equity risk: General and specific equity risks are calculated by multiplying the bought or sold position by the relevant risk-weighted values.
- Foreign exchange risk: Foreign exchange risk is measured by multiplying the larger of the absolute values among the net bought or sold positions of each currency by the relevant risk-weighted values.
- Option risk: Option risk is measured using the delta, gamma and vega of the option.

The standardized method is used to measure the market risk of the positions for which the FSS has not approved the use of the VaR method. In addition, the Bank uses the standardized method for positions which are held by certain subsidiaries or for which measuring VaR is difficult due to the lack of daily position data.

The following table shows the volume and types of instruments held by the Bank for which the standardized method is used to measure its required equity capital as of the dates indicated.

	As of December 31,		
	2020	2021	2022
	(in millions of Won)		
Bonds[(1)]	₩ –	₩ 125,722	₩ 177,016
Swaps and foreign exchange positions[(2)]	₩ 217,007	452,615	340,847
Derivative-linked securities[(3)]	85,021	–	–
Debt-equity swap stock put options[(4)]	364	17	33
Total	₩ 302,392	₩ 578,354	₩ 517,895

Notes:

(1) Bonds held by the Bank's overseas consolidated subsidiaries, which cannot be measured through the use of its internal models.

(2) Includes the Bank's overseas consolidated subsidiaries' currency positions and their positions for foreign exchange swaps, total return swaps held by special purpose vehicles and foreign exchange derivatives that have not been authorized by the FSS, which cannot be measured through the use of its internal models.

(3) Amounts as of December 31, 2020 represent the value of derivative-linked securities held by the trust accounts of the Bank subject to consolidation, for which the standardized method is used to measure the Bank's required equity capital.

(4) Reflects the value of the Bank's debt-equity swap stock put options in purchase agreements, which cannot be measured through the use of its internal models.

The following table shows the Bank's required equity capital measured using the standardized method as of the dates indicated.

	As of December 31,		
	2020	2021	2022
	(in millions of Won)		
Risk categories:			
Interest risk	₩ 40,290	₩ 25,431	₩ 18,545
Stock price risk	7,088	5	4,686
Foreign exchange risk	23,938	46,173	70,757
Total	₩ 71,316	₩ 71,610	₩ 93,987

Back Testing. The Bank conducts back testing on a daily basis to validate the adequacy of its market risk model. In back testing, the Bank compares both the actual and hypothetical profit and loss with the VaR calculations and analyzes any results that fall outside its predetermined confidence interval of 99%.

Stress testing. In addition to VaR, which assumes normal market situations, the Bank uses stress testing to assess its market risk exposure to abnormal market fluctuations. Abnormal market fluctuations include significant declines in the stock market and significant increases in the general level of interest rates. This is an important way to supplement VaR, as VaR is a statistical expression of possible loss under a given confidence level and holding period. It does not cover potential loss if the market moves in a manner that is outside the Bank's normal expectations. Stress testing projects the anticipated change in value of holding positions under certain scenarios assuming that no action is taken during a stress event to change the risk profile of a portfolio. According to its stress testing, the Bank estimates that as of December 31, 2022, its trading portfolio could have lost ₩530 billion for an assumed short-term extreme decline of approximately 25% in the equity market and an approximate 111 basis point increase in the Korean treasury bond rates under an abnormal stress environment.

The Bank monitors the impact of market turmoil or any abnormality by conducting stress tests and confirming that the results are within the Bank's market risk limits. If the impact is large, the Bank's chief risk officer may request that the Bank's portfolio be restructured or other appropriate action be taken.

Interest Risk

Interest risk from trading activities arises mainly from the Bank's trading of Won-denominated debt securities. Its trading strategy is to benefit from short-term movements in the prices of debt securities arising from changes in interest rates. As its trading accounts are marked-to-market daily, the Bank manages the interest risk related to its trading accounts using market value-based tools such as VaR and sensitivity analysis. As of December 31, 2022, the VaR of the Bank's interest risk from trading was ₩47.1 billion and the weighted average duration, or weighted average maturity, of its Won-denominated debt securities at fair value through profit or loss was approximately 4.7 years.

Foreign Exchange Risk

Foreign exchange risk arises because the Bank has assets and liabilities that are denominated in currencies other than Won, as well as off-balance sheet items such as foreign exchange forwards and currency swaps. Assets and liabilities denominated in U.S. dollars, Japanese Yen, Euro, Chinese Renminbi and Indonesian IDR typically account for the majority of the Bank's foreign currency assets and liabilities.

The difference between the Bank's foreign currency assets and liabilities is offset against forward foreign exchange positions, currency options and currency swaps to obtain its net foreign currency open position. The Risk Management Council and Market Risk Management Subcommittee oversee the

Bank's foreign exchange exposure for both trading and non-trading purposes by establishing a limit for this net foreign currency open position, together with stop loss limits. VaR limits are established on a combined basis for its domestic operations and foreign branches.

The following table shows the Bank's separate net open positions as of the dates indicated. Positive amounts represent long positions and negative amounts represent short positions.

	As of December 31,		
	2020	2021	2022
	(in millions of US$)		
Currency:			
US$	US$ (676.2)	US$ (783.4)	US$ (448.7)
Japanese Yen	(2.6)	(4.2)	5.0
Euro	4.8	7.0	17.7
Chinese Renminbi	13.9	50.8	67.0
Others	437.7	715.4	1,046.2
Total	US$ (222.4)	US$ (14.4)	US$ 687.2

Equity Price Risk

Equity price risk results from the Bank's equity derivatives trading portfolio in Won since the Bank does not have any trading exposure to shares denominated in foreign currencies other than foreign equity index futures.

The equity derivatives trading portfolio in Won consists of exchange-traded stocks and equity derivatives under strict limits on diversification as well as position limits and stop loss limits.

The Risk Management Council and Market Risk Management Subcommittee sets annual and monthly stop loss limits that are monitored by the Risk Management Department. In order to ensure timely action, the stop loss limit of individual securities is monitored by the Bank's middle office.

As of December 31, 2022, the Bank's equity trading position was ₩65.9 billion.

Derivative Market Risk

The Bank's derivative trading includes interest rate and cross-currency swaps, foreign exchange forwards, stock index and interest rate futures and currency options. These activities consist primarily of the following:

- sales of tailor-made derivative products that meet various needs of the Bank's corporate customers and related transactions to reduce the Bank's exposure resulting from those sales;
- taking positions in limited cases when the Bank expects short-swing profits based on its market forecasts; and
- trading to hedge the Bank's interest rate and foreign currency risk exposure as described above.

Market risk from trading derivatives is not significant since the Bank's derivative trading activities are primarily driven by customer deals with very limited open trading positions.

Market Risk Management for Non-Trading Activities

Interest Rate Risk

The Bank's principal market risk from non-trading activities is interest rate risk. Interest rate risk arises due to mismatches in the maturities or re-pricing periods of these rate-sensitive assets and liabilities. The Bank measures interest rate risk for Won and foreign currency assets and liabilities in its bank accounts

(including derivatives) and its principal guaranteed trust accounts. Most of the Bank's interest-earning assets and interest-bearing liabilities are denominated in Won and its foreign currency-denominated assets and liabilities are mostly denominated in U.S. dollars.

The Bank's principal interest rate risk management objectives are to generate stable net interest revenues and to protect its asset value against interest rate fluctuations. The Bank principally manages this risk for its non-trading activities by analysing and managing maturity and duration gaps between its interest-earning assets and interest-bearing liabilities. In addition, the Bank uses hedging instruments for interest rate risk management for its non-trading assets and liabilities.

Interest rate gap analysis measures expected changes in net interest revenues by calculating the difference in the amounts of interest-earning assets and interest-bearing liabilities at each maturity and interest resetting date. The Bank performs interest rate gap analysis for Won-denominated and foreign currency-denominated assets and trust assets on a monthly basis or more frequently when deemed necessary.

Interest Rate Gap Analysis. The Bank performs interest rate gap analysis based on interest rate re-pricing maturities of assets and liabilities. However, for some of the Bank's assets and liabilities with either no maturities or unique characteristics, the Bank uses or assumes certain maturities, including the following examples:

With respect to asset maturities, the Bank assumes remaining maturities of prime rate-linked loans with remaining maturities of over one year to be one year and uses the actual maturities for prime rate-linked loans with remaining maturities of less than one year.

With respect to liability maturities, the Bank differentiates "non-core" and "core" demand deposits using the last 36 months' average balance of demand deposits. The Bank assumes "non-core" demand deposits to have remaining maturities of one month or less and "core" demand deposits to have remaining maturities between one month and five years.

The following table shows the Bank's consolidated interest rate gap for Won-denominated accounts and foreign currency-denominated accounts as of December 31, 2022:

	As of December 31, 2022					
	0-3 Months	3-6 Months	6-12 Months	1-3 Years	Over 3 Years	Total
	(in billions of Won, except percentages)					
Won-denominated Interest-earning assets:						
Loans	₩ 136,256	₩ 83,762	₩ 60,517	₩ 36,680	₩ 11,693	₩ 328,908
Securities	8,045	5,057	9,750	30,238	13,886	66,976
Others	2,599	16	37	3	0	2,655
Total	₩ 146,900	₩ 88,835	₩ 70,304	₩ 66,921	₩ 25,579	₩ 398,539
Interest-bearing liabilities:						
Deposits	₩ 135,570	₩ 37,820	₩ 85,860	₩ 49,968	₩ 37,697	₩ 346,915
Borrowings	16,661	0	24	144	0	16,829
Others	18,354	4,010	2,130	1,720	2,450	28,664
Total	₩ 170,585	₩ 41,830	₩ 88,014	₩ 51,832	₩ 40,147	₩ 392,408
Sensitivity gap	(23,865)	47,005	(17,710)	15,089	(14,568)	6,131
Cumulative gap	(23,865)	23,320	5,610	20,699	6,131	
% of total assets	5.9%	5.9%	1.4%	5.2%	1.5%	
Foreign currency-denominated Interest-earning assets:						
Due from banks	₩ 5,851	₩ 144	₩ 129	₩ 152	₩ 0	₩ 6,276
Loans	27,846	4,077	3,143	2,714	5,150	42,930
Securities	5,366	1,179	2,043	1,236	1,900	11,724
Total	₩ 39,063	₩ 5,400	₩ 5,315	₩ 4,102	₩ 7,050	₩ 60,930

	As of December 31, 2022					
	0-3 Months	3-6 Months	6-12 Months	1-3 Years	Over 3 Years	Total
	(in billions of Won, except percentages)					
Interest-bearing liabilities:						
Deposits	₩ 20,383	₩ 4,761	₩ 5,488	₩ 2,606	₩ 2,475	₩ 35,713
Borrowings	15,590	4,776	2,885	3,008	4,233	30,492
Others	1,211	0	0	0	0	1,211
Total	₩ 37,184	₩ 9,537	₩ 8,373	₩ 5,614	₩ 6,708	₩ 67,416
Sensitivity gap	1,879	(4,137)	(3,058)	(1,512)	342	6,486
Cumulative gap	1,879	(2,258)	(5,316)	(6,828)	(6,486)	
% of total assets	3.1%	(3.7)%	(8.7)%	(11.2)%	(10.6)%	

Duration Gap Analysis. The Bank also performs duration gap analysis to measure and manage interest rate risk. Duration gap analysis is a more long-term risk indicator than interest rate gap analysis, as interest rate gap analysis focuses more on accounting income as opposed to the market value of the assets and liabilities. The Bank emphasizes duration gap analysis because, in the long run, its principal concern with respect to interest rate fluctuations is the net asset value rather than net interest revenue changes. For duration gap analysis the Bank uses or assumes the same maturities for different assets and liabilities that it uses or assumes for the Bank's interest rate gap analysis.

The following table shows, on a separate basis, duration gaps and net asset value changes when interest rates decrease by one percentage point as of the specified dates.

Won-denominated	Asset Duration	Liability Duration	Duration Gap	Net Asset Value Change
Date	(in years)	(in years)	(in years)	(in billions of Won)
June 30, 2022	0.944	0.894	0.093	₩ 357
December 31, 2022	0.827	0.838	0.020	78

Foreign currency-denominated	Asset Duration	Liability Duration	Duration Gap	Net Asset Value Change
Date	(in years)	(in years)	(in years)	(in billions of Won)
June 30, 2022	0.906	0.743	0.136	₩ 85
December 31, 2022	0.841	0.682	0.102	63

The Bank sets interest rate risk limits using historical interest rate volatility of financial bonds and duration gaps with respect to expected asset and liability positions based on its annual business plans. The Risk Management Department submits interest rate gap analysis, duration gap analysis and interest rate risk limit compliance reports monthly to the Bank's Risk Management Council and quarterly to the Bank's Risk Management Committee.

The following table summarises the Bank's interest rate risk, taking into account asset and liability durations as of December 31, 2022.

	As of December 31, 2022					
	3 Months or Less	3-6 Months	6-12 Months	1-3 Years	Over 3 Years	Total
	(in billions of Won, except percentages and maturities in years)					
Won-denominated:						
Asset position	₩146,900	₩88,835	₩70,304	₩66,921	₩25,579	₩398,539
Liability position	170,585	41,830	88,014	51,832	40,147	392,408
Gap	(23,685)	47,005	(17,710)	15,089	(14,568)	6,131
Average maturity	0.085	0.331	0.646	1.596	4.407	
Interest rate volatility	11.57%	10.87%	9.11%	6.39%	3.77%	
Amount at risk	807	1,738	(1,294)	1,637	(1,741)	1,147

	As of December 31, 2022					
	3 Months or Less	3-6 Months	6-12 Months	1-3 Years	Over 3 Years	Total
	(in billions of Won, except percentages and maturities in years)					
Foreign currency-denominated:						
Asset position	₩39,063	₩5,400	₩5,315	₩4,102	₩7,050	₩60,930
Liability position	37,184	9,537	8,373	5,614	6,708	67,416
Gap	1,879	(4,137)	(3,058)	(1,512)	342	(6,484)
Average maturity	0.093	0.360	0.702	1.758	4.576	
Interest rate volatility	(3.82)%	(4.13)%	(3.62)%	(2.62)%	0.37%	
Amount at risk	(9)	61	78	46	238	414

IRRBB Analysis. Prior to January 2020, the Bank estimated the maximum possible loss on net non-trading assets due to unfavorable changes in interest rates by calculating interest rate VaR using a historical simulation method with actual historical price, volatility and yield changes in comparison with the current position to generate hypothetical portfolios and calculate a distribution of position and portfolio market value changes. Using this method, the Bank's interest rate VaR was ₩591 billion as of December 31, 2020, ₩837 billion as of December 31, 2021 and ₩1,561 billion as of December 31, 2022.

Recent amendments to the Detailed Regulation on the Supervision of the Banking Business, which became effective in November 2019, require banks, including the Bank, to adopt the standards of the Interest Rate Risk in the Banking Book, or IRRBB, issued by the Basel Committee on Banking Supervision for calculating interest rate risk exposure. Such amendments were adopted in order to promote more financial stability for banks by requiring them to maintain a sufficient level of capital through a more robust risk management system. Under the new IRRBB analysis standards, the Bank estimates its interest rate risk by calculating the changes in economic value of equity and the changes in net interest income based on various interest rate risk scenarios. Under this method, the Bank's interest risk exposure was ₩290 billion as of December 31, 2022.

For additional information, see Note 4.4 of the notes to the Bank's consolidated financial statements for 2021 and 2022 included elsewhere in this Offering Circular.

Foreign Exchange Risk

The Bank manages foreign exchange rate risk arising from its non-trading operations together with such risks arising from its trading operations. See "– *Market Risk Management for Trading Activities – Foreign Exchange Risk*."

Liquidity Risk Management

Liquidity risk is the risk of insolvency or loss due to a disparity between the inflow and outflow of funds resulting from, for example, maturity mismatches, obtaining funds at a high price or disposing of securities at an unfavorable price due to lack of available funds. The Bank manages its liquidity in order to meet its financial liabilities from withdrawals of deposits, redemption of matured debentures and repayments at maturity of borrowed funds. The Bank also requires sufficient liquidity to fund loans, to extend other credits and to invest in securities. The Bank's liquidity management goal is to meet all its liability repayments on time and fund all investment opportunities even under adverse conditions. To date, the Bank has not experienced significant liquidity risk.

The Bank maintains liquidity by holding sufficient quantities of assets that can be liquidated to meet actual or potential demands for funds from depositors and others. The Bank also manages liquidity by ensuring that the excess of maturing liabilities over maturing assets in any period is kept to manageable levels relative to the amount of funds the Bank believes it could raise by issuing securities. The Bank seeks to minimize its liquidity costs by managing its liquidity position on a daily basis and by limiting the amount of cash at any time that is not invested in interest-earning assets or securities.

The Bank maintains diverse sources of liquidity to facilitate flexibility in meeting its funding requirements. The Bank funds its operations principally by accepting deposits from retail and corporate depositors, accessing the call loan market (a short-term market for loans with maturities of less than 90 days), issuing debentures and borrowing from the BOK and others. The Bank uses the majority of funds it raises to extend loans or purchase securities. Generally, deposits are of shorter average maturity than loans or investments.

For Won-denominated assets and liabilities, the Bank manages liquidity using a cash flow structure based on holding short-term liabilities and long-term assets. Generally, the average initial contract maturity of the Bank's new Won-denominated time deposits was less than one year, while during the same period most of its new loans and securities had maturities over one year.

The Bank manages liquidity risk within the limits set on Won and foreign currency accounts in accordance with the regulations of the FSC. The FSC generally requires Korean banks, including the Bank, to maintain a liquidity coverage ratio of not less than 100%. The FSC defines the liquidity coverage ratio as the ratio of highly liquid assets to total net cash outflows over a 30-day period. The highly liquid assets and total net cash outflows included in the calculation of the liquid coverage ratio are determined in accordance with the "Standards for Calculation of Liquidity Coverage Ratio" under the Detailed Regulation on the Supervision of the Banking Business. In addition, the FSC requires Korean banks, including the Bank, to maintain a foreign currency liquidity coverage ratio of not less than 80%. In April 2020, in order to encourage financial institutions to provide financial support to companies adversely affected by COVID-19, the FSC announced that it would temporarily lower the required liquidity coverage ratio to 85%, and the required foreign currency liquidity coverage ratio to 70%. In June 2022, the FSC began phasing out such temporary measures. The liquidity coverage ratio requirement is currently 95%, at which level it is expected to remain until June 2024, while the foreign liquidity coverage ratio requirement returned to the pre-pandemic level of 80%.

The Bank's Financial Planning Department is responsible for daily liquidity management of the Bank's Won and foreign currency exposure. It reports monthly plans for funding and operations to the Asset Liability Management Committee, which discusses factors such as interest rate movements and maturity structures of the Bank's deposits, loans and securities and establishes strategies with respect to deposit and lending rates.

The following tables show the Bank's liquidity coverage ratio and foreign currency liquidity coverage ratio on an average balance basis for the month of December 2022 in accordance with FSC regulations:

Liquidity coverage ratio:	**30 Days or Less**
	(in billions of Won, except percentages)
Highly liquid assets (A)	₩76,781
Cash outflows (B)	99,884
Cash inflows (C)	22,475
Total net cash outflows (D = B-C)	77,409
Liquidity coverage ratio (A/D)	99.19%
Minimum limit	92.50%

Foreign currency liquidity coverage ratio:	30 Days or Less
	(in millions of US$, except percentages)
Highly liquid assets (A)	US$6,333
Cash outflows (B)	13,798
Cash inflows (C)	9,443
Total net cash outflows (D = B-C)	4,355
Liquidity coverage ratio (A/D)	145.42%
Minimum limit	80.00%

The Risk Management Department in the Bank's Risk Management Group reports whether the Bank is complying with these limits monthly to the Risk Management Council and quarterly to the Risk Management Committee.

Operational Risk Management

Overall Status

There is no complete consensus on the definition of operational risk in the banking industry. The Bank defines operational risk broadly to include all financial and non-financial risks, other than credit risk, market risk, interest rate risk and liquidity risk, that may arise from its operations that could negatively impact its capital, including the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events as defined under Basel II. The Bank's operational risk management objectives include not only satisfying regulatory requirements, but also providing internal support through the growth of a strong risk management culture, reinforcement of internal controls, improvement of work processes and provision of timely feedback to management members and staff throughout the Bank.

The Bank uses an operational risk management framework meeting the Basel II Advanced Measurement Approach, or AMA, under which the Bank:

- calculates its operational risk VaR on a quarterly basis using the "loss distribution approach VaR" and "scenario based VaR" methodology, and monitors operational risk in terms of Key Risk Indicators ("KRI") using tolerance levels for each indicator;
- executes integrated compliance and operational risk Control Self Assessments ("CSAs"), that enhance the effect on internal controls, which the Bank's employees are able to access and use for process improvement;
- collects and analyzes internal and external loss data;
- conducts scenario analyzes to evaluate exposure to high-severity events;
- manages certain insurance-related activities relating to insurance strategies established to mitigate operational risk;
- examines operational risks arising in connection with the development of, changes in or discontinuance of products, policies or systems;
- uses a detailed business continuity plan covering all of its operations and locations to prepare against unexpected events, including an alternate back-up site for use in disaster events as well as annual full-scale testing of such site;
- refines bank-wide operational risk policies and procedures;
- provides appropriate training and support to business line operational risk managers; and

- reports overall operational risk status to the Bank's senior management.

While the Bank's Risk Management Department advises relevant business units with respect to the review of and suggested improvements on related operational processes and procedures, each of the Bank's relevant business units has primary responsibility for the management of its own operational risk. In addition, the Operational Risk Unit, which is part of the Bank's Risk Management Department, monitors bank-wide operational risk. The Bank also has business line operational risk managers in all of its subsidiaries, departments and branches who periodically conduct CSAs and monitor KRIs. For example, the Bank has developed KRIs relating to customer data protection, which are applied and monitored at all domestic branches and offices. In addition, in order to strengthen risk management of its overseas operations, the Bank designates expert auditors for overseas branches and conducts internal audits designed especially to check key risks identified for each overseas branch. The Bank has also established a risk CSA system for overseas branches, pursuant to which all employees (including locally hired staff) of such branches are required to perform a risk CSA on a quarterly basis. Furthermore, the Bank regularly monitors operational risks related to new businesses as well as existing operating processes and seeks to develop appropriate new KRIs and risk CSA measures on an ongoing basis. Through such method, the Bank is able to ensure proper monitoring and measurement of operational risk in each of its business groups and overseas operations.

Internal Control

To monitor and control operational risks, the Bank maintains a system of comprehensive policies and has put in place a control framework designed to provide a stable and well-managed operational environment throughout its organization. The Bank has in place regular staff rotation and a prescribed leave policy for employees in certain high-risk categories to safeguard against fraud and to check for weaknesses in internal controls. In addition, the Bank maintains an external whistleblower "ombudsman" channel to encourage whistleblowing and voluntary reporting of fraudulent behavior.

The Bank establishes its internal control system in accordance with the group-level internal control principles established by KB Financial Group. The Bank reviews its operations and its level of compliance with internal control systems and business processes on a periodic basis and, as part of this process, the Bank is required to report any problems discovered and any remedial actions taken to KB Financial Group's chief compliance officer.

The Bank's Audit Department is the execution body for the Bank's Audit Committee and supports the Bank's management objectives by auditing the operations of its branches using a risk analysis system and reviewing the operations of its headquarters and subsidiaries through the use of "risk-based audit" in accordance with the "business measurement process" audit methodology, which requires that the Bank's Audit Department evaluate the risk and process of its business units and concentrate their audit capacity with respect to high risk areas. As a result of recent regulatory trends, the Bank's Audit Department is continuing its efforts to establish an advanced audit system and value-added internal audit by introducing risk-based audit techniques.

The FSS periodically conducts a general examination of the Bank's operations. The FSS also performs specific audits on particular aspects of the Bank's operations, such as risk management, investor protection, credit monitoring and liquidity, as the need arises. In January, February, July and December 2019 and February 2021, the FSS issued warnings, as well as imposed administrative fines of various amounts, on the Bank for alleged deficiencies in its operations, and the Bank has since improved upon the main areas in which it was subject to such actions. Most recently, in June 2021, the FSS conducted a comprehensive annual inspection of the Bank's overall operations, and imposed fines on the Bank for certain alleged deficiencies in operations, risk management and asset quality management. The Bank is working to improve the areas which the FSS has noted required improvement.

Legal Risk

The Bank considers legal risk as a part of its operational risk. The uncertainty of the enforceability of the obligations of its customers and counterparties creates legal risk. Changes in laws and regulations could also adversely affect the Bank. Legal risk is higher in new areas of business where the law is often untested in the courts, although legal risk can also increase in the Bank's traditional business to the extent that the legal and regulatory landscape in Korea is changing and many new laws and regulations governing the banking industry remain untested. The Bank's Compliance Supporting Department seeks to minimize legal risk by using stringent legal documentation, employing procedures designed to ensure that transactions are properly authorized and consulting legal advisers.

IT System Operational Risk

The integrity of the Bank's IT systems, and its ability to withstand potential catastrophic events, is crucial to the Bank's continuing operations. Accordingly, the Bank is continuing to strengthen its disaster recovery capabilities. In order to minimize operational risks relating to its IT systems, the Bank has implemented a multi-CPU system that runs multiple CPUs simultaneously on-site and ensures system continuity in case any of the CPUs fail. This system backs up the Bank's data systems at an off-site location on a real-time basis to ensure that its operations can be carried out normally and without material interruption in the event of CPU failure. Also, in order to protect the Bank's Internet banking services from system failures and cyber attacks, the Bank processes its Internet transactions through three separate data processing centers.

The Bank currently tests its disaster recovery systems on a quarterly basis, with the comprehensive testing covering branches and the main IT center's disaster recovery system. In addition, the Bank monitors and reports on any unusual delays or irregularities reported by the Bank's branches. Moreover, the Bank's Information Security Department is responsible for the daily monitoring of the Bank's entire information security system. Furthermore, the Bank has established technical as well as management-related standards governing information protection under which it operates its business.

The Bank has taken steps to establish a comprehensive security system aimed at detecting and responding to internal and external threats to its IT system and has implemented network segregation on the computers of all employees so that Intranet and Extranet functions are segregated. The Bank has endeavored to enhance protection of customer data by using personal identification numbers internally generated and managed by the Bank in all customer financial transaction, in lieu of the resident registration numbers of its customers, and by amending forms and templates to minimize collection of potentially sensitive customer data. The Bank's chief information security officer is responsible for ensuring protection of information assets and technologies and reducing IT risks.

In 2009, the Bank obtained ISO 27001 certification, which relates to information security. In 2011, the Bank also obtained ISO 20000 certification, which relates to IT service management, and BS 25999 certification, which relates to business continuity management. The Bank is the first Korean bank to have obtained all three such international certifications. In addition, the Bank obtained ISMS certification, which relates to information security management, in 2019 and ISMS-P certification, which relates to personal information in addition to information security management, in 2022.

The Bank implements various year-round education programs and training sessions designed to raise the information security awareness of both management and employees.

MANAGEMENT OF THE BANK

Directors and Senior Management

The Bank's board of directors has ultimate responsibility for the management of the Bank's affairs. The Bank's Articles of Incorporation provide for a board of no more than 30 directors, of which three or more must be non-executive directors and non-executive directors must comprise more than half of the board of directors. The Bank currently has three executive directors and five non-executive directors. The Bank elects its directors at a general meeting of shareholders by a majority vote of those present or represented at such meeting as long as the affirmative votes represent at least a quarter of the Bank's total issued and outstanding shares with voting rights.

The term of office for each of the Bank's executive directors is one or two years and for each of the Bank's non-executive directors is two years for the initial term and one year for any subsequent term, provided that, if a director's term of office expires after the end of a fiscal year but before the convening of the general shareholders' meeting concerning the said fiscal year, his/her term of office shall be extended until the end of the general shareholders' meeting. The Bank's directors may serve consecutive terms (with the term of office for non-executive directors limited to five consecutive years) and are subject to the Korean Commercial Code, the Act on Corporate Governance of Financial Companies and related regulations.

In respect of the members of the Bank's board of directors and senior management, there are no potential conflicts between their duties to the Bank and their other duties or private interests. The business address of all of the directors is the Bank's registered office at 26, Gukjegeumyung-ro 8-gil, Yeongdeungpo-gu, Seoul 07331, Korea.

Executive Directors

The table below sets forth the names, years of birth and positions of the Bank's executive directors as of the date of this Offering Circular.

Name	Year of Birth	Position	Start of Term	End of Term
Jae Keun Lee	1966	President and CEO	January 1, 2022	December 31, 2024
Yeong Gi Kim	1963	Chief Audit Executive	January 1, 2022	December 31, 2024
Seog Ho Son	1967	Senior Executive Vice President; Sales Group	January 1, 2024	December 31, 2024

Non-executive Directors

The non-executive directors are outside directors elected from among those persons who do not have a special relationship with the Bank that would interfere with the exercise of their independent judgment. The Bank's non-executive directors are selected based on the candidates' talents and skills in diverse areas, such as law, finance, economics, management and accounting. The table below sets forth the names, years of birth and positions of the Bank's non-executive directors as of the date of this Offering Circular.

Name	Year of Birth	Position	Start of Term	End of Term
Gang Hyeon An	1960	Non-executive Director	March 21, 2019	March 22, 2024
Yong Keun Yoo	1969	Non-executive Director	March 19, 2020	March 22, 2024
Tae-Jong Seo	1964	Non-executive Director	March 25, 2021	March 22, 2024
Sue Bok Moon	1965	Non-executive Director	March 24, 2022	March 22, 2024

Executive Officers

The table below sets forth the names, years of birth and positions of the Bank's executive officers (other than its executive directors) as of the date of this Offering Circular.

Name	Year of Birth	Position
Nam Che Kang	1967	Senior Executive Vice President; Global Business Group
Soon Bae Kang	1964	Senior Executive Vice President; Corporate Investment Banking Customer Group
San Up Kwak	1968	Senior Executive Vice President; Digital Business Group
Jin Sam Kim	1970	Senior Executive Vice President; Gyeonggi Regional Group
Jin Young Kim	1969	Senior Executive Vice President; Customer Contact Group
Jin Gyu Maeng	1966	Senior Executive Vice President; Management Support Group
Ki Eun Park	1970	Senior Executive Vice President; Technology Development Division
Byoung Gon Park	1967	Senior Executive Vice President; Corporate Customer Group
Young Sei Park	1968	Senior Executive Vice President; Consumer Protection Group
Chan Yong Park	1965	Senior Executive Vice President; Planning & Coordination Department
Young Ik Seo	1967	Senior Executive Vice President; Institutional Sales Group
Sang Won Oh	1967	Senior Executive Vice President; Tech Group
Chang Beom Lew	1968	Senior Executive Vice President; S&T Division
Chang Hwa Yook	1967	Senior Executive Vice President; AI/Data Innovation Division
Seong Hee Lee	1967	Senior Executive Vice President; Capital Markets Business Group
Young Jig Lee	1965	Senior Executive Vice President; Credit Management/Evaluation Group
Jong Min Lee	1970	Senior Executive Vice President; Management Planning Group
Take Yeon Lee	1968	Senior Executive Vice President; Gangnam Regional Group
Hyeok Lee	1968	Senior Executive Vice President; Busan, Ulsan, Gyeongnam Regional Group
Yeon Soo Jang	1966	Senior Executive Vice President; Wealth Management Customer Group
Mun Cheol Jeong	1968	Senior Executive Vice President; Retail Customer Group
Jin Ho Jeong	1967	Senior Executive Vice President; DT Initiative Division
Seok Mun Choi	1968	Senior Executive Vice President; Human Resources Support Group
Keoung Nam Kim	1967	Managing Director; ESG Collaboration Division
Chul Ki Kim	1964	Managing Director; AI Asset Management Division
Jin Young Park	1972	Managing Director; Brand Promotion Group
Cheol Ho Park	1966	Managing Director; Customer Contact Sales Division
Hyoung Joo Park	1971	Managing Director; STAR Banking Sales Division
Byung Chul Song	1972	Managing Director; Risk Management Group
Seng Hyup Shin	1970	Managing Director; Global Growth Support Division
Yong Seop Yum	1969	Managing Director; Pension Business Division
Soon Young Oh	1977	Managing Director; Financial AI Division
Sang Won Lee	1968	Managing Director; Chief Compliance Officer
Sang Hwa Lee	1969	Managing Director; Financial Investment Product Division
Yeong Geun Lee	1969	Managing Director; Global Platform Division
Jae Yong Lee	1968	Managing Director; Information Security Division
Jong Hoon Lee	1972	Managing Director; Legal Support Department
Jun Ho Lee	1968	Managing Director; Mobile Business Division
Yung Gi Hong	1970	Managing Director; AI Asset Management Center

Compensation

The aggregate remuneration paid and benefits in kind granted by the Bank to its president and chief executive officer, its other executive directors, its non-executive directors and its executive officers for the year ended December 31, 2022 was ₩21,169 million. In addition, for the year ended December 31, 2022, the Bank set aside ₩388 million for allowances for severance and retirement benefits for the Bank's president and chief executive officer, the other executive directors and the Bank's executive officers.

Committees of the Board of Directors

The Bank currently has the following committees that serve under the board:

(a) the Audit Committee;

(b) the Risk Management Committee;

(c) the Evaluation & Compensation Committee;

(d) the Non-executive Director Nominating Committee;

(e) the Audit Committee Members Nominating Committee; and

(f) the President Nominating Committee

Each committee member is appointed by the board of directors, except for members of the Audit Committee, who are elected at the general meeting of shareholders.

Audit Committee

The Audit Committee currently consists of two non-executive directors, Tae-Jong Seo and Yong Keun Yoo, and one executive director, Yeong Ki Kim. The chairperson of the Audit Committee is Tae-Jong Seo. The Audit Committee oversees the Bank's financial reporting and approves the appointment of the Bank's independent accountants. The committee also reviews the Bank's financial information, auditor's examinations, key financial statement issues, the plans and evaluation of internal control and the administration of the Bank's financial affairs by the board of directors. In connection with the general meetings of shareholders, the committee examines the agenda for, and financial statements and other reports to be submitted by, the board of directors to each general meeting of shareholders. The committee holds regular meetings every quarter.

Risk Management Committee

The Risk Management Committee currently consists of three non-executive directors, Yong Keun Yoo, Gang Hyeon An and Sue Bok Moon. The chairperson of the Risk Management Committee is Yong Keun Yoo. The Risk Management Committee oversees and makes determinations on all issues relating to the Bank's comprehensive risk management function. In order to ensure the Bank's stable financial condition and to maximize the Bank's profits, the committee monitors the Bank's overall risk exposure and reviews the Bank's compliance with risk policies and risk limits. In addition, the committee reviews risk and control strategies and policies, evaluates whether each risk is at an adequate level, establishes or abolishes risk management divisions and reviews risk-based capital allocations. The committee holds regular meetings every quarter. See "*Risk Management*."

Evaluation & Compensation Committee

The Evaluation & Compensation Committee currently consists of three non-executive directors, Sue Bok Moon, Tae-Jong Seo and Byung Hwan Son. The chairperson of the Evaluation & Compensation Committee is Sue Bok Moon. The Evaluation & Compensation Committee reviews compensation schemes and compensation levels and is also responsible for evaluating management's performance.

Non-executive Director Nominating Committee

The committee currently consists of five non-executive directors, Gang Hyeon An, Yong Keun Yoo, Tae-Jong Seo, Sue Bok Moon and Byung Hwan Son. The chairperson of the Non-executive Director Nominating Committee is Byung Hwan Son. The committee oversees the selection of non-executive director candidates and recommends them annually sometime prior to the general stockholders meeting. The term of office of its members is from the first meeting of the committee held to nominate the non-executive directors until the nominated non-executive directors are appointed.

Audit Committee Members Nominating Committee

The committee currently consists of five non-executive directors, Gang Hyeon An, Yong Keun Yoo, Tae-Jong Seo, Sue Bok Moon and Byung Hwan Son. The committee oversees the selection of Audit Committee member candidates and recommends them annually sometime prior to the general stockholders meeting. The term of office of its members is from the first meeting of the committee held to nominate the Audit Committee members until the Audit Committee members are appointed.

President Nominating Committee

The committee currently consists of five non-executive directors, Gang Hyeon An, Yong Keun Yoo, Tae-Jong Seo, Sue Bok Moon and Byung Hwan Son. The committee oversees the selection of candidates for the Bank's President and recommends them sometime prior to a general stockholders meeting at which the President is to be elected. The term of office of its members is from the first meeting of the committee held to nominate the President until the President is appointed.

REGULATION AND SUPERVISION OF THE BANK

Legal and Regulatory Framework in Korea

Overview

The banking system in Korea is governed by the Bank Act and the Bank of Korea Act of 1950, as amended (the "Bank of Korea Act"). In addition, Korean banks are subject to the regulations and supervision of the BOK, the MPB, the FSC and its executive body, the FSS.

The BOK, established in June 1950 under the Bank of Korea Act, performs the customary functions of a central bank. It seeks to contribute to the sound development of the national economy by price stabilization through establishing and implementing efficient monetary and credit policies with a focus on financial stability. The BOK acts under instructions of the MPB, the supreme policy-making body of the BOK.

Under the Bank of Korea Act, the MPB's primary responsibilities are to formulate monetary and credit policies and to determine the operations, management and administration of the BOK.

The FSC, established in April 1998, regulates commercial banks pursuant to the Bank Act, including establishing guidelines on capital adequacy of commercial banks, and promulgates regulations relating to supervision of banks. Furthermore, the FSC regulates market entry into the banking business.

The FSS, established in January 1999, is subject to the instructions and directives of the FSC and carries out supervision and examination of commercial banks. In particular, the FSS sets requirements both for the prudent control of liquidity and for capital adequacy and establishes reporting requirements pursuant to the authority delegated to it under the FSC regulations, pursuant to which banks are required to submit annual reports on financial performance and shareholdings, regular reports on management strategy and non-performing loans, including write-offs, and management of problem companies and plans for the settlement of bad loans.

Under the Bank Act, approval to commence a commercial banking business or a long-term financing business must be obtained from the FSC. Commercial banking business is defined as the lending of funds acquired predominantly from the acceptance of demand deposits for a period not exceeding one year or subject to the limitation established by the FSC, for a period between one year and three years. Long-term financing business is defined as the lending, for periods in excess of one year, of funds acquired predominantly from paid-in capital, reserves or other retained earnings, the acceptance of time deposits with maturities of at least one year, or the issuance of debentures or other bonds. A bank wishing to enter into any business other than commercial banking and long-term financing businesses must file a report to the FSC. For businesses that are subject to a license or approval requirement under applicable laws, such as approval to commence a trust business under the FSCMA, such report must be filed concurrently with a relevant license or approval application to the FSC. In addition, approval to merge with any other banking institution, to liquidate, spin off or close a banking business or to transfer all or a part of a business must be obtained from the FSC.

If the FSC deems a bank's financial condition to be unsound or if a bank fails to meet the applicable capital adequacy ratio set forth under Korean law, the FSC may order:

- admonitions or warnings with respect to the bank or its officers;
- capital increases or reductions;
- assignments of contractual rights and obligations relating to financial transactions;
- a suspension of performance by its officers of their duties and the appointment of receivers;

- disposals of property holdings or closures of subsidiaries or branch offices or downsizing;
- stock cancellations or consolidations;
- mergers with other financial institutions;
- acquisition of such bank by a third party; and
- suspensions of a part or all of the Bank's business operations for not more than six months.

Capital Adequacy

The Bank Act requires nationwide banks, such as the Bank, to maintain a minimum paid-in capital of ₩100 billion and regional banks to maintain a minimum paid-in capital of ₩25 billion. All banks, including foreign bank branches in Korea, are also required to maintain a prescribed solvency position. A bank must also set aside in its legal reserve an amount equal to at least 10% of the net income after tax each time it pays dividends on net profits earned until its legal reserve reaches at least the aggregate amount of its paid-in capital.

Under the Regulation on the Supervision of the Banking Business, the capital of a bank is divided into two categories, Tier I and Tier II capital. Tier I capital (core capital) consists of (i) common equity Tier I capital, including paid-in capital, capital surplus and retained earnings related to common equity and accumulated other comprehensive gains and losses, and (ii) additional Tier I capital, including paid-in capital and capital surplus from the issuance of additional Tier I capital, hybrid capital instruments and other capital securities which meet the standards prescribed by the governor of the FSS under Article 26(2) of the Regulation on Supervision of the Banking Business. Tier II capital (supplementary capital) consists of, among other things, capital and capital surplus from the issuance of Tier II capital, allowances for loan losses on loans classified as "normal" or "precautionary," subordinated debt and other capital securities which meet the standards prescribed by the governor of the FSS under Article 26(2) of the Regulation on Supervision of the Banking Business.

All banks must meet minimum ratios of Tier I and Tier II capital (less any capital deductions) to risk-weighted assets, determined in accordance with FSC requirements that have been formulated based on Bank for International Settlements standards. These requirements were adopted and became effective in 1996, and were amended effective January 1, 2008 upon the implementation by the FSS of Basel II. Under such requirements, all domestic banks and foreign bank branches are required to meet a minimum ratio of Tier I and Tier II capital (less any capital deductions) to risk-weighted assets. Commencing in July 2013, the FSC promulgated a series of amended regulations implementing Basel III, pursuant to which Korean banks and bank holding companies were required to maintain a minimum ratio of common equity Tier I capital to risk-weighted assets of 3.5% and Tier I capital to risk-weighted assets of 4.5% from December 1, 2013, which minimum ratios were increased to 4.0% and 5.5%, respectively, from January 1, 2014 and increased further to 4.5% and 6.0%, respectively, from January 1, 2015. The amended regulations also require an additional capital conservation buffer of 2.5% in 2022 and 2023, as well as a potential counter-cyclical capital buffer of up to 2.5%, which is determined on a quarterly basis by the FSC. In May 2023, the FSC announced that a counter-cyclical capital buffer of 1.0% would apply from May 1, 2024, while maintaining an additional capital conservation buffer of 2.5% in 2024. Furthermore, the Bank was designated as one of the domestic systemically important banks for 2023 by the FSC and was subject to an additional capital requirement of 1.0% in 2022. In July 2023, the Bank was again designated as a domestic systemically important bank for 2024, which would again subject the Bank to the same additional capital requirement of 1.0% in 2024. Such requirements are in addition to the pre-existing requirement for a minimum ratio of Tier I and Tier II capital (less any capital deductions) to risk-weighted assets.

Under the Detailed Regulation on the Supervision of the Banking Business, the following risk-weight ratios must be applied by Korean banks in respect of home mortgage loans:

- for those banks which adopted a standardized approach for calculating credit risk capital requirements, a risk-weight ratio between 20% and 150% for home equity loans, depending on the loan-to-value ratio and risk profile of the loan; and

- for those banks which adopted an internal ratings-based approach for calculating credit risk capital requirements, a risk-weight ratio calculated with reference to the probability of default, loss given default and exposure at default, each as defined under the Detailed Regulation on the Supervision of the Banking Business.

Liquidity

All banks are required to ensure adequate liquidity by matching the maturities of their assets and liabilities in accordance with the Regulation on Supervision of the Banking Business. Banks may not invest an amount exceeding 100% of their Tier I and Tier II capital (less any capital deductions) in equity securities and certain other securities with a redemption period of over three years. This stipulation does not apply to Government bonds, Monetary Stabilization Bonds issued by the BOK or debentures and stocks referred to in items 1 and 2, respectively, of paragraph (6) of Article 11 of the Act on the Structural Improvement of the Financial Industry. The FSC uses the liquidity coverage ratio (described below) as the principal liquidity risk management measure, and currently requires each Korean bank to:

- maintain a liquidity coverage ratio (defined as the ratio of highly liquid assets to total net cash outflows over a 30-day period) of not less than 100% (such requirement was temporarily reduced to 92.5% until June 2023 in response to the COVID-19 pandemic, which was increased to 95.0% until June 2024 as part of the normalization measures);

- maintain a foreign currency liquidity coverage ratio of not less than 80%; and

- submit monthly reports with respect to the maintenance of these ratios.

The MPB of the BOK is empowered to fix and alter minimum reserve requirements that banks must maintain against their deposit liabilities. The current minimum reserve ratios are:

- 7% of average balances for Won currency demand deposits outstanding;

- 0% of average balances for Won currency employee asset establishment savings deposits, employee long-term savings deposits, employee house purchase savings deposits, long-term house purchase savings deposits, household long-term savings deposits and employee preferential savings deposits outstanding (with respect to employee-related deposits and household long-term savings deposits and household long-term savings deposits, only if such deposits were made prior to February 28, 2013); and

- 2% of average balances for Won currency time deposits, installment savings deposits, mutual installments, housing installments and certificates of deposit outstanding.

For foreign currency deposit liabilities, a 2% minimum reserve ratio is applied to time deposits with a maturity of one month or longer, certificates of deposit with a maturity of 30 days or longer and savings deposits with a maturity of six months or longer and a 7% minimum reserve ratio is applied to other deposits. A 1% minimum reserve ratio applies to deposits in offshore accounts, immigrant accounts and resident accounts opened by financial institutions (excluding bank holding companies) and the Export-Import Bank of Korea, as well as foreign currency certificates of deposit held by account holders of such offshore accounts, immigrant accounts and resident accounts opened by financial institutions (excluding bank holding companies) and the Export-Import Bank of Korea.

Furthermore, under the Regulation on Supervision of the Banking Business, the Bank is required to maintain a minimum "mid- to long-term foreign exchange funding ratio" of 100% "Mid- to long- term foreign exchange funding ratio" refers to the ratio of (1) the total outstanding amount of foreign exchange borrowing with a maturity of more than one year to (2) the total outstanding amount of foreign exchange lending with a maturity of one year or more.

Net Stable Funding Ratio and Leverage Ratio Requirements

The FSC implemented the Regulation on Supervision of the Banking Business that impose certain liquidity- and leverage-related ratio requirements on banks in Korea, in accordance with Basel III. Pursuant to such Regulation, each Korean bank is required to:

- maintain a net stable funding ratio (defined as the ratio of the available amount of stable funding to the required amount of stable funding) of not less than 100%, where (i) the available amount of stable funding generally refers to the portion of liabilities and capital expected to be reliable over a one-year time horizon and (ii) the required amount of stable funding generally refers to the amount of stable funding that is required to be maintained based on the liquidity characteristics, residual maturities and off-balance sheet exposures of the bank's assets, each as calculated in accordance with the Detailed Regulation on the Supervision of the Banking Business;

- maintain a leverage ratio (defined as the ratio of core capital to total exposures) of not less than 3%, where (i) the core capital includes paid-in capital, capital surplus, retained earnings and hybrid Tier I capital instruments and (ii) total exposures include on-balance sheet exposures, derivative exposures, securities financing transaction exposures and off-balance sheet exposures, each as calculated in accordance with the Detailed Regulation on the Supervision of the Banking Business; and

- submit monthly reports with respect to the maintenance of these ratios.

Financial Exposure to Any Individual Customer or Major Shareholder

Under the Bank Act, subject to certain exceptions, the sum of large exposures by a bank – in other words, the total sum of its credits to single individuals, juridical persons or business groups that exceed 10% of the sum of Tier I and Tier II capital (less any capital deductions) – generally must not exceed five times the sum of Tier I and Tier II capital (less any capital deductions). In addition, subject to certain exceptions, banks generally may not extend credit (including loans, guarantees, purchases of securities (extended for financial support) and any other transactions that directly or indirectly create credit risk) in excess of 20% of the sum of Tier I and Tier II capital (less any capital deductions) to a single individual or juridical person, or grant credit in excess of 25% of the sum of Tier I and Tier II capital (less any capital deductions) to a single group of companies as defined in the Monopoly Regulations and Fair Trade Act.

The Bank Act also provides for certain restrictions on extending credits to a major shareholder. A "major shareholder" is defined as:

- a shareholder holding (together with persons who have a special relationship with that shareholder) in excess of 10% (or 15% in the case of regional banks) in the aggregate of the bank's total issued and outstanding voting shares; or

- a shareholder holding (together with persons who have a special relationship with such shareholder) in excess of 4% in the aggregate of the bank's (excluding regional banks) total issued and outstanding voting shares of a bank (excluding shares subject to the shareholding restrictions on "non-financial business group companies" as described below), where such shareholder is the largest shareholder or has actual control over the major business affairs of the bank through, for example, appointment and dismissal of the officers as prescribed by the Enforcement Decree of the Bank Act. Non-financial business group companies primarily consist of: (i) any single

shareholding group whose non-financial company assets comprise no less than 25% of its aggregate net assets; (ii) any single shareholding group whose non-financial company assets comprise no less than ₩2 trillion in aggregate; or (iii) any investment company under the FSCMA of which any single shareholding group identified in (i) or (ii) above, owns more than 4% of the total issued and outstanding shares.

Under these restrictions, banks may not extend credits to a major shareholder (together with persons who have a special relationship with that shareholder) in an amount greater than the lesser of (x) 25% of the sum of the bank's Tier I and Tier II capital (less any capital deductions) and (y) the relevant major shareholder's shareholding ratio multiplied by the sum of the bank's Tier I and Tier II capital (less any capital deductions). In addition, the total sum of credits granted to all major shareholders must not exceed 25% of the bank's Tier I and Tier II capital (less any capital deductions).

Interest Rates

Korean banks generally depend on deposits as their primary funding source. Under the Act on Registration of Credit Business, Etc. and Protection of Finance Users and the regulations thereunder, interest rates on loans made by registered banks in Korea may not exceed 20% per annum, commencing July 2021. Historically, interest rates on deposits and lending were regulated by the MPB. There are no controls on deposit interest rates in Korea, except for the prohibition on interest payments on current account deposits.

Lending to SMEs

In order to obtain funding from the BOK at concessionary rates for their SME loans, banks are required to allocate a certain minimum percentage of any quarterly increase in their Won currency lending to SMEs. Currently, this minimum percentage is 45% in the case of nationwide banks and 60% in the case of regional banks. If a bank does not comply with this requirement, the BOK may:

- require the bank to prepay all or a portion of funds provided to that bank in support of loans to SMEs; or
- lower the bank's credit limit.

Disclosure of Management Performance

For the purpose of protecting depositors and investors in commercial banks, the FSC requires commercial banks to publicly disclose certain material matters, including:

- the financial condition and profit and loss of the bank and its subsidiaries;
- fundraising by the bank and the appropriation of such funds;
- any sanctions levied on the bank under the Bank Act or any corrective measures or sanctions under the Act on the Structural Improvement of the Financial Industry; and
- the occurrence of any of the following events, or any other event as prescribed by the applicable regulations, that have damaged or are likely to damage the soundness of the bank's management, except as may otherwise have been disclosed by a bank or its financial holding company listed on the KRX KOSPI Market in accordance with the FSCMA:

  (i) loans bearing no profit made to a single business group in an amount exceeding 10% of the sum of the bank's Tier I and Tier II capital (less any capital deductions) as of the end of the previous month (where the loan exposure to that borrower is calculated pursuant to the criteria under the Detailed Regulation on the Supervision of the Banking Business), unless the loan exposure to that group is not more than ₩4 billion; and

(ii) any loss due to court judgments or similar decisions in civil proceedings in an amount exceeding 1% of the sum of the bank's Tier I and Tier II capital (less any capital deductions) as of the end of the previous month, unless the loss is not more than ₩1 billion.

Restrictions on Lending

Pursuant to the Bank Act and its sub-regulations, a commercial bank may not provide:

- loans secured by a pledge of the bank's own shares, whether direct or indirect;
- loans to enable a natural or juridical person to buy the shares issued by the bank, whether direct or indirect;
- loans to any of the bank's officers or employees, other than *de minimis* loans of up to (i) ₩20 million in the case of a general loan, (ii) ₩50 million in the case of a general loan plus a housing loan or (iii) ₩60 million in the aggregate for general loans, housing loans and loans to pay damages arising from wrongful acts of employees in financial transactions;
- credit (including loans) secured by a pledge of the equity securities of its subsidiary corporation or to enable a natural or juridical person to buy shares of its subsidiary corporation; or
- loans to any officers or employees of its subsidiary corporation, other than general loans of up to ₩20 million or general and housing loans of up to ₩50 million in the aggregate.

Regulations Relating to Retail Household Loans

The FSC has implemented a number of changes in recent years to the regulations relating to retail household lending by banks. Under the currently applicable regulations:

- as to any new loans secured by housing (including apartments) located nationwide, the loan-to-value ratio (the aggregate principal amount of loans secured by such collateral over the appraised value of the collateral) should not exceed 70%;
- as to any new loans secured by housing (including apartments) located in "excessive investment," "high speculation" or "adjustment target" areas, in each case as designated by the Government, the loan to value ratio should not exceed 50%, except that such maximum loan-to-value ratio shall be 70% for low-income households that (i) have a combined annual income of no more than ₩90 million, (ii) do not currently own any housing and (iii) are using the loan to purchase low-price housing valued at no more than ₩900 million (or ₩800 million in the case of adjustment target areas designated by the Minister of Land, Infrastructure and Transport);
- as to any new loans secured by housing (including apartments) located nationwide to be extended to a household that already owns one or more houses, the maximum loan-to-value ratio must be adjusted to 10% lower than the applicable loan-to-value ratio described above;
- as to any new loans secured by housing (including apartments) located in areas of excessive investment or high speculation, in each case, as designated by the Government, extended to a household that already owns one or more houses, the maximum loan-to-value ratio must be 30%;
- as to any new loans secured by housing (including apartments) located in excessive investment or high speculation, in each case as designated by the Government, the borrower's debt-to-income ratio (calculated as (1) the aggregate annual total payment amount of (x) the principal of and interest on loans secured by such housing and existing mortgage and home equity loans and (y) the interest on other debts of the borrower over (2) the borrower's annual income) should not exceed 40%, while as to any new loans secured by housing (including apartments) located in adjustment target areas, the borrower's debt-to-income ratio should not exceed 50%, except that such

maximum debt-to-income ratio is 60% for (i) low-income households that (x) have an annual income of less than ₩90 million, (y) do not currently own any housing, (z) are using the loan to purchase low-price housing valued at ₩900 million or less (₩800 million or less in the case of adjustment target areas) and (ii) first-time home buyers; and

- as to any new loans extended to a household that already has a total loan amount exceeding ₩100 million (including the loan application amount, or in the case of a revolving loan, based on the revolving amount) or has already obtained a loan secured by high priced housing (including apartments) located in excessive investment, high speculation or adjustment target areas, in each case as designated by the Government, where the price exceeds ₩600 million, the borrower's debt-service-ratio (calculated as (1) the aggregate annual total payment amount of the principal of and interest on financial liabilities, including the loans secured by such high-priced housing, divided by (2) the borrower's annual income) should not exceed 40% unless otherwise specified by the applicable regulations.

Restrictions on Investment in Property

A bank may not invest in the following securities in excess of 100% of the sum of the bank's Tier I and Tier II capital (less any capital deductions):

- debt securities (within the meaning of paragraph (3) of Article 4 of the FSCMA) the maturity of which exceeds three years, but excluding Government bonds, Monetary Stabilization Bonds issued by the BOK and bonds within the meaning of item 2, paragraph (6) of Article 11 of the Act on the Structural Improvement of the Financial Industry;

- equity securities, but excluding securities within the meaning of item 1, paragraph (6) of Article 11 of the Act on the Structural Improvement of the Financial Industry;

- derivatives-linked securities (within the meaning of paragraph (7) of Article 4 of the FSCMA) the maturity of which exceeds three years; and

- beneficiary certificates, investment contracts and depositary receipts (within the meaning of paragraph (2) of Article 4 of the FSCMA) the maturity of which exceeds three years.

A bank may possess real estate property only to the extent necessary to conduct its business. The aggregate value of such property may not exceed 60% of the sum of the bank's Tier I and Tier II capital (less any capital deductions). Any property that a bank acquires by exercising its rights as a secured party, or which a bank is prohibited from acquiring under the Bank Act, must be disposed of within three years, unless otherwise specified by the regulations thereunder.

Restrictions on Shareholdings in Other Companies

Under the Bank Act, a bank may not own more than 15% of the shares outstanding with voting rights of another corporation, except where, among other reasons:

- that corporation engages in a category of financial businesses set forth by the FSC; or

- the acquisition of such shares by the bank is necessary for the corporate restructuring of such corporation and is approved by the FSC.

In the above exceptional cases, the total investment in corporations in which the bank owns more than 15% of the outstanding shares with voting rights may not exceed (i) 20% of the sum of Tier I and Tier II capital (less any capital deductions) or (ii) 30% of the sum of Tier I and Tier II capital (less any capital deductions) where the acquisition satisfies the requirements determined by the FSC.

The Bank Act provides that a bank using its bank accounts and its trust accounts is not permitted to acquire the equity securities issued by the major shareholder of such bank in excess of an amount equal to 1% of the sum of Tier I and Tier II capital (less any capital deductions).

Restrictions on Bank Ownership

Under the Bank Act, a single shareholder and persons who have a special relationship with that shareholder generally may acquire beneficial ownership of no more than 10% of a nationwide bank's total issued and outstanding shares with voting rights and no more than 15% of a regional bank's total issued and outstanding shares with voting rights. The Government, the KDIC and bank holding companies qualifying under the Financial Holding Company Act are not subject to this limit. Pursuant to the Bank Act, non-financial business group companies may not acquire beneficial ownership of shares of a nationwide bank in excess of 4% (or 15% in the case of a regional bank) of that bank's outstanding voting shares, unless they satisfy certain requirements set forth by the Enforcement Decree of the Bank Act, obtain the approval of the FSC and agree not to exercise voting rights in respect of shares in excess of the 4% limit (or the 15% limit in the case of a regional bank), in which case they may acquire beneficial ownership of up to 10% of a nationwide bank's outstanding voting shares. The Bank Act grants an exception for non-financial business group companies which, at the time of the enactment of the amended provisions, held more than 4% of the shares of a bank.

In addition, if a foreign investor, as defined in the Foreign Investment Promotion Act, owns in excess of 4% of a nationwide bank's outstanding voting shares, non-financial business group companies may acquire beneficial ownership of up to 10% (or 15% in the case of a regional bank) of that bank's outstanding voting shares, and in excess of 10% (or 15% in the case of a regional bank), 25% or 33% of that bank's outstanding voting shares with the approval of the FSC in each instance, up to the number of shares owned by the foreign investor. Any other person (whether a Korean national or a foreign investor), with the exception of non-financial business group companies described above, may acquire no more than 10% of a nationwide bank's total voting shares issued and outstanding, unless they obtain approval from the FSC in each instance where the total holding will exceed 10% (or 15% in the case of regional banks), 25% or 33% of the bank's total voting shares issued and outstanding provided that, in addition to the foregoing threshold shareholding ratios, the FSC may, at its discretion, designate a separate and additional threshold shareholding ratio.

Deposit Insurance System

The Depositor Protection Act provides insurance for certain deposits of banks in Korea through a deposit insurance system. Under the Depositor Protection Act, all banks governed by the Bank Act are required to pay an insurance premium to the KDIC on a quarterly basis and the rate is determined under the Enforcement Decree to the Depositor Protection Act. If the KDIC makes a payment on an insured amount, it will acquire the depositors' claims with respect to that payment amount. The KDIC insures a maximum of ₩50 million per individual for deposits and interest in a single financial institution, regardless of when the deposits were made and the size of the deposits.

The Financial Consumer Protection Act

The Financial Consumer Protection Act became effective on March 25, 2021, and certain provisions relating to internal control under such Act have become effective on September 25, 2021. The Financial Consumer Protection Act aims to enhance measures to protect financial consumers and to establish a sound market order in the financial product sales and advisory businesses. The Financial Consumer Protection Act consolidates existing regulations relating to the sale of financial products and consumer protection stipulated in other laws governing the financial sector, such as the FSCMA, the Banking Act and the Insurance Business Act, and applies to the financial industry on a cross-sectoral basis.

Application of the Financial Consumer Protection Act

All financial products that are classified as (i) deposits, (ii) loans, (iii) investment products or (iv) insurance products are subject to the Financial Consumer Protection Act. These four types of products encompass most of the products covered by the Bank Act, the FSCMA and the Insurance Business Act. Financial products offered by credit unions, peer-to-peer (P2P) lending firms and registered credit service providers are also regulated by the Financial Consumer Protection Act.

Six Principles Regulating Selling Activities

The Financial Consumer Protection Act consolidates previously scattered regulations regarding financial business operations into six uniform standards that cover the following: (i) suitability, (ii) appropriateness, (iii) duty to explain, (iv) unfair sales practices, (v) improper solicitation and (vi) advertisements. Among these six principles, suitability, appropriateness and duty to explain apply only to "general financial consumers," although "professional financial consumers" may elect to be treated as "general financial consumers," in which case all six principles would apply to them.

Internal Control Requirements for Consumer Protection

The Financial Consumer Protection Act requires sellers of financial products to have adequate internal control standards to protect consumers. The Enforcement Decree to the Financial Consumer Protection Act sets forth details of certain of the internal control standards as follows:

- Establishment of the authority and responsibilities of the decision maker, such as the representative director or a director, in the implementation of internal control measures;

- Development of an organizational structure and designation of personnel responsible for consumer protection matters, including the establishment of a financial consumer protection committee;

- Implementation of (i) inter-departmental consultation procedures for the development and sale of financial products, (ii) processes for internal deliberations and the incorporation of opinions from independent third party advisers, (iii) standards for vetting advertisements, (iv) mandatory training requirements for officers and employees and implementation of qualification requirements, (v) standards for the prevention of conflicts of interest, (vi) proper management of confidential information, and (vii) disclosure obligations when potential harm to consumers arises; and

- Establishment of standards for performance-based compensation of officers and employees in charge of sales of financial products.

Right to Withdraw Subscriptions and Right to Terminate Contracts

Under the Financial Consumer Protection Act, consumers have the right to withdraw subscriptions, allowing them to receive a refund during a statutory cooling-off period following the execution of the relevant subscription agreement. This right generally applies to all types of financial products with the exception of deposits, although in the case of investment products, the right to withdraw applies only to highly complex funds and trusts. Consumers also have the right to terminate a contract if the sellers violate the Financial Consumer Protection Act in relation to the sales process. The right to terminate contracts applies to long-term contracts but such right must be exercised within one year from the time that the customer becomes aware that the financial product was sold in violation of the regulatory requirements.

Punitive Penalty Surcharges

In case of a violation of the principles regarding the duty to explain, unfair sales practices, improper solicitation and advertisements, sellers are subject to a punitive penalty of up to half the "amount that is the purpose of the contract" (which would be the deposit amount in case of deposit products, loan

amount in case of loan products, investment amount in case of investment products, and insurance premium in case of insurance products), depending on the severity of the violation of the Financial Consumer Protection Act.

Restrictions on Foreign Exchange Position

Under the Foreign Exchange Transaction Regulation of Korea, each of a bank's net overpurchased and oversold positions may not exceed 50% of its shareholders' equity as of the end of the prior month.

Laws and Regulations Governing Other Business Activities

A bank must register with the Ministry of Economy and Finance to enter the foreign exchange business, which is governed by the Foreign Exchange Transaction Act of Korea. A bank must obtain the permission of the FSC to enter the securities business, which is governed by regulations under the FSCMA. Under these laws, a bank may engage in the foreign exchange business, securities repurchase business, governmental/public bond underwriting business and governmental bond dealing business, among others.

Trust Business

A bank must obtain approval from the FSC to engage in trust businesses. The Trust Act and the FSCMA govern the trust activities of banks, and they are subject to various legal and accounting procedures and requirements, including the following:

- under the Trust Act, assets accepted in trust by a bank in Korea must be segregated from other assets in the accounts of that bank; and

- depositors and other general creditors cannot obtain or assert claims against the assets comprising the trust accounts in the event the bank is liquidated or wound-up.

The bank must make a special reserve of 25% or more of fees from each unspecified money trust account for which a bank guarantees the principal amount and a fixed rate of interest until the total reserve for that account equals 5% of the trust amount.

Under the FSCMA, a bank with a trust business license (such as the Bank) is permitted to offer both specified money trust account products and unspecified money trust account products. However, pursuant to guidelines from regulatory authorities that discourage the sale of unspecified money trust account products, sales of such products have generally been suspended.

TAXATION

Korean Taxation

The information provided below does not purport to be a complete summary of Korean tax law and practice currently applicable. Prospective investors who are in any doubt as to their tax position should consult with their own professional advisers.

The taxation of non-resident individuals and non-resident corporations (''Non-Residents'') depends on whether they have a ''permanent establishment'' (as defined under Korean law and applicable tax treaty) in Korea to which the relevant Korean source income is attributable or with which such income is effectively connected. Non-Residents without a permanent establishment in Korea are taxed in the manner described below. Non-Residents with permanent establishments in Korea are taxed in accordance with different rules.

Tax on Interest

All payments, other than the payment of the principal amount, under the Guarantee by the Guarantor to a Non-Resident holder of the Notes may be subject to withholding tax at the rate of 22%. (including the local income tax) or such reduced rate as applicable under the relevant tax treaty between Korea and the country of tax residence of the Non-Resident holder. The Korean tax authorities have taken inconsistent positions with regard to the issue of whether the payment of any interest under a guarantee by a resident-guarantor to a Non-Resident will be subject to withholding tax in Korea where the primary obligor is a Non-Resident. The Ministry of Economy and Finance had found that the payment of such interest would not be subject to withholding tax in 2011, reasoning that the payment of such interest does not fall within the scope of the definition of ''Korean-source income'' as defined under Korean tax laws. However, contrary to the aforementioned position taken by the Ministry of Economy and Finance, in an administrative appeals case in 2011 and decisions by the Seoul High Court in 2013 and the Supreme Court of Korea in 2016, it was held that the payment of such interest would be subject to withholding tax since such payment does fall under the definition of ''Korean-source income'' under Korean tax laws. In light of the above, while a court may determine otherwise, given the current state, the Issuer believes that it is likely that the payment of any interest on the Notes under the Guarantee by the Guarantor to a Non-Resident holder of the Notes will be subject to withholding tax in Korea. If that is the case, the Guarantor would need to pay such additional amounts, in accordance with the terms of the Notes, as may be necessary to ensure that the Holders of the Notes receive the amounts guaranteed under the Guarantee that they would otherwise have been entitled to receive in the absence of such deduction or withholding, subject to certain exceptions.

In order to obtain the benefit of a reduced rate available under applicable tax treaties, a Non-Resident holder must submit an application for entitlement to reduced tax rate to the party liable for the withholding before the receipt of the relevant interest payment (if there is no change in the contents of such application, it is not required to submit such application again within 3 years thereafter), together with the documents proving the identity of the beneficial owner of such Korean source income, including a certificate of the Non-Resident holder's tax residence issued by a competent authority of the Non-Resident's resident country. If the Non-Resident holder was unable to receive the benefit of a reduced rate due to his or her failure to timely submit the aforementioned application, the Non-Resident holder may still receive a tax treaty benefit by submitting evidentiary documents to the relevant tax office within 5 years thereafter. If interest is paid to an overseas investment vehicle, the overseas investment vehicle (subject to certain exceptions) must obtain an application for entitlement to reduced tax rate from the beneficial owner and submit a report of overseas investment vehicle and a schedule of beneficial owners together with the application for entitlement to reduced tax rate obtained from the beneficial owner and a certificate of the Non-Resident holder's tax residence to the party liable for the withholding before the receipt of the relevant interest payment. Effective January 1, 2022, an overseas investment vehicle is deemed to be a beneficial owner of Korean-sourced income for income tax purposes, if (i) under the applicable tax treaty, the overseas investment vehicle bears tax liabilities in the

country in which it is established or the overseas investment vehicle is deemed to be the owner of the Korean-sourced income; and (ii) the Korean-sourced income is eligible for the treaty benefits under the tax treaty.

Tax Treaties

At the date of this Offering Circular, Korea has tax treaties with, *inter alia*, Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Ireland, Italy, Japan, Luxembourg, The Netherlands, New Zealand, Norway, Singapore, Sweden, Switzerland, the United Kingdom and the United States of America, under which the rate of withholding tax on interest is reduced, generally to between 5 and 16.5% (including local income tax), and the tax on capital gains is often eliminated.

A special withholding tax system took effect on July 1, 2006. Under the system, there is a special procedure to apply the Korea-Malaysia tax treaty on certain Korean source income. Payments made to the residents of Labuan, Malaysia will be subject to the default Korean withholding tax rates (generally 15.4% or 22% for interest and the lower of 11% of gross realization proceeds or 22% of capital gains (including local income tax)) rather than the reduced or exempted rate available under the Korea Malaysia tax treaty. A Labuan taxpayer, however, will be given an opportunity to obtain a refund by proving that it is entitled to the tax treaty benefits as a beneficial owner of the income and is an actual resident of Labuan, Malaysia. A Labuan taxpayer may also file an application with the National Tax Service (the "NTS") for confirmation that it is entitled to the tax treaty benefits and obtain an advance confirmation from the NTS prior to receiving Korean source income.

United States Federal Income Taxation

The following is a summary of certain U.S. federal income tax considerations that may be relevant to a Non-U.S. holder (as defined below) of a Note. This summary is based on provisions of the Internal Revenue Code of 1986, as amended, applicable Treasury regulations, laws, rulings and decisions now in effect, all of which are subject to change, possibly with retroactive effect. This summary deals only with Non-U.S. holders that will hold Notes as capital assets and acquired notes upon original issuance at their original issue price. This summary does not address particular tax considerations that may be applicable to investors that are subject to special tax rules, such as banks, tax-exempt entities, insurance companies, regulated investment companies, dealers in securities or currencies, traders in securities electing to mark to market, persons that will hold Notes as a position in a "straddle" or conversion transaction, or as part of a "synthetic security" or other integrated financial transaction, entities taxed as partnerships or the partners therein, U.S. expatriates, nonresident alien individuals present in the United States for more than 182 days in a taxable year.

This summary addresses only U.S. federal income tax consequences, and does not address consequences arising under state, local, foreign tax laws, the alternative minimum tax or the Medicare tax on net investment income. Investors should consult their own tax advisers in determining the tax consequences to them of holding Notes under such tax laws, as well as the application to their particular situation of the U.S. federal income tax considerations discussed below.

As used herein, a "Non-U.S. holder" is a beneficial owner of a Note that is none of the following: (i) a citizen or resident of the United States; (ii) a U.S. domestic corporation or (iii) otherwise subject to U.S. federal income taxation on a net income basis in respect of the Note.

Payments of Interest

Subject to the discussions below under "– FATCA" and "– Information Reporting and Backup Withholding," payments of interest on the Notes to a Non-U.S. holder generally will be exempt from withholding of U.S. federal income tax under the portfolio interest exemption provided that (i) the Non-U.S. holder properly certifies as to its foreign status by providing a properly executed IRS Form W-8BEN or W-8BEN-E (or appropriate substitute form) to the applicable withholding agent; (ii) the Non-

U.S. holder does not actually or constructively own 10% or more of the total combined voting power of our stock entitled to vote; and (iii) the Non-U.S. holder is not a controlled foreign corporation that is related to us actually or constructively through stock ownership.

Sale, Exchange and Retirement of Notes

Subject to the discussion below under "*Information Reporting and Backup Withholding,"* a Non-U.S. holder generally will not be subject to U.S. federal income tax on gain recognized on a sale, exchange or retirement of Notes.

FATCA

Under the U.S. tax rules known as the Foreign Account Tax Compliance Act ("FATCA"), a holder of Notes will generally be subject to 30% U.S. withholding tax on interest payments on the Notes if the holder is not FATCA compliant, or holds its Notes through a foreign financial institution that is not FATCA compliant. In order to be treated as FATCA compliant, a holder must provide certain documentation (usually an IRS Form W-8BEN or W-8BEN-E) containing information about its identity, its FATCA status, and if required, its direct and indirect U.S. owners. These requirements may be modified by the adoption or implementation of an intergovernmental agreement between the United States and another country or by future U.S. Treasury Regulations. If any taxes are required to be deducted or withheld from any payments in respect of the Notes as a result of a beneficial owner or intermediary's failure to comply with the foregoing rules, no additional amounts will be paid on the Notes as a result of the deduction or withholding of such tax.

Documentation that holders provide in order to be treated as FATCA compliant may be reported to the IRS and other tax authorities, including information about a holder's identity, its FATCA status, and if applicable, its direct and indirect U.S. owners. Prospective investors should consult their own tax advisers about how information reporting and the possible imposition of withholding tax under FATCA may apply to their investment in the Notes.

Information Reporting and Backup Withholding

Information returns will be filed with the IRS in connection with payments on the Notes and the proceeds of dispositions of Notes. In addition, certain U.S. persons may be subject to backup withholding in respect of such amounts if they do not provide their taxpayer identification numbers to the person from whom they receive payments. Non-U.S. holders may be required to comply with applicable certification procedures to establish that they are not U.S. persons in order to avoid the application of such information reporting requirements and backup withholding. The amount of any backup withholding from a payment will be allowed as a credit against the Non-U.S. holder's U.S. federal income tax liability and may entitle the holder to a refund, provided that the required information is timely furnished to the IRS.

SUBSCRIPTION AND SALE

BNP Paribas, Citigroup Global Markets Limited, Crédit Agricole Corporate and Investment Bank, The Hongkong and Shanghai Banking Corporation Limited, J.P. Morgan Securities plc, MUFG Securities Asia Limited and Standard Chartered Bank (the "Managers") have, pursuant to a Subscription Agreement (the "Subscription Agreement") dated January , 2024, agreed to subscribe and pay for, or to procure subscriptions and payment for, the principal amount of the Notes subject to certain conditions contained therein.

The Issuer will also reimburse the Managers in respect of certain of their expenses, and the Issuer and the Guarantor have agreed to indemnify the Managers against certain liabilities (including liabilities under the Securities Act), incurred in connection with the issue and sale of the Notes. The Subscription Agreement may be terminated in certain circumstances prior to payment of the issue price to the Issuer.

The initial issue price is set forth on the cover of this Offering Circular. After the Notes are released for sale, the Managers may change the issue price and other selling terms. The offering of the Notes by the Managers is subject to receipt and acceptance and subject to the Managers' right to reject any order in whole or in part.

The Managers and certain of their respective affiliates have, from time to time, performed, and may in the future perform, certain investment banking, commercial banking and advisory services for the Issuer, the Guarantor and/or their respective affiliates for which they have received or will receive customary fees and expenses.

The Managers and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. In the ordinary course of their various business activities, the Managers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investments and securities activities may involve securities and instruments of the Issuer and the Guarantor.

The Managers or their affiliates may subscribe the Notes for their own account and enter into transactions, including credit derivatives, such as asset swaps, repackaging and credit default swaps relating to the Notes and/or other securities of the Issuer, the Guarantor or their respective subsidiaries or associates at the same time as the offer and sale of the Notes or in secondary market transactions. Such transactions would be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Notes to which this Offering Circular relates (notwithstanding that such selected counterparties may also be subscribers of the Notes).

If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Managers or any affiliate of the Managers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by that Manager or its affiliate on behalf of the Issuer in such jurisdiction.

Important Notice to CMIs (including private banks)

This notice to CMIs (including private banks) is a summary of certain obligations the SFC Code imposes on CMIs, which require the attention and cooperation of other CMIs (including private banks). Certain CMIs may also be acting as OCs for this offering and are subject to additional requirements under the SFC Code.

Prospective investors who are the directors, employees or major shareholders of the Issuer, the Guarantor, a CMI or its group companies would be considered under the SFC Code as having an Association with the Issuer, the Guarantor, the CMI or the relevant group company. CMIs should specifically disclose whether their investor clients have any Association when submitting orders for the Notes. In addition, private banks should take all reasonable steps to identify whether their investor clients may have any Associations with the Issuer, the Guarantor or any CMI (including its group companies) and inform the relevant Managers accordingly.

CMIs are informed that the marketing and investor targeting strategy for this offering includes institutional investors, sovereign wealth funds, pension funds, hedge funds, family offices and high net worth individuals, in each case, subject to the selling restrictions set out elsewhere in this Offering Circular.

CMIs should ensure that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e., two or more corresponding or identical orders placed via two or more CMIs). CMIs should enquire with their investor clients regarding any orders which appear unusual or irregular. CMIs should disclose the identities of all investors when submitting orders for the Notes (except for omnibus orders where underlying investor information may need to be provided to any OCs when submitting orders). Failure to provide underlying investor information for omnibus orders, where required to do so, may result in that order being rejected. CMIs should not place "X-orders" into the order book.

CMIs should segregate and clearly identify their own proprietary orders (and those of their group companies, including private banks as the case may be) in the order book and book messages.

CMIs (including private banks) should not offer any rebates to prospective investors or pass on any rebates provided by the Issuer or the Guarantor. In addition, CMIs (including private banks) should not enter into arrangements which may result in prospective investors paying different prices for the Notes.

The SFC Code requires that a CMI disclose complete and accurate information in a timely manner on the status of the order book and other relevant information it receives to targeted investors for them to make an informed decision. In order to do this, those Managers in control of the order book should consider disclosing order book updates to all CMIs.

When placing an order for the Notes, private banks should disclose, at the same time, if such order is placed other than on a "principal" basis (whereby it is deploying its own balance sheet for onward selling to investors). Private banks who do not provide such disclosure are hereby deemed to be placing their order on such a "principal" basis. Otherwise, such order may be considered to be an omnibus order pursuant to the SFC Code. Private banks should be aware that placing an order on a "principal" basis may require the relevant affiliated Manager(s) (if any) to categorize it as a proprietary order and apply the "proprietary orders" requirements of the SFC Code to such order.

In relation to omnibus orders, when submitting such orders, CMIs (including private banks) that are subject to the SFC Code should disclose underlying investor information in respect of each order constituting the relevant omnibus order (failure to provide such information may result in that order being rejected). Underlying investor information in relation to omnibus orders should consist of:

- The name of each underlying investor;
- A unique identification number for each investor;
- Whether an underlying investor has any "Associations" (as used in the SFC Code);
- Whether any underlying investor order is a "Proprietary Order" (as used in the SFC Code);
- Whether any underlying investor order is a duplicate order.

Underlying investor information in relation to omnibus order should be sent to: dl.asia.syndicate@asia.bnpparibas.com; DCM.Omnibus@citi.com; HKG-Syndicate@ca-cib.com; hk_syndicate_omnibus@hsbc.com.hk; Investor.info.hk.bond.deals@jpmorgan.com; Asia-Syndicate@hk.sc.mufg.jp; synhk@sc.com.

To the extent information being disclosed by CMIs and investors is personal and/or confidential in nature, CMIs (including private banks) agree and warrant: (A) to take appropriate steps to safeguard the transmission of such information to any OCs; and (B) that they have obtained the necessary consents from the underlying investors to disclose such information to any OCs. By submitting an order and providing such information to any OCs, each CMI (including private banks) further warrants that they and the underlying investors have understood and consented to the collection, disclosure, use and transfer of such information by any OCs and/or any other third parties as may be required by the SFC Code, including to the Issuer, the Guarantor, relevant regulators and/or any other third parties as may be required by the SFC Code, for the purpose of complying with the SFC Code, during the bookbuilding process for this offering. CMIs that receive such underlying investor information are reminded that such information should be used only for submitting orders in this offering. The relevant Managers may be asked to demonstrate compliance with their obligations under the SFC Code, and may request other CMIs (including private banks) to provide evidence showing compliance with the obligations above (in particular, that the necessary consents have been obtained). In such event, other CMIs (including private banks) are required to provide the relevant Manager with such evidence within the timeline requested.

Selling Restrictions

United States

The Notes and the Guarantee have not been and will not be registered under the Securities Act, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

Each Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer or sell the Notes and the Guarantee (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Closing Date, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Notes and the Guarantee during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes and the Guarantee within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S.

The Notes and the Guarantee are being offered and sold outside of the United States to non-U.S. persons in reliance on Regulation S.

In addition, until 40 days after the commencement of the offering of the Notes and the Guarantee, an offer or sale of Notes and the Guarantee within the United States or to, or for the account or benefit of, U.S. persons by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

United Kingdom

Each Manager has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the "FSMA")) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Hong Kong

Each Manager has represented and agreed that:

(a) it has not offered or sold, and will not offer or sell, in Hong Kong, by means of any document, any Notes other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "SFO") and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "C(WUMP)O") or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong), other than with respect to Notes which are, or are intended to be, disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

Japan

The Notes have not been, and will not be, registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "Financial Instruments and Exchange Act"). Accordingly, each Manager has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

Singapore

Each Manager has acknowledged that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Manager has represented and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

Switzerland

This Offering Circular is not intended to constitute an offer or solicitation to purchase or invest in the Notes described herein. The Notes may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland and will not be listed on the SIX Swiss Exchange or on any other exchange or regulated trading facility in Switzerland. Neither this Offering Circular nor any other offering or marketing material relating to the Notes constitutes a prospectus as such term is understood pursuant to article 652a or article 1156 of the Swiss Code of Obligations or a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange or any other regulated trading facility in Switzerland or a

simplified prospectus or a prospectus as such term is defined in the Swiss Collective Investment Scheme Act, and neither this Offering Circular nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this Offering Circular nor any other offering or marketing material relating to the offering, nor the Issuer nor the Notes have been or will be filed with or approved by any Swiss regulatory authority. The Notes are not subject to the supervision by any Swiss regulatory authority, e.g., the Swiss Financial Markets Supervisory Authority ("FINMA"), and investors in the Notes will not benefit from protection or supervision by such authority.

Korea

The Notes have not been and will not be registered with the Financial Services Commission of Korea under the FSCMA. Accordingly, the Notes may not be offered, sold or delivered, directly or indirectly, in Korea or to, or for the account or benefit of, any resident of Korea (as such term is defined in the Foreign Exchange Transactions Law of Korea and regulation thereunder), or to others for re-offering or resale directly or indirectly in Korea or to any resident of Korea except as otherwise permitted under applicable Korean laws and regulations. In addition, within one year following the issuance of the Notes, the Notes may not be transferred to any resident of Korea other than a Korean "qualified institutional buyer" (as defined in the Regulation on Securities Issuance, Public Disclosure, Etc. of Korea, a "Korean QIB") registered with the Korea Financial Investment Association as a Korean QIB, provided that the amount of the Notes acquired by such Korean QIBs in the primary market is limited to no more than 20% of the aggregate principal amount of the Notes. Each Manager severally but not jointly has undertaken to ensure that any securities dealer to which it sells Notes confirms that it is purchasing such Notes as principal and agrees with such Manager that it will comply with the restrictions described above.

Transfer Restrictions

Because of the following restrictions, purchasers are advised to consult with legal counsel prior to making any offer, resale, pledge or other transfers of the Notes.

Transfer Restrictions under Korean Law

Each purchaser of the Notes, by accepting delivery of this Offering Circular, will be deemed to have acknowledged and represented and agreed as follows:

(a) The Notes have not been registered under the FSCMA. Accordingly, the Notes may not be offered, sold or delivered, directly or indirectly, in Korea or to, or for the account or benefit of, any resident of Korea (as such term is defined in the Foreign Exchange Transactions Law of Korea and regulation thereunder), or to others for re-offering or resale directly or indirectly in Korea or to any resident of Korea except as otherwise permitted under applicable Korean laws and regulations. In addition, within one year following the issuance of the Notes, the Notes may not be transferred to any resident of Korea other than a Korean QIB registered with the Korea Financial Investment Association as a Korean QIB, provided that the amount of the Notes acquired by such Korean QIBs in the primary market is limited to no more than 20% of the aggregate principal amount of the Notes.

(b) The Notes will bear legends to the effect described in paragraph (a) above.

Other Transfer Restrictions Applicable to the Notes

The Notes and the Guarantee have not been and will not be registered under the Securities Act. The Notes and the Guarantee may not be offered or sold to any person in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

Except in certain limited circumstances, interests in the Notes may only be held through interests in the Global Certificates. Such interests in the Global Certificates will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear, Clearstream and their respective direct and indirect participants. See "Terms and Conditions of the Notes" and "The Global Certificates."

Each purchaser of the Notes, by accepting delivery of this Offering Circular, will be deemed to have acknowledged and represented and agreed as follows:

(a) The Notes and the Guarantee have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state of the United States or any other jurisdiction and are subject to significant restrictions on transfer.

(b) Until forty (40) days after the commencement of offering of the Notes, an offer or sale of Notes and the Guarantee within the United States or to, or for the account or benefit of, U.S. persons by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

(c) Such purchaser will not offer, sell, pledge or otherwise transfer any interest in the Notes or the Guarantee except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

(d) The Notes will bear legends to the following effect, unless the Issuer determines otherwise in compliance with applicable law, and such purchaser will observe the restrictions contained therein:

THE NOTES EVIDENCED HEREBY (THE "NOTES") OF SK BATTERY AMERICA, INC. (THE "ISSUER") HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT").

PRIOR TO THE EXPIRATION OF 40 DAYS AFTER THE LATER OF THE COMMENCEMENT OF THE OFFERING OF THE NOTES AND THE LATEST CLOSING DATE (THE "DISTRIBUTION COMPLIANCE PERIOD"), THE NOTES MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED TO ANY U.S. PERSON OUTSIDE THE UNITED STATES OR ANY PERSON IN THE UNITED STATES. EACH HOLDER AND BENEFICIAL OWNER, BY ITS ACCEPTANCE OF THE NOTES EVIDENCED HEREBY, REPRESENTS THAT IT UNDERSTANDS AND AGREES TO THE FOREGOING AND FOLLOWING RESTRICTIONS.

THE FOREGOING PARAGRAPH WILL BE NO LONGER EFFECTIVE AFTER THE END OF THE DISTRIBUTION COMPLIANCE PERIOD WITH RESPECT TO THE NOTES, AFTER WHICH THE NOTES EVIDENCED HEREBY WILL NO LONGER BE SUBJECT TO THE RESTRICTIONS SET FORTH THEREIN, PROVIDED THAT AT SUCH TIME AND THEREAFTER THE OFFER OR SALE OF THE NOTES EVIDENCED HEREBY WOULD NOT BE RESTRICTED UNDER ANY APPLICABLE SECURITIES LAWS OF THE UNITED STATES OR OF THE STATES OR TERRITORIES OF THE UNITED STATES.

THE NOTES HAVE NOT BEEN REGISTERED UNDER THE FINANCIAL INVESTMENT SERVICES AND CAPITAL MARKETS ACT OF KOREA (THE "FSCMA"). ACCORDINGLY, THE NOTES MAY NOT BE OFFERED, SOLD OR DELIVERED, DIRECTLY OR INDIRECTLY, IN KOREA OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY RESIDENT OF KOREA (AS SUCH TERM IS DEFINED IN THE FOREIGN EXCHANGE TRANSACTIONS LAW OF KOREA AND REGULATION THEREUNDER) OR TO OTHERS FOR RE-OFFERING OR RESALE DIRECTLY OR INDIRECTLY IN KOREA OR TO ANY RESIDENT OF KOREA EXCEPT AS OTHERWISE PERMITTED UNDER APPLICABLE KOREAN LAWS AND REGULATIONS. IN ADDITION, WITHIN ONE YEAR FOLLOWING THE ISSUANCE OF THE NOTES, THE NOTES MAY NOT BE TRANSFERRED TO ANY RESIDENT OF KOREA OTHER THAN A KOREAN QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN THE REGULATION ON SECURITIES

ISSUANCE AND PUBLIC DISCLOSURE, ETC. OF KOREA, A "KOREAN QIB") WHO IS REGISTERED WITH THE KOREA FINANCIAL INVESTMENT ASSOCIATION AS A KOREAN QIB, PROVIDED THAT THE AMOUNT OF THE NOTES ACQUIRED BY SUCH KOREAN QIBS IN THE PRIMARY MARKET IS LIMITED TO NO MORE THAN 20% OF THE AGGREGATE PRINCIPAL AMOUNT OF THE NOTES.

LEGAL MATTERS

Certain legal matters relating to the issue and sale of the Notes will be passed upon for the Issuer by Greenberg Traurig, LLP as to matters of New York law and Shin & Kim LLC as to matters of Korean law, for the Guarantor by Cleary Gottlieb Steen & Hamilton LLP as to matters of New York law and Shin & Kim LLC as to matters of Korean law and for the Managers by Linklaters LLP as to matters of New York law. Shin & Kim LLC may rely as to all matters of New York law on the opinion of Greenberg Traurig, LLP, Cleary Gottlieb Steen & Hamilton LLP and Linklaters LLP, and Greenberg Traurig, LLP, Cleary Gottlieb Steen & Hamilton LLP and Linklaters LLP may rely as to all matters of Korean law on the opinion of Shin & Kim LLC.

INDEPENDENT ACCOUNTANTS

The annual consolidated financial statements of the Issuer as of and for the years ended December 31, 2022 and 2021, included elsewhere in this Offering Circular, have been audited by Ernst & Young LLP, independent auditors, as stated in their audit report included therein. Note 1 of the notes to the Issuer's annual consolidated financial statements as of and for the years ended December 31, 2022 and 2021 contains a paragraph regarding the Issuer's going concern.

With respect to the unaudited consolidated interim financial statements of the Bank as of and for the three-month and nine-month periods ended September 30, 2023, included in this Offering Circular, Samil PricewaterhouseCoopers, independent accountants, reported that they have applied limited procedures in accordance with professional standards for a review of such information. In addition, their separate report dated November 13, 2023 (which contains an other matter paragraph relating to the adjustments to the comparative condensed consolidated interim financial statements as described in Note 2 to the financial statements) appearing herein states that they did not audit and they do not express an opinion on such interim financial information. Accordingly, the degree of reliance on their report on such information should be restricted in light of the limited nature of the review procedures applied.

The annual consolidated financial statements of the Bank as of and for the years ended December 31, 2022 and 2021, included elsewhere in this Offering Circular, have been audited by KPMG Samjong Accounting Corp., independent accountants, as stated in their audit report included elsewhere in this Offering Circular.

The annual consolidated financial statements of the Bank as of and for the years ended December 31, 2021 and 2020, included elsewhere in this Offering Circular, have been audited by KPMG Samjong Accounting Corp., independent accountants, as stated in their audit report included therein, which contains an emphasis of matter paragraph regarding estimation uncertainty due to the COVID-19 pandemic.

With respect to the Bank's condensed unaudited consolidated interim financial statements as of and for the three and nine month ended September 30, 2022 included in this Offering Circular, KPMG Samjong Accounting Corp., independent accountants, have reported that they applied limited procedures in accordance with professional standards for a review of such information. However, their separate report included in this Offering Circular states that they did not audit and they do not express an opinion on such condensed consolidated interim financial statements. Accordingly, the degree of reliance on their report on such information should be restricted in light of the limited nature of the review procedures applied.

INDEX TO FINANCIAL STATEMENTS

Financial Statements of The Issuer

Audited Annual Financial Statements of the Issuer as of and for the Years Ended December 31, 2022 and 2021

Independent auditor's report F-3

Consolidated statements of financial position as of December 31, 2022 and 2021 ..... F-5

Consolidated statements of comprehensive loss for the years ended December 31, 2022 and 2021 ..... F-6

Consolidated statements of changes in equity for the years ended December 31, 2022 and 2021 ..... F-7

Consolidated statements of cash flows for the years ended December 31, 2022 and 2021 ... F-8

Notes to the financial statements F-9

Consolidated Financial Statements of The Bank

Unaudited Consolidated Interim Financial Statements of the Bank as of September 30, 2023 and for the Nine Months Ended September 30, 2023 and 2022

Samil PricewaterhouseCoopers's independent accountant's report F-32

KPMG Samjong Accounting Corp.'s independent auditor's review report F-34

Consolidated interim statements of financial position as of September 30, 2023 and December 31, 2022 ..... F-36

Consolidated interim statements of comprehensive income for the nine months ended September 30, 2023 and 2022 ..... F-37

Consolidated interim statements of changes in equity for the nine months ended September 30, 2023 and 2022 ..... F-38

Consolidated interim statements of cash flows for the nine months ended September 30, 2023 and 2022 ..... F-39

Notes to the financial statements F-40

Audited Annual Consolidated Financial Statements of the Bank as of and for the Years Ended December 31, 2022 and 2021

Independent auditor's report F-164

Consolidated statements of financial position as of December 31, 2022 and 2021 ..... F-166

Consolidated statements of comprehensive income for the years ended December 31, 2022 and 2021 ..... F-167

Consolidated statements of changes in equity for the years ended December 31, 2022 and 2021 ..... F-168

Consolidated statements of cash flows for the years ended December 31, 2022 and 2021 ... F-169

Notes to the consolidated financial statements F-170

Audited Annual Consolidated Financial Statements of the Bank as of and for the Years Ended December 31, 2021 and 2020

Independent auditor's report F-374

Consolidated statements of financial position as of December 31, 2021 and 2020 ..... F-376

Consolidated statements of comprehensive income for the years ended December 31, 2021 and 2020 ..... F-377

Consolidated statements of changes in equity for the years ended December 31, 2021 and 2020 ..... F-378

Consolidated statements of cash flows for the years ended December 31, 2021 and 2020 ... F-379

Notes to the consolidated financial statements F-380

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Report of Independent Auditors

The Board of Directors
SK Battery America, Inc.

Opinion

We have audited the consolidated financial statements of SK Battery America, Inc. and its subsidiary (the Company), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the related consolidated statements of comprehensive loss, changes in stockholder's equity and cash flows for the years then ended, and the related notes (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

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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 of 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 absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. 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. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Ernst & Young LLP

June 22, 2023

2306-4263936

A member firm of Ernst & Young Global Limited

SK Battery America, Inc.
(A Wholly Owned Subsidiary of SK On Co., Ltd.)

Consolidated Balance Sheets
(In Thousands)

	December 31	
	2022	**2021**
Assets		
Current assets:		
Cash and cash equivalents	**$ 380,631**	$ 299,090
Trade receivable	**96,563**	**–**
Other receivable	**12,069**	3,904
Inventories	**669,861**	105,129
Current derivative financial assets	**7,941**	–
Prepaid expenses and other current assets	**15,580**	7,979
Total current assets	**1,182,645**	416,102
Property, plant, and equipment, net	**4,267,670**	2,147,184
Right-of-use assets, net	**9,202**	643
Intangible assets, net	**19,375**	18,774
Non-current derivative financial assets	**11,922**	–
Other non-current assets	**164**	6
Total assets	**$ 5,490,978**	$ 2,582,709
Liabilities and stockholder's equity		
Current liabilities:		
Accounts payable	**$ 751,618**	$ 161,522
Accrued expenses and other current liabilities	**155,136**	99,859
Current operating lease liabilities	**883**	227
Short-term borrowings	**749,000**	–
Current portion of long-term debt	**450,000**	–
Current deferred government incentives	**4,424**	4,698
Total current liabilities	**2,111,061**	266,306
Long-term debt	**1,213,816**	1,660,373
Non-current operating lease liabilities	**7,392**	420
Non-current derivative financial liabilities	**–**	823
Non-current provisions	**10,825**	–
Non-current deferred government incentives	**273,698**	21,497
Total liabilities	**3,616,792**	1,949,419
Commitments and contingencies (*Note 14*)		
Stockholder's equity:		
Common stock, no par value, 40,000 shares authorized, 16,178 shares issued and outstanding	**1,617,800**	773,000
Accumulated other comprehensive income (loss)	**19,863**	(824)
Accumulated deficit	**(450,843)**	(138,886)
Total equity attributable to owner of the controlling company	**1,186,820**	633,290
Non-controlling interest	**687,366**	–
Total stockholder's equity	**1,874,186**	633,290
Total liabilities and stockholder's equity	**$ 5,490,978**	$ 2,582,709

See accompanying notes.

2306-4263936

SK Battery America, Inc.
(A Wholly Owned Subsidiary of SK On Co., Ltd.)

Consolidated Statements of Comprehensive Loss
(In Thousands)

	Year Ended December 31	
	2022	**2021**
Net sales	**$ 743,589**	$ –
Cost of sales	**922,995**	–
Gross loss	**(179,406)**	–
Inventory valuation loss and write-off	**–**	66,511
Selling, general and administrative expenses	**113,327**	48,805
Operating loss	**(292,733)**	(115,316)
Other income (loss):		
Interest (expense) income, net	**(21,201)**	(2,845)
Other, net	**397**	(135)
Loss before income tax expense	**(313,537)**	(118,296)
Income tax expense (benefit)	**122**	(1,794)
Net loss	**(313,659)**	(116,502)
Less: non-controlling interests	**(3,734)**	–
Net loss attributable to owner of the controlling company	**$ (309,925)**	$ (116,502)
Other comprehensive income:		
Unrealized income on interest rate swap	**$ 20,687**	$ 10,333
Comprehensive loss	**(292,972)**	(106,169)
Less: non-controlling interests	**(3,734)**	–
Comprehensive loss attributable to owner of the controlling company	**$ (289,238)**	$ (106,169)

See accompanying notes.

SK Battery America, Inc.
(A Wholly Owned Subsidiary of SK On Co., Ltd.)

Consolidated Statements of Changes in Stockholder's Equity
(In Thousands, Except Share Amounts)

	Common Stock Shares	Common Stock Amount	Accumulated Deficit	Accumulated Comprehensive Other Income (Loss)	Total Equity Attributable to Owner of the Controlling Company	Non-Controlling Interests	Total Stockholder's Equity
Balance at January 1, 2021	5,230	$ 523,000	$ (22,384)	$ (11,157)	$ 489,459	$ –	$ 489,459
Capital contributions from the Parent	2,500	250,000	–	–	250,000	–	250,000
Net loss	–	–	(116,502)	–	(116,502)	–	(116,502)
Unrealized income on interest rate swap	–	–	–	10,333	10,333	–	10,333
Balance at December 31, 2021	7,730	773,000	(138,886)	(824)	633,290	–	633,290
Other adjustments	–	–	**(2,032)**	–	**(2,032)**	–	**(2,032)**
Capital contributions from the Parent	**8,448**	**844,800**	–	–	**844,800**	–	**844,800**
Net loss	–	–	**(309,925)**	–	**(309,925)**	**(3,734)**	**(313,659)**
Unrealized income on interest rate swap	–	–	–	**20,687**	**20,687**	–	**20,687**
Acquisition of a non-controlling interests	–	–	–	–	–	**691,100**	**691,100**
Balance at December 31, 2022	**16,178**	**$ 1,617,800**	**$ (450,843)**	**$ 19,863**	**$ 1,186,820**	**$ 687,366**	**$ 1,874,186**

See accompanying notes.

SK Battery America, Inc.
(A Wholly Owned Subsidiary of SK On Co., Ltd.)

Consolidated Statements of Cash Flows
(In Thousands)

	Year Ended December 31	
	2022	**2021**
Operating activities		
Net loss	**$ (313,659)**	$ (116,502)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	**72,137**	20,686
Inventory valuation and write-off	**15,332**	66,511
Provision for product warranty accruals	**10,803**	–
Recognition of deferred government incentives	**(4,041)**	(2,165)
Others	**(663)**	–
Changes in operating assets and liabilities:		
Trade receivables	**(96,563)**	–
Other receivables	**(8,165)**	(1,077)
Inventories	**(580,063)**	(171,641)
Prepaid expenses and other assets	**(7,792)**	(6,920)
Accounts payable	**690,004**	40,257
Accrued expenses and other current liabilities	**(56,055)**	8,571
Others	**(497)**	271
Net cash used in operating activities	**(279,222)**	(162,009)
Investing activities		
Cash paid for property, plant, and equipment	**(2,152,637)**	(962,771)
Proceeds received from government grants	**228,500**	–
Net cash used in investing activities	**(1,924,137)**	(962,771)
Financing activities		
Proceeds from Corporate bond – Green bond	**–**	989,863
Borrowings against revolving line of credit	**500,000**	–
Borrowings against cash pooling from affiliates	**249,000**	–
Capital contribution from the Parent	**844,800**	250,000
Increase in non-controlling interests	**691,100**	–
Net cash provided by financing activities	**2,284,900**	1,239,863
Net increase in cash	**81,541**	115,083
Cash at beginning of year	**299,090**	184,007
Cash at end of year	**$ 380,631**	$ 299,090
Non-cash investing activities		
Accounts payable and accrued expenses related to construction-in-progress	**$ 96,048**	$ 92,536
Supplemental disclosure of cash flow information		
Cash paid during the year for:		
Interest expense	**$ 45,049**	$ 32,034
Income taxes	**$ 10**	$ 7,116

See accompanying notes.

2306-4263936

SK Battery America, Inc.
(A Wholly Owned Subsidiary of SK On Co., Ltd.)

Notes to Consolidated Financial Statements

December 31, 2022 and 2021

1. Operations of the Group

SK Battery America, Inc. (the Company or SKBA), a corporation formed and existing under the laws of the state of Georgia in November 2018. The Company was originally a wholly owned subsidiary of SK Innovation Co., Ltd. (the Ultimate Parent). However, in 2021, the Ultimate Parent spun off its electronic vehicle batteries business and created a new company called SK On Co., Ltd. in Korea. The Company is wholly owned by SK On Co., Ltd. (the Parent, SKO). The Company was established to construct and operate a new manufacturing plant in Commerce, Georgia for the production of electronic vehicle batteries (the Project I). In late 2021, the Company began producing lithium-ion batteries for hybrid and fully electric automobiles from plant I.

The Project I is expected to occur in two phases, each consisting of approximately 1 million square feet of manufacturing space. In connection with the Project I, the Company committed to create 2,600 new jobs and make a capital investment of $2.5 billion.

- Phase I (which began in March 2019), includes land developing, grading, piling, and construction of the manufacturing plant, and the administration, electrode, assembly, formation, and module structures among others. Phase I plant was partially open in late 2021 with the commencement of commercial production of lithium-ion batteries for hybrid and fully electric automobiles from certain lines and it was fully completed in 2022.

- During Phase II (which began in July 2020), the Company expects to complete the remaining approximately $0.9 billion capital investment with land grading and piling and additional manufacturing plant areas. Phase II plant was partially open in late 2022 from certain lines and acquisition of the building was completed in 2023, and it is expected to be fully completed during 2023 with acquisitions of equipment.

In 2022, Between the Company and Ford Motor Company (Ford) established BlueOval SK, LLC (BOSK), a joint venture under the laws of the State of Delaware. The Company, Ford and SKO executed an LLC agreement that outlines the purpose of BOSK. The Company and SKO are jointly and severally liable for obligations of BOSK as a member under the LLC agreement. Under the LLC agreement, two members are committed to make $6.6 billion in contributions, totaling $13.2 billion.

1. Operations of the Company (continued)

BOSK was established to design, build, own and operate battery plants for electronic vehicles (EV) (the Project II). Each member holds equal ownership in the venture. The project II includes two 45 gigawatt hours (GWh) facilities, including one to be built in Tennessee and one to be built in Kentucky, and one 37 GWh expansion facility to be built in Kentucky.

The construction of the three battery manufacturing facilities is currently in process, including land development, grading and piling, and construction of the manufacturing plants. Each plant plans to process equipment installation and finish commissioning in late 2023. Since inception, BOSK expects to spend $5.8 billion for two battery plants in Kentucky and $5.6 billion for one battery plant in Tennessee by 2024. The Project II is expected to create more than nearly 11,000 new jobs – close to 6,000 in Stanton, Tennessee, and 5,000 in Glendale, Kentucky. Production of the new EV advanced lithium-ion batteries will begin in 2025.

Going Concern

The accompanying audited consolidated financial statements have been prepared assuming that the Company and BOSK (collectively referred to as "the Group") will continue as a going concern; however, as of December 31, 2022, the Group has accounts payable of $751 million, short-term borrowings of $749 million and long-term borrowings of $1,664 million (including a current portion of 450 million). Based on cash held as of December 31, 2022 and the current projected cash flows, the Group may not be able to pay its payables, short-term and long-term borrowings. The Ultimate Parent has informed the Group that it will and has the ability to provide financial support necessary to maintain the financial viability of the Group and sustain its operations through at least September 30, 2024.

2. Summary of Significant Accounting Policies

Basis of Presentation

The consolidated financial statements of the Group have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

The Company is the primary beneficiary of BOSK, a variable interest entity VIE) as the Company has more power than Ford in directing key activities, including cost-efficient manufacturing, approval of operating plans and profits (via call options), marketing activities including decisions third party customers for, and the ability to hire and terminate key executives.

2. Summary of Significant Accounting Policies (continued)

Accordingly, the consolidated financial statements of the Company include financial information of BOSK under the VIE provisions of ASC 810, "Consolidation" after elimination of intercompany transactions and accounts.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Group maintains cash in bank deposit accounts, which, at times, may exceed federally insured limits. At December 31, 2022 and 2021, the Group's cash balance were approximately $380.6 million and $299.1 million, respectively.

Trade Receivables

Trade receivables are recorded at the invoiced amount and do not bear interest. The Group establishes an allowance for doubtful accounts based upon factors surrounding the credit risk of specific customers, historical trends, and other information. Trade receivables are written off when deemed uncollectible. The Group believes accounts receivable as of December 31, 2022 were fully collectible, and, therefore, no allowance for doubtful accounts was recognized.

Inventories

Inventories are carried at the lower of cost or net realizable value using the average-cost method. The cost of inventory includes acquisition costs, production or conversion costs, and other costs incurred to bring it to a current location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. An allowance for excess or slow-moving inventory is recorded based on an analysis that considers current inventory levels, historical usage patterns, current demands, and market conditions that affect estimates of future sales and salvage value.

2. Summary of Significant Accounting Policies (continued)

Property, Plant, and Equipment

Property, plant, and equipment are recorded at historical cost. Historical cost includes expenditures that are directly attributable to the acquisition of the items. Costs may also include costs of major maintenance arising from turnarounds of major units and committed decommissioning costs. Routine maintenance costs are expensed as incurred.

The Group evaluates property, plant, and equipment for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Long-lived assets are grouped at the lowest level for which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets. If it is determined that an asset or asset group's undiscounted future cash flows will not be sufficient to recover the carrying amount, the asset is written down to its estimated fair value. No impairment charges were recognized for the years ended December 31, 2022 or 2021.

Depreciation is computed using the straight-line method over the estimated useful lives of assets to their residual values. The residual values and useful lives of assets are reviewed, and adjusted if appropriate, whenever events or circumstances indicate that a revision is warranted.

Capitalized Interest

Interest costs incurred to finance major projects with an expected construction period of longer than one year and interest costs for assets under construction are capitalized until commercial production begins. Capitalized interest is added to the cost of the related asset and amortized over the useful life of the related asset. For the years ended December 31, 2022 and 2021, the Group capitalized $31.1 million and $29.8 million, respectively, of interest incurred and included such amounts as a component of construction-in-progress.

Government Grants

The Group receives incentives from U.S. governmental entities in the form of tax credits and grants. Government incentives are recorded in consolidated financial statements in accordance with their purpose as a reduction of expense or other income. The benefit is generally recorded when all conditions attached to the incentive have been met and there is reasonable assurance of receipt. Government incentives received in return for investments and minimum number of

2. Summary of Significant Accounting Policies (continued)

employees are bifurcated for each portion for investments and employments. Government incentives related to capital investment are recognized in property, plant, and equipment as a reduction to the net book value of the related asset. The incentives are recognized over the life of the asset as a reduction to depreciation and amortization expense. Incentives received to compensate the Company for expenses such as employments are recognized in profit or loss as a reduction in the corresponding expense. This occurs on a systematic basis in the same periods in which the expenses are recognized.

Derivative Instruments

The Group uses derivative instruments to mitigate exposures associated with interest rates. The Group may designate derivatives as cash flow hedges. For cash flow hedges, the effective part of the hedge is initially reported as a component of other comprehensive income or loss and subsequently reclassified into earnings in the period that the forecasted transaction affects earnings. The ineffective part of the hedge is recognized immediately in earnings.

Income Taxes

The Group accounts for income taxes in accordance with Accounting Standards Codification (ASC) 740, Income Taxes. Deferred tax assets and liabilities are computed for temporary differences between the financial statement and tax bases of assets and liabilities that will result in taxable or deductible amounts in future years. Such deferred tax asset and liability computations are based on enacted tax laws and rates applicable to periods in which the differences are expected to affect taxable income.

Deferred tax assets are required to be reduced by a valuation allowance to the extent that, based on the weight of available evidence, it is more likely than not that the deferred tax assets will not be realized.

2. Summary of Significant Accounting Policies (continued)

In accordance with the provision of ASC 740, the Group only recognizes the tax benefit from an uncertain tax position if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such positions are then measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement.

Revenue Recognition

In accordance with ASC Topic 606, *Revenue from Contracts with Customers*, the Group recognizes revenues when goods or services are transferred to customers in an amount that reflects the consideration which the Group expects to receive in exchange for those goods or services. In determining when and how revenues are recognized from contracts with customers, the Group performs the following five-step analysis: (i) identification of contract with customer; (ii) determination of performance obligations; (iii) measurement of the transaction price; (iv) allocation of the transaction price to the performance obligations, and (v) recognition of revenues when (or as) the Group satisfies each performance obligation.

Fair Value of Financial Instruments

The Group applies ASC 820, *Fair Value Measurement*, guidance which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, establishes a framework for measuring fair value, and which establishes a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or a liability as of the measurement date.

The guidance establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Three levels of inputs that may be used to measure fair value are as follows:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

2. Summary of Significant Accounting Policies (continued)

In September 2022, the FASB issued ASU No. 2022-04, *Liabilities—Supplier Finance Programs* (Subtopic 405-50) *Disclosure of Supplier Finance Program Obligations* (ASU No. 2022-04). ASU No. 2022-04 requires that a buyer in a supplier finance program disclose sufficient information about the program to allow a user of financial statements to understand the program's nature, activity during the period, and potential magnitude. The amendments in this ASU will be applied retrospectively to each period in which a balance sheet is presented, with the exception of a new requirement to disclose a roll forward of program activity, which will be applied prospectively. The amendments in the ASU are effective for fiscal years beginning after December 15, 2022, with early adoption permitted. The Group is currently evaluating the potential effects of adopting the provisions of ASU No. 2022-04.

Reclassification of Accounts in Financial Statements

In order to facilitate comparability with the financial statements, the Group has reclassified certain account items in the comparative presentation of the financial statements for the prior period to align with the account items in the current financial statements. This reclassification does not impact the net income or net assets reported for the period.

The Group has reclassified certain balance sheet accounts including deferred government incentives on the consolidated statement of financial position as of December 31, 2021 presented for comparative purpose. There are no impact on the net income and the equity as of for the year ended December 31, 2021.

3. Inventories

As of December 31, 2022 and 2021, inventories consisted of the following (in millions):

	2022	2021
Raw materials	**$ 184.5**	$ 17.7
Supplies	**11.2**	8.7
Semi-finished goods	**66.6**	33.7
Work in progress	**111.2**	32.3
Finished goods	**127.7**	28.0
Goods-in-transit	**247.3**	38.0
	748.5	158.4
Allowance for inventory reserve	**(78.6)**	(53.3)
	$ 669.9	$ 105.1

The Group recognized an inventory valuation loss of $53.3 million and write-off of $13.2 million within operating expenses for the year ended December 31, 2021, as no sales were recognized. The Group recognized an inventory valuation loss of $11.6 million and write-off of $3.8 million in cost of sales for the year ended December 31, 2022, as 2022 is the first year that the Group recognized sales.

4. Property, Plant, and Equipment

Property, plant, and equipment at December 31, 2022 and 2021, are summarized as follows (in millions):

	2022	2021	Estimated Useful Life
Land	**$ 54.6**	$ 26.9	N/A
Building	**682.5**	675.6	39 years
Structure	**244.3**	244.2	20 years
Machinery	**494.9**	189.7	10 years
Other property, plant, and equipment	**20.4**	3.8	Varies
Construction-in-progress	**2,866.0**	1,036.8	N/A
	4,362.7	2,177.0	
Accumulated depreciation	**(80.8)**	(16.0)	
Government grants	**(14.2)**	(13.8)	
	$ 4,267.7	$ 2,147.2	

The Group includes advance payments for purchases of construction-in-progress in property, plant, and equipment, net on the balance sheet. Payments made soon before or after purchase of property, plant and equipment are reflected as cash outflows for investing activities on the statement of cash flows in the period in which the payment is made.

Government Grants and Tax Incentives (Project I)

In 2019, the state of Georgia (and its agencies) provided the Project I site of $18.4 million (included in land on the Group's balance sheet) and cash reimbursement of site improvement costs of $8.5 million, totaling $26.9 million in aggregate incentives. The Group also received a cash grant of $3.5 million and $15.3 million in 2022 and 2020, respectively under a Regional Economic Business Assistance(REBA) grant. The compliance requirements associated with these incentives with the State of Georgia require the Group to:

- Make a private capital investment in the Project I of at least $2.5 billion
- Create a total of 2,600 net new full-time jobs located in Jackson County and maintain them for certain periods

4. Property, Plant, and Equipment (continued)

If such compliance requirements are not met, the Group is required to repay to the state of Georgia amounts proportionally based on predetermined formula. Incentives received in return for capital expenditures are included in property, plant, and equipment as a reduction to the book value. Incentives received in return for Company's expenses are included in deferred government incentives and amortized over the performance period. In 2022, the Group recognized $4 million as a deduction of cost of sales. Deferred income of $ 24.5 million and $ 21.5 million were included in the deferred government incentives as at December 31, 2022 and 2021, respectively.

Real and Personal Property Tax Savings

The Group and the Parent entered into a project agreement in 2019 with the Jackson County Industrial Development Authority and the Georgia Department of Economic Development (collectively the State governmental agencies) to establish a bond-lease agreement that is necessary for the provision of certain of the incentives contemplated including ad valorem property tax savings for the Project I. The State governmental agencies will issue industrial revenue bonds in a principal amount not to exceed $2.5 billion or such other amount designated by the Group as required to cover the costs of the Project I to the Group. The State governmental agencies hold legal title to all bond-financed assets and lease them to the Group, subject to an option to purchase for nominal consideration, which can be exercised at any time. The Group is the lessee of the Project I property. The revenue bond issued by the State governmental agencies is referred as "bonds for title", in which the Group pays for project costs from out of its equity or funds from a commercial loan and purchases all of the outstanding bonds. Since the Group is considered both the bond holder and bond obligor, such bonds are considered extinguished for accounting purposes.

As of December 31, 2022 and 2021, the Group has recognized $2.5 billion and $1.6 billion, respectively, under the bond for title transaction and has included such leased assets in property, plant, and equipment on its balance sheet. The title to these assets will revert to the Group upon retirement or cancellation of the applicable bonds, which is expected in December 31, 2039.

4. Property, Plant, and Equipment (continued)

Sales & Use Tax Exemption

Sales and use tax exemptions are provided by the state of Georgia government to the Group. The Group will have exemption status until October 31, 2023. To make purchases exempt from Georgia sales and use tax, each the Group must provide a copy of the Letter of Authorization (LOA) to suppliers when making purchases of qualifying materials. The Group is required to maintain a listing of all Approved Purchasers utilizing the LOA to make qualifying purchases and submit such listing to the Georgia Department of Revenue annually.

Mega Project Tax Credit

The Mega Project Tax Credit for employee withholding tax can be claimed on all eligible net new full-time jobs created by the close of the seventh year following the year in which the Group begins withholding personal income taxes from the wages of employees at the Project I site. The compliance requirement is for the Group to (i) create a minimum of 1,800 net new full-time jobs, (ii) either make $450 million minimum in qualified investments or annually exceed $150 million to the Georgia W-2 reported payroll and (iii) maintain a required minimum number of jobs for at least 5 years. If the requirements are not met, the Group will be required to file amended income tax and withholding tax returns for all affected periods that recalculate those liabilities. For the years ended December 31, 2022 and 2021, Mega Project Tax Credits recognized for employee withholding tax were $10.1 million and $2.9 million, respectively.

Government Grants and Tax Incentives (Project II)

The Group is entitled to government grants and tax incentives in various forms through the project II. In 2022, the Group received $225 million in cash from the State of Kentucky in the form of an interest-free forgivable loan. The Group expects to receive another $25 million in 2023. The compliance requirements associated with these incentives with the State of Kentucky require the Group to:

- Create or cause to create 2,500 net new full-time jobs as of the initial compliance date and 5,000 net full-time jobs by 2037, located in Glendale, Kentucky

- Satisfy at least a 90% compliance threshold of the job target and wage target, located in Glendale, Kentucky

4. Property, Plant, and Equipment (continued)

- Make $2 billion of capital investments in the Project II in Kentucky

If such compliance requirements are not met, the Group is required to repay to the state of Kentucky amount proportionally based on a predetermined formula. Additionally, the Group received the land sites from the state of Kentucky and the State of Tennessee worth $27.7 million and $0.9 million, respectively, totaling $28.6 million as grant incentives where the Group is currently constructing three manufacturing facilities. The Group has not recognized incentives received as income related to the government grants. All incentives received for 2022 of $254 million are included in deferred government incentives on the balance sheet as of December 31, 2022.

5. Intangible Assets

Intangible Assets at December 31, 2022 and 2021 are summarized as follows (in millions):

	2022	2021	Estimated Useful Life
Internal use software	**$ 24.8**	$ 20.0	5 years
	24.8	20.0	
Accumulated amortization	**(5.4)**	(1.2)	
	$ 19.4	$ 18.8	

Amortization expense of intangible assets was $4.2 million and $1.3 million for the years ended December 31, 2022 and 2021, respectively.

6. Leases

The Group has operating leases for real estate and non-real estate. Non-real estate leases are primarily related to vehicles and equipment.

6. Leases (continued)

Lease expense for the year ended December 31, 2022 and 2021 under noncancelable operating leases was $0.5 million and $0.2 million, respectively. The weighted-average remaining lease term associated with operating leases as of December 31, 2022 and 2021 was 6.5 years and 3.0 years, respectively. The weighted-average discount rate associated with operating leases as of December 31, 2022 and 2021 was 4.28% and 2.56%, respectively.

The future lease payments required under operating leases are as follows (in millions):

Year ending December 31:	$	1.2
2023		1.6
2024		1.5
2025		1.3
2026		1.3
2027		2.7
After 2027		9.6
		(1.3)
Less interest	$	8.3

7. Short-term Borrowings

The Group has revolving lines of credit with multiple banks totaling $500 million as of December 31, 2022 and 2021. Under such lines of credits, the outstanding balances as of December 31, 2022 and 2021, were $500 million and nil, respectively. Such lines of credit bear at interest rates at the secured overnight financing rate (SOFR) plus a margin ranging from 0.91% to 1.06%.

From 2021, loans and borrowings have been made between the affiliates for cash pooling purposes to assist in the funding of operating activities. The interest rates on these loans and borrowings are determined by market rates and are adjusted quarterly. The Group has borrowed from the cash pooling during 2022 and the outstanding balance of $249 million bears fixed interest at 5.50% as of December 31, 2022.

8. Long-term Debt

In 2019, the Group qualified for a Green Loan, a type of loan given to companies that are committed to improve climate and environment through projects like low carbon transportation, energy efficiency, green building, and other clean energy businesses. In August 2019, the Group entered into a long-term credit agreement (First Green Loan) for $220 million syndicated by two commercial banks. In June 2020, the Group entered into a long-term credit agreement (Second Green Loan) for $450 million syndicated by eight commercial banks. In securing the loans, the Group incurred debt issuance costs of $3.3 million, which has been deferred and is recognized as interest expense using the interest method.

In January 2021, the Group entered into a long-term credit agreement for $1 billion syndicated by five commercial banks. The aggregate principal amount of $300 million is due in 2024 and bears fixed interest at 1.625% and the remaining $700 million is due in 2026 and bears fixed interest at 2.125%. The credit agreement requires semi-annual interest payments payable January 26 and July 26 of each year.

Long-term debt at December 31 is as follows (in millions):

Description	**2022**	**2021**
First Green Loan – interest payable quarterly at the 3-month Eurodollar Rate plus 0.98%, due August 2024	**$ 220.0**	$ 220.0
Second Green Loan – interest payable quarterly at 3-month LIBOR plus 1.50%, due June 2023	**350.0**	350.0
Second Green Loan – interest payable quarterly at a fixed rate of 1.98%, due June 2023	**100.0**	100.0
Corporate Bond I – interest payable semi-annually at a fixed rate of 1.625%, due January 2024	**300.0**	300.0
Corporate Bond II – interest payable semi-annually at a fixed rate of 1.625%, due January 2026	**700.0**	700.0
Total long-term debt	**1,670.0**	1,670.0
Unamortized issuance costs	**(0.5)**	(1.6)
Discount on bond issued	**(5.7)**	(8.0)
Current maturities of long-term debt	**(450.0)**	–
Long-term debt	**$ 1,213.8**	$ 1,660.4

8. Long-term Debt (continued)

The following table summarizes our long-term debt payments required in each of the next four years (in millions):

Year ending December 31:		
2023	$	450.0
2024		520.0
2025		–
2026		700.0
Total	$	1,670.0

All of the outstanding loans, including Note 7. Short-term borrowings are guaranteed by the Parent. There is a guarantee fee on the used portion of the financing of 0.3% which is paid by the Group to the Parent. The guarantee fee was $10.4 million and $5.7 million for the years ended December 31, 2022 and 2021, respectively.

The loans contain financial covenants, which are applied to the Group and the guarantor, the Parent. The Parent as well as the Group were in compliance with all covenants at December 31, 2022 and 2021.

9. Derivatives

As described in Note 6. Long-term Debt, a portion of the Group's borrowings are subject to variable interest rates. The Group uses interest rate swaps to hedge future interest payments, which have the economic effect of converting borrowings with floating interest rates to fixed interest rates. Under the interest rate swaps, the Group agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts. The Group's interest rate swaps effectively convert all of the floating rate interest payments into a fixed rate interest payment. The Group designated the interest rate swaps as qualifying hedging instruments and accounts for them as cash flow hedges.

At December 31, 2022 and 2021, the Group has $570 million of variable rate debt outstanding under the current financing. In order to hedge interest rate risk, in 2020 and 2021, the Group entered into interest rate swap contracts with three different commercial banks to swap interest

9. Derivatives (continued)

payments based on a floating rate described above to fixed rates ranging from 1.75% to 2.56%. These interest rate swaps have a notional amount of $570 million in total and are designed to effectively hedge all of the loans with a floating interest payment feature under the financing. Under the interest rate swap agreements, the Group pays the fixed rate on the notional amount and receives the variable rate on a quarterly basis. Payments are settled on a net basis, and during 2022 and 2021, the Group received $2.9 million and paid $3.4 million, respectively, of settlements related to the interest rate swaps, which were included in interest expense, net on the statement of operations.

As of December 31, 2022 and 2021, the interest rate swaps' fair value was an asset of $19.9 million and liability of $0.8 million, respectively. The mark-to-market adjustment for 2022 and 2021 was a gain of $20.7 million and $10.3 million, respectively, and is included in accumulated other comprehensive loss on the balance sheets. The fair value of the interest rate swap was determined using Level 2 inputs. The Group determines the fair value based on observed market valuations for interest rate swaps that have notional amounts, terms and payment frequencies similar to the Group's swaps.

10. Income Taxes

The provision for income taxes consists of the following (in millions):

	December 31, 2022		
	Current	**Deferred**	**Total**
Federal	**$ –**	**$ –**	**$ –**
State	**0.1**	**–**	**0.1**
	$ 0.1	**$ –**	**$ 0.1**

	December 31, 2021		
	Current	**Current**	**Current**
Federal	$ (2.1)	$ (2.1)	$ (2.1)
State	0.3	0.3	0.3
	$ (1.8)	$ (1.8)	$ (1.8)

10. Income Taxes (continued)

The effective tax rate differs from the statutory federal rate of 21%, primarily due to the government grants that are treated as taxable income for federal income tax purposes and the effects of a valuation allowance on deferred tax assets.

The tax effects of temporary differences that give rise to the deferred tax assets are presented as follows (in millions):

	December 31	
	2022	**2021**
Deferred tax assets:		
Net operating loss	**$ 109.3**	$ 154.6
Capitalized start-up costs	**6.1**	7.6
Government grants	**15.8**	10.1
Inventory allowance	**19.8**	12.9
Partnership income	**33.0**	–
Tax credit	**14.1**	–
R&D expense	**34.4**	–
Other	**35.7**	6.3
Deferred tax assets	**268.2**	191.5
Valuation allowance	**(130.4)**	(42.1)
Net deferred tax assets	**137.8**	149.4
Deferred tax liabilities:		
Depreciation	**(126.9)**	(148.9)
Other	**(10.9)**	(0.5)
	(137.8)	(149.4)
Net deferred tax assets	**$ –**	$ –

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of existing temporary differences, projected future taxable income, and tax planning strategies in making this assessment. Based upon the periods in which the deferred tax

10. Income Taxes (continued)

assets are deductible, management believes that it is not more likely than not that the Group will not realize the benefits through the reversal of existing temporary tax liabilities in the future as of December 31, 2022 and 2021. The Group has a full valuation allowance of $130.4 million and $42.1 million against its deferred tax assets in all tax jurisdictions as of December 31, 2022 and 2021, respectively. The valuation allowance increased by $88.3 million and $28.2 million in 2022 and 2021, respectively.

At December 31, 2022, the Group has net operating loss (NOL) carryforwards of $486.7 million and $164.8 million for federal income tax and state income tax purposes, respectively.

The amount and timing of realizing the benefits of NOL carryforwards depend on future taxable income and limitation imposed by tax laws. There is no expiration for $486.7 million of federal NOL carryforward. There is no expiration for $19.4 million of state NOL carryforward. The remaining $145.4 million of state NOL carryforward expires beginning in 2031 and fully expires by the end of 2042.

The Group has no material uncertain tax positions or unrecorded tax benefits, which, if recognized, would affect the effective tax rate for the years ended December 31, 2022 and 2021. The Group's federal and state income tax returns for the years 2018 and forward remain open and subject to examination by federal and state tax authorities.

11. Employee Benefit Plans

The Group has a 401(k) retirement saving plan, qualified under Section 401(k) of the Internal Revenue Code, in which all eligible employees of the Group may participate. Under the 401(k) plan, employees who have met certain service requirements may contribute a certain portion of their eligible compensation each year, subject to certain limitations and Internal Revenue Service regulations. The Group matches contributions equal to 100% of the first 4% of employees' contributions. Additionally, the Group matches contributions of 50% or 100% on contributions up to additional 2%. The Group made 401(k) matching contributions of approximately $1.4 million and $0.3 million for the years ended December 31, 2022 and 2021, respectively.

12. Related-Party Transactions

The Parent provides guarantees associated with the Group's debt obligations in exchange for a guarantee fee. The fees incurred to the Parent during the years ended December 31, 2022 and 2021, were approximately $10.4 million and $5 million, respectively. Unpaid guarantee fees payable to the Parent of $10 million and $3.1 million are recorded in accounts payable as of December 31, 2022 and 2021.

Related parties also provided equipment and services in connection with the construction of property, plant and equipment during 2022 and 2021. In additions, the Group has transactions with related parties in the normal course of business. Transactions and balances with related parties as of and for the year ended December 31, 2022 and 2021 were as follows (in millions):

Related Parties	Purchase and Other Expense	Sales and Other Income	Trade Receivable and Other Assets	Accounts Payable and Other Liabilities
2022				
Ultimate parent:				
SK Innovation Co., Ltd.	**$ 2.9**	**$ –**	**$ –**	**$ –**
Parent:				
SK On Co., Ltd.	**10.0**	**1.7**	**1.7**	**7.7**
Affiliate:				
SK IE Technology Co., Ltd.	**69.9**	**–**	**–**	**22.7**
SK Nexilis Co., Ltd.	**47.0**	**–**	**–**	**9.2**
SK Ecoengineering Co., Ltd.	**241.3**	**–**	**–**	**9.6**
SK C&C USA, Inc.	**24.2**	**–**	**–**	**8.2**
Happynarae America LLC	**24.4**	**–**	**–**	**4.7**
SK Ecoplant Co., Ltd.	**36.3**	**–**	**–**	**–**
Mobile Energy Battery America LLC	**12.0**	**–**	**–**	**0.7**
SK Battery Manufacturing Kft.	**0.7**	**1.8**	**–**	**0.5**
SK On Hungary Kft.	**0.6**	**1.0**	**1.0**	**–**
Other	**1.3**	**0.8**	**0.2**	**–**
Total	**$ 470.6**	**$ 5.3**	**$ 2.9**	**$ 63.3**

12. Related-Party Transactions (continued)

Related Parties	Purchase and Other Expense	Sales and Other Income	Trade Receivable and Other Assets	Accounts Payable and Other Liabilities
2021				
Ultimate parent:				
SK Innovation Co., Ltd.	$ 10.0	$ 1.2	$ –	$ 3.1
Parent:				
SK On Co., Ltd.	–	0.8	0.8	–
Affiliate:				
SK IE Technology Co., Ltd.	7.1	–	–	2.5
SK Nexilis Co., Ltd.	7.6	–	–	1.8
SK Infosec Co., Ltd.	1.8	–	–	0.1
SK Ecoplant Co., Ltd.	440.9	–	–	53.7
SK Holdings Co., Ltd.	4.6	–	–	–
SK Battery Manufacturing Kft.	2.2	0.4	–	–
SK Mobile Energy Co., Ltd.	1.8	–	–	–
Total	$ 476.0	$ 2.4	$ 0.8	$ 61.2

13. Common Stock

In 2022 and 2021, the Group issued 8,448 and 2,500 shares of common stock in return for $844.8 million and $250 million, respectively, in cash. The Group is authorized to issue up to 40,000 shares of common stock with no par value.

14. Commitments and Contingencies

Production Purchasing Multi-Year Sourcing Agreement

A Production Purchasing Multi-Year Sourcing Agreement was entered into by Ford and the Group in July 2022. This sourcing agreement governs all purchase orders during the term between Ford and the Group, and the initial term of the sourcing agreement is the 12 years from the start of production of the products at the facilities. The Group will manufacture, sell and supply all of its capacity solely to Ford, subject to certain exceptions where there is excess capacity. The excess capacity includes:

- If the Group has more capacity than Ford requires, then the Group will hold it for six months for Ford. Thereafter, the Group will decide where to sell such excess capacity.

- If the Group is at an impasse after 180 days, SKO can decide where to sell such excess capacity which must be sold within 180 days (and if not, is routed back through this process).

- The sale to a third party cannot be on better pricing or payment terms than sales to Ford, and the Group cannot share any Ford IP or data with the third party. Ford has the right to purchase such excess capacity at any time prior to the sale to a third party. The Group indemnifies Ford for any sales to third parties which are directed by SKO.

The transaction prices will be determined based on actual net costs to produce the products plus margin from 3% to 3.5%. The Group expects to begin commercial productions for sales under this agreement in early 2025.

Litigation

The Group is subject to and may in the future be subject to a variety of legal proceedings and claims that arise out of the ordinary conduct of its business. Litigation, by its very nature, is unpredictable, and the outcome of these cases is uncertain. Moreover, the Group is unable to predict the precise nature of the relief that may be sought in any lawsuits that may be filed against it in the future.

15. Subsequent Events

The Group has performed an evaluation of subsequent events through June 22, 2023, which is the date these consolidated financial statements were available to be issued.

Equity

On March 9, 2023, the Group filed a Certificate of Amendment of Certificate of Incorporation to increase the number of shares authorized to issue from 15,000 to 40,000.

Subsequent to December, the Parent made capital contribution of $985 million in cash to the Group in return for 9,850 shares of common stock.

Payoff and Addition of Short-term Borrowings

Subsequent to December 31, 2022, the Group has repaid $150 million of the $500 million short-term borrowings due and refinanced the remaining borrowings of $350 million, which mature between February 2024 and April 2024. The Group additionally borrowed $330 million from commercial banks and $200 million as a cash pooling from affiliates to manage working capital.

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Report on Review of Condensed Interim Financial Statements

To the Shareholders and Board of Directors of
Kookmin Bank

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

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

Auditor's Responsibility
Our responsibility is to issue a report on these condensed consolidated interim financial statements based on our review.

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

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

Other Matters
The consolidated interim statements of comprehensive income for the three-month and nine-month periods ended September 30, 2022, and consolidated interim statements of changes in equity and cash flows for the nine-month period ended September 30, 2022, were reviewed by KPMG Samjeong whose report dated November 11, 2022. Based on their review, nothing has come to their attention that causes them to believe the condensed consolidated financial statements do not present fairly, in all material respects, in accordance with Korean IFRS 1034 *Interim Financial Reporting*.

These condensed consolidated interim financial statements that another auditor had reviewed have not reflected the adjustments to the consolidated interim statement of cash flow described in Note 2 of the accompanying condensed consolidated interim financial statements. The accompanying comparative consolidated interim statement of cash flows for the nine-month period ended September 30, 2022, reflected the adjustments.

As a part of the review on the condensed consolidated interim financial statement, we have reviewed the adjustments to the comparative condensed consolidated interim financial statements described in Note 2. Based on our review, nothing has come to our attention that causes us to believe the accompanying adjustments are not presented, in all material respects, in accordance with Korean IFRS 1034 *Interim Financial Reporting*. Except for the above adjustments, we do not express any assurance on the comparative condensed consolidated interim financial statements taken as a whole.

The consolidated statement of financial position as at December 31, 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, not presented herein, were audited by KPMG Samjeong who expressed an unqualified opinion on those statements on March 7, 2023. The consolidated statement of financial position as at December 31, 2022, presented herein for comparative purposes, is consistent, in all material respects, with the above audited statement of financial position as at December 31, 2022.

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

/s/ Samil PricewaterhouseCoopers

November 13, 2023
Seoul, Korea

This report is effective as of November 13, 2023, the review report date. Certain subsequent events or circumstances, which may occur between the review report date and the time of reading this report, could have a material impact on the accompanying condensed consolidated interim financial statements and notes thereto. Accordingly, the readers of the review report should understand that there is a possibility that the above review report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

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Independent Auditors' Review Report

To the Shareholder and Board of Directors
Kookmin Bank

Reviewed financial statements
We have reviewed, the accompanying condensed consolidated interim financial statements of Kookmin Bank and its subsidiaries (collectively the "Group"), which comprise the condensed consolidated interim statement of financial position as of September 30, 2022, the condensed consolidated interim statements of comprehensive income for the three-month and nine-month periods ended September 30, 2022, and changes in equity and cash flows for the nine-month periods ended September 30, 2022 and notes, comprising a summary of significant accounting policies and other explanatory information except for the retrospective adjustments to reclassification of some restricted demand deposits.

Management's responsibility for the interim financial statements
Management is responsible for the preparation and fair presentation of these condensed consolidated interim financial statements in accordance with Korean International Financial Reporting Standards ("K-IFRS") No. 1034 *Interim Financial Reporting,* and for such internal control as management determines is necessary to enable the preparation of condensed consolidated interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' review responsibility
Our responsibility is to issue a report on these condensed consolidated interim financial statements based on our review.

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

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements referred to above are not prepared, in all material respects, in accordance with K-IFRS No. 1034 *Interim Financial Reporting*.

Other matters
The procedures and practices utilized in the Republic of Korea to review such condensed consolidated interim financial statements may differ from those generally accepted and applied in other countries.

The condensed consolidated statement of financial position of the Group as of September 30, 2022 which is not accompanying this report, was reviewed by us in accordance with the Review Standards for Quarterly and Semi-annual Financial Statements established by the Securities and Futures Commission of the Republic of Korea.



KPMG Samjong Accounting Corp.
Seoul, Korea
November 11, 2022

This report is effective as of November 11, 2022, the review report date. Certain subsequent events or circumstances, which may occur between the review report date and the time of reading this report, could have a material impact on the accompanying condensed consolidated interim financial statements and notes thereto. Accordingly, the readers of the review report should understand that the above review report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

Kookmin Bank and Subsidiaries

Condensed Consolidated Interim Statements of Financial Position

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

(In millions of Korean won)	Notes	September 30, 2023	December 31, 2022
Assets			
Cash and due from financial institutions	2,4,6,7,29	₩ 25,611,409	₩ 25,127,794
Financial assets at fair value through profit or loss	4,6,11	18,802,110	21,213,408
Derivative financial assets	4,6,8	7,649,936	7,767,592
Loans measured at amortized cost	4,6,9,10	381,535,891	374,671,976
Financial investments	4,6,11	77,625,895	75,250,169
Investments in associates	12	559,817	529,981
Property and equipment		3,795,385	3,837,511
Investment property		345,924	345,156
Intangible assets		1,073,687	1,054,696
Net defined benefit asset	18	307,749	307,749
Current income tax assets		244,246	192,041
Deferred income tax assets	13	230,187	181,257
Assets held for sale		220,866	211,757
Other assets	4,6	19,093,416	7,078,425
Total assets		₩ 537,096,518	₩ 517,769,512
Liabilities			
Financial liabilities at fair value through profit or loss	4,6	₩ 89,415	₩ 108,862
Derivative financial liabilities	4,6,8	6,680,933	7,271,434
Deposits	4,6,14	386,357,814	381,746,749
Borrowings	4,6,15	37,658,095	45,073,117
Debentures	4,6,16	30,795,324	29,787,722
Provisions	17	606,556	533,370
Net defined benefit liabilities	18	47,929	16,243
Current income tax liabilities		43,149	63,029
Deferred income tax liabilities	13	512,702	153,844
Other liabilities	4,6	38,347,688	19,291,883
Total liabilities		501,139,605	484,046,253
Equity			
Capital stock	19	2,021,896	2,021,896
Hybrid securities	19	1,282,935	873,850
Capital surplus	19	4,735,405	5,025,335
Accumulated other comprehensive income	19,27	350,135	12,751
Retained earnings	19,26	27,320,726	25,834,192
(Provision of regulatory reserve for credit losses September 30, 2023 : ₩ 3,018,015 million December 31, 2022 : ₩ 2,915,162 million)			
(Amounts estimated to be appropriated (reversed) September 30, 2023 : ₩ (345,018) million December 31, 2022 : ₩ 102,853 million)			
Equity attributable to the owners of the parent		35,711,097	33,768,024
Non-controlling interests		245,816	(44,765)
Total equity		35,956,913	33,723,259
Total liabilities and equity		₩ 537,096,518	₩ 517,769,512

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

Kookmin Bank and Subsidiaries

Condensed Consolidated Interim Statements of Comprehensive Income

Three-Month and Nine-Month Periods Ended September 30, 2023 and 2022 (Unaudited)

(In millions of Korean won)	Notes	2023		2022	
		Three months	Nine months	Three months	Nine months
Interest income		₩ 5,678,155	₩ 16,424,612	₩ 3,986,593	₩ 10,476,186
Interest income from financial instruments at fair value through other comprehensive income and amortized cost		5,566,500	16,088,193	3,912,806	10,290,323
Interest income from financial instruments at fair value through profit or loss		111,655	336,419	73,787	185,863
Interest expense		(3,156,613)	(9,092,749)	(1,583,605)	(3,633,001)
Net interest income	20	2,521,542	7,331,863	2,402,988	6,843,185
Fee and commission income		376,691	1,186,300	391,073	1,143,644
Fee and commission expense		(107,804)	(320,162)	(113,876)	(317,304)
Net fee and commission income	21	268,887	866,138	277,197	826,340
Net gains (losses) on financial instrument	22	125,620	453,097	(10,911)	(4,929)
Net other operating expenses	23	(333,839)	(703,100)	(344,985)	(823,133)
General and administrative expenses	24	(1,068,923)	(3,176,351)	(1,075,919)	(3,190,762)
Operating income before provision for credit losses		1,513,287	4,771,647	1,248,370	3,650,701
Provision for credit losses	7,10,11,17	(150,043)	(918,251)	(160,756)	(355,479)
Net operating income		1,363,244	3,853,396	1,087,614	3,295,222
Share of profit of associates		1,673	9,358	1,373	20,349
Net other non-operating income (expenses)		(6,247)	(80,833)	(5,566)	(1,274)
Net non-operating income (expenses)		(4,574)	(71,475)	(4,193)	19,075
Profit before income tax expense		1,358,670	3,781,921	1,083,421	3,314,297
Income tax expense	25	(394,783)	(976,169)	(286,710)	(793,132)
Profit for the period		963,887	2,805,752	796,711	2,521,165
(Adjusted profit after provision of regulatory reserve for credit losses	19				
September 30, 2023 (Six Months) : ₩3,200,390 million					
September 30, 2023 (Three Months) : ₩ 930,906 million					
September 30, 2022 (Six Months) : ₩ 2,298,844 million					
September 30, 2022 (Three Months) : ₩ 653,077 million					
Items that will not be reclassified to profit or loss:					
Remeasurements of net defined benefit liabilities		(8,696)	2,468	(7,066)	(34,132)
Gains (losses) on equity securities at fair value through other comprehensive income		(4,093)	(46,130)	(213,714)	(1,003,092)
Items that may be subsequently reclassified to profit or loss:					
Currency translation differences		58,737	101,986	321,593	547,918
Losses on debt securities at fair value through other comprehensive income		34,359	347,309	(152,146)	(668,480)
Share of other comprehensive income (loss) of associates		655	(251)	(37)	143
Gains (losses) on hedging instruments of net investments in foreign operations		(25,908)	(62,176)	(110,490)	(194,117)
Gains on cash flow hedging instruments		7,643	11,645	31,445	41,188
Other comprehensive income (loss) for the period, net of tax	27	62,697	354,851	(130,415)	(1,310,572)
Total comprehensive income (loss) for the period		₩ 1,026,584	₩ 3,160,603	₩ 666,296	₩ 1,210,593
Profit attributable to:					
Owners of the parent		₩ 996,864	₩ 2,855,372	₩ 824,131	₩ 2,550,571
Non-controlling interests		(32,977)	(49,620)	(27,420)	(29,406)
		₩ 963,887	₩ 2,805,752	₩ 796,711	₩ 2,521,165
Total comprehensive income (loss) for the period attributable to:					
Owners of the parent		₩ 1,063,739	₩ 3,219,223	₩ 680,077	₩ 1,217,851
Non-controlling interests		(37,155)	(58,620)	(13,781)	(7,258)
		₩ 1,026,584	₩ 3,160,603	₩ 666,296	₩ 1,210,593

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

Kookmin Bank and Subsidiaries
Condensed Consolidated Interim Statements of Changes in Equity
Nine-Month Periods Ended September 30, 2023 and 2022 (Unaudited)

(In millions of Korean won)	Attributable to the owners of the parent					Non-controlling interests	Total equity
	Capital stock	Hybrid securities	Capital surplus	Accumulated other comprehensive income	Retained earnings		
Balance as of January 1, 2022	₩ 2,021,896	₩ 574,523	₩ 5,025,335	₩ 1,395,156	₩ 23,660,721	₩ 211,282	₩ 32,888,913
Comprehensive income for the period							
Profit(loss) for the period	-	-	-	-	2,550,571	(29,406)	2,521,165
Remeasurements of net defined benefit liabilities	-	-	-	(34,931)	-	799	(34,132)
through other comprehensive income	-	-	-	(1,245,292)	242,200	-	(1,003,092)
Currency translation differences	-	-	-	525,095	-	22,823	547,918
Losses on debt securities at fair value through other comprehensive income	-	-	-	(667,006)	-	(1,474)	(668,480)
Share of other comprehensive income of associates	-	-	-	143	-	-	143
Losses on hedging instruments of net investments in foreign operations	-	-	-	(194,117)	-	-	(194,117)
Gains on cash flow hedging instruments	-	-	-	41,188	-	-	41,188
Total comprehensive income for the period	-	-	-	(1,574,920)	2,792,771	(7,258)	1,210,593
Transactions with the shareholder							
Dividends	-	-	-	-	(1,031,167)	-	(1,031,167)
Issuance of hybrid securities	-	299,327	-	-	-	-	299,327
Dividends on hybrid securities	-	-	-	-	(30,732)	-	(30,732)
Total transactions with the shareholder	-	299,327	-	-	(1,061,899)	-	(762,572)
Balance as of September 30, 2022	₩ 2,021,896	₩ 873,850	₩ 5,025,335	₩ (179,764)	₩ 25,391,593	₩ 204,024	₩ 33,336,934
Balance as of January 1, 2023	₩ 2,021,896	₩ 873,850	₩ 5,025,335	₩ 12,751	₩ 25,834,192	₩ (44,765)	₩ 33,723,259
Comprehensive income for the period							
Profit(loss) for the period	-	-	-	-	2,855,372	(49,620)	2,805,752
Remeasurements of net defined benefit liabilities	-	-	-	1,609	-	859	2,468
Gains(Losses) on equity securities at fair value through other comprehensive income	-	-	-	(72,597)	26,467	-	(46,130)
Currency translation differences	-	-	-	111,703	-	(9,717)	101,986
Gains (losses) on debt securities at fair value through other comprehensive income	-	-	-	347,451	-	(142)	347,309
Share of other comprehensive income of associates	-	-	-	(251)	-	-	(251)
Losses on hedging instruments of net investments in foreign operations	-	-	-	(62,176)	-	-	(62,176)
Gains on cash flow hedging instruments	-	-	-	11,645	-	-	11,645
Total comprehensive income for the period	-	-	-	337,384	2,881,839	(58,620)	3,160,603
Transactions with the shareholder							
Dividends		-	-		(1,346,582)	-	(1,346,582)
Issuance of hybrid securities		409,085	-		-	-	409,085
Dividends on hybrid securities		-	-		(48,723)	-	(48,723)
Changes in ownership interests in subsidiaries		-	(289,930)		-	349,201	59,271
Total transactions with the shareholder	-	409,085	-	-	(1,395,305)	-	(986,220)
Balance as of September 30, 2023	₩ 2,021,896	₩ 1,282,935	₩ 5,025,335	₩ 350,135	₩ 27,320,726	₩ (103,385)	₩ 35,897,642

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

Kookmin Bank and Subsidiaries
Condensed Consolidated Interim Statements of Cash Flows
Nine-Month Periods Ended September 30, 2023 and 2022 (Unaudited)

(In millions of Korean won)	Notes	2023	2022
Cash flows from operating activities			
Profit for the period		₩ 2,805,752	₩ 2,521,165
Adjustment for non-cash items			
Net gains on financial instruments at fair value through profit or loss		(457,708)	(27,125)
Net gains on derivative financial instrument for hedging purposes		30,098	(25,861)
Provision for credit losses		918,250	355,479
Net losses on financial investments		21,244	5,987
Share of loss (profit) of associates		(9,359)	(20,349)
Depreciation and amortization expense		410,992	396,002
Other net losses (gains) on property and equipment/intangible assets		21,210	(40,402)
Share-based payment		20,119	6,742
Post-employment benefits		80,739	125,067
Net interest expense (income)		(157,550)	190,812
Losses on foreign currency translation		361,593	666,218
Other expenses		(3,933)	77,112
		1,235,695	1,709,682
Changes in operating assets and liabilities			
Adjustment of fair value of derivative financial instruments		1,792,288	1,405,286
Derivative financial instrument		(125,497)	124,872
Loans measured at amortized cost		(5,707,757)	(26,901,857)
Current income tax assets		(34,729)	(104,719)
Deferred income tax assets		(47,880)	(180,208)
Other assets		(10,981,133)	(7,500,121)
Financial liabilities at fair value through profit or loss		(29,397)	(22,732)
Deposits		3,244,219	14,293,078
Deferred income tax liabilities		268,511	(251)
Other liabilities		17,064,444	7,739,759
		5,443,069	(11,146,893)
Net cash inflow (outflow) from operating activities		9,484,516	(6,916,046)
Cash flows from investing activities			
Net cash flows from derivative financial instrument for hedging purposes		19,139	(3,018)
Disposal of financial assets at fair value through profit or loss		5,046,127	6,372,516
Acquisition of financial assets at fair value through profit or loss		(4,149,989)	(4,834,768)
Disposal of financial investments		22,796,501	12,498,116
Acquisition of financial investments		(24,035,164)	(21,346,880)
Disposal of investments in associates		58,811	129,450
Acquisition of investments in associates		(79,626)	(251,148)
Disposal of property and equipment		2,962	12,973
Acquisition of property and equipment		(107,955)	(110,226)
Disposal of intangible assets		-	762
Acquisition of intangible assets		(102,790)	(84,427)
Net cash flows from changes in ownership of subsidiaries		(27,457)	57,386
Others		18,332	54,305
Net cash outflow from investing activities		(561,109)	(7,504,959)
Cash flows from financing activities			
Net cash flows from derivative financial instrument for hedging purposes		25,762	24,196
Increase (decrease) in borrowings		(8,744,282)	8,086,172
Increase in debentures		20,597,487	19,675,525
Decrease in debentures		(20,198,057)	(16,654,543)
Payment of dividends		(1,346,582)	(1,031,167)
Increase (decrease) in other payables to trust accounts		1,905,161	(1,103,800)
Issuance of hybrid securities		409,085	299,327
Net cash flows from consolidated capital transactions		349,201	-
Others		(493,316)	510,938
Net cash inflow (outflow) from financing activities		(7,495,541)	9,806,648
Effect of exchange rate changes on cash and cash equivalents		150,932	864,395
Net decrease in cash and cash equivalents		1,578,798	(3,749,962)
Cash and cash equivalents at the beginning of the period	29	23,354,521	23,121,497
Cash and cash equivalents at the end of the period	29	₩ 24,933,319	₩ 19,371,535

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

1. Reporting Entity

Kookmin Bank (the "Bank") was incorporated in 1963 under the Citizens National Bank Act to provide banking services to the general public and to small and medium-sized enterprises. Pursuant to the Repeal Act of the Citizens National Bank Act, effective January 5, 1995, the Bank's status changed to a financial institution which operates under the Banking Act and Commercial Act.

The Bank merged with Korea Long Term Credit Bank on December 31, 1998, and with its subsidiaries, Daegu, Busan, Jeonnam Kookmin Mutual Savings & Finance Co., Ltd., on August 22, 1999. Pursuant to the directive from the Financial Services Commission related to the Structural Improvement of the Financial Industry Act, the Bank acquired certain assets, including performing loans, and assumed most of the liabilities of Daedong Bank on June 29, 1998. Also, the Bank completed the merger with Housing and Commercial Bank ("H&CB") on October 31, 2001, and merged with Kookmin Credit Card Co., Ltd., a majority-owned subsidiary, on September 30, 2003. Meanwhile, the Bank spun off its credit card business segment on February 28, 2011, and KB Kookmin Card Co., Ltd. became a subsidiary of KB Financial Group Inc.

The Bank listed its shares on the Stock Market Division of the Korea Exchange ("KRX") in September 1994. As a result of the merger with H&CB, the shareholders of the former Kookmin Bank and H&CB received new common shares of the Bank which were relisted on the KRX on November 9, 2001. In addition, H&CB listed its American Depositary Shares ("ADS") on the New York Stock Exchange ("NYSE") on October 3, 2000, prior to the merger. Following the merger with H&CB, the Bank listed its ADS on the NYSE on November 1, 2001. The Bank became a wholly owned subsidiary of KB Financial Group Inc. through a comprehensive stock transfer on September 29, 2008. Subsequently, the Bank's shares and its ADS, each listed on the KRX and the NYSE, were delisted on October 10, 2008 and September 26, 2008, respectively. As of September 30, 2023, the Bank's paid-in capital is ₩ 2,021,896 million.

The Bank engages in the banking business in accordance with the Banking Act, trust business in accordance with the Financial Investment Services and Capital Markets Act, mobile virtual network business in accordance with Special Act on Support for Financial Innovation, and other relevant businesses. As of September 30, 2023, the Bank operates its Seoul headquarters and 796 domestic branches, and nine overseas branches (excluding five subsidiaries).

2. Basis of Preparation

2.1 Application of Korean IFRS

The Bank and its subsidiaries (collectively 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 condensed consolidated interim financial statements have been translated into English from the Korean language consolidated financial statements.

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

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

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

2.1.1 The Group has applied the following issuance 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* replace Korean IFRS No.1104 *Insurance Contracts*. This standard requires an entity to estimate future cash flows of an insurance contract and measure insurance liabilities using discount rates applied with assumptions and risks at the measurement date and recognize insurance revenue on an accrual basis including services (insurance coverage) provided to the policyholder by each annual reporting period. In addition, investment components (refunds due to termination and maturity) repaid to a policyholder even if an insured event does not occur, are excluded from insurance revenue, and net insurance income and net investment income are presented separately to enable users of the information to understand the sources of net income. These amendments do not have a significant impact on the consolidated 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 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 subject to exercise price adjustment conditions

The amendments require disclosures about gains or losses on valuation 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.

2.1.2 Restatement of cash flow statement (2022).

The Group classified some restricted demand deposits, such as reserve deposits, as due from financial institutions measured at amortized cost rather than cash and cash equivalents until September 30, 2022; however, following the International Accounting Standards Interpretation Committee's decision that cash and cash equivalents include restricted demand deposits, some restricted demand deposits, such as reserve deposits, have been classified as cash and cash equivalents and retrospectively applied from October 1, 2022. The comparative financial statements have been restated to reflect changes made due to retrospective application.

Effects on the consolidated interim statement of cash flows for the nine-month period ended September 30, 2022 are as follows:

2.1.2.1 Statement of Cash Flow (2022)

(In millions of Korean won)

	Before	After	Changes
Other assets	(2,832,294)	(7,500,121)	(4,667,827)
Exchange rate changes on cash and cash equivalents denominated in foreign currency	654,440	864,395	209,955
Beginning balance of cash and cash equivalents	6,997,191	23,121,497	16,124,306
Ending balance of cash and cash equivalents	7,705,101	19,371,535	11,666,434

2.1.3 The following new and amended standards have been published that are not mandatory for September 30, 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. In addition, agreements that an entity must comply with after the end of the reporting period do not affect the classification of the relevant liabilities at the end of the reporting period; further, if liabilities that must comply with agreements within 12 months after the reporting period are classified as non-current liabilities as of the end of the reporting period, the entity should disclose the risk that the liabilities may be repaid within 12 months after the reporting period. The amendments should be applied for annual reporting periods beginning on or after January 1, 2024, and early application is permitted. The Group does not expect that these amendments have a significant impact on the consolidated financial statements.

2.2 Measurement Basis

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

2.3 Functional and Presentation Currency

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

2.4 Significant 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.

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

- Provisions for credit losses (Allowances, acceptances and guarantees, and unused commitments)

Economic uncertainty arising from the complex crises is increasing, and asset quality deterioration may raise from increase in obligation due to a rapid interest rate. Accordingly, the Group reflected the effect on expected credit losses in an additional way through a comprehensive review of vulnerable sectors in the event of the extinguishment of the financial support policy effect related to COVID-19. In addition, the Bank has expanded the scope of lenders to individually assess allowances there of, and reviews the risk components comprehensively for preparation of potential risks when economic recession continues. The Group will continue to monitor the impact on expected credit losses by considering the duration of economic uncertainty

and government policies, and the impact on expected credit losses is described in Note 10.1 Changes in allowances for credit losses of loans measured at amortized cost and Note 17.2 Changes in provisions for credit losses of unused loan commitments, and acceptances and guarantees.

3. Material Accounting Policies

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

Income tax expense for the interim period is measured by using the expected average annual income tax rate applicable on expected total annual income.

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 each business group through increased risk transparency, spread of risk management culture, prevention of risk transfer between risk types, and preemptive response to rapidly changing financial environments. Credit risk, market risk, liquidity risk, and operational risk are recognized as the Group's significant risks and measured and managed by quantifying them in the form of internal capital or Value at Risk ("VaR") using statistical methods.

4.1.2 Risk management organization

4.1.2.1 Risk Management Committee

The Risk Management Committee, as the ultimate decision-making body, approves 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, and reviewing the level of risk and the status of risk management activities.

4.1.2.2 Risk Management Council

The Risk Management Council deliberates on and resolves matters delegated by the Risk Management Committee and discusses the details of risk management of the Group.

4.1.2.3 Risk Management Subcommittees

The Risk Management Subcommittee implements decisions made by the Risk Management Council and makes practical decisions regarding the implementation of risk management policies and procedures.

- Credit Risk Management Subcommittee
  The Credit Risk Management Subcommittee conducts deliberation and resolution on new approval of non-standard and compound instruments with embedded credit risks, review of credit risks for new products with credit risks, and establishes exposure limits by industry.

- Market Risk Management Subcommittee
  The Market Risk Management Subcommittee conducts deliberation and resolution on market risk-related matters, such as setting limits on market risk and approving detailed investment standards for new standard, non-standard and compound products.

- Operational Risk Management Subcommittee
  The Operational Risk Management Subcommittee reviews the issues that have a significant effect on the Group’s operational risk such as establishment, amendment and abolition of major systems, processes and others.

- Trust & Fund Customer Asset Risk Management Subcommittee
  The Trust & Fund Customer Asset Risk Management Subcommittee reviews the issues that have a significant effect on the trust & fund customer asset risk management such as setting limits on trust & fund customer assets.

4.1.2.4 Risk Management Group

The Risk Management Group manages detailed risk management policies, procedures, and business processes.

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. The Group defines default as the definition applied to the calculation of Capital Adequacy Ratio under the new Basel Accord (Basel III).

4.2.2 Credit risk management

The Group measures the expected loss and internal capital for the assets subject to credit risk management, including on-balance and off-balance assets, and uses them as management indicators. The Group allocates and manages credit risk internal capital limits.

In addition, to prevent excessive concentration of exposures by borrower and industry, the total exposure limit at the Group level is introduced, applied, and managed to control the credit concentration risk.

All of the Group'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 the Group’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, the Group 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.

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, Retail Customer Group and SME/SOHO Customer Group are in charge of loan policy, loan systems, credit ratings, credit analysis, follow-up management, and corporate restructuring. The Risk Management Group 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 September 30, 2023 and December 31, 2022, are as follows:

(In millions of Korean won)	**September 30, 2023**	**December 31, 2022**
Financial assets		
Due from financial institutions *	23,036,496	22,567,276
Financial assets at fair value through profit or loss:		
Securities measured at fair value through profit or loss	18,309,763	20,756,579
Loans measured at fair value through profit or loss	182,423	149,075
Due from financial institutions measured at fair value through profit or loss	89,491	90,006
Derivatives	7,649,936	7,767,592
Loans measured at amortized cost *	381,535,891	374,671,976
Financial investments:		
Securities measured at fair value through other comprehensive income	36,957,810	38,363,832
Securities measured at amortized cost *	39,001,967	35,236,794
Loans measured at fair value through other comprehensive income	348,052	231,021
Other financial assets *	18,607,627	6,709,627
	525,719,456	506,543,778
Off-balance sheet items		
Acceptances and guarantees contracts	14,390,212	12,510,649
Financial guarantee contracts	7,745,391	7,261,581
Commitments	113,610,310	108,399,534
	135,745,913	128,171,764
	661,465,369	634,715,542

* 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 (debt instruments). 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, and presents them as allowances for credit losses and deducts from the relevant loans' carrying amounts. The expected credit losses of loans classified as financial assets at fair value through other comprehensive income are presented in other comprehensive income in the consolidated financial statements.

4.2.4.1 Credit risk exposure

Credit qualities of loans as of September 30, 2023 and December 31, 2022, are as follows:

(In millions of Korean won)

	September 30, 2023					
	12-month expected credit losses	Lifetime expected credit losses		Credit impaired approach	Not applying expected credit losses	Total
		Non-impaired	Impaired			
Loans measured at amortized cost *						
Corporate						
Grade1	132,425,015	5,054,357	5,552	-	-	137,484,924
Grade2	58,932,430	8,181,485	35,032	-	-	67,148,947
Grade3	3,490,067	3,348,919	6,486	-	-	6,845,472
Grade4	507,728	959,982	6,705	-	-	1,474,415
Grade5	14,466	539,837	2,514,872	-	-	3,069,175
	195,369,706	18,084,580	2,568,647	-	-	216,022,933
Retail						
Grade1	154,722,585	3,879,708	8,181	-	-	158,610,474
Grade2	2,929,240	3,474,958	10,521	-	-	6,414,719
Grade3	1,082,330	1,198,594	12,423	-	-	2,293,347
Grade4	16,741	149,198	4,545	-	-	170,484
Grade5	25,744	437,074	794,041	-	-	1,256,859
	158,776,640	9,139,532	829,711	-	-	168,745,883
Credit card						
Grade1	-	-	-	-	-	-
Grade2	24,464	-	-	-	-	24,464
Grade3	-	-	-	-	-	-
Grade4	-	-	-	-	-	-
Grade5	-	1,369	14,594	-	-	15,963
	24,464	1,369	14,594	-	-	40,427
	354,170,810	27,225,481	3,412,952	-	-	384,809,243
Loans measured at fair value through other comprehensive income						
Corporate						
Grade1	307,393	-	-	-	-	307,393
Grade2	40,659	-	-	-	-	40,659
Grade3	-	-	-	-	-	-
Grade4	-	-	-	-	-	-
Grade5	-	-	-	-	-	-
	348,052	-	-	-	-	348,052
	348,052	-	-	-	-	348,052
	354,518,862	27,225,481	3,412,952	-	-	385,157,295

(In millions of Korean won)

	December 31, 2022					
	12-month expected credit losses	Lifetime expected credit losses		Credit impaired approach	Not applying expected credit losses	Total
		Non-impaired	Impaired			
Loans measured at amortized cost *						
Corporate						
Grade1	126,368,871	4,955,880	3,372	-	-	131,328,123
Grade2	57,584,222	7,924,915	4,480	-	-	65,513,617
Grade3	3,274,510	3,096,139	14,694	-	-	6,385,343
Grade4	480,299	888,101	13,821	-	-	1,382,221
Grade5	11,864	415,237	1,893,260	-	-	2,320,361
	187,719,766	17,280,272	1,929,627	-	-	206,929,665
Retail						
Grade1	156,074,706	3,990,601	10,917	-	-	160,076,224
Grade2	3,297,187	3,732,378	12,737	-	-	7,042,302
Grade3	961,206	1,212,650	14,973	-	-	2,188,829
Grade4	21,458	140,868	5,529	-	-	167,855
Grade5	20,549	325,174	642,967	-	-	988,690
	160,375,106	9,401,671	687,123	-	-	170,463,900
Credit card						
Grade1	-	-	-	-	-	-
Grade2	25,210	-	-	-	-	25,210
Grade3	-	-	-	-	-	-
Grade4	-	-	-	-	-	-
Grade5	-	1,219	16,593	-	-	17,812
	25,210	1,219	16,593	-	-	43,022
	348,120,082	26,683,162	2,633,343	-	-	377,436,587
Loans measured at fair value through other comprehensive income						
Corporate						
Grade1	171,194	-	-	-	-	171,194
Grade2	59,827	-	-	-	-	59,827
Grade3	-	-	-	-	-	-
Grade4	-	-	-	-	-	-
Grade5	-	-	-	-	-	-
	231,021	-	-	-	-	231,021
	231,021	-	-	-	-	231,021
	348,351,103	26,683,162	2,633,343	-	-	377,667,608

* Before netting of allowance

Credit qualities of loans graded according to internal credit ratings as of September 30, 2023 and December 31, 2022, are as follows:

	Corporate	Retail
Grade1	AAA ~ BBB+	1 ~ 5 grade
Grade2	BBB ~ BB	6 ~ 8 grade
Grade3	BB- ~ B	9 ~ 10 grade
Grade4	B- ~ CCC	11 grade
Grade5	CC or under	12 grade or under

4.2.4.2 Credit risk mitigation by collateral

Quantification of the extent to which collateral and other credit enhancements mitigate credit risk of loans as of September 30, 2023 and December 31, 2022, are as follows:

(In millions of Korean won)

	September 30, 2023					
	12-month expected credit losses	Lifetime expected credit losses		Credit impaired approach	Not applying expected credit losses	Total
		Non-impaired	Impaired			
Guarantees	105,324,337	7,135,951	383,049	-	-	112,843,337
Deposits and savings	1,919,877	119,062	54,280	-	-	2,093,219
Property and equipment	4,017,230	756,685	137,750	-	-	4,911,665
Real estate	189,450,761	16,199,718	2,160,655	-	-	207,811,134
	300,712,205	24,211,416	2,735,734	-	-	327,659,355

(In millions of Korean won)

	December 31, 2022					
	12-month expected credit losses	Lifetime expected credit losses		Credit impaired approach	Not applying expected credit losses	Total
		Non-impaired	Impaired			
Guarantees	99,393,584	7,045,683	286,796	-	-	106,726,063
Deposits and savings	1,854,286	141,016	46,971	-	-	2,042,273
Property and equipment	4,368,754	749,547	131,148	-	-	5,249,449
Real estate	185,056,374	15,469,830	1,604,270	-	-	202,130,474
	290,672,998	23,406,076	2,069,185	-	-	316,148,259

4.2.5 Credit risk of securities

Credit qualities of securities exposed to credit risk other than equity securities among financial investments as of September 30, 2023 and December 31, 2022, are as follows:

(In millions of Korean won)

	September 30, 2023					
	12-month expected credit losses	Lifetime expected credit losses		Credit impaired approach	Not applying expected credit losses	Total
		Non-impaired	Impaired			
Securities measured at amortized cost *						
Grade1	35,467,125	-	-	-	-	35,467,125
Grade2	3,552,715	-	-	-	-	3,552,715
Grade3	-	-	-	-	-	-
Grade4	-	-	-	-	-	-
Grade5	-	-	-	-	-	-
	39,019,840	-	-	-	-	39,019,840
Securities measured at fair value through other comprehensive income						
Grade1	33,835,486	-	-	-	-	33,835,486
Grade2	3,095,194	-	-	-	-	3,095,194
Grade3	27,130	-	-	-	-	27,130
Grade4	-	-	-	-	-	-
Grade5	-	-	-	-	-	-
	36,957,810	-	-	-	-	36,957,810
	75,977,650	-	-	-	-	75,977,650

(In millions of Korean won)

	December 31, 2022					
	12-month expected credit losses	Lifetime expected credit losses		Credit impaired approach	Not applying expected credit losses	Total
		Non-impaired	Impaired			
Securities measured at amortized cost *						
Grade1	33,528,652	-	-	-	-	33,528,652
Grade2	1,713,576	-	-	-	-	1,713,576
Grade3	-	-	-	-	-	-
Grade4	-	-	-	-	-	-
Grade5	-	-	-	-	-	-
	35,242,228	-	-	-	-	35,242,228
Securities measured at fair value through other comprehensive income						
Grade1	35,699,164	-	-	-	-	35,699,164
Grade2	2,530,046	53,861	-	-	-	2,583,907
Grade3	53,011	9,169	-	-	-	62,180
Grade4	13,941	4,640	-	-	-	18,581
Grade5	-	-	-	-	-	-
	38,296,162	67,670	-	-	-	38,363,832
	73,538,390	67,670	-	-	-	73,606,060

* Before netting of allowance

Credit qualities of securities other than equity securities, according to the credit ratings by external credit rating agencies as of September 30, 2023 and December 31, 2022, are as follows:

Credit quality	Domestic			Foreign		
	KIS	NICE P&I	FnPricing Inc.	S&P	Fitch-IBCA	Moody's
Grade1	AA0 to AAA	AA0 to AAA	AA0 to AAA	A- to AAA	A- to AAA	A3 to Aaa
Grade2	A- to AA-	A- to AA-	A- to AA-	BBB- to BBB+	BBB- to BBB+	Baa3 to Baa1
Grade3	BBB0 to BBB+	BBB0 to BBB+	BBB0 to BBB+	BB to BB+	BB to BB+	Ba2 to Ba1
Grade4	BB0 to BBB-	BB0 to BBB-	BB0 to BBB-	B+ to BB-	B+ to BB-	B1 to Ba3
Grade5	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 September 30, 2023 and December 31, 2022, are as follows:

(In millions of Korean won)

	September 30, 2023				
		Lifetime expected credit losses			
	12-month expected credit losses	Non-impaired	Impaired	Credit impaired approach	Total
Due from financial institutions measured at amortized cost *					
Grade 1	21,436,977	-	-	-	21,436,977
Grade 2	714,087	-	-	-	714,087
Grade 3	115,103	-	-	-	115,103
Grade 4	-	-	-	-	-
Grade 5	773,643	-	-	-	773,643
	23,039,810	-	-	-	23,039,810

(In millions of Korean won)

	December 31, 2022				
		Lifetime expected credit losses			
	12-month expected credit losses	Non-impaired	Impaired	Credit impaired approach	Total
Due from financial institutions measured at amortized cost *					
Grade 1	20,678,308	-	-	-	20,678,308
Grade 2	1,428,613	-	-	-	1,428,613
Grade 3	-	-	-	-	-
Grade 4	-	-	-	-	-
Grade 5	462,230	-	-	-	462,230
	22,569,151	-	-	-	22,569,151

* Before netting of allowance

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

4.2.7 Credit risk concentration analysis

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

(In millions of Korean won)	**September 30, 2023**			
	Loans *	**%**	**Allowances**	**Carrying amount**
Financial institutions	17,635,128	8.14	(22,092)	17,613,036
Manufacturing	53,186,222	24.56	(661,233)	52,524,989
Service	98,332,697	45.41	(687,879)	97,644,818
Wholesale and retail	29,324,690	13.54	(485,583)	28,839,107
Construction	5,336,148	2.46	(244,487)	5,091,661
Public sector	1,732,640	0.80	(105,247)	1,627,393
Others	11,005,883	5.09	(181,215)	10,824,668
	216,553,408	100.00	(2,387,736)	214,165,672

(In millions of Korean won)	**December 31, 2022**			
	Loans *	**%**	**Allowances**	**Carrying amount**
Financial institutions	17,917,921	8.64	(17,541)	17,900,380
Manufacturing	52,426,642	25.29	(570,253)	51,856,389
Service	91,366,145	44.07	(414,123)	90,952,022
Wholesale and retail	28,795,086	13.89	(346,570)	28,448,516
Construction	5,061,780	2.44	(207,249)	4,854,531
Public sector	1,653,869	0.80	(84,005)	1,569,864
Others	10,088,318	4.87	(162,642)	9,925,676
	207,309,761	100.00	(1,802,383)	205,507,378

* Expected credit losses of loans measured at fair value through other comprehensive income as of September 30, 2023 and December 31, 2022, are ₩ 950 million and ₩ 496 million, respectively.

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

(In millions of Korean won)	**September 30, 2023**			
	Loans	**%**	**Allowances**	**Carrying amount**
Housing loan	94,314,134	55.88	(218,274)	94,095,860
General loan	74,431,749	44.10	(653,214)	73,778,535
Credit card	40,427	0.02	(14,128)	26,299
	168,786,310	100.00	(885,616)	167,900,694

4.2.7.2 Classifications of retail loans and credit card receivables as of September 30, 2023 and December 31, 2022, are as follows: (cont'd)

(In millions of Korean won)	**December 31, 2022**

	Loans	%	Allowances	Carrying amount
Housing loan	94,184,985	55.24	(158,566)	94,026,419
General loan	76,278,915	44.74	(787,905)	75,491,010
Credit card	43,022	0.02	(15,757)	27,265
	170,506,922	100.00	(962,228)	169,544,694

4.2.7.3 Classifications of domestic mortgage loans as of September 30, 2023 and December 31, 2022, are as follows:

(In millions of Korean won)

	September 30, 2023			
	Loans *	%	Allowances	Carrying amount
Group1	19,084,939	18.66	(25,844)	19,059,095
Group2	27,813,927	27.20	(22,984)	27,790,943
Group3	35,531,271	34.75	(50,126)	35,481,145
Group4	18,422,601	18.02	(40,253)	18,382,348
Group5	1,384,048	1.36	(3,907)	1,380,141
Group6	13,475	0.01	(111)	13,364
	102,250,261	100.00	(143,225)	102,107,036

(In millions of Korean won)

	December 31, 2022			
	Loans *	%	Allowances	Carrying amount
Group1	15,950,511	16.30	(17,178)	15,933,333
Group2	35,821,717	36.62	(40,603)	35,781,114
Group3	35,626,337	36.42	(45,807)	35,580,530
Group4	10,020,031	10.24	(12,809)	10,007,222
Group5	399,823	0.41	(618)	399,205
Group6	11,588	0.01	(74)	11,514
	97,830,007	100.00	(117,089)	97,712,918

* Retail loans for general purpose with the real estate as collateral are included.

	Ranges
Group1	LTV * 0% to less than 20%
Group2	LTV 20% to less than 40%
Group3	LTV 40% to less than 60%
Group4	LTV 60% to less than 80%
Group5	LTV 80% to less than 100%
Group6	LTV over 100%

* LTV: Loan to Value ratio

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

(In millions of Korean won)	September 30, 2023			
	Amount	%	**Allowances**	**Carrying amount**
Due from financial institutions measured at amortized cost				
Finance and insurance	23,039,810	100.00	(3,314)	23,036,496
	23,039,810	100.00	(3,314)	23,036,496
Securities measured at fair value through profit or loss				
Government and government funded institutions	6,318,841	34.51	-	6,318,841
Finance and insurance [1]	10,469,370	57.18	-	10,469,370
Others	1,521,552	8.31	-	1,521,552
	18,309,763	100.00	-	18,309,763
Derivative financial assets				
Government and government funded institutions	58,463	0.76	-	58,463
Finance and insurance [1]	7,130,005	93.20	-	7,130,005
Others	461,468	6.04	-	461,468
	7,649,936	100.00	-	7,649,936
Securities measured at fair value through other comprehensive income [2]				
Government and government funded institutions	14,327,830	38.77	-	14,327,830
Finance and insurance	16,902,383	45.73	-	16,902,383
Others	5,727,597	15.50	-	5,727,597
	36,957,810	100.00	-	36,957,810
Securities measured at amortized cost				
Government and government funded institutions	16,719,111	42.85	(684)	16,718,427
Finance and insurance	21,686,183	55.58	(16,219)	21,669,964
Others	614,546	1.57	(970)	613,576
	39,019,840	100.00	(17,873)	39,001,967
	124,977,159		(21,187)	124,955,972

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

(In millions of Korean won)	December 31, 2022			
	Amount	%	**Allowances**	**Carrying amount**
Due from financial institutions measured at amortized cost				
Finance and insurance	22,569,151	100.00	(1,875)	22,567,276
	22,569,151	100.00	(1,875)	22,567,276
Securities measured at fair value through profit or loss				
Government and government funded institutions	5,268,226	25.38	-	5,268,226
Finance and insurance [1]	14,163,418	68.24	-	14,163,418
Others	1,324,935	6.38	-	1,324,935
	20,756,579	100.00	-	20,756,579
Derivative financial assets				
Government and government funded institutions	56,464	0.73	-	56,464
Finance and insurance [1]	7,345,736	94.57	-	7,345,736
Others	365,392	4.70	-	365,392
	7,767,592	100.00	-	7,767,592
Securities measured at fair value through other comprehensive income [2]				
Government and government funded institutions	14,939,808	38.94	-	14,939,808
Finance and insurance	17,440,865	45.46	-	17,440,865
Others	5,983,159	15.60	-	5,983,159
	38,363,832	100.00	-	38,363,832
Securities measured at amortized cost				
Government and government funded institutions	16,921,939	48.02	-	16,921,939
Finance and insurance	17,749,393	50.36	(5,109)	17,744,284
Others	570,896	1.62	(325)	570,571
	35,242,228	100.00	(5,434)	35,236,794
	124,699,382		(7,309)	124,692,073

[1] Collective investment securities (including transactions with collective investment schemes) are classified as finance and insurance.

[2] Expected credit losses of securities measured at fair value through other comprehensive income as of September 30, 2023 and December 31, 2022, are ₩ 14,715 million and ₩ 6,432 million, respectively.

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 Liqui dity 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 comprehensive risk management policies and Asset Liability Management ("ALM") 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 establishes a liquidity risk management strategy, including objectives of liquidity risk management, management policies, and internal control systems, and obtains a resolution from the Risk Management Committee. The Risk Management Committee establishes the Risk Management Council for efficient risk management to supervise the establishment and implementation of policies according to risk management strategies.

The Group calculates and manages the Liquidity Coverage Ratio ("LCR"), Net Stable Funding Ratio ("NSFR"), liquidity ratio, maturity mismatch ratio and liquidity stress testing results for all transactions and off-balance transactions, 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 of floating-rate liabilities are calculated on the assumption that the current interest rate is the same until maturity.

Remaining contractual maturity of financial liabilities other than derivatives held for cash flow hedge, and off-balance sheet items as of September 30, 2023 and December 31, 2022, are as follows:

(In millions of Korean won)

	September 30, 2023						
	On demand	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Financial liabilities							
Financial liabilities at fair value through profit or loss [1]	89,415	-	-	-	-	-	89,415
Derivatives held for trading[1]	6,546,395	-	-	-	-	-	6,546,395
Derivatives held for hedging [2]	-	(4,639)	11,676	(257)	8,383	5,944	21,107
Deposits [3]	162,002,455	31,911,238	75,326,363	109,812,828	15,827,379	1,301,762	396,182,025
Borrowings	238,240	12,201,641	5,187,751	12,362,806	7,679,522	987,881	38,657,841
Debentures	144,966	809,174	3,451,472	10,610,362	13,320,256	4,714,953	33,051,183
Lease liabilities	202	16,356	31,091	113,421	214,255	18,322	393,647
Other financial liabilities	2,967	30,460,994	19,781	135,815	51,127	328	30,671,012
	169,024,640	75,394,764	84,028,134	133,034,975	37,100,922	7,029,190	505,612,625
Off-balance sheet items							
Commitments [4]	113,610,310	-	-	-	-	-	113,610,310
Acceptances and guarantees contracts	14,390,212	-	-	-	-	-	14,390,212
Financial guarantee contracts [5]	7,745,391	-	-	-	-	-	7,745,391
	135,745,913	-	-	-	-	-	135,745,913

(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]	108,862	-	-	-	-	-	108,862
Derivatives held for trading [1]	7,166,578	-	-	-	-	-	7,166,578
Derivatives held for hedging [2]	-	(558)	5,312	24,067	66,255	3,502	98,578
Deposits [3]	165,559,338	29,758,040	45,029,511	129,992,322	17,707,676	1,246,571	389,293,458
Borrowings	59,631	18,276,814	5,913,564	13,305,936	7,627,555	1,039,377	46,222,877
Debentures	11,117	1,755,336	4,612,664	12,426,307	8,177,425	4,794,132	31,776,981
Lease liabilities	164	15,554	30,494	115,109	208,982	20,075	390,378
Other financial liabilities	-	13,431,913	1,508	132,242	58,663	-	13,624,326
	172,905,690	63,237,099	55,593,053	155,995,983	33,846,556	7,103,657	488,682,038
Off-balance sheet items							
Commitments [4]	108,399,534	-	-	-	-	-	108,399,534
Acceptances and guarantees contracts	12,510,649	-	-	-	-	-	12,510,649
Financial guarantee contracts [5]	7,261,581	-	-	-	-	-	7,261,581
	128,171,764	-	-	-	-	-	128,171,764

[1] Financial liabilities 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 derivative instruments 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] Unused lines of credit within commitments are included in the 'On demand' category because payments can be requested at any time.

[5] Cash flows under acceptances and financial guarantee contracts are classified based on the earliest period that the contract can be executed.

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 including 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 ALM risk management guidelines for non-trading positions. The entire process is carried out through the approval by the Risk Management Council and the Risk Management Committee of the Group.

The Group's 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.

The Asset-Liability Management Committee ("ALCO") determines interest rate and commission operating standards and ALM operation policies and enacts and revises relevant guidelines. The Risk Management Council monitors the establishment and enforcement of ALM risk management policies and enacts and revises 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 Treasury 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 ("△EVE"), changes in Net Interest Income ("△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 Treasury department, and reports related matters to management independently.

The Group 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, the Group 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. The Group 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 on the Group and minimizing confusion among stakeholders.

4.5 Operational Risk

4.5.1 Concept

The Group defines operational risk as loss risk arising from improper or incorrect internal procedures, personnel, systems or external events and includes financial and non-financial risks.

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 Group established a Business Continuity Planning (BCP) to carry out continuous work in emergency situations and established alternative facilities. The Group conducts simulation training for headquarters and IT departments to check the business continuity framework.

5. Segment Information

5.1 Overall Segment Information and Business Segments

The Group is organized into Corporate Banking, Retail Banking and Other Activities. These segments are based on the nature of the products and services provided, the type or class of customer, and the Group's management organization.

- Corporate banking: The activities within this segment include providing credit, deposit products, and other related financial services to large, small and medium-sized enterprises and SOHOs and foreign subsidiaries-related works.
- Retail banking: The activities within this segment include providing credit, deposit products, and other related financial services to individuals and households.
- Other activities: The activities within this segment include trading activities in securities and derivatives, funding, trust, and other activities.

Financial information by business segment for the nine-month periods ended September 30, 2023 and 2022 are as follows:

(In millions of Korean won)

	2023				
	Corporate banking	**Retail banking**	**Others**	**Consolidation adjustments**	**Total**
Net operating revenues from external customers	4,356,431	3,397,857	193,710	-	7,947,998
Intersegment net operating revenues (expenses)	(19,060)	-	56,297	(37,237)	-
	4,337,371	3,397,857	250,007	(37,237)	7,947,998
Net interest income	4,164,284	2,588,027	591,593	(12,041)	7,331,863
Interest income	8,575,166	5,738,115	2,281,378	(170,047)	16,424,612
Interest expense	(4,410,882)	(3,150,088)	(1,689,785)	158,006	(9,092,749)
Net fee and commission income	324,712	207,139	343,334	(9,047)	866,138
Fee and commission income	456,007	314,366	445,255	(29,328)	1,186,300
Fee and commission expense	(131,295)	(107,227)	(101,921)	20,281	(320,162)
Net gains on financial instruments at fair value through profit or loss	3,773	-	473,154	(23,830)	453,097
Net other operating income (expenses)	(155,398)	602,691	(1,158,074)	7,681	(703,100)
General and administrative expenses	(1,391,160)	(1,349,042)	(436,629)	480	(3,176,351)
Operating income before provision for credit losses	2,946,211	2,048,815	(186,622)	(36,757)	4,771,647
Reversal (provision) of credit losses	(900,954)	(63,420)	(20,614)	66,737	(918,251)
Net operating income (expenses)	2,045,257	1,985,395	(207,236)	29,980	3,853,396
Share of profit or loss of associates	-	-	5,372	3,986	9,358
Net other non-operating income (expenses)	(3,800)	-	(72,480)	(4,553)	(80,833)
Segment profit before income tax expense	2,041,457	1,985,395	(274,344)	29,413	3,781,921
Income tax expense	(534,484)	(501,969)	112,741	(52,457)	(976,169)
Profit for the period	1,506,973	1,483,426	(161,603)	(23,044)	2,805,752
Profit (loss) attributable to the owners of the parent	1,525,008	1,483,426	(161,603)	8,541	2,855,372
Profit (loss) attributable to non-controlling interests	(18,035)	-	-	(31,585)	(49,620)
Total assets *	223,507,226	163,308,701	158,420,855	(8,140,264)	537,096,518
Total liabilities *	200,597,540	199,127,736	105,857,253	(4,442,924)	501,139,605

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

(In millions of Korean won)

	2022				
	Corporate banking	Retail banking	Others	Consolidation adjustments	Total
Net operating revenues from external customers	3,812,634	3,049,593	(20,764)	-	6,841,463
Intersegment net operating revenues (expenses)	(348,200)	-	150,249	197,951	-
	3,464,434	3,049,593	129,485	197,951	6,841,463
Net interest income	3,449,617	2,967,670	424,943	955	6,843,185
Interest income	5,321,403	4,064,023	1,145,322	(54,562)	10,476,186
Interest expense	(1,871,786)	(1,096,353)	(720,379)	55,517	(3,633,001)
Net fee and commission income	290,182	199,940	350,070	(13,852)	826,340
Fee and commission income	407,360	306,717	458,485	(28,918)	1,143,644
Fee and commission expense	(117,178)	(106,777)	(108,415)	15,066	(317,304)
Net gains on financial instruments at fair value through profit or loss	84,157	-	(29,817)	(59,269)	(4,929)
Net other operating expenses	(359,522)	(118,017)	(615,711)	270,117	(823,133)
General and administrative expenses	(1,387,989)	(1,389,453)	(414,024)	704	(3,190,762)
Operating income before provision for credit losses	2,076,445	1,660,140	(284,539)	198,655	3,650,701
Reversal (provision) of credit losses	(114,658)	(174,171)	7,799	(74,449)	(355,479)
Net operating income	1,961,787	1,485,969	(276,740)	124,206	3,295,222
Share of loss of associates	-	-	20,349	-	20,349
Net other non-operating income	(12,991)	-	30,639	(18,922)	(1,274)
Segment profit before income tax expense	1,948,796	1,485,969	(225,752)	105,284	3,314,297
Income tax expense	(452,268)	(356,527)	59,042	(43,379)	(793,132)
Profit for the period	1,496,528	1,129,442	(166,710)	61,905	2,521,165
Profit attributable to the owners of the parent	1,476,193	1,129,442	(166,710)	111,646	2,550,571
Profit (loss) attributable to non-controlling interests	20,335	-	-	(49,741)	(29,406)
Total assets *	211,989,036	165,273,848	148,763,232	(8,256,604)	517,769,512
Total liabilities *	205,382,625	191,786,626	91,870,560	(4,993,558)	484,046,253

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

5.2 Services and Geographical Segments

5.2.1 Services information

Net operating revenues from external customers by service for the nine-month periods ended September 30, 2023 and 2022, are as follows:

(In millions of Korean won)	**2023**	**2022**
Corporate banking service	4,356,431	3,812,634
Retail banking service	3,397,857	3,049,593
Others	193,710	(20,764)
	7,947,998	6,841,463

5.2.2 Geographical information

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

(In millions of Korean won)	**Net operating revenues from external customers**		**Major non-current assets**	
	2023	**2022**	**September 30, 2023**	**December 31, 2022**
Domestic	7,155,681	6,190,706	4,253,600	4,331,433
United States	58,405	52,836	16,342	14,485
New Zealand	9,598	9,514	1,185	1,382
China	113,894	101,081	19,511	18,429
Japan	11,216	13,720	940	1,480
Myanmar	7,258	3,896	1,112	1,736
Vietnam	31,084	14,561	2,893	2,159
Cambodia	407,103	373,614	46,464	33,581
United Kingdom	37,028	19,956	5,293	5,808
Singapore	9,974	1,333	7,762	8,492
Indonesia	103,204	59,971	329,209	319,033
India	3,553	275	236	394
Consolidation adjustments	-	-	530,449	498,951
	7,947,998	6,841,463	5,214,996	5,237,363

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

(In millions of Korean won)	September 30, 2023		December 31, 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash and due from financial institutions	25,611,409	25,606,736	25,127,794	25,120,077
Financial assets at fair value through profit or loss:	18,802,110	18,802,110	21,213,408	21,213,408
Debt securities	18,309,763	18,309,763	20,756,579	20,756,579
Equity securities	220,433	220,433	217,748	217,748
Loans	182,423	182,423	149,075	149,075
Others	89,491	89,491	90,006	90,006
Derivatives held for trading	7,441,269	7,441,269	7,529,366	7,529,366
Derivatives held for hedging	208,667	208,667	238,226	238,226
Loans measured at amortized cost	381,535,891	380,618,591	374,671,976	372,232,275
Financial assets at fair value through other comprehensive income:	38,623,928	38,623,928	40,013,375	40,013,375
Debt securities	36,957,810	36,957,810	38,363,832	38,363,832
Equity securities	1,318,066	1,318,066	1,418,522	1,418,522
Loans	348,052	348,052	231,021	231,021
Securities measured at amortized cost	39,001,967	37,522,224	35,236,794	33,418,180
Other financial assets	18,607,627	18,607,627	6,709,627	6,709,627
	529,832,868	527,431,152	510,740,566	506,474,534
Financial liabilities				
Financial liabilities at fair value through profit or loss	89,415	89,415	108,862	108,862
Derivatives held for trading	6,546,395	6,546,395	7,166,578	7,166,578
Derivatives held for hedging	134,538	134,538	104,856	104,856
Deposits	386,357,814	386,233,474	381,746,749	381,288,577
Borrowings	37,658,095	37,449,393	45,073,117	44,746,350
Debentures	30,795,324	30,732,377	29,787,722	29,611,888
Other financial liabilities	37,243,013	37,243,013	17,376,336	17,376,336
	498,824,594	498,428,605	481,364,220	480,403,447

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.

Methods of determining fair value of financial instruments are as follows:

Cash and due from financial institutions	Fair value of cash is the same as its carrying amount. Carrying amount of demand deposits and settlement deposits 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 deposits is measured using Discounted Cash Flow ("DCF") Model.
Securities **Due from financial institutions and deposits indexed to gold price**	Fair value of securities and others that are traded in an active market and due from financial institutions and deposits indexed to the gold price 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 including a DCF Model, MonteCarlo Simulation, Free Cash Flow to Equity Model, Comparable Company Analysis, Dividend Discount Model, and Net Asset Value Method.
Loans	Fair value of loans is determined using a DCF Model and independent external professional valuation institutions. Fair value measured using a DCF Model is determined by discounting the expected cash flows, which are contractual cash flows adjusted by the expected prepayment rate, at an appropriate discount rate.
Derivatives	Fair value of exchange traded derivatives is determined using quoted prices 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 the 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 a Finite Difference Method ("FDM"), MonteCarlo Simulation, and Tree Model or valuation results from independent external professional valuation institutions. For OTC derivatives, the credit risk of counterparty and the Group's own credit risk are applied through credit valuation adjustment method.
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 a 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 a DCF Model.
Debentures	Fair value is determined using valuation results (DCF Model) of external professional valuation institutions, which are calculated using market inputs.

Other financial assets and other financial liabilities	Carrying amount is a reasonable approximation of fair value because other financial assets and other financial liabilities are temporary accounts used for other various transactions and their maturities are relatively short or not defined.

6.1.2 Fair value hierarchy

The Group believes that valuation techniques used for measuring the fair value of financial instruments are reasonable and that the fair value recognized in the consolidated statement of financial position is appropriate. However, the fair value of the financial instruments recognized in the consolidated statement of financial position may be different if other valuation techniques or assumptions are used. Additionally, as there are a variety of valuation techniques and assumptions used in measuring fair value, it may be difficult to reasonably compare the fair value with that of other financial institutions.

The Group classifies and discloses fair value of the financial instruments into the three fair value levels as follows:

Level 1: The fair values are based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: The fair values are based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: The fair values are based on unobservable inputs for the asset or liability.

The fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. If an observable input requires an adjustment using an unobservable input and that adjustment results in a significantly higher or lower fair value measurement, the resulting measurement would be categorized within Level 3 of the fair value hierarchy.

6.1.2.1 Fair value hierarchy of financial assets and liabilities at fair value in the consolidated statements of financial position

Fair value hierarchy of financial assets and liabilities at fair value in the consolidated statements of financial position as of September 30, 2023 and December 31, 2022, are as follows:

(In millions of Korean won)	September 30, 2023			
	Fair value hierarchy			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value through profit or loss:	7,045,827	6,577,685	5,178,598	18,802,110
Debt securities	6,883,195	6,577,685	4,848,883	18,309,763
Equity securities	73,141	-	147,292	220,433
Loans	-	-	182,423	182,423
Others	89,491	-	-	89,491
Derivatives held for trading	-	7,441,236	33	7,441,269
Derivatives held for hedging	-	208,667	-	208,667
Financial assets at fair value through other comprehensive income:	13,328,128	24,558,301	737,499	38,623,928
Debt securities	12,747,561	24,210,249	-	36,957,810
Equity securities	580,567	-	737,499	1,318,066
Loans	-	348,052	-	348,052
	20,373,955	38,785,889	5,916,130	65,075,974
Financial liabilities				
Financial liabilities at fair value through profit or loss	89,415	-	-	89,415
Derivatives held for trading	-	6,545,663	732	6,546,395
Derivatives held for hedging	-	134,538	-	134,538
	89,415	6,680,201	732	6,770,348

(In millions of Korean won)	December 31, 2022			
	Fair value hierarchy			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value through profit or loss:	7,216,086	9,613,485	4,383,837	21,213,408
Debt securities	7,059,911	9,613,485	4,083,183	20,756,579
Equity securities	66,169	-	151,579	217,748
Loans	-	-	149,075	149,075
Others	90,006	-	-	90,006
Derivatives held for trading	-	7,529,333	33	7,529,366
Derivatives held for hedging	-	238,226	-	238,226
Financial assets at fair value through other comprehensive income:	11,855,563	27,352,216	805,596	40,013,375
Debt securities	11,242,637	27,121,195	-	38,363,832
Equity securities	612,926	-	805,596	1,418,522
Loans	-	231,021	-	231,021
	19,071,649	44,733,260	5,189,466	68,994,375
Financial liabilities				
Financial liabilities at fair value through profit or loss	108,862	-	-	108,862
Derivatives held for trading	-	7,166,128	450	7,166,578
Derivatives held for hedging	-	104,856	-	104,856
	108,862	7,270,984	450	7,380,296

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

(In millions of Korean won)	**September 30, 2023**		
	Fair value	**Valuation techniques**	**Inputs**
Financial assets			
Financial assets at fair value through profit or loss:	6,577,685		
Debt securities	6,577,685	DCF Model, MonteCarlo Simulation, Net Asset Value Method	Discount rate, interest rate, prices of underlying assets (debt securities, stocks, etc.)
Derivatives held for trading	7,441,236	DCF Model, Closed Form, FDM	Discount rate, volatility, foreign exchange rate, stock price, and others
Derivatives held for hedging	208,667	DCF Model, Closed Form, FDM	Discount rate, volatility, foreign exchange rate, and others
Financial assets at fair value through other comprehensive income:	24,558,301		
Debt securities	24,210,249	DCF Model	Discount rate
Loans	348,052	DCF Model	Discount rate
	38,785,889		
Financial liabilities			
Derivatives held for trading	6,545,663	DCF Model, Closed Form, FDM	Discount rate, volatility, foreign exchange rate, stock price, and others
Derivatives held for hedging	134,538	DCF Model, Closed Form, FDM	Discount rate, volatility, foreign exchange rate, and others
	6,680,201		

(In millions of Korean won)	**December 31, 2022**		
	Fair value	**Valuation techniques**	**Inputs**
Financial assets			
Financial assets at fair value through profit or loss:	9,613,485		
Debt securities	9,613,485	DCF Model, MonteCarlo Simulation, Net Asset Value Method	Discount rate, interest rate, prices of underlying assets (debt securities, stocks, etc.)
Derivatives held for trading	7,529,333	DCF Model, Closed Form, FDM	Discount rate, volatility, foreign exchange rate, stock price, and others
Derivatives held for hedging	238,226	DCF Model, Closed Form, FDM	Discount rate, volatility, foreign exchange rate, and others
Financial assets at fair value through other comprehensive income:	27,352,216		
Debt securities	27,121,195	DCF Model	Discount rate
Loans	231,021	DCF Model	Discount rate
	44,733,260		
Financial liabilities			
Derivatives held for trading	7,166,128	DCF Model, Closed Form, FDM	Discount rate, volatility, foreign exchange rate, stock price, and others
Derivatives held for hedging	104,856	DCF Model, Closed Form, FDM	Discount rate, volatility, foreign exchange rate, and others
	7,270,984		

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

(In millions of Korean won)	**September 30, 2023**			
	Fair value hierarchy			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets				
Cash and due from financial institutions [1]	2,572,429	20,669,860	2,364,447	25,606,736
Loans measured at amortized cost	-	-	380,618,591	380,618,591
Securities measured at amortized cost	4,684,207	32,838,017	-	37,522,224
Other financial assets [2]	-	-	18,607,627	18,607,627
	7,256,636	53,507,877	401,590,665	462,355,178
Financial liabilities				
Deposits [1]	-	161,052,583	225,180,891	386,233,474
Borrowings [1]	-	98,685	37,350,708	37,449,393
Debentures	-	30,732,377	-	30,732,377
Other financial liabilities [2]	-	-	37,243,013	37,243,013
	-	191,883,645	299,774,612	491,658,257

(In millions of Korean won)	**December 31, 2022**			
	Fair value hierarchy			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets				
Cash and due from financial institutions [1]	2,560,519	20,223,592	2,335,966	25,120,077
Loans measured at amortized cost	-	-	372,232,275	372,232,275
Securities measured at amortized cost	5,087,917	28,330,263	-	33,418,180
Other financial assets [2]	-	-	6,709,627	6,709,627
	7,648,436	48,553,855	381,277,868	437,480,159
Financial liabilities				
Deposits [1]	-	164,003,100	217,285,477	381,288,577
Borrowings [1]	-	18,271	44,728,079	44,746,350
Debentures	-	29,611,888	-	29,611,888
Other financial liabilities [2]	-	-	17,376,336	17,376,336
	-	193,633,259	279,389,892	473,023,151

[1] The amounts included in Level 2 are the carrying amounts which are reasonable approximations of fair value.
[2] Other financial assets and other financial liabilities included in Level 3 are the carrying amounts which are reasonable approximations of fair value.

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

(In millions of Korean won)	September 30, 2023		
	Fair value	**Valuation techniques**	**Inputs**
Financial assets			
Securities measured at amortized cost	32,838,017	DCF Model, MonteCarlo Simulation	Discount rate, interest rate
Financial liabilities			
Debentures	30,732,377	DCF Model	Discount rate

(In millions of Korean won)	December 31, 2022		
	Fair value	**Valuation techniques**	**Inputs**
Financial assets			
Securities measured at amortized cost	28,330,263	DCF Model, MonteCarlo Simulation	Discount rate, interest rate
Financial liabilities			
Debentures	29,611,888	DCF Model	Discount rate

Valuation techniques and inputs of financial assets and liabilities classified as Level 3, and whose fair value is disclosed as of September 30, 2023 and December 31, 2022, are as follows:

(In millions of Korean won)

	September 30, 2023			
	Fair value	**Valuation techniques**	**Inputs**	**Unobservable inputs**
Financial assets				
Cash and due from financial institutions	2,364,447	DCF Model	Credit spread, other spread, interest rate	Credit spread, other spread
Loans measured at amortized cost	380,618,591	DCF Model	Credit spread, other spread, prepayment rate, interest rate	Credit spread, other spread, prepayment rate
	382,983,038			
Financial liabilities				
Deposits	225,180,891	DCF Model	Other spread, prepayment rate, interest rate	Other spread, prepayment rate
Borrowings	37,350,708	DCF Model	Other spread, interest rate	Other spread
	262,531,599			

Valuation techniques and inputs of financial assets and liabilities classified as Level 3, and whose fair value is disclosed as of September 30, 2023 and December 31, 2022, are as follows: (cont'd)

(In millions of Korean won)

	December 31, 2022			
	Fair value	**Valuation techniques**	**Inputs**	**Unobservable inputs**
Financial assets				
Cash and due from financial institutions	2,335,966	DCF Model	Credit spread, other spread, interest rate	Credit spread, other spread
Loans measured at amortized cost	372,232,275	DCF Model	Credit spread, other spread, prepayment rate, interest rate	Credit spread, other spread, prepayment rate
	374,568,241			
Financial liabilities				
Deposits	217,285,477	DCF Model	Other spread, prepayment rate, interest rate	Other spread, prepayment rate
Borrowings	44,728,079	DCF Model	Other spread, interest rate	Other spread
	262,013,556			

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 changes in situations or events cause transfers between the fair value hierarchy level for a financial asset or liability to occur, the Group’s policy is to recognize such transfers as having occurred at the beginning of the reporting period.

6.2.2 Changes in fair value (Level 3) measured using valuation technique based on unobservable inputs in the market

6.2.2.1 Changes in financial instruments classified as Level 3 of the fair value hierarchy for the nine-month periods ended September 30, 2023 and 2022, are as follows:

(In millions of Korean won)

	2023				
	Financial assets at fair value through profit or loss		Financial investments	Net derivative financial instruments	
	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	Derivatives held for trading	Derivatives held for hedging
Beginning	4,234,762	149,075	805,596	(417)	-
Total gains or losses:					
- Profit or loss	186,596	(3,038)	-	(282)	-
- Other comprehensive loss	-	-	(68,217)	-	-
Purchases	833,364	40,255	152	-	-
Sales	(258,547)	(3,869)	(32)	-	-
Ending	4,996,175	182,423	737,499	(699)	-

(In millions of Korean won)

	2022				
	Financial assets at fair value through profit or loss		Financial investments	Net derivative financial instruments	
	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	Derivatives held for trading	Derivatives held for hedging
Beginning	3,220,645	93,930	849,099	(331)	-
Total gains or losses:					
- Profit or loss	333,685	(13,973)	-	(72)	-
- Other comprehensive loss	-	-	(7,459)	-	-
Purchases	1,035,929	65,082	3,570	-	-
Sales	(319,029)	(10,672)	-	-	-
Ending	4,271,230	134,367	845,210	(403)	-

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 nine-month periods ended September 30, 2023 and 2022, are as follows:

(In millions of Korean won)	2023		
	Net gains on financial instruments at fair value through profit or loss	**Other operating income**	**Net interest income**
Total gains recognized in profit or loss for the period	72,964	110,312	-
Total gains recognized in profit or loss from financial instruments held at the end of the reporting period	73,205	98,715	-

(In millions of Korean won)	2022		
	Net gains on financial instruments at fair value through profit or loss	**Other operating income**	**Net interest income**
Total gains recognized in profit or loss for the period	84,381	235,259	-
Total gains recognized in profit or loss from financial instruments held at the end of the reporting period	75,282	200,314	-

6.2.3 Sensitivity analysis of changes in unobservable inputs

6.2.3.1 Information about fair value measurements using unobservable inputs as of September 30, 2023 and December 31, 2022, are as follows:

(In millions of Korean won)

	September 30, 2023					
	Fair value	**Valuation techniques**	**Inputs**	**Unobservable inputs**	**Range of unobservable inputs (%)**	**Relationship of unobservable inputs to fair value**
Financial assets						
Financial assets at fair value through profit or loss:						
Debt securities	4,848,883	MonteCarlo Simulation, Net Asset Value Method, DCF Model, Tree Model	Price of underlying asset, interest rate, dividend yield, discount rate, liquidation value, rate of real estate sale price fluctuation, stock price, volatility of stock price	Volatility of underlying asset	23.79 ~ 24.29	Higher the volatility, higher the fair value fluctuation
				Correlation coefficient between underlying assets	27.88	Higher the correlation coefficient, higher the fair value fluctuation
				Rate of real estate sale price fluctuation	0.00	Higher the real estate sale price, higher the fair value
				Volatility of stock price	18.96 ~ 29.87	Higher the volatility, higher the fair value fluctuation
Equity securities	147,292	DCF Model, Comparable Company Analysis, Risk Adjusted Discount Rate Method	Growth rate, discount rate	Growth rate	0.00	Higher the growth rate, higher the fair value
				Discount rate	8.64 ~ 19.35	Lower the discount rate, higher the fair value
Loans	182,423	DCF Model	Discount rate	Discount rate	9.87	Lower the discount rate, higher the fair value
Derivatives held for trading:						
Stock and index	33	Tree Model	Price of underlying asset, volatility of underlying asset	Volatility of underlying asset	18.96 ~ 19.67	Higher the volatility, higher the fair value fluctuation
Financial assets at fair value through other comprehensive income:						
Equity securities	737,499	DCF Model, Comparable Company Analysis, Risk Adjusted Discount Rate Method, Tree Model	Growth rate, discount rate, stock price, volatility of stock price	Growth rate	0.00 ~ 1.00	Higher the growth rate, higher the fair value
				Discount rate	9.57 ~ 20.01	Lower the discount rate, higher the fair value
				Volatility of stock price	19.94 ~ 21.98	Higher the volatility, higher the fair value fluctuation
	5,916,130					
Financial liabilities						
Derivatives held for trading:						
Others	732	DCF Model	Interest rate, discount rate	Discount rate	5.18~5.38	Higher the discount rate, lower the fair value
	732					

(In millions of Korean won)

	December 31, 2022					
	Fair value	Valuation techniques	Inputs	Unobservable inputs	Range of unobservable inputs (%)	Relationship of unobservable inputs to fair value
Financial assets						
Financial assets at fair value through profit or loss:						
Debt securities	4,083,183	MonteCarlo Simulation, Net Asset Value Method, DCF Model, Tree Model	Price of underlying asset, interest rate, dividend yield, discount rate, liquidation value, rate of real estate sale price fluctuation, stock price, volatility of stock price	Volatility of underlying asset	23.97 ~ 26.52	Higher the volatility, higher the fair value fluctuation
				Correlation coefficient between underlying assets	22.85	Higher the correlation coefficient, higher the fair value fluctuation
				Discount rate	8.53	Lower the discount rate, higher the fair value
				Liquidation value	0.00	Higher the liquidation value, higher the fair value
				Rate of real estate sale price fluctuation	0.00	Higher the real estate sale price, higher the fair value
				Volatility of stock price	21.83 ~ 34.51	Higher the volatility, higher the fair value fluctuation
Equity securities	151,579	DCF Model, Comparable Company Analysis, Risk Adjusted Discount Rate Method	Growth rate, discount rate	Growth rate	0.00	Higher the growth rate, higher the fair value
				Discount rate	9.16 ~ 15.82	Lower the discount rate, higher the fair value
Loans	149,075	DCF Model	Discount rate	Discount rate	9.91	Lower the discount rate, higher the fair value
Derivatives held for trading:						
Stock and index	33	Tree Model	Price of underlying asset, volatility of underlying asset	Volatility of underlying asset	21.83 ~ 31.73	Higher the volatility, higher the fair value fluctuation
Financial assets at fair value through other comprehensive income:						
Equity securities	805,596	DCF Model, Comparable Company Analysis, Risk Adjusted Discount Rate Method, Tree Model	Growth rate, discount rate, stock price, volatility of stock price	Growth rate	0.00 ~ 1.00	Higher the growth rate, higher the fair value
				Discount rate	9.08 ~ 19.14	Lower the discount rate, higher the fair value
				Volatility of stock price	24.88 ~28.62	Higher the volatility, higher the fair value fluctuation
	5,189,466					
Financial liabilities						
Derivatives held for trading:						
Others	450	DCF Model	Interest rate, discount rate	Discount rate	4.83 ~ 6.85	Higher the discount rate, lower the fair value
	450					

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 debt securities, loans, equity-related derivatives, currency-related derivatives, interest rate-related derivatives, and other derivatives whose fair value changes are recognized in profit or loss as well as equity securities 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 September 30, 2023 and December 31, 2022, are as follows:

(In millions of Korean won)	**September 30, 2023**			
	Profit or loss		**Other comprehensive income or loss**	
	Favorable changes	**Unfavorable changes**	**Favorable changes**	**Unfavorable changes**
Financial assets				
Financial assets at fair value through profit or loss:				
Debt securities [4, 6]	6,094	(6,097)	-	-
Equity securities [3, 6]	6,078	(2,884)	-	-
Loans [5]	2,193	(1,987)	-	-
Derivatives held for trading [1]	3	(2)	-	-
Financial assets at fair value through other comprehensive income:				
Equity securities [3, 6, 7]	-	-	87,865	(44,845)
	14,368	(10,970)	87,865	(44,845)
Financial liabilities				
Derivatives held for trading [2]	60	(60)	-	-
	60	(60)	-	-

Results of the sensitivity analysis of changes in unobservable inputs as of September 30, 2023 and December 31, 2022, are as follows: (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:				
Debt securities [1, 2]	6,140	(6,383)	-	-
Equity securities [2, 3]	8,629	(5,033)	-	-
Loans [2,4]	2,277	(2,054)	-	-
Derivatives held for trading [5]	2	(2)	-	-
Financial assets at fair value through other comprehensive income:				
Equity securities [2, 3, 6]	-	-	137,984	(56,900)
	17,048	(13,472)	137,984	(56,900)
Financial liabilities				
Derivatives held for trading [5]	72	(72)	-	-
	72	(72)	-	-

[1] For derivative held for trading financial instruments, changes in fair value are calculated by shifting principal unobservable input parameters such as price and the volatility of underlying asset by ±10%.

[2] For derivative held for trading financial instruments, changes in fair value are calculated by shifting principal input parameters such as discount rate (-1%p~1%p).

[3] For equity securities, changes in fair value are calculated by shifting principal unobservable input parameters such as discount rate (-1%p~1%p) and growth rate (0%p~1%p).

[4] For beneficiary certificates, it is practically impossible to analyze sensitivity of changes in unobservable inputs. However, for beneficiary certificates whose underlying assets are real estates, changes in fair value are calculated by shifting the rate of real estate sale price fluctuation (-1%p~1%p). For beneficiary certificates whose underlying assets are equity investments, changes in fair value are calculated by shifting the liquidation value (-1%p~1%p) and discount rate (-1%p~1%p). There is no significant correlation among major unobservable inputs.

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

[6] The amounts of ₩ 4,721,231million and ₩ 3,989,635 million of financial assets classified as level 3 as of September 30, 2023 and December 31, 2022, respectively, are excluded because it is practically impossible to analyze the sensitivity of changes in unobservable inputs.

[7] For some equity securities, changes in fair value are calculated by shifting principal unobservable input parameters such as stock price and volatility of stock price by ±10%.

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 nine-month periods ended September 30, 2023 and 2022, are as follows:

(In millions of Korean won)	**2023**	**2022**
Balance at the beginning of the period (A)	(6,746)	(8,719)
New transactions (B)	-	(105)
Amounts recognized in profit or loss (C=a+b)	1,525	1,564
a. Amortization	1,525	1,564
b. Settlement	-	-
Balance at the end of the period (A+B+C)	(5,221)	(7,260)

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

(In millions of Korean won)

	September 30, 2023					
	Financial instruments at fair value through profit or loss	**Financial instruments at fair value through other comprehensive income**	**Financial instruments designated at fair value through other comprehensive income**	**Financial instruments at amortized cost**	**Derivatives held for hedging**	**Total**
Financial assets						
Cash and due from financial institutions	-	-	-	25,611,409	-	25,611,409
Financial assets at fair value through profit or loss	18,802,110	-	-	-	-	18,802,110
Derivative financial assets	7,441,269	-	-	-	208,667	7,649,936
Loans measured at amortized cost	-	-	-	381,535,891	-	381,535,891
Financial investments	-	37,305,865	1,318,066	39,001,967	-	77,625,895
Other financial assets	-	-	-	18,607,627	-	18,607,627
	26,243,379	37,305,865	1,318,066	464,756,894	208,667	529,832,868

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

(In millions of Korean won)

	September 30, 2023			
	Financial instruments 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	89,415	-	-	89,415
Derivative financial liabilities	6,546,395	-	134,538	6,680,933
Deposits	-	386,357,814	-	386,357,814
Borrowings	-	37,658,095	-	37,658,095
Debentures	-	30,795,324	-	30,795,324
Other financial liabilities	-	37,243,013	-	37,243,013
	6,635,810	492,054,246	134,538	498,824,594

(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	-	-	-	25,127,794	-	25,127,794
Financial assets at fair value through profit or loss	21,213,408	-	-	-	-	21,213,408
Derivative financial assets	7,529,366	-	-	-	238,226	7,767,592
Loans measured at amortized cost	-	-	-	374,671,976	-	374,671,976
Financial investments	-	38,594,853	1,418,522	35,236,794	-	75,250,169
Other financial assets	-	-	-	6,709,627	-	6,709,627
	28,742,774	38,594,853	1,418,522	441,746,191	238,226	510,740,566

(In millions of Korean won)

	December 31, 2022			
	Financial instruments 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	108,862	-	-	108,862
Derivative financial liabilities	7,166,578	-	104,856	7,271,434
Deposits	-	381,746,749	-	381,746,749
Borrowings	-	45,073,117	-	45,073,117
Debentures	-	29,787,722	-	29,787,722
Other financial liabilities	-	17,376,336	-	17,376,336
	7,275,440	473,983,924	104,856	481,364,220

7. Due from Financial Institutions

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

(In millions of Korean won)

		Financial institutions	Interest rate (%)	September 30, 2023	December 31, 2022
Due from financial institutions in Korean won	Due from Bank of Korea	Bank of Korea	-	15,551,612	15,169,704
	Due from banks	Hana Bank and others	0.00~2.99	106,257	377,655
	Due from others	KB Securities Co., Ltd. and others	0.00~4.35	14,751	24,152
				15,672,620	15,571,511
Due from financial institutions in foreign currencies	Due from banks in foreign currencies	FEDERAL RESERVE BANK OF NEW YORK and others	0.00~5.33	6,156,820	5,559,644
	Time deposits in foreign currencies	BANK OF COMMUNICATIONS,SEOUL and others	0.00~7.35	417,895	458,225
	Due from others	STATE STREET BANK AND TRUST COMPANY SEOUL BRANCH and others	0.00~6.25	792,475	979,771
				7,367,190	6,997,640
				23,039,810	22,569,151

* Before netting of allowance, including \ 22,358,406 million classified as cash.

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

(In millions of Korean won)

		Financial institutions	September 30, 2023	December 31, 2022	Reasons of restriction
Due from financial institutions in Korean won	Due from Bank of Korea	Bank of Korea	15,551,612	15,169,704	Bank of Korea Act
	Due from others	KB Securities Co., Ltd. and others	14,246	24,152	Derivatives margin account
			15,565,858	15,193,856	
Due from financial institutions in foreign currencies	Due from banks in foreign currencies	Bank of Korea and others	1,440,218	2,350,756	Bank of Korea Act and others
	Time deposits in foreign currencies	AGRICULTURAL BANK OF CHINA NEW YORK BRANCH	80,688	63,365	New York State Banking Law
	Due from others	STATE STREET BANK AND TRUST COMPANY SEOUL BRANCH and others	321,453	238,978	Derivatives margin account
			1,842,359	2,653,099	
			17,408,217	17,846,955	

* Before netting of allowance, including \ 16,847,092 million classified as cash.

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

(In millions of Korean won)

	2023		
	12-month expected credit losses	Lifetime expected credit losses	
		Non-impaired	Impaired
Beginning	1,875	-	-
Provision for credit losses	895	-	-
Others (exchange differences, etc.)	544	-	-
Ending	3,314	-	-

(In millions of Korean won)

	2022		
	12-month expected credit losses	Lifetime expected credit losses	
		Non-impaired	Impaired
Beginning	2,127	-	-
Provision for credit losses	439	-	-
Others (exchange differences, etc.)	160	-	-
Ending	2,726	-	-

8. Derivative Financial Instruments and Hedge Accounting

The Group engages in derivative trading activities to hedge the interest rate risk and currency risk arising from the Group's own assets and liabilities. In particular, the Group applies fair value hedge accounting using interest rate swaps to hedge the risk of changes in fair value due to the changes in interest rate of structured debentures in Korean won, debentures, structured deposits in foreign currencies, and debt securities at fair value through other comprehensive income. Also, the Group applies cash flow hedge accounting using interest rate swaps to hedge the risk of changes in cash flows of debentures in foreign currencies, borrowings in foreign currencies, and group of loans measured at amortized cost. In addition, the Group applies net investments in foreign operations hedge accounting by designating debentures in foreign currencies and spot components of the currency forward as hedging instruments to hedge the currency risk of net investments in foreign operations.

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

(In millions of Korean won)

	September 30, 2023			December 31, 2022		
	Notional Amount	Assets	Liabilities	Notional amount	Assets	Liabilities
Interest rate						
Forwards	3,643,475	467,313	3,726	2,765,927	355,407	11,092
Futures [1]	1,288,482	-	-	2,105,953	-	-
Swaps [2]	229,754,657	726,963	452,769	221,095,884	759,599	437,916
Options	9,294,000	296,614	303,442	9,798,000	268,469	265,283
	243,980,614	1,490,890	759,937	235,765,764	1,383,475	714,291
Currency						
Forwards	118,761,628	2,367,768	1,244,212	107,620,136	2,557,498	2,354,719
Futures [1]	-	-	-	50,692	-	-
Swaps	91,871,437	3,575,560	4,532,002	93,409,026	3,563,775	4,067,824
Options	1,417,247	7,018	9,512	2,270,274	24,585	29,294
	212,050,312	5,950,346	5,785,726	203,350,128	6,145,858	6,451,837
Stock and index						
Futures [1]	7,933	-	-	-	-	-
Options	355	33	-	355	33	-
	8,288	33	-	355	33	-
Credit						
Swaps [2]	516,806	-	-	-	-	-
	516,806	-	-	-	-	-
Others	94,300	-	732	94,300	-	450
	456,650,320	7,441,269	6,546,395	439,210,547	7,529,366	7,166,578

[1] Gains or losses arising from daily mark-to-market futures are reflected in the margin accounts.

[2] Notional amounts of ₩ 194,589,351 million and ₩ 184,565,603 million as of September 30, 2023 and December 31, 2022, respectively, were traded through the central clearing house.

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

(In millions of Korean won)	**September 30, 2023**						
	1 year	**2 years**	**3 years**	**4 years**	**5 years**	**Over 5 years**	**Total**
Fair value hedge							
Nominal amount of the hedging instrument	4,327,318	3,508,267	1,588,977	512,933	264,447	2,305,121	12,507,063
Average price condition (%), (SOFR, CD and LIBOR)	4.09	4.75	5.06	5.68	5.39	4.83	4.63
Cash flow hedge							
Nominal amount of the hedging instrument	1,034,480	-	403,440	855,293	-	-	2,293,213
Average price condition (%), (SOFR, CD and LIBOR)	4.01	-	5.38	6.31	-	-	5.11

(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	5,064,802	1,128,620	2,660,326	1,862,039	426,551	2,147,845	13,290,183
Average price condition (%), (SOFR, CD and LIBOR)	4.17	4.52	4.64	4.56	4.36	4.64	4.43
Cash flow hedge							
Nominal amount of the hedging instrument	843,555	226,730	-	-	806,003	-	1,876,288
Average price condition (%), (SOFR, CD and LIBOR)	4.64	4.06	-	-	5.10	-	4.77

8.3 Fair Value Hedge

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

(In millions of Korean won)		September 30, 2023				2023
		Carrying amount		Accumulated amount of hedge adjustments		Changes in fair value
		Assets	Liabilities	Assets	Liabilities	
Interest rate	Debt securities in Korean won	1,940,153	-	(82,269)	-	17,800
	Debt securities in foreign currencies	2,757,612	-	(190,012)	-	16,552
	Deposits in Korean won	-	48,039	-	(1,961)	1,961
	Deposits in foreign currencies	-	30,856	-	(9,488)	896
	Debentures in Korean won	-	6,406,056	-	(223,944)	(17,137)
	Debentures in foreign currencies	-	1,322,758	-	(116,178)	20,313
		4,697,765	7,807,709	(272,281)	(351,571)	40,385

(In millions of Korean won)		December 31, 2022				2022
		Carrying amount		Accumulated amount of hedge adjustments		Changes in fair value
		Assets	Liabilities	Assets	Liabilities	
Interest rate	Debt securities in Korean won	2,467,171	-	(107,444)	-	(129,945)
	Debt securities in foreign currencies	3,142,972	-	(232,085)	-	(261,855)
	Deposits in foreign currencies	-	29,429	-	(8,591)	9,673
	Debentures in Korean won	-	5,690,371	-	(249,629)	230,051
	Debentures in foreign currencies	-	1,196,781	-	(95,865)	139,450
		5,610,143	6,916,581	(339,529)	(354,085)	(12,626)

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

(In millions of Korean won)	September 30, 2023			2023
	Notional amount	Assets	Liabilities	Changes in fair value
Interest rate				
Swaps	12,507,063	141,500	134,538	(33,733)

(In millions of Korean won)	December 31, 2022			2022
	Notional amount	Assets	Liabilities	Changes in fair value
Interest rate				
Swaps	13,290,183	186,258	104,856	15,558

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

(In millions of Korean won)

	2023	2022
Interest rate	6,652	2,932

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

(In millions of Korean won)	2023	2022
Gains or losses on hedging instruments	(30,259)	25,587
Gains or losses on hedged items attributable to the hedged risk	38,244	(33,358)
	7,985	(7,771)

8.4 Cash Flow Hedge

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

(In millions of Korean won)

	Cash flow hedge reserve		Changes in fair value	
	September 30, 2023	December 31, 2022	2023	2022
Interest rate risk	45,566	33,921	(13,098)	(59,414)

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

(In millions of Korean won)	September 30, 2023			2023
	Notional amount	Assets	Liabilities	Changes in fair value
Interest rate				
Swaps	2,293,213	67,167	-	20,943

8.4.2 Details of derivative instruments designated as cash flow hedge as of September 30, 2023 and December 31, 2022 and changes in fair value for the nine-month periods ended September 30, 2023 and 2022, are as follows: (cont'd)

(In millions of Korean won)	December 31, 2022			2022
	Notional amount	Assets	Liabilities	Changes in fair value
Interest rate				
Swaps	1,876,288	51,968	-	53,654

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

(In millions of Korean won)	2023	2022
Gains (losses) on hedging instruments:	20,943	53,654
Effective portion of gains (losses) on cash flow hedging instruments (recognized in other comprehensive income or loss)	20,959	53,460
Ineffective portion of losses on cash flow hedging instruments (recognized in profit or loss)	(16)	194

8.4.4 Amounts recognized in other comprehensive income and reclassified from equity to profit or loss related to derivative instruments designated as cash flow hedges for the nine-month periods ended September 30, 2023 and 2022, are as follows:

(In millions of Korean won)	2023	2022
Other comprehensive income	20,959	53,460
Reclassification to profit or loss	(5,200)	3,351
Income tax effect	(4,114)	(15,623)
	11,645	41,188

8.4.5 As of September 30, 2023, the hedged items subject to cash flow hedges are exposed to the risk of changes in cash flows until August 5, 2027.

8.5 Hedge of Net Investments in Foreign Operations

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

(In millions of Korean won)

	Foreign currency translation reserve		Changes in fair value	
	September 30, 2023	December 31, 2022	2023	2022
Currency risk	(157,472)	(95,296)	84,302	267,748

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

(In millions of Korean won)	September 30, 2023			2023
	Notional amount	Assets	Liabilities	Changes in fair value
Debentures in foreign currencies	1,479,280	-	1,479,280	(84,302)
	1,479,280	-	1,479,280	(84,302)

(In millions of Korean won)	December 31, 2022			2022
	Notional amount	Assets	Liabilities	Changes in fair value
Debentures in foreign currencies	1,361,080	-	1,361,080	(267,748)
	1,361,080	-	1,361,080	(267,748)

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

(In millions of Korean won)	September 30, 2023	December 31, 2022
Debentures in foreign currencies	1,319,452	1,211,215

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

(In millions of Korean won)	2023	2022
Losses on hedging instruments:	(84,302)	(267,748)
Effective portion of losses on hedge of net investments in foreign operations (recognized in other comprehensive income or loss)	(84,302)	(267,748)
Ineffective portion of losses on hedge of net investments in foreign operations (recognized in profit or loss)	-	-

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

(In millions of Korean won)	2023	2022
Other comprehensive loss	(84,302)	(267,748)
Reclassification to profit or loss	-	-
Income tax effect	22,126	73,631
	(62,176)	(194,117)

8.6 Interest Rate Benchmark Reform

The USD LIBOR interest rate will be replaced by the Secured Overnight Financing Rate ("SOFR") based on actual transactions. In the case of KRW, the Korean government bond/monetary stabilization bond RP rate has been finally decided as the Risk-Free Reference Rate ("RFR") and will replace the Certificate of Deposit ("CD") rate in the mid to long-term. Within the corresponding hedging relationship of related significant interest rate benchmark, the Group assumed that the spread to be changed on the RFR basis including SOFR would be similar to that included in the interest rate swap used as a hedging instrument, and no other changes were assumed.

9. Loans Measured at Amortized Cost

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

(In millions of Korean won)	**September 30, 2023**	**December 31, 2022**
Loans	384,372,698	377,000,459
Deferred loan origination fees and costs	436,545	436,128
Less: Allowances for credit losses	(3,273,352)	(2,764,611)
	381,535,891	374,671,976

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

(In millions of Korean won)	**September 30, 2023**	**December 31, 2022**
Loans	10,751,207	9,751,737
Less: Allowances for credit losses	(3,308)	(1,951)
	10,747,899	9,749,786

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

(In millions of Korean won)	September 30, 2023			
	Retail	**Corporate**	**Credit card**	**Total**
Loans in Korean won	164,669,046	171,391,240	-	336,060,286
Loans in foreign currencies	4,076,837	25,519,541	-	29,596,378
Domestic import usance bills	-	4,772,464	-	4,772,464
Off-shore funding loans	-	707,608	-	707,608
Call loans	-	102,604	-	102,604
Bills bought in Korean won	-	3,166	-	3,166
Bills bought in foreign currencies	-	2,126,034	-	2,126,034
Guarantee payments under acceptances and guarantees	-	25,133	-	25,133
Credit card receivables in foreign currencies	-	-	40,427	40,427
Bonds purchased under repurchase agreements	-	381,983	-	381,983
Privately placed bonds	-	241,953	-	241,953
	168,745,883	205,271,726	40,427	374,058,036
Proportion (%)	45.11	54.88	0.01	100.00
Less: Allowances for credit losses	(871,488)	(2,384,428)	(14,128)	(3,270,044)
	167,874,395	202,887,298	26,299	370,787,992

(In millions of Korean won)	December 31, 2022			
	Retail	**Corporate**	**Credit card**	**Total**
Loans in Korean won	166,731,575	161,671,964	-	328,403,539
Loans in foreign currencies	3,732,325	25,210,008	-	28,942,333
Domestic import usance bills	-	4,499,072	-	4,499,072
Off-shore funding loans	-	943,751	-	943,751
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	-	18,459	-	18,459
Credit card receivables in foreign currencies	-	-	43,022	43,022
Bonds purchased under repurchase agreements	-	2,281,357	-	2,281,357
Privately placed bonds	-	367,650	-	367,650
	170,463,900	197,177,928	43,022	367,684,850
Proportion (%)	46.36	53.63	0.01	100.00
Less: Allowances for credit losses	(946,471)	(1,800,432)	(15,757)	(2,762,660)
	169,517,429	195,377,496	27,265	364,922,190

10. Allowances for Credit Losses

10.1 Changes in allowances for credit losses of loans for the nine-month periods ended September 30, 2023 and 2022, are as follows:
(In millions of Korean won)

	2023											
	Retail				Corporate				Credit card			
	12-month expected credit losses	Lifetime expected credit losses		Credit impaired approach	12-month expected credit losses	Lifetime expected credit losses		Credit impaired approach	12-month expected credit losses	Lifetime expected credit losses		Credit impaired approach
		Non-impaired	Impaired			Non-impaired	Impaired			Non-impaired	Impaired	
Beginning	437,540	205,369	303,562	-	405,702	526,079	870,602	-	887	288	14,582	-
Transfer between stages:												
Transfer to 12-month expected credit losses	103,824	(103,021)	(803)	-	103,993	(97,180)	(6,813)	-	1,515	(126)	(1,389)	-
Transfer to lifetime expected credit losses (non-impaired)	(86,871)	96,389	(9,518)	-	(93,495)	124,011	(30,516)	-	(14)	2,488	(2,474)	-
Transfer to lifetime expected credit losses (impaired)	(2,210)	(52,197)	54,407	-	(5,157)	(73,105)	78,262	-	(25)	(126)	151	-
Write-offs	-	-	(286,261)	-	-	9	(163,813)	-	-	-	(2,962)	-
Sales	(912)	(465)	(2,404)	-	-	(241)	(17,904)	-	-	-	-	-
Provision (reversal) for credit losses [1, 2]	(47,075)	40,235	213,950	-	276,663	106,642	332,241	-	(1,551)	(2,307)	4,290	-
Others (exchange differences, etc.)	2,366	741	4,842	-	5,990	2,077	43,689	-	135	139	627	-
Ending [3]	406,662	187,051	277,775	-	693,696	588,292	1,105,748	-	947	356	12,825	-

(In millions of Korean won)

	2022											
	Retail				Corporate				Credit card			
	12-month expected credit losses	Lifetime expected credit losses		Credit impaired approach	12-month expected credit losses	Lifetime expected credit losses		Credit impaired approach	12-month expected credit losses	Lifetime expected credit losses		Credit impaired approach
		Non-impaired	Impaired			Non-impaired	Impaired			Non-impaired	Impaired	
Beginning	299,033	174,459	195,633	-	366,300	454,618	916,301	-	1,078	-	19,518	-
Transfer between stages:												
Transfer to 12-month expected credit losses	104,581	(96,936)	(7,645)	-	121,047	(103,934)	(17,113)	-	194	-	(194)	-
Transfer to lifetime expected credit losses (non-impaired)	(74,736)	85,317	(10,581)	-	(73,281)	94,234	(20,953)	-	-	-	-	-
Transfer to lifetime expected credit losses (impaired)	(1,587)	(35,845)	37,432	-	(6,026)	(34,329)	40,355	-	(107)	-	107	-
Write-offs	-	(1)	(182,157)	-	-	(3)	(374,979)	-	-	-	(2,954)	-
Sales	(808)	(58)	(147)	-	(103)	(87)	(63,270)	-	-	-	-	-
Provision (reversal) for credit losses [1, 2]	49,380	57,689	175,657	-	12,644	124,179	114,944	-	118	-	1,517	-
Others (exchange differences, etc.)	708	1,754	8,865	-	21,324	(1,599)	55,998	-	128	-	1,894	-
Ending [3]	376,571	186,379	217,057	-	441,905	533,079	651,283	-	1,411	-	19,888	-

[1] Provision (reversal) for credit losses in the consolidated statements of comprehensive income also includes provision (reversal) for credit losses of unused loan commitments, acceptances and guarantees (Note 17.2), provision (reversal) for credit losses of financial guarantee contracts (Note 17.4), provision (reversal) for credit losses of other financial assets, provision (reversal) for credit losses of due from financial institutions (Note 7.3) and provision (reversal) for credit losses of debt securities (Note 11.5).

[2] Includes ₩ 128,553million and ₩ 224,368million of collections from written-off loans for the nine-month periods ended September 30, 2023 and 2022, respectively.

[3] Includes additional allowances of ₩ 230,210million for the borrowers which are highly affected by the termination of COVID-19 financial support as of September 30, 2023.

The Group manages the written-off loans for which their legal extinctive prescriptions have not been completed, and that have not been collected. The balances of those loans are ₩ 7,899,565 million and ₩ 7,870,811 million as of September 30, 2023 and December 31, 2022, respectively.

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

(In millions of Korean won)

	2023			
	12-month expected credit losses	Lifetime expected credit losses		Credit impaired approach
		Non-impaired	Impaired	
Beginning	348,132,282	26,670,823	2,633,482	-
Transfer between stages:				
Transfer to 12-month expected credit losses	24,556,954	(24,254,589)	(302,365)	-
Transfer to lifetime expected credit losses (non-impaired)	(29,331,718)	29,850,769	(519,051)	-
Transfer to lifetime expected credit losses (impaired)	(1,014,964)	(1,722,573)	2,737,537	-
Write-offs	-	9	(453,036)	-
Sales	(2,876,490)	(37,457)	(198,186)	-
Net increase (decrease) (execution, repayment, and others)	14,704,746	(3,281,501)	(485,429)	-
Ending	354,170,810	27,225,481	3,412,952	-

(In millions of Korean won)

	2022			
	12-month expected credit losses	Lifetime expected credit losses		Credit impaired approach
		Non-impaired	Impaired	
Beginning	334,424,618	26,384,843	2,762,180	-
Transfer between stages:				
Transfer to 12-month expected credit losses	26,718,868	(26,548,946)	(169,922)	-
Transfer to lifetime expected credit losses (non-impaired)	(29,505,112)	29,845,770	(340,658)	-
Transfer to lifetime expected credit losses (impaired)	(519,031)	(904,281)	1,423,312	-
Write-offs	-	(4)	(560,090)	-
Sales	(2,459,517)	(14,416)	(162,431)	-
Net increase (decrease) (execution, repayment, and others)	38,850,887	(1,953,074)	(266,703)	-
Ending	367,510,713	26,809,892	2,685,688	-

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

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

(In millions of Korean won)	September 30, 2023	December 31, 2022
Financial assets at fair value through profit or loss		
Debt securities:		
Government and public bonds	5,258,933	4,548,399
Financial bonds	4,075,039	7,285,980
Corporate bonds	1,522,919	1,170,321
Asset-backed securities	107,437	164,543
Beneficiary certificates	4,992,671	5,728,058
Investment funds	714,489	528,795
Derivative-linked securities	10,015	55,624
Other debt securities	1,628,260	1,274,859
Equity securities:		
Stocks	220,433	217,748
Loans:		
Other loans	182,423	149,075
Others:		
Financial instruments indexed to the price of gold	89,491	90,006
	18,802,110	21,213,408
Financial investments		
Debt securities:		
Government and public bonds	8,789,036	8,148,852
Financial bonds	16,174,172	17,113,728
Corporate bonds	11,187,089	12,606,868
Asset-backed securities	655,745	237,605
Other debt securities	151,768	256,779
Equity securities:		
Stocks	1,310,047	1,402,967
Equity investments	8,019	15,555
Loans:		
Privately placed bonds	348,052	231,021
	38,623,928	40,013,375
Financial assets at amortized cost		
Debt securities:		
Government and public bonds	6,497,255	6,520,633
Financial bonds	13,592,000	10,936,138
Corporate bonds	9,685,703	10,026,039
Asset-backed securities	8,847,258	7,395,434
Other debt securities	397,624	363,984
Less: Allowances for credit losses	(17,873)	(5,434)
	39,001,967	35,236,794
	77,625,895	75,250,169

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

(In millions of Korean won)		2023		2022	
		From the equity securities derecognized	From the equity securities held	From the equity securities derecognized	From the equity securities held
Stocks	Listed	-	1,999	-	409
	Unlisted	-	2,449	-	9,526
		-	4,448	-	9,935

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

(In millions of Korean won)		2023		2022	
		Disposal price*	Accumulated other comprehensive loss as of disposal date	Disposal price*	Accumulated other comprehensive loss as of disposal date
Stocks	Listed	36,595	36,719	424,306	334,069
	Unlisted	-	(758)	-	-
		36,595	35,961	424,306	334,069

* Disposed in accordance with the stock price increase and the resolution of joint sale.

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

(In millions of Korean won)	2023		
	Provision	Reversal	Total
Financial assets at fair value through other comprehensive income	11,255	(1,679)	9,576
Securities measured at amortized cost	13,462	(1,033)	12,429
	24,717	(2,712)	22,005

(In millions of Korean won)	2022		
	Provision	Reversal	Total
Financial assets at fair value through other comprehensive income	2,837	(945)	1,892
Securities measured at amortized cost	2,776	(359)	2,417
	5,613	(1,304)	4,309

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

(In millions of Korean won)

	2023		
	12-month expected credit losses	Lifetime expected credit losses	
		Non-impaired	Impaired
Beginning	12,093	270	-
Sales	(512)	(270)	-
Provision for credit losses	22,005	-	-
Others (exchange differences, etc.)	(48)	-	-
Ending	33,538	-	-

(In millions of Korean won)

	2022		
	12-month expected credit losses	Lifetime expected credit losses	
		Non-impaired	Impaired
Beginning	12,169	27	-
Sales	(584)	(23)	-
Provision for credit losses	4,211	98	-
Others (exchange differences, etc.)	437	-	-
Ending	16,233	102	-

12. Investments in Associates

Details of investments in associates as of September 30, 2023 and December 31, 2022, are as follows:

(In millions of Korean won)

	September 30, 2023					
	Ownership (%)	Acquisition cost	Share of net asset amount	Carrying amount	Industry	Location
Associates						
Korea Credit Bureau Co., Ltd. [1]	9.00	4,500	6,744	6,744	Credit information	Korea
Incheon Bridge Co., Ltd. [1]	14.99	9,159	(13,274)	-	Operation of highways and related facilities	Korea
KB SPROTT Renewable Private Equity Fund No.1	29.63	13,886	12,638	12,622	Investment finance	Korea
KB Digital Innovation & Growth New Technology Business Investment Fund	45.00	4,500	3,701	3,701	Discovery of and investment in promising FinTech-business venture	Korea
KB Digital Platform Fund	46.67	50,400	48,337	48,337	Digital platform and Tech-based investment in promising companies	Korea
KB Prime Digital Platform Fund	43.33	7,150	6,976	6,976	Digital platform and Tech-based investment in promising companies	Korea
Future Planning KB Start-up Creation Fund	50.00	1,500	8,277	8,277	Investment finance	Korea
KB High-tech Company Investment Fund	50.00	1,500	9,778	9,778	Investment finance	Korea
Aju Good Technology Venture Fund	38.46	344	14,225	14,224	Investment finance	Korea
KB-KDBC Pre-IPO New Technology Business Investment Fund	33.33	1,800	3,011	3,011	Investment finance	Korea
KB-TS Technology Venture Private Equity Fund	30.00	4,860	6,690	6,690	Investment finance	Korea
KB Intellectual Property Fund No.2	37.50	15,000	16,366	16,366	Investment finance	Korea
KB Digital Innovation Investment Fund Limited Partnership	25.74	32,655	37,696	37,696	Investment finance	Korea
KB-Brain KOSDAQ Scale-up New Technology Business Investment Fund	21.28	2,800	6,103	6,103	Investment finance	Korea
KB Global Platform Fund	22.73	43,850	50,702	50,702	Investment finance	Korea
KB Global Platform Fund No.2	20.00	4,000	3,558	3,558	Investment finance	Korea
KB-UTC Inno-Tech Venture Fund	29.53	12,750	11,427	11,427	Investment finance	Korea
WJ Private Equity Fund No.1	26.95	10,000	9,526	9,526	Investment finance	Korea

(In millions of Korean won)

	September 30, 2023					
	Ownership (%)	Acquisition cost	Share of net asset amount	Carrying amount	Industry	Location
KB-KDBC Pre-IPO New Technology Business Investment Fund No.2	28.57	10,000	8,993	8,993	Investment finance	Korea
KB Smart Scale Up Fund	25.00	50,000	47,920	47,920	Investment finance	Korea
KB Bio Global Expansion Private Equity Fund No.1	26.32	10,000	10,806	10,806	Investment finance	Korea
KB-KTB Technology Venture Fund	27.27	12,000	11,513	11,513	Investment finance	Korea
KB-SOLIDUS Healthcare Investment Fund	30.30	8,300	7,597	7,607	Investment finance	Korea
KB New Deal Innovation Fund	20.00	20,000	19,429	19,429	Investment finance	Korea
All Together Korea Fund No.2 [2]	99.99	10,000	10,463	10,463	Asset management	Korea
Shinla Construction Co., Ltd. [3]	20.17	-	(551)	-	Specialty construction	Korea
Terra Corporation [3]	24.06	-	2	-	Manufacture of fabricated and processed metal products	Korea
MJT&I Corp. [3]	22.89	-	(880)	-	Wholesale of other merchandise	Korea
Jungdong Steel Co., Ltd. [3]	42.65	-	(433)	-	Wholesale of primary metal	Korea
DSMETAL Co., Ltd. [3]	26.49	-	(101)	-	Manufacture of metal door, windows, shutter and relevant products	Korea
Shinhwa Underwear Co., Ltd. [3]	26.05	-	(96)	144	Manufacture of underwear and sleepwear	Korea
Jaeyang Industry Co., Ltd. [3]	20.86	-	(552)	-	Manufacture of luggage and other protective cases	Korea
Kendae Co., Ltd. [3]	41.01	-	(252)	98	Screen printing	Korea
Jinseung Tech Co., Ltd. [3]	30.04	-	(33)	158	Manufacture of other general-purpose machinery	Korea
Dongjo Co., Ltd. [3]	29.29	-	142	-	Wholesale of agricultural and forestry machinery and equipment	Korea
Korea NM Tech Co., Ltd. [3]	22.41	-	546	-	Manufacture of motor vehicles, trailers and semitrailers	Korea
Jungdo Co., Ltd. [3]	25.34	-	1,231	-	Office, commercial and institutional building construction	Korea
Dae-A Leisure Co., Ltd. [3]	49.36	-	436	-	Earth works	Korea
Chongil Machine & Tools Co., Ltd. [3]	20.40	-	(178)	-	Wholesale of machinery and equipment	Korea
Imt Technology Co., Ltd. [3]	25.29	-	30	12	Computer Peripherals Distribution	Korea
Iwon Alloy Co., Ltd. [3]	23.20	-	376	-	Manufacture of smelting, refining and alloys	Korea

(In millions of Korean won)

	September 30, 2023					
	Ownership (%)	Acquisition cost	Share of net asset amount	Carrying amount	Industry	Location
Computerlife Co., Ltd. [3]	25.41	-	(124)	56	Publishing of magazines and periodicals (publishing industry)	Korea
Skydigital Inc. [3]	20.40	-	(338)	-	Manufacture of multimedia and video devices	Korea
Jo Yang Industrial Co., Ltd. [3]	22.77	-	(72)	-	Manufacture of special glass	Korea
Il-Kwang Electronic Materials Co., Ltd. [3]	29.06	-	(555)	-	Manufacture of electronic parts	Korea
So-Myung Recycling Co., Ltd. [3]	20.23	-	243	59	Manufacture of nonferrous metal	Korea
PIP System Co., Ltd. [3]	20.72	-	27	-	Print equipment	Korea
Gwang Myung Paper Co., Ltd. [3]	20.54	-	84	-	Wholesale of luggage and other protective cases	Korea
D-Partner [3]	20.94	-	844	397	Backlight film	Korea
Chunsung-meat Co., Ltd. [3]	26.74	-	237	-	Wholesale of meat	Korea
DS Fashionbiz Co., Ltd. [3]	47.64	-	16	18	Manufacture of textiles	Korea
ALTSCS Co., Ltd. [3]	47.11	-	14	-	Manufacture of motor vehicle parts	Korea
E-Won Chemical Co., Ltd. [3]	24.30	-	31	-	Manufacture, wholesale and retail trade of feeds	Korea
TMAPMOBILITY CO.,LTD. [1]	8.25	200,000	54,387	186,403	Application software development and supply	Korea
TKDS CO., LTD [3]	20.03	-	63	-	Manufacture of video and other imaging equipment	Korea
SANDLE FARMING ASSOCIATION [3]	23.04	-	309	3	Manufacture of edible refined oil and processed oil	Korea
TAEYEONG PRECISION IND. CO.,LTD. [3]	28.51	-	4	-	Manufacture of mould and metallic patterns	Korea
Seokwang T&I Co., Ltd [3]	33.64	-	705	-	Brokerage, agency, and related services of cargo	Korea
MJK TRADING CO.,LTD.[3]	25.05	-	(62)	-	Manufacture of knitting cloth	Korea
Youngwon Corporation [3]	24.75	-	(936)	-	Manufacture of nonferrous metal product	Korea
ONIGYU CO.,LTD. [3]	32.45	-	33	-	Brokerage of food and tobacco	Korea
DNGV CO.,LTD. [3]	22.39	-	411	-	Manufacture of automotive engine	Korea
		540,954	414,210	559,817		

(In millions of Korean won)

	December 31, 2022					
	Ownership (%)	Acquisition cost	Share of net asset amount	Carrying amount	Industry	Location
Korea Credit Bureau Co., Ltd. [1]	9.00	4,500	4,959	4,959	Credit information	Korea
Incheon Bridge Co., Ltd. [1]	14.99	9,159	(15,963)	-	Operation of highways and related facilities	Korea
KB SPROTT Renewable Private Equity Fund No.1	30.00	14,361	13,165	13,165	Investment finance	Korea
KB Digital Innovation & Growth New Technology Business Investment Fund	45.00	4,500	4,038	4,038	Discovery of and investment in promising FinTech-business venture	Korea
KB Digital Platform Fund	46.67	26,600	25,357	25,357	Digital platform and Tech-based investment in promising companies	Korea
KB Prime Digital Platform Fund	43.33	2,600	2,563	2,563	Digital platform and Tech-based investment in promising companies	Korea
Future Planning KB Start-up Creation Fund	50.00	2,200	9,793	9,793	Investment finance	Korea
KB High-tech Company Investment Fund	50.00	1,500	10,662	10,662	Investment finance	Korea
Aju Good Technology Venture Fund	38.47	8,144	19,840	19,836	Investment finance	Korea
KB-KDBC Pre-IPO New Technology Business Investment Fund	33.33	1,800	2,989	2,989	Investment finance	Korea
KB-TS Technology Venture Private Equity Fund	30.00	5,220	7,390	7,390	Investment finance	Korea
KB Intellectual Property Fund No.2	37.50	15,000	15,204	15,204	Investment finance	Korea
KB Digital Innovation Investment Fund Limited Partnership	25.74	35,000	34,693	35,000	Investment finance	Korea
KB-Brain KOSDAQ Scale-up New Technology Business Investment Fund	21.28	6,600	8,901	8,901	Investment finance	Korea
KB Global Platform Fund	22.73	43,850	50,366	50,366	Investment finance	Korea
KB-UTC Inno-Tech Venture Fund	29.53	14,250	12,786	12,786	Investment finance	Korea
WJ Private Equity Fund No.1	26.95	10,000	9,542	9,542	Investment finance	Korea

(In millions of Korean won)

	December 31, 2022					
	Ownership (%)	Acquisition cost	Share of net asset amount	Carrying amount	Industry	Location
KB-KDBC Pre-IPO New Technology Business Investment Fund No.2	28.57	10,000	8,380	8,380	Investment finance	Korea
KB Smart Scale Up Fund	25.00	43,000	40,288	40,288	Investment finance	Korea
KB Scale Up Fund Ⅱ	20.00	4,500	4,438	4,438	Investment finance	Korea
KB Bio Global Expansion Private Equity Fund No.1	26.32	10,000	10,519	10,519	Investment finance	Korea
KB-KTB Technology Venture Fund	27.27	9,000	8,709	8,709	Investment finance	Korea
KB-SOLIDUS Healthcare Investment Fund	29.41	6,600	6,217	6,217	Investment finance	Korea
KB New Deal Innovation Fund	20.00	13,600	13,241	13,241	Investment finance	Korea
All Together Korea Fund No.2 [2]	99.99	10,000	10,244	10,244	Asset management	Korea
Shinla Construction Co., Ltd. [3]	20.17	-	(551)	-	Specialty construction	Korea
Terra Corporation [3]	24.06	-	2	-	Manufacture of fabricated and processed metal products	Korea
MJT&I Corp. [3]	22.89	-	(882)	-	Wholesale of other merchandise	Korea
Jungdong Steel Co., Ltd. [3]	42.65	-	(433)	-	Wholesale of primary metal	Korea
DSMETAL Co., Ltd. [3]	26.49	-	(101)	-	Manufacture of metal door, windows, shutter and relevant products	Korea
Shinhwa Underwear Co., Ltd. [3]	26.05	-	(73)	167	Manufacture of underwear and sleepwear	Korea
Jaeyang Industry Co., Ltd. [3]	20.86	-	(552)	-	Manufacture of luggage and other protective cases	Korea
Kendae Co., Ltd. [3]	41.01	-	(252)	98	Screen printing	Korea
Jinseung Tech Co., Ltd. [3]	30.04	-	(191)	-	Manufacture of other general-purpose machinery	Korea
Dongjo Co., Ltd. [3]	29.29	-	(5)	-	Wholesale of agricultural and forestry machinery and equipment	Korea
Korea NM Tech Co., Ltd. [3]	22.41	-	549	-	Manufacture of motor vehicles, trailers and semitrailers	Korea
Jungdo Co., Ltd. [3]	25.34	-	1,112	-	Office, commercial and institutional building	Korea

(In millions of Korean won)

	December 31, 2022					
	Ownership (%)	Acquisition cost	Share of net asset amount	Carrying amount	Industry	Location
					construction	
Dae-A Leisure Co., Ltd. [3]	49.36	-	523	-	Earth works	Korea
Chongil Machine & Tools Co., Ltd. [3]	20.40	-	(178)	-	Wholesale of machinery and equipment	Korea
Imt Technology Co., Ltd. [3]	25.29	-	34	15	Computer Peripherals Distribution	Korea
Iwon Alloy Co., Ltd. [3]	23.20	-	374	-	Manufacture of smelting, refining and alloys	Korea
Computerlife Co., Ltd. [3]	25.41	-	(130)	50	Publishing of magazines and periodicals (publishing industry)	Korea
Skydigital Inc. [3]	20.40	-	(318)	-	Manufacture of multimedia and video devices	Korea
Jo Yang Industrial Co., Ltd. [3]	22.77	-	(36)	-	Manufacture of special glass	Korea
Il-Kwang Electronic Materials Co., Ltd. [3]	29.06	-	(555)	-	Manufacture of electronic parts	Korea
So-Myung Recycling Co., Ltd. [3]	20.23	-	246	61	Manufacture of nonferrous metal	Korea
IDTECK Co., Ltd. [3]	20.54	-	42	164	Other manufacturing of wireless telecommunications equipment	Korea
PIP System Co., Ltd. [3]	20.72	-	27	-	Print equipment	Korea
Gwang Myung Paper Co., Ltd. [3]	20.54	-	84	-	Wholesale of luggage and other protective cases	Korea
D-Partner [3]	20.94	-	832	384	Backlight film	Korea
Inter Shipping Co., Ltd. [3]	42.09	-	(1,038)	-	Sea freight water transport	Korea
Chunsung-meat Co., Ltd. [3]	26.74	-	246	-	Wholesale of meat	Korea
DS Fashionbiz Co., Ltd. [3]	47.64	-	(1)	1	Manufacture of textiles	Korea
ALTSCS Co., Ltd. [3]	47.11	-	408	-	Manufacture of motor vehicle parts	Korea
E-Won Chemical Co., Ltd. [3]	24.30	-	35	-	Manufacture, wholesale and retail trade of feeds	Korea
TMAPMOBILITY CO.,LTD. [1]	8.25	200,000	61,518	194,454	Application software development and supply	Korea
TKDS CO., LTD [3]	20.03	-	171	-	Manufacture of video and other imaging equipment	Korea
SANDLE FARMING ASSOCIATION [3]	23.04	-	306	-	Manufacture of edible refined oil and processed oil	Korea
		511,984	379,534	529,981		

[1] As of September 30, 2023 and December 31, 2022, the Group can exercise significant influence on the decision-making processes of the associate's financial and business policies through participation in governing bodies.

[2] As of September 30, 2023 and December 31, 2022, the Group participates in the investment management committee but cannot exercise control.

[3] The investments in associates were reclassified from financial assets at fair value through other comprehensive income due to termination of rehabilitation procedures.

Although the Group holds 20% or more of the ownership in several investment trusts including KB Hanbando BTL Private Special Asset Fund No.1, those investment trusts are excluded from associates because the Group's influence on those trusts is limited according to the trust agreement. In addition, the Group holds 20% or more of its ownership in KLB securities Co.,Ltd and four other companies, but those companies are excluded from associates, because the Group's influence on those companies is limited due to the status of those companies such as bankruptcy and rehabilitation proceedings.

13. Deferred Income Tax Assets and Liabilities

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

(In millions of Korean won)	**September 30, 2023**		
	Assets	**Liabilities**	**Net amount**
Other provisions	91,286	-	91,286
Impairment losses of property and equipment	8,329	-	8,329
Share-based payments	14,205	-	14,205
Provisions for acceptances and guarantees	51,021	-	51,021
Gains or losses on valuation of derivatives	-	(256,788)	(256,788)
Present value discount	482	-	482
Gains or losses on fair value hedge	-	(92,815)	(92,815)
Accrued interest	-	(88,061)	(88,061)
Deferred loan origination fees and costs	11,583	(118,422)	(106,839)
Gains or losses on property and equipment revaluation	-	(260,515)	(260,515)
Investments in subsidiaries and others	22,596	(312,674)	(290,078)
Gains or losses on valuation of security investment	62,360	-	62,360
Defined benefit liabilities	376,944	-	376,944
Accrued expenses	145,399	-	145,399
Retirement insurance expense	-	(458,534)	(458,534)
Adjustments to the prepaid contributions	-	(34,422)	(34,422)
Others	711,976	(156,465)	555,511
	1,496,181	(1,778,696)	(282,515)
Offsetting of deferred income tax assets and liabilities	(1,265,994)	1,265,994	-
	230,187	(512,702)	(282,515)

(In millions of Korean won)	December 31, 2022		
	Assets	**Liabilities**	**Net amount**
Other provisions	86,237	-	86,237
Impairment losses of property and equipment	5,155	-	5,155
Share-based payments	13,112	-	13,112
Provisions for acceptances and guarantees	39,787	-	39,787
Gains or losses on valuation of derivatives	-	(147,750)	(147,750)
Present value discount	95	-	95
Gains or losses on fair value hedge	-	(93,833)	(93,833)
Accrued interest	-	(72,868)	(72,868)
Deferred loan origination fees and costs	10,377	(115,553)	(105,176)
Gains or losses on property and equipment revaluation	-	(261,502)	(261,502)
Investments in subsidiaries and others	37,802	(179,329)	(141,527)
Gains or losses on valuation of security investment	245,988	-	245,988
Defined benefit liabilities	380,726	-	380,726
Accrued expenses	172,345	-	172,345
Retirement insurance expense	-	(459,323)	(459,323)
Adjustments to the prepaid contributions	-	(27,986)	(27,986)
Others	637,476	(243,543)	393,933
	1,629,100	(1,601,687)	27,413
Offsetting of deferred income tax assets and liabilities	(1,447,843)	1,447,843	-
	181,257	(153,844)	27,413

14. Deposits

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

(In millions of Korean won)	**September 30, 2023**	**December 31, 2022**
Demand deposits		
Demand deposits in Korean won	146,573,186	147,976,208
Demand deposits in foreign currencies	9,161,502	12,053,947
	155,734,688	160,030,155
Time deposits		
Time deposits in Korean won	192,292,007	191,747,094
Fair value adjustments of fair value hedged time deposits in Korean won	(1,961)	-
Time deposits in foreign currencies	25,000,088	23,652,215
Fair value adjustments of fair value hedged time deposits in foreign currencies	(9,488)	(8,591)
	217,280,646	215,390,718
Certificates of deposits	13,342,480	6,325,876
	386,357,814	381,746,749

15. Borrowings

15.1 Details of borrowings as of September 30, 2023 and December 31, 2022, are as follows:

(In millions of Korean won)	**September 30, 2023**	**December 31, 2022**
General borrowings	31,725,314	36,815,211
Bonds sold under repurchase agreements and others	3,428,794	4,933,903
Call money	2,503,987	3,324,003
	37,658,095	45,073,117

15.2 Details of general borrowings as of September 30, 2023 and December 31, 2022, are as follows:

(In millions of Korean won)		**Lenders**	**Annual interest rate (%)**	**September 30, 2023**	**December 31, 2022**
Borrowings in Korean won	Borrowings from Bank of Korea	Bank of Korea	0.25~2.00	4,814,643	8,282,289
	Borrowings from the government	SEMAS and others	0.00~3.07	2,595,345	2,670,867
	Borrowings from non-banking financial institutions	The Korea Development Bank	1.28~2.53	483,089	477,788
	Other borrowings	The Korea Development Bank and others	0.00~5.61	4,511,099	5,397,514
				12,404,176	16,828,458
Borrowings in foreign currencies	Due to banks	BANK OF AMERICA, N.A. and others	-	98,682	18,266
	Borrowings from banks	Citicorp International Ltd and others	0.00~12.00	14,785,247	14,620,544
	Borrowings from other financial institutions	The Export-Import Bank of Korea and others	5.95~6.40	24,747	38,249
	Other borrowings	DBS Bank Ltd and others	0.00~5.85	4,412,462	5,309,694
				19,321,138	19,986,753
				31,725,314	36,815,211

16. Debentures

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

(In millions of Korean won)	Annual interest rate (%)	September 30, 2023	December 31, 2022
Debentures in Korean won			
Structured debentures	5.86~8.62	70,680	30,710
Subordinated fixed rate debentures	2.02~7.86	3,189,310	4,089,890
Fixed rate debentures	1.85~13.70	14,276,194	12,204,848
Floating rate debentures	3.67~4.07	3,280,000	4,100,000
		20,816,184	20,425,448
Fair value adjustments of fair value hedged debentures in Korean won		(223,944)	(249,630)
Less: Discount on debentures in Korean won		(9,003)	(7,371)
		20,583,237	20,168,447
Debentures in foreign currencies			
Floating rate debentures	4.16~6.94	1,108,574	1,312,914
Fixed rate debentures	0.05~12.00	9,248,470	8,434,760
		10,357,044	9,747,674
Fair value adjustments of fair value hedged debentures in foreign currencies		(116,178)	(95,865)
Less: Discount on debentures in foreign currencies		(28,779)	(32,534)
		10,212,087	9,619,275
		30,795,324	29,787,722

17. Provisions

17.1 Details of provisions as of September 30, 2023 and December 31, 2022, are as follows:

(In millions of Korean won)	September 30, 2023	December 31, 2022
Provisions for credit losses of unused loan commitments	207,049	161,331
Provisions for credit losses of acceptances and guarantees	191,901	153,843
Provisions for restoration costs	130,092	135,477
Others	77,514	82,719
	606,556	533,370

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

(In millions of Korean won)

	2023					
	Provisions for credit losses of unused loan commitments			Provisions for credit losses of acceptances and guarantees		
	12-month expected credit losses	Lifetime expected credit losses		12-month expected credit losses	Lifetime expected credit losses	
		Non-impaired	Impaired		Non-impaired	Impaired
Beginning	103,797	57,530	4	27,217	118,725	7,901
Transfer between stages:						
Transfer to 12-month expected credit losses	11,829	(11,802)	(27)	(3,580)	(414)	3,994
Transfer to lifetime expected credit losses	(10,703)	10,832	(129)	(262)	363	(101)
Impairment	(119)	(503)	622	-	(113)	113
Provision (reversal) for credit losses	28,855	15,501	(430)	9,204	28,973	(5,254)
Others (exchange differences, etc.)	460	1,372	(40)	747	4,176	212
Ending *	134,119	72,930	-	33,326	151,710	6,865

(In millions of Korean won)

	2022					
	Provisions for credit losses of unused loan commitments			Provisions for credit losses of acceptances and guarantees		
	12-month expected credit losses	Lifetime expected credit losses		12-month expected credit losses	Lifetime expected credit losses	
		Non-impaired	Impaired		Non-impaired	Impaired
Beginning	94,183	53,582	-	27,441	82,170	11,537
Transfer between stages:						
Transfer to 12-month expected credit losses	18,956	(18,926)	(30)	1,138	(1,138)	-
Transfer to lifetime expected credit losses	(10,868)	10,883	(15)	(341)	1,002	(661)
Impairment	(55)	(355)	410	(9)	(138)	147
Provision (reversal) for credit losses	625	3,601	(365)	(3,861)	39,613	(832)
Others (exchange differences, etc.)	2,412	1,550	-	3,332	10,365	419
Ending	105,253	50,335	-	27,700	131,874	10,610

. * Includes additional provisions of ₩ 21,024 million for the borrowers which are highly affected by the termination of COVID-19 financial support as of September 30, 2023.

17.3 Changes in provisions for restoration costs for the nine-month periods ended September 30, 2023 and 2022, are as follows:

(In millions of Korean won)	2023	2022
Beginning	135,477	128,407
Provision	2,453	5,872
Reversal	(297)	(861)
Used	(11,882)	(8,581)
Unwinding of discount	4,341	1,789
Ending	130,092	126,626

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.

17.4 Changes in other provisions for the nine-month periods ended September 30, 2023 and 2022, are as follows:

(In millions of Korean won)

	2023					
	Membership rewards program	Dormant accounts	Litigations	Financial guarantee contracts	Others	Total
Beginning	46	2,794	41,230	2,955	35,694	82,719
Provision (reversal)	48	2,889	7,434	4,073	(4,603)	9,841
Used and others	(47)	(2,609)	(5,516)	-	(6,874)	(15,046)
Ending	47	3,074	43,148	7,028	24,217	77,514

(In millions of Korean won)

	2022					
	Membership rewards program	Dormant accounts	Litigations	Financial guarantee contracts	Others	Total
Beginning	43	3,062	10,119	5,285	11,038	29,547
Provision (reversal)	63	2,124	728	(383)	9,290	11,822
Used and others	(63)	(2,315)	323	(867)	(1)	(2,923)
Ending	43	2,871	11,170	4,035	20,327	38,446

18. Net Defined Benefit Liabilities (Assets)

18.1 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 (assets) recognized in the consolidated statements of financial position are calculated in accordance with an 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.

18.2 Details of net defined benefit liabilities (assets) as of September 30, 2023 and December 31, 2022, are as follows:

(In millions of Korean won)	**September 30, 2023**	**December 31, 2022**
Present value of defined benefit obligation	1,533,274	1,550,620
Fair value of plan assets	(1,793,094)	(1,842,126)
Net defined benefit liabilities (assets)	(259,820)	(291,506)

19. Equity

19.1 Capital Stock

Details of capital stock as of September 30, 2023 and December 31, 2022, are as follows:

(In millions of Korean won and in number of shares)	**Ordinary shares**	
	September 30, 2023	**December 31, 2022**
Type of share	Ordinary share	Ordinary share
Number of authorized shares	1,000,000,000	1,000,000,000
Par value per share *(In Korean won)*	5,000	5,000
Number of issued shares	404,379,116	404,379,116
Capital stock	2,021,896	2,021,896

19.2 Hybrid Security

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

(In millions of Korean won)	**Issuance date**	**Maturity** *	**Interest rate (%)**	**September 30, 2023**	**December 31, 2022**
Hybrid Security	July 2, 2019	Permanent	4.35	574,523	574,523
	June 23, 2022	Permanent	4.89	299,327	299,327
	February 27, 2023	Permanent	4.67	409,085	-
				1,282,935	873,850

* Early redemption is available by the Bank only when prior approval from the head of the Financial Supervisory Service is obtained after 5 years from the issuance date.

19.3 Capital Surplus

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

(In millions of Korean won)	**September 30, 2023**	**December 31, 2022**
Paid-in capital in excess of par value	4,604,417	4,604,417
Gains on business combination	397,669	397,669
Revaluation reserve	177,229	177,229
Other capital surplus	(443,910)	(153,980)
	4,735,405	5,025,335

19.4 Accumulated Other Comprehensive Income

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

(In millions of Korean won)	**September 30, 2023**	**December 31, 2022**
Remeasurements of net defined benefit liabilities	(112,313)	(113,922)
Currency translation differences	312,991	201,288
Losses on debt securities measured at fair value through other comprehensive income	(304,735)	(652,186)
Gains on equity securities measured at fair value through other comprehensive income	568,939	641,536
Share of other comprehensive loss of associates	(2,841)	(2,590)
Gains on cash flow hedging instruments	45,566	33,921
Losses on hedging instruments of net investments in foreign operations	(157,472)	(95,296)
	350,135	12,751

19.5 Retained Earnings

19.5.1 Details of retained earnings as of September 30, 2023 and December 31, 2022, are as follows:

(In millions of Korean won)	**September 30, 2023**	**December 31, 2022**
Legal reserves	2,047,323	2,044,631
Regulatory reserve for credit losses	3,018,015	2,915,162
Voluntary reserves	19,452,441	17,739,062
Unappropriated retained earnings	2,802,947	3,135,337
	27,320,726	25,834,192

With respect to the allocation of net profit earned in a fiscal term, the Bank 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 40 of the Banking Act. This reserve is not available for the payment of cash dividends, but may be transferred to capital stock, or used to reduce an accumulated deficit. The Bank is reserving other reserves (legal reserves) in accordance with local laws and regulations of overseas branches.

19.5.2 Regulatory reserve for credit losses

Measurement and disclosure of regulatory reserve for credit losses are required in accordance with Articles 29.1 through 29.2 of Regulations on Supervision of Banking Business.

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

(In millions of Korean won)	**September 30, 2023**	**December 31, 2022**
Regulatory reserve for credit losses attributable to:		
Owners of the parent	2,672,997	3,018,015
Non-controlling interests	176,513	79,118
	2,849,510	3,097,133

19.5.2.2 Regulatory reserve for credit losses estimated to be appropriated (reversed) and adjusted profit after provision (reversal) of regulatory reserve for credit losses for the three-month and nine-month periods ended September 30, 2023 and 2022, are as follows:

(In millions of Korean won)	**2023**		**2022**	
	Three months	**Nine months**	**Three months**	**Nine months**
Regulatory reserve for credit losses estimated to be appropriated (reversed)	65,958	(345,018)	171,054	251,727
Adjusted profit after provision of regulatory reserve for credit losses *	930,906	3,200,390	653,077	2,298,844

* 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 the owners of the parent.

20. Net Interest Income

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

(In millions of Korean won)	2023		2022	
	Three months	Nine months	Three months	Nine months
Interest income				
Securities measured at fair value through profit or loss	108,147	327,722	70,221	180,196
Loans measured at fair value through profit or loss	3,508	8,697	3,566	5,667
Securities measured at fair value through other comprehensive income	286,493	799,733	172,139	430,619
Loans measured at fair value through other comprehensive income	4,656	11,087	1,523	3,491
Due from financial institutions measured at amortized cost	48,378	132,447	22,484	40,691
Securities measured at amortized cost	280,123	795,747	165,097	412,052
Loans measured at amortized cost	4,832,658	14,017,756	3,477,332	9,176,797
Others	114,192	331,423	74,231	226,673
	5,678,155	16,424,612	3,986,593	10,476,186
Interest expense				
Deposits	2,458,701	7,038,177	1,131,543	2,632,827
Borrowings	327,543	972,094	189,457	389,106
Debentures	284,120	832,018	210,131	494,940
Others	86,249	250,460	52,474	116,128
	3,156,613	9,092,749	1,583,605	3,633,001
Net interest income	2,521,542	7,331,863	2,402,988	6,843,185

Interest income recognized on impaired loans is ₩ 18,046 million and ₩ 12,317 million for the nine-month periods ended September 30, 2023 and 2022, respectively.

21. Net Fee and Commission Income

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

(In millions of Korean won)	2023		2022	
	Three months	Nine months	Three months	Nine months
Fee and commission income				
Banking activity fees	47,320	143,186	48,106	143,119
Lending activity fees	19,655	60,622	16,202	48,462
Credit card related fees	274	915	337	1,103
Debit card related fees	196	548	156	438
Agent activity fees	71,018	218,655	86,579	223,160
Trust and other fiduciary fees	60,708	184,178	49,999	158,535
Acceptances and guarantees fees	19,709	53,868	16,006	43,363
Foreign currency related fees	47,172	139,488	45,436	120,494
Securities agency fees	24,018	73,560	27,590	83,783
Other business account commission on consignment	6,621	27,656	7,422	28,638
Others	80,001	283,624	93,240	292,549
	376,691	1,186,300	391,073	1,143,644
Fee and commission expense				
Trading activity related fees *	4,061	11,829	4,488	11,673
Lending activity fees	10,661	31,195	12,497	35,679
Credit card related fees	11,634	30,978	12,223	28,324
Outsourcing related fees	25,339	75,009	27,552	76,127
Foreign currency related fees	7,423	20,569	6,311	16,664
Management fees of written-off loans	2,946	9,192	4,057	9,640
Contributions to external institutions	7,456	22,989	6,840	20,752
Others	38,284	118,401	39,908	118,445
	107,804	320,162	113,876	317,304
Net fee and commission income	268,887	866,138	277,197	826,340

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

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

Net gains or losses on financial instruments at fair value through profit or loss include dividend income, gains or losses arising from changes in fair value, and gains or losses arising from sales and redemptions.

Details of net gains or losses on financial instruments at fair value through profit or loss for the three-month and nine-month periods ended September 30, 2023 and 2022, are as follows:

(In millions of Korean won)	2023		2022	
	Three months	Nine months	Three months	Nine months
Gains on financial instruments at fair value through profit or loss				
Financial assets at fair value through profit or loss:				
Debt securities	70,082	471,400	132,692	340,248
Equity securities	2,205	30,051	2,716	17,869
	72,287	501,451	135,408	358,117
Derivatives held for trading:				
Interest rate	924,563	3,394,457	2,527,386	8,535,182
Currency	2,935,665	8,620,214	10,597,383	18,259,979
Stock or stock index	1,346	3,475	8,683	14,696
Credit	868	1,872	8,563	37,143
Others	176	801	520	785
	3,862,618	12,020,819	13,142,535	26,847,785
Financial liabilities at fair value through profit or loss	185	653	133	2,769
Other financial instruments	105	508	607	698
	3,935,195	12,523,431	13,278,683	27,209,369
Losses on financial instruments at fair value through profit or loss				
Financial assets at fair value through profit or loss:				
Debt securities	171,265	331,931	343,390	1,022,136
Equity securities	6,244	15,774	12,008	34,999
	177,509	347,705	355,398	1,057,135
Derivatives held for trading:				
Interest rate	701,112	3,007,811	2,178,713	7,576,473
Currency	2,928,517	8,706,847	10,736,407	18,535,400
Stock or stock index	379	2,181	7,982	9,826
Credit	875	2,551	9,716	31,325
Others	1,064	2,697	604	2,733
	3,631,947	11,722,087	12,933,422	26,155,757
Financial liabilities at fair value through profit or loss	11	224	202	775
Other financial instruments	108	318	572	631
	3,809,575	12,070,334	13,289,594	27,214,298
Net gains (losses) on financial instruments at fair value through profit or loss	125,620	453,097	(10,911)	(4,929)

23. Net Other Operating Income and Expenses

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

(In millions of Korean won)	2023		2022	
	Three months	Nine months	Three months	Nine months
Other operating income				
Gains on financial assets at fair value through other comprehensive income:				
Gains on redemption of securities measured at fair value through other comprehensive income	3,039	5,688	7	10
Gains on disposal of securities measured at fair value through other comprehensive income	1,104	16,494	2,863	10,763
Gains on financial assets at amortized cost:				
Gains on sale of loans measured at amortized cost	9,076	31,420	1,772	24,950
Gains on foreign exchange transactions	807,043	4,162,728	2,850,682	5,901,086
Dividend income	-	4,449	2	9,935
Others	73,962	265,950	295,958	909,242
	894,224	4,486,729	3,151,284	6,855,986
Other operating expenses				
Losses on financial assets at fair value through other comprehensive income:				
Losses on redemption of securities measured at fair value through other comprehensive income	3	5	804	2,357
Losses on disposal of securities measured at fair value through other comprehensive income	16,482	43,421	6,788	21,922
Losses on financial assets at amortized cost:				
Losses on sale of loans measured at amortized cost	5,680	8,431	45,313	44,267
Losses on foreign exchanges transactions	860,626	4,063,653	2,894,572	5,960,403
Deposit insurance fee	133,420	400,214	126,012	371,458
Credit guarantee fund fee	81,288	230,700	72,488	207,189
Others	130,564	443,405	350,292	1,071,523
	1,228,063	5,189,829	3,496,269	7,679,119
Net other operating expenses	(333,839)	(703,100)	(344,985)	(823,133)

24. General and Administrative Expenses

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

(In millions of Korean won)	2023		2022	
	Three months	Nine months	Three months	Nine months
Expenses related to employee				
Employee benefits - salaries	436,346	1,301,972	442,375	1,331,145
Employee benefits - welfare	160,756	488,370	167,580	509,280
Post-employment benefits - defined benefit plans	27,985	80,739	42,393	125,068
Post-employment benefits - defined contribution plans	4,825	11,241	3,147	10,348
Termination benefits	-	-	120	120
Share-based payments	11,078	20,119	1,686	6,742
	640,990	1,902,441	657,301	1,982,703
Depreciation and amortization	142,386	410,992	137,127	396,002
Other general and administrative expenses				
Rental expense	16,930	51,925	18,124	52,440
Tax and dues	43,518	162,673	30,647	118,201
Communication	10,452	29,019	8,878	28,007
Electricity and utilities	9,655	25,741	8,466	21,803
Publication	1,197	3,764	1,445	4,383
Repairs and maintenance	7,929	21,612	9,794	24,370
Vehicle	3,590	10,246	3,852	10,125
Travel	2,763	7,972	2,488	6,507
Training	5,456	16,858	5,139	14,088
Service fees	39,954	122,320	47,855	129,294
Supplies	4,655	12,795	4,815	15,780
Electronic data processing expenses	59,579	184,345	57,226	153,956
Others	79,869	213,648	82,762	233,103
	285,547	862,918	281,491	812,057
	1,068,923	3,176,351	1,075,919	3,190,762

25. Income Tax Expense

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

(In millions of Korean won)	2023	2022
Income tax payable		
Current income tax expense	776,051	1,085,635
Adjustments of income tax of prior years recognized in current tax	(27,721)	(115,374)
	748,330	970,261
Changes in deferred income tax assets and liabilities	309,928	(867,197)
Income tax expense of overseas branches	35,551	26,419
Income tax recognized directly in equity:		
Net gains on equity instruments at fair value through other comprehensive income	27,226	472,352
Net gains or losses on debt instruments at fair value through other comprehensive income	(126,240)	253,555
Currency translation differences	518	(22,265)
Remeasurements of net defined benefit liabilities	(455)	13,492
Gains on hedging instruments of net investments in foreign operations	22,126	73,631
Losses on cash flow hedging instruments	(4,114)	(15,623)
Share of other comprehensive income or loss of associates	86	(54)
	(80,853)	775,088
Reclassification from AOCI to retained earnings due to sale of equity securities measured at fair value through other comprehensive income	(9,494)	(91,869)
Consolidated tax return effect	(43,945)	(43,125)
Others	16,652	23,555
Income tax expense	976,169	793,132

26. Dividends

The annual dividends to the shareholder of the Bank for the year ended December 31, 2022, amounting to ₩ 1,346,582 million (₩ 3,330 per share) were paid in March 2023.

27. Accumulated Other Comprehensive Income (Loss)

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

(In millions of Korean won)

	2023					
	Beginning	Changes (excluding reclassification)	Reclassification to profit or loss	Tax effect	Transfer to retained earnings	Ending
Remeasurements of net defined benefit liabilities	(113,922)	2,064	-	(455)	-	(112,313)
Currency translation differences	201,288	134,938	(23,753)	518	-	312,991
Gains (losses) on debt securities measured at fair value through other comprehensive income	(652,186)	354,465	119,226	(126,240)	-	(304,735)
Gains (losses) on equity securities measured at fair value through other comprehensive income	641,536	(63,862)	-	27,226	(35,961)	568,939
Share of other comprehensive gain (loss) of associates	(2,590)	(337)	-	86	-	(2,841)
Gains (losses) on cash flow hedging instruments	33,921	20,959	(5,200)	(4,114)	-	45,566
Gains (losses) on hedging instruments of net investments in foreign operations	(95,296)	(84,302)	-	22,126	-	(157,472)
	12,751	363,925	90,273	(80,853)	(35,961)	350,135

(In millions of Korean won)

	2022					
	Beginning	Changes (excluding reclassification)	Reclassification to profit or loss	Tax effect	Transfer to retained earnings	Ending
Remeasurements of net defined benefit liabilities	(292,232)	(48,423)	-	13,492	-	(327,163)
Currency translation differences	68,224	547,360	-	(22,265)	-	593,319
Gains (losses) on debt securities measured at fair value through other comprehensive income	(186,463)	(1,307,526)	386,965	253,555	-	(853,469)
Gains (losses) on equity securities measured at fair value through other comprehensive income	1,838,548	(1,383,575)	-	472,352	(334,069)	593,256
Share of other comprehensive gain (loss) of associates	(2,526)	197	-	(54)	-	(2,383)
Gains (losses) on cash flow hedging instruments	(89)	53,460	3,351	(15,623)	-	41,099
Gains (losses) on hedging instruments of net investments in foreign operations	(30,306)	(267,748)	-	73,631	-	(224,423)
	1,395,156	(2,406,255)	390,316	775,088	(334,069)	(179,764)

28. Trust Accounts

28.1 Total assets of the trust accounts the Group manages, as of September 30, 2023 and December 31, 2022, and operating revenues for the nine-month periods ended September 30, 2023 and 2022, are as follows:

(In millions of Korean won)

	Total assets		Operating revenues	
	September 30, 2023	December 31, 2022	2023	2022
Consolidated	4,129,752	4,192,712	132,935	83,173
Unconsolidated (non-guaranteed)	101,516,356	76,695,803	2,843,526	1,446,922
	105,646,108	80,888,515	2,976,461	1,530,095

* Financial information of the trust accounts has been prepared in accordance with the Statement of Korea Accounting Standard No.5004, *Trust Accounts*, and enforcement regulations of the Financial Investment Services under the Financial Investment Services and Capital Markets Act.

28.2 Significant receivables and payables related to the Group's trust accounts as of September 30, 2023 and December 31, 2022, are as follows:

(In millions of Korean won)		September 30, 2023	December 31, 2022
Trust segment	**Receivables**		
	Accrued trust fees	71,676	55,990
	Other accrued income	40,589	27,376
		112,265	83,366
	Payables		
	Due to trust accounts	4,285,462	1,580,076
	Accrued interest on due to trust accounts	11,914	7,294
	Unearned trust fees	317	-
	Deposits	872,009	686,394
	Accrued interest on deposits	19,449	5,641
		5,189,151	2,279,405
Custody segment	**Receivables**		
	Accrued trust fees	8,885	8,461
	Payables		
	Due to trust accounts	3,428,145	4,228,370
	Accrued interest on due to trust accounts	8,548	10,820
		3,436,693	4,239,190

28.3 Significant revenues and expenses related to the Group's trust accounts for the nine-month periods ended September 30, 2023 and 2022, are as follows:

(In millions of Korean won)		2023	2022
Trust segment	**Revenues**		
	Fees and commissions from trust accounts	154,651	129,900
	Management fees and commissions from retirement pension	29,475	25,484
	Commissions from early termination in trust accounts	13	9
		184,139	155,393
	Expenses		
	Interest expenses on due to trust accounts	52,242	20,290
	Interest expenses on deposits	34,220	11,106
		86,462	31,396
Custody segment	**Revenues**		
	Fees and commissions from trust accounts	29,526	28,635
	Expenses		
	Interest expenses on due to trust accounts	97,216	52,870

29. Statement of Cash Flows

29.1 Details of cash and cash equivalents as of September 30, 2023 and December 31, 2022, are as follows:

(In millions of Korean won)	September 30, 2023	December 31, 2022
Cash	2,452,914	2,437,356
Checks issued by other banks	121,999	123,163
Due from Bank of Korea	16,233,344	15,963,883
Due from other financial institutions	6,803,152	6,603,392
	25,611,409	25,127,794
Deduction:		
Restricted due from financial institutions *	(561,031)	(1,461,327)
Due from financial institutions with original maturities over three months	(117,059)	(311,946)
	(678,090)	(1,773,273)
	24,933,319	23,354,521

* Items that meet the definition of cash are excluded in accordance with Korean IFRS No.1007 *Statement of Cash Flows*.

Items that meet the definition of cash in restricted due from financial institutions as of September 30, 2023 and December 2022, are as follows:

(In millions of Korean won)		Financial institutions	September 30, 2023	December 31, 2022
Due from financial institutions in Korean won	Due from Bank of Korea	Bank of Korea	15,551,612	15,169,704
Due from financial institutions in foreign currencies	Due from banks in foreign currencies	Bank of Korea	681,733	794,180
		Bank Indonesia and others	613,748	421,718
			16,847,093	16,385,601

29.2 Cash inflows and outflows from income tax, interest, and dividends for the nine-month periods ended September 30, 2023 and 2022, are as follows:

(In millions of Korean won)	Activities	2023	2022
Income tax paid	Operating	1,250,610	854,435
Interest received	Operating	15,980,380	10,035,383
Interest paid	Operating	6,733,340	2,835,388
Dividends received	Operating	125,908	133,588
Dividends paid	Financing	1,346,582	1,031,167
Interest (dividends) paid on hybrid securities	Financing	48,724	30,732

30. Contingent Liabilities and Commitments

30.1 Details of acceptances and guarantees as of September 30, 2023 and December 31, 2022, are as follows:

(In millions of Korean won)	September 30, 2023	December 31, 2022
Confirmed acceptances and guarantees		
Confirmed acceptances and guarantees in Korean won:		
Acceptances and guarantees for KB purchasing loan	188,397	167,538
Performance bond	-	3,476
Refund guarantees	-	9,259
Others	964,859	905,934
	1,153,256	1,086,207
Confirmed acceptances and guarantees in foreign currencies:		
Acceptances of letter of credit	359,787	502,217
Letter of guarantees	64,623	78,414
Bid bond	23,589	19,998
Performance bond	1,158,564	976,008
Refund guarantees	3,593,074	1,705,796
Others	3,630,133	3,570,739
	8,829,770	6,853,172
Financial guarantee contracts:		
Acceptances and guarantees for issuance of debenture	5,039	5,040
Acceptances and guarantees for mortgage	92,205	94,861
Overseas debt guarantees	496,679	509,157
International financing guarantees in foreign currencies	653,887	181,241
	1,247,810	790,299
	11,230,836	8,729,678
Unconfirmed acceptances and guarantees		
Guarantees of letter of credit	2,875,223	3,042,911
Refund guarantees	1,528,774	1,528,359
Others	3,189	-
	4,407,186	4,571,270
	15,638,022	13,300,948

30.2 Details of commitments as of September 30, 2023 and December 31, 2022, are as follows:

(In millions of Korean won)	**September 30, 2023**	**December 31, 2022**
Commitments		
Corporate loan commitments	51,701,273	50,603,030
Retail loan commitments	55,437,133	51,216,282
Other commitments in Korean won	1,700,000	1,700,000
Purchase of other securities	4,771,904	4,880,222
	113,610,310	108,399,534
Financial guarantee contracts		
Credit line	5,582,181	6,100,082
Purchase of securities	915,400	371,200
	6,497,581	6,471,282
	120,107,891	114,870,816

30.3 Other Matters

30.3.1 The Group has 40 pending lawsuits as a plaintiff (excluding simple lawsuits related to the collection or management of loans), with aggregate claims amount of ₩ 1,091,908 million, and details of pending lawsuits in which the Group is a defendant as of September 30, 2023, are as follows:

(In number of cases, in millions of Korean won)

Lawsuits	No. of cases	Amount	Description of the lawsuits	Status of the lawsuits
Request for a return of redemption amount	1	56,495	The 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. The bankruptcy trustee of Bernard L. Madoff Investment Securities LLC filed a lawsuit against The Bank seeking to return the amount of redemptions received by Kookmin Bank through Fairfield Sentry Limited.	Application for dismissal by the defendant has been denied, and further proceedings are scheduled. [Related litigation is in progress at the New York Southern District Federal Bankruptcy Court (10-3777) at the written complaint review stage]
Expropriation of long-term leasehold rights	1	336,200	The 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 the stakeholders of the real estate in this case, including the Bank, to expropriate the real estate in this case and determine indemnity.	The Bank submitted the response letter and will proceed with the process in the future.
Claim for damages	1	94,259	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 a 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.
Others	140	284,964	Others (excluding simple lawsuits related to the collection or management of loans)	
	143	771,918		

30.3.2 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.

31. Subsidiaries

31.1 Details of subsidiaries as of September 30, 2023, are as follows:

Investor	Investee	Ownership (%)	Location	Industry
Kookmin Bank	Kookmin Bank (China) Ltd.	100.00	China	Banking and foreign exchange transaction
Kookmin Bank	KB Microfinance Myanmar Co., Ltd.	100.00	Myanmar	Microfinance services
Kookmin Bank	KB BANK MYANMAR LTD	100.00	Myanmar	Banking and foreign exchange transaction
Kookmin Bank	KB PRASAC BANK PLC. 1	100.00	Cambodia	Banking and foreign exchange transaction
Kookmin Bank	PT Bank KB Bukopin Tbk	66.88	Indonesia	Banking and foreign exchange transaction
PT Bank KB Bukopin Tbk	PT Bank Syariah Bukopin	92.78	Indonesia	Banking
PT Bank KB Bukopin Tbk	PT Bukopin Finance	97.03	Indonesia	Installment financing
Kookmin Bank	Orient Kwang-yang Co., Ltd. [2]	36.16	Korea	Building of ships
Orient Kwang-yang Co., Ltd.	YoulChon Clean Energy Co., Ltd.	100.00	Korea	Other power generation
Kookmin Bank	Personal pension trust and 10 others [3]	0.00	Korea	Trust
Kookmin Bank	KB DTower 1st L.L.C. and 41 others [2]	0.00	Korea	Asset-backed securitization and others
Kookmin Bank	IDMB UNITED PTE.LTD. and 1 others [2]	0.00	Singapore	Asset-backed securitization and others
Kookmin Bank	KB Wise Star Private Real Estate Feeder Fund No.1 [2]	86.00	Korea	Investment trust
Kookmin Bank	Kiwoom Frontier Private Securities Fund No.10 (Bond) [2]	99.36	Korea	Investment trust
Kookmin Bank	Woori SafePlus Private Securities Fund S-8 [2]	83.63	Korea	Investment trust
Kookmin Bank	AIP US Red Private Real Estate Trust No.10 [2]	99.97	Korea	Investment trust

Investor	Investee	Ownership (%)	Location	Industry
Kookmin Bank	AIP US Red Private Real Estate Trust No.10 [2]	99.97	Korea	Investment trust
Kookmin Bank	KB KBSTAR Treasury Futures 3 Year ETF Trust (Bond-Derivative) [2]	98.45	Korea	Investment trust
Kookmin Bank	KB Core Blind Private Real Estate Fund No.1 [2]	90.09	Korea	Investment trust
KB Core Blind Private Real Estate Fund No.1	KB Wise Star Real Estate Fund No.3 [2]	46.65	Korea	Investment trust
Kookmin Bank	KB Global Private Real Estate Fund No.3 (USD) [2]	99.50	Korea	Investment trust
Kookmin Bank	Samsung SRA Private Real Estate Investment Trust No.28D (FoFs)[2]	99.50	Korea	Investment trust
Kookmin Bank	KB Global Private Real Estate Fund No.10 (FoFs) [2]	99.83	Korea	Investment trust
Kookmin Bank	KTB Global CREDebt Private Investment Trust No.52 (USD) [2]	99.44	Korea	Investment trust
Kookmin Bank	Hyundai Invest KKR Europe Real Estate No.1-3(EUR) [2]	99.09	Korea	Investment trust
Kookmin Bank	KBSTAR FKTB 5Y Duration Following ETF(Bond-Derivative) [2]	98.41	Korea	Investment trust
Kookmin Bank	Vestas Private Real Estate Fund Investment Trust No.69-3 (USD)(FoFs)[2]	99.52	Korea	Investment trust
Kookmin Bank	SHINHAN ASP PCF II Private Investment Trust No.2 (USD) [2]	99.75	Korea	Investment trust
Kookmin Bank	Vestas Europe Logistics General Private Real Estate Fund Investment Trust No.73-1 [2]	97.40	Korea	Investment trust
Kookmin Bank	Vestas Europe Logistics General Private Real Estate Fund Investment Trust No.73-2 [2]	97.40	Korea	Investment trust
Kookmin Bank	VI ESG Private Securities Investment Trust No.1 (Bond) [2]	100.00	Korea	Investment trust
Kookmin Bank	SHINHAN AIM Private Real Estate Fund Investment Trust No.26-C (USD) [2]	99.98	Korea	Investment trust
Kookmin Bank	IGIS HSBC UK Senior Direct Lending Private Investment Trust No.465-1 [2]	99.01	Korea	Investment trust
Kookmin Bank	Mirae Asset ESG Infra Private Investment Trust 1 [2]	95.24	Korea	Investment trust
Kookmin Bank	KB KBSTAR Mar2025 Term Credit ETF [2]	87.03	Korea	Investment trust

[1] PRASAC Microfinance Institution PLC. merged with Kookmin Bank Cambodia PLC. on September 1, 2023, and issued 20,272,269 shares in exchange for the merger; the official name of PRASAC Microfinance Institution PLC.(merging entity) has changed to KB PRASAC BANK PLC.

[2] The Group controls these investees because it is significantly exposed to variable returns from the investees' performance and has the ability to affect those returns through its power.

[3] The Group controls the trust because it has power to determine the management performance of the trust and is exposed to variable returns that absorb losses through the guarantees of payment of principal, or payment of principal and fixed rate of return.

The Group holds more than half of the ownership interests of Koreit BN Private Equity Fund and eight other investment trusts but does not have the power over relevant activities in accordance with agreements with trust and other shareholders, therefore these entities are not consolidated.

31.2 The condensed financial information of major subsidiaries as of September 30, 2023 and December 31, 2022 and for the nine-month periods ended September 30, 2023 and 2022, are as follows:

(In millions of Korean won)	September 30, 2023			2023		
	Assets	Liabilities	Equity	Operating revenue	Profit (loss) for the period [1]	Profit (loss) attributable to shareholders of the Parent Company
Kookmin Bank (China) Ltd.	3,602,998	3,070,072	532,926	158,758	25,091	25,091
KB Microfinance Myanmar Co., Ltd.	21,653	9,863	11,790	4,211	430	430
KB BANK MYANMAR LTD	281,048	14,704	266,344	5,225	2,229	2,229
KB PRASAC BANK PLC. [2]	7,836,921	6,416,723	1,420,198	1,173,716	117,321	117,321
Financial status of KB Bukopin-related subsidiaries						
PT Bank KB Bukopin Tbk	6,714,248	5,910,427	803,821	425,100	(95,753)	(63,773)
IDMB UNITED PTE.LTD. [3]	231,851	262,796	(30,945)	7,402	2,883	(243)
SMMK PTE.LTD. [3]	137,166	225,179	(88,013)	2,271	(87,674)	(66,908)
Personal pension trust and 10 others	4,087,632	3,996,777	90,855	178,530	47,396	47,396

(In millions of Korean won)	December 31, 2022			2022		
	Assets	Liabilities	Equity	Operating revenue	Profit (loss) for the period [1]	Profit (loss) attributable to shareholders of the Parent Company
Kookmin Bank (China) Ltd.	3,666,107	3,164,601	501,506	196,815	(8,208)	(8,208)
KB Microfinance Myanmar Co., Ltd.	20,111	9,475	10,636	3,646	(1,379)	(1,379)
KB BANK MYANMAR LTD	262,478	13,655	248,823	1,934	(1,515)	(1,515)
KB PRASAC BANK PLC. [2]	6,083,323	4,999,794	1,083,529	779,613	178,039	178,039
Kookmin Bank Cambodia PLC. [2]	677,093	536,616	140,477	28,696	10,975	10,975
Financial status of KB Bukopin-related subsidiaries						
PT Bank KB Bukopin Tbk	6,533,161	6,661,179	(128,018)	302,088	(150,469)	(100,990)
IDMB UNITED PTE.LTD. [3]	214,483	246,032	(31,549)	4,821	44,296	24,223
Personal pension trust and 10 others	4,120,682	4,077,223	43,459	76,114	(96,510)	(96,510)

[1] Includes profit (loss) attributable to non-controlling interests.

[2] Kookmin Bank Cambodia PLC. was merged with KB PRASAC BANK PLC. on September 1, 2023. Kookmin Bank Cambodia PLC. had operating income of ₩ 28,822 million and net profit and loss of ₩ 2,001 million for the eight-month period ending August 31, 2023 before the merger.

[3] These SPCs are established for the purpose of selling non-performing loans of PT Bank KB Bukopin Tbk. Classified as a subsidiary of KB Kookmin Bank, not a subsidiary of PT Bank KB Bukopin Tbk, the gains and losses on the transfer and sale of loans between PT Bank KB Bukopin Tbk and SPC were removed from the consolidation process of KB Kookmin Bank.

31.3 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:

31.3.1 The Bank has provided capital commitments to consolidated investment funds.

(In millions of Korean won)	**September 30, 2023**	
	Capital commitments	Unused amount
KTB Global CREDebt Private Investment Trust No.52 (USD)	67,240	1,959
Hyundai Invest KKR Europe Real Estate No.1-3(EUR)	56,869	17,126
Vestas Private Real Estate Fund Investment Trust No.69-3 (USD)(FoFs)	86,067	30,872
SHINHAN ASP PCF II Private Investment Trust No.2 (USD)	26,896	2,781
Vestas Europe Logistics General Private Real Estate Fund Investment Trust No.73-1	70,769	56,727
SHINHAN AIM Private Real Estate Fund Investment Trust No.26-C (USD)	87,412	61,008
IGIS HSBC UK Senior Direct Lending Private Investment Trust No.465-1	32,691	2,163
Mirae Asset ESG Infra Private Investment Trust 1	20,000	19,999

31.3.2 The Bank has provided purchase commitments and credit lines to consolidated structured entities. The purchase commitment guarantees that the Bank will purchase and pay any remaining commercial paper securities issued by consolidated structured entities. The credit line agreement requires the Bank to provide loans under certain conditions if there is a reason for suspension of issuance of commercial paper securities or if consolidated structured entities become insolvency due to other reasons.

(In millions of Korean won)	**September 30, 2023**
KB NewCity 1st Co., Ltd.	20,000
KB Great29 1st Co., Ltd.	86,400
KB Pride The 2nd Ltd.	22,214
KB Landscape 1st L.L.C.	60,700
KB Sungnae 1st L.L.C.	63,300
KB Pride 1st LLC	14,950
JT Capital 7th Asset Securitization Specialty Company	8,400
LEP 2nd Co., Ltd.	70,000
KB Suchang 1st Co., Ltd.	22,700
LOG the 3rd L.L.C.	24,300
Livv H 1st L.L.C.	50,159
KB Eagles 1st Co., Ltd.	30,247
KB H housing 1st LLC	29,800
KB Livv H 1st L.L.C.	30,235
K Plus 1st L.L.C.	200,301
BEOMEO LAND MARK 2ND INC.	30,600
KBH 6TH INC.	50,113
KBH 4TH INC.	6,200
GreatForest 1st L.L.C.	5,700
KB D TOWER 1ST INC.	51,005
KB Star Oppo 1st LLC	100,766
KB Star Glass B 1st LLC	72,800
Liiv H 3rd Co., Ltd.	50,618
KB Cloud L.L.C.	100,851
KB One West 1st Co., Ltd.	80,318
KB Moonheung 1st Co., Ltd.	160
Liiv H 2nd Co., Ltd.	30,038
KB Eagles 3rd Co., Ltd.	50,186
KB Harim 1st L.L.C.	30,168
KB Chemical 1st Co., Ltd.	50,172
KB Dong-in Central 1st L.L.C.	9,367
KB Great Bear 1st L.L.C.	90,270
KBH Steal Co., Ltd.	150,201
KB Eagles 2nd Co., Ltd.	50,355
Ryan Mobility 1st L.L.C.	50,125
KB Livv l 1st Co., Ltd.	50,200
SMMK PTE.LTD.	274,743
IDMB UNITED PTE.LTD.	275,684

31.3.3 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.

31.4 Changes in Subsidiaries

KB Platform 1st L.L.C and 9 other subsidiaries were newly included in the scope of consolidation, and KBL Incheon 1st L.L.C and 19 other subsidiaries were excluded from the scope of consolidation for the nine-month period ended September 30, 2023.

32. Related Party Transactions

According to Korean IFRS No.1024, the Group includes the Parent Company, the Parent Company's subsidiaries, associates, associates of the Parent Company's subsidiaries, associates of the Parent Company, key management personnel (including family members), and post-employment benefit plans of the Group and its related party companies in the scope of related parties. The Group discloses balances (receivables and payables) and other amounts arising from transactions with related parties in the notes to the consolidated financial statements. Refer to Note 12 for details of investments in associates.

Key management personnel include the executives of the Parent Company and the executives (managing director and above) of the Bank, and companies where the executives and/or their close family members have control or joint control.

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

(In millions of Korean won)		2023	2022
Parent			
KB Financial Group Inc.	Fee and comission income	7,068	6,958
	Other non-operating income	1,592	1,464
	Interest expense	10,769	4,142
	General and administrative expenses	978	1,061
Parent's subsidiaries			
KB Securities Co., Ltd.	Interest income	10,296	4,289
	Fee and commission income	25,206	20,205
	Gains on financial instruments at fair value through profit or loss	177,646	246,819
	Other non-operating income	4,048	3,456
	Interest expense	7,948	3,213
	Fee and commission expense	882	1,948
	Losses on financial instruments at fair value through profit or loss	110,832	191,732
	Provision for credit losses	274	416
	Other non-operating expense	-	1
	General and administrative expenses	3,000	2,836
KB Asset Management Co., Ltd.	Fee and commission income	1,525	1,471
	Gains on financial instruments at fair value through profit or loss	-	1,050
	Other non-operating income	2	-
	Interest expense	158	81
	Fee and commission expense	537	1,008
	Losses on financial instruments at fair value through profit or loss	-	9
	General and administrative expenses	375	375

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

(In millions of Korean won)		2023	2022
KB Real Estate Trust Co., Ltd.	Fee and commission income	218	235
	Other non-operating income	47	27
	Interest expense	198	193
	Fee and commission expense	4,614	1,459
KB Investment Co., Ltd.	Fee and commission income	58	82
	Other non-operating income	1	-
	Interest expense	1,884	1,024
KB Credit Information Co., Ltd. [2]	Fee and commission income	49	57
	Other non-operating income	269	116
	Interest expense	324	78
	Fee and commission expense	15,944	13,903
	Other operating expense	-	16
KB Data System Co., Ltd.	Fee and commission income	1,797	220
	Other non-operating income	176	137
	Interest expense	248	28
	Other operating expenses	385	262
	General and administrative expenses	75,756	68,503
KB Kookmin Card Co., Ltd.	Interest income	14,874	6,170
	Fee and commission income	116,004	118,480
	Gains on financial instruments at fair value through profit or loss	-	2,087
	Other non-operating income	1,623	1,288
	Interest expense	1,368	710
	Fee and commission expense	1,308	1,611
	Losses on financial instruments at fair value through profit or loss	7,376	18,586
	Other operating expense	1	-
	Provision for credit losses	2,038	445
	General and administrative expenses	4	1,150
KB Savings Bank Co., Ltd.	Fee and commission income	584	355
	Other non-operating income	44	24
	Interest expense	12	7
	General and administrative expenses	-	2
KB Capital Co., Ltd.	Interest income	2,667	1,560
	Fee and commission income	3,144	2,901
	Gains on financial instruments at fair value through profit or loss	265	-
	Other non-operating income	529	128
	Interest expense	578	145
	Fee and commission expense	81	99
	Provision for credit losses	176	97
	General and administrative expenses	59	-

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

(In millions of Korean won)		2023	2022
KB Insurance Co., Ltd.	Interest income	1,064	402
	Fee and commission income	21,116	20,344
	Gains on financial instruments at fair value through profit or loss	130,113	326,053
	Other non-operating income	1,840	1,375
	Interest expense	743	800
	Fee and commission expense	2,390	2,926
	Losses on financial instruments at fair value through profit or loss	3,958	4,161
	Other operating expenses	3	3
	Provision for credit losses	37	4
	General and administrative expenses	10,282	10,492
KB Life Insurance Co., Ltd.	Interest income	50	49
	Fee and commission income	12,112	17,797
	Gains on financial instruments at fair value through profit or loss	16,142	84,791
	Reversal of credit losses	224	-
	Other non-operating income	459	60
	Interest expense	2,602	3,000
	Fee and commission expense	1,122	3,688
	Losses on financial instruments at fair value through profit or loss	1,254	-
	Provision for credit losses	-	146
	General and administrative expenses	1,559	1,386
KB STAR REIT Co., Ltd.	Interest income	-	1,455
	Fee and commission income	104	-
	Gains on financial instruments at fair value through profit or loss	22,126	-
	Interest expense	899	7
	Losses on financial instruments at fair value through profit or loss	2,405	-
KB Hanbando BTL Private Special Asset Fund No.1	Fee and commission income	73	82
KB AMP Infra Private Special Asset Fund No.1	Fee and commission income	5	6
KB AMP Infra Private Special Asset Fund No.13	Fee and commission income	6	3
	Gains on financial instruments at fair value through profit or loss	1,281	-
	Losses on financial instruments at fair value through profit or loss	16	-
KB Muni bond Private Securities Fund No.1 (USD)	Fee and commission income	7	9
KB Global Private Real Estate Fund No.1 (FoFs)	Fee and commission income	8	8

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

(In millions of Korean won)		2023	2022
KB Global Private Real Estate Fund No.11 (FoFs)	Fee and commission income	4	2
KB Global Private Real Estate Fund No.15 (FoFs)	Fee and commission income	11	7
	Gains on financial instruments at fair value through profit or loss	2,360	-
	Losses on financial instruments at fair value through profit or loss	61	-
KB Global Private Real Estate Fund No.17 (FoFs)	Fee and commission income	3	3
KB Global Private Real Estate Fund No.22 (FoFs)	Fee and commission income	1	-
	Gains on financial instruments at fair value through profit or loss	567	-
	Losses on financial instruments at fair value through profit or loss	7	-
KB Global Private Real Estate Fund No.27 (FoFs)	Fee and commission income	8	-
	Gains on financial instruments at fair value through profit or loss	3,646	-
KB Global Private Real Estate Fund No.29 (FoFs)	Fee and commission income	3	-
KB Global Private Real Estate Fund No.30 (FoFs)	Gains on financial instruments at fair value through profit or loss	28	-
KB Star Office Private Real Estate Feeder Fund No.4	Interest income	568	568
	Fee and commission income	28	28
	Reversal of credit losses	2	-
	Interest expense	(2)	6
KB Global Core Bond Securities Feeder Fund(Bond)	Fee and commission income	11	13
	Gains on financial instruments at fair value through profit or loss	-	459
	Losses on financial instruments at fair value through profit or loss	-	61
KB New Renewable Energy Private Special Asset Fund No.1	Fee and commission income	7	7
KB North America Private Real Estate Debt Fund No.1	Fee and commission income	2	2
	Gains on financial instruments at fair value through profit or loss	2,542	6,034
	Losses on financial instruments at fair value through profit or loss	193	-
KB North America Private Real Estate Debt Fund No.3	Fee and commission income	8	8
	Gains on financial instruments at fair value through profit or loss	8,905	22,277
	Losses on financial instruments at fair value through profit or loss	833	2,259
KB Europe Renewable Private Special Asset Fund No.2 (EUR)(SOC-FoFs)	Fee and commission income	5	4
KB Global Infrastructure Synergy Private Special Asset Fund (Monetary Receivables)	Fee and commission income	3	4
	Gains on financial instruments at fair value through profit or loss	118	231
	Losses on financial instruments at fair value through profit or loss	279	-

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

(In millions of Korean won)		2023	2022
KB BMO Senior Loan Private Special Asset Fund No.1	Fee and commission income	8	7
	Gains on financial instruments at fair value through profit or loss	2,671	2,394
KB BMO Senior Loan Private Special Asset Fund No.2 (USD)	Fee and commission income	7	7
KB BMO Senior Loan Private Special Asset Fund No.4 (USD)	Fee and commission income	6	2
	Gains on financial instruments at fair value through profit or loss	1,506	-
KB BMO Senior Loan Private Special Asset Fund No.5 (Loan-FOFs)	Fee and commission income	10	3
	Gains on financial instruments at fair value through profit or loss	7,461	-
	Losses on financial instruments at fair value through profit or loss	229	-
KB New Renewable Green New Deal Private Special Asset No.2	Fee and commission income	9	5
KB Sinansan Line Private Special Asset Fund(SOC)	Fee and commission income	24	16
KB Multi Alpha Plus Private Fund No.1	Fee and commission income	6	6
KB MCF Senior Loan Private Special Asset Fund No.3 (Loan-FOFs)	Fee and commission income	46	41
KB New Deal Infra Private Special Asset Fund	Fee and commission income	5	1
KB Korea Infrastructure Credit Guarantee Private Special Asset No.1	Fee and commission income	12	12
KB Wise Star Private Real Estate No.19	Fee and commission income	3	5
Hanwha Europe Credit Private Fund No.16 (FOF)	Gains on financial instruments at fair value through profit or loss	2,929	1,113
	Losses on financial instruments at fair value through profit or loss	905	2
KB Logistics Blind Private Real Estate Fund No.1	Interest income	1,796	-
	Fee and commission income	23	7
	Provision for credit losses	3	-
KB Aircraft Private Special Asset Fund No.1	Fee and commission income	9	10
	Gains on financial instruments at fair value through profit or loss	5,747	4,001
	Losses on financial instruments at fair value through profit or loss	37	99
KB Star ESG Prime Mid-Short Bond Securities Feeder Fund(Bond)	Fee and commission income	16	11
KB Oaktree Private Special Asset Fund No.3	Fee and commission income	2	1
KB GK Project Private Special Asset Fund No.3	Fee and commission income	32	33
KB Korea Short Term Premium Private Securities No.25(USD)(Bond) [1]	Fee and commission income	1	8
	Gains on financial instruments at fair value through profit or loss	1,254	-
	Losses on financial instruments at fair value through profit or loss	-	9,373

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

(In millions of Korean won)		2023	2022
KB Korea Short Term Premium Private Securities No.26(USD)(Bond) [1]	Fee and commission income	1	5
	Gains on financial instruments at fair value through profit or loss	1,073	-
	Losses on financial instruments at fair value through profit or loss	-	6,689
KB Korea Short Term Premium Private Securities No.27(USD)(Bond) [1]	Fee and commission income	2	8
	Losses on financial instruments at fair value through profit or loss	451	11,566
KB Korea Short Term Premium Private Securities No.32(USD)(Bond) [1]	Fee and commission income	2	2
	Losses on financial instruments at fair value through profit or loss	2,697	7,495
KB Korea Short Term Premium Private Securities Fund No.33(USD)(Bond)	Fee and commission income	6	-
	Losses on financial instruments at fair value through profit or loss	3,886	-
KB Korea Short Term Premium Private Securities Fund No.34(USD)(Bond)	Fee and commission income	7	-
	Losses on financial instruments at fair value through profit or loss	4,562	-
KB Korea Short Term Premium Private Securities Fund No.35(USD)(Bond)	Fee and commission income	4	-
	Losses on financial instruments at fair value through profit or loss	3,858	-
KB AMP Infra Note Private Special Asset Fund No.14	Fee and commission income	6	3
	Gains on financial instruments at fair value through profit or loss	1,144	-
	Losses on financial instruments at fair value through profit or loss	33	-
KB ASF Infra Private Special Asset Fund(FoFs)	Fee and commission income	1	-
	Gains on financial instruments at fair value through profit or loss	325	298
	Losses on financial instruments at fair value through profit or loss	-	108
KB Duke Private Special Asset Fund	Fee and commission income	3	2
KB Core Blind Private Real Estate Fund No.2	Fee and commission income	2	-
KB Star Reits Private Real Estate Feeder Fund No.1 (FoFs)	Fee and commission income	3	1
KB Star Reits Private Real Estate Feeder Fund No.2 (FoFs)	Fee and commission income	5	2
KB PF Blind Private Real Estate Fund 2		1	-
HSBC Senior UK Direct Lending Fund 2020 RAIF SICAV-S.A	Fee and commission income	2	-
NB Private Debt Fund IV LUX (B) SCSP	Fee and commission income	2	-
KB Europe Renewable Private Special Asset Fund No.3	Fee and commission income	2	-
KB NA Jefferies Private SpecialAsset Fund 1(USD)(FoFs)	Fee and commission income	1	-
KB Money Market Active ETF (Bond)	Fee and commission income	6	-
KB Europe ICG PDF Private SpecialAsset Fund 4(FoFs)	Gains on financial instruments at fair value through profit or loss	13	-
KB Star Institutional USD MMF1(USD)	Fee and commission income	2	-
KB NA COMPASS Energy Private Special Asset Fund [1]	Fee and commission income	-	2

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

(In millions of Korean won)		2023	2022
KB Korea Short Term Premium Private Securities No.21(USD) [1]	Fee and commission income	-	1
KB Korea Short Term Premium Private Securities No.22(USD) [1]	Fee and commission income	-	1
	Losses on financial instruments at fair value through profit or loss	-	510
KB Korea Short Term Premium Private Securities No.23(USD) [1]	Fee and commission income	-	10
	Losses on financial instruments at fair value through profit or loss	-	17,039
KB Korea Short Term Premium Private Securities No.28(USD)(Bond) [1]	Fee and commission income	-	10
	Losses on financial instruments at fair value through profit or loss	-	11,191
Associates			
Korea Credit Bureau Co., Ltd.	Fee and commission income	39	39
	Interest expense	-	1
	Fee and commission expense	1,875	1,464
	Other operating expenses	12	12
Incheon Bridge Co., Ltd.	Interest income	8,120	6,113
	Fee and commission income	20	17
	Interest expense	723	350
	Fee and commission expense	5	4
	Losses on financial instruments at fair value through profit or loss	74	2,928
	Provision for credit losses	55	2
Kendae Co., Ltd	Other non-operating expense	-	6
DongJo Co., Ltd.	Interest income	10	-
Skydigital Inc.	Fee and commission income	2	2
Il-Kwang Electronic Materials Co., Ltd.	Other non-operating expense	-	1
So-Myung Recycling Co., Ltd.	Other non-operating expense	-	2
TMAPMOBILITY CO.,LTD.	Interest expense	409	-
KB High-Tech Company Investment Fund	Interest expense	19	3
Aju Good Technology Venture Fund	Interest expense	110	62
KB-KDBC Pre-IPO New Technology Business Investment Fund	Interest expense	-	1
KB Digital Innovation & Growth New Technology Business Investment Fund	Interest expense	1	4
KB-Brain KOSDAQ Scale-up New Technology Business Investment Fund	Interest expense	4	3
KB Global Platform Fund	Interest expense	131	79
WJ Private Equity Fund No.1	Fee and commission income	5	5
KB Bio Global Expansion Private Equity Fund No.1	Interest expense	36	-
KB Digital Platform Fund	Interest expense	71	-
Associate of Parent			
Star-Lord General Investors Private Real Estate Investment Company No.10	Interest income	4,441	1,619
	Interest expense	81	41
	Provision for credit losses	1	1
KB Star Office Private Real Estate Master Fund No.1 [1]	Interest expense	-	2

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

(In millions of Korean won)		2023	2022
Associates of Parent's subsidiaries			
KG Capital Co., Ltd. [1]	Fee and commission income	2	3
Food Factory Co., Ltd.	Interest income	54	60
	Fee and commission income	-	1
	Reversal of credit losses	2	-
	Interest expense	-	6
Big Dipper Co., Ltd.	Interest expense	-	1
Banksalad Co., Ltd.	Fee and commission income	27	27
Spark Biopharma Inc.	Interest expense	364	149
UPRISE, Inc.	Interest expense	-	3
Channel Corporation	Interest expense	48	16
COSES GT Co., Ltd.	Interest income	21	15
	Reversal of credit losses	5	-
	Interest expense	-	1
	Provision for credit losses	-	3
Gomi corporation Inc.	Interest income	61	42
	Fee and commission income	1	1
	Interest expense	-	2
	Provision for credit losses	62	2
S&E bio Co., Ltd.	Interest expense	31	1
Contents First Inc.	Interest income	220	70
	Fee and commission income	1	-
	Interest expense	60	(4)
	Provision for credit losses	3	2
Pin Therapeutics Inc.	Interest expense	101	110
SuperNGine Co., Ltd.	Interest income	15	-
	Provision for credit losses	6	-
Desilo Inc.	Interest income	9	6
	Provision for credit losses	3	-
Turing Co., Ltd.	Interest income	5	-
	Interest expense	1	1
	Provision for credit losses	10	-
IGGYMOB Co., Ltd.	Interest expense	-	1
Kukka Co., Ltd.	Interest expense	-	2
ZIPDOC Inc.	Interest expense	-	1
Grinergy	Interest expense	1	-
KB No.21 Special Purpose Acquisition Company	Interest expense	49	15
TeamSparta Inc.	Interest expense	178	8
Chabot Mobility Co., Ltd	Interest expense	-	1
Wemade Connect Co., Ltd.	Interest expense	238	19
KB No.22 Special Purpose Acquisition Company	Interest expense	1	1
KB No.23 Special Purpose Acquisition Company	Interest expense	45	5
KB No.24 Special Purpose Acquisition Company [1]	Interest expense	7	-
KB No.25 Special Purpose Acquisition Company	Interest expense	26	-
KB No.26 Special Purpose Acquisition Company	Interest expense	22	-
KB No.27 Special Purpose Acquisition Company	Interest expense	23	-

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

(In millions of Korean won)		2023	2022
Nextrade Co., Ltd.	Interest expense	2,177	-
3D Interactive Co., Ltd.	Fee and commission income	6	-
	Interest expense	7	-
Bigwave Robotics Crop.	Interest income	(1)	-
	Interest expense	1	-
KBFT Green Growth No.1 New Technology Business Investment Association	Interest expense	8	-
KB No.17 Special Purpose Acquisition Company [1]	Interest expense	-	1
KB No.18 Special Purpose Acquisition Company [1]	Interest expense	-	5
KB No.19 Special Purpose Acquisition Company [1]	Interest expense	-	5
KB No.20 Special Purpose Acquisition Company [1]	Interest expense	-	18
SwatchOn Inc. [1]	Fee and commission income	-	5
	Interest expense	-	5
GENINUS Inc. [1]	Interest expense	-	12
Others			
Retirement pension	Fee and commission income	1,165	1,015
	Interest expense	19	24

[1] Excluded from the Group's related party as of September 30, 2023.
[2] KB Credit Information Co., Ltd. become the subsidiary of KB Kookmin Card Co., Ltd. as of June 30, 2023.

32.2 Details of significant outstanding balances of receivables and payables arising from transactions with related parties as of September 30, 2023 and December 31, 2022, are as follows:

(In millions of Korean won)		September 30, 2023	December 31, 2022
Parent			
KB Financial Group Inc.	Other assets	7,030	97
	Deposits	379,697	231,056
	Other liabilities	355,693	828,908
Parent's subsidiaries			
KB Securities Co., Ltd.	Cash and due from financial institutions	6,434	8,116
	Derivative assets	180,648	134,303
	Loans measured at amortized cost (gross amount)	336,723	141,922
	Allowances for credit losses	443	358
	Other assets	24,233	6,186
	Derivative liabilities	36,988	33,258
	Deposits	447,343	863,614
	Provisions	224	36
	Other liabilities [2]	31,060	29,440
KB Asset Management Co., Ltd.	Other assets	674	413
	Deposits	14,195	25,950
	Other liabilities [3]	3,700	3,911
KB Real Estate Trust Co., Ltd.	Other assets	197	2
	Deposits	20,375	48,600
	Other liabilities [4]	2,274	2,276
KB Investment Co., Ltd.	Other assets	58	-
	Deposits	112,919	81,604
	Other liabilities	599	707
KB Credit Information Co., Ltd. [8]	Deposits	-	13,430
	Other liabilities	-	5,475
KB Data System Co., Ltd.	Other assets	2,014	317
	Deposits	19,497	20,924
	Other liabilities	12,148	7,381
KB Kookmin Card Co., Ltd.	Loans measured at amortized cost (gross amount)	194,690	197,647
	Allowances for credit losses	(139)	207
	Other assets	23,786	22,737
	Derivative liabilities	7,840	884
	Deposits	351,289	110,252
	Borrowings	-	3,694
	Provisions	1,713	423
	Other liabilities	57,870	55,132
KB Savings Bank Co., Ltd.	Other assets	243	-
	Other liabilities	689	606
KB Capital Co., Ltd.	Loans measured at amortized cost (gross amount)	51,237	45,192
	Allowances for credit losses	(8)	52
	Other assets	2,711	594
	Deposits	285,136	708,518
	Provisions	178	182
	Other liabilities	2,998	3,067

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

(In millions of Korean won)		September 30, 2023	December 31, 2022
KB Insurance Co., Ltd.	Derivative assets	207,129	137,320
	Loans measured at amortized cost (gross amount)	31,277	18,390
	Allowances for credit losses	15	5
	Other assets	22,388	12,599
	Derivative liabilities	5,313	29,632
	Deposits	22,541	65,231
	Borrowings [7]	15,080	23,000
	Provisions	34	7
	Other liabilities [5]	19,137	18,631
KB Life Insurance Co., Ltd.	Derivative assets	18,691	14,355
	Other assets	11,680	5,382
	Derivative liabilities	171	2,702
	Deposits	13,850	8,567
	Debentures	20,000	30,000
	Provisions	-	224
	Other liabilities [6]	49,313	59,974
KB STAR REIT Co., Ltd.	Derivative assets	13,935	-
	Other assets	82	21
	Derivative liabilities	-	8,089
	Deposits	41,567	35,053
	Other liabilities	336	1
KB Hanbando BTL Private Special Asset Fund No.1	Other assets	24	26
KB AMP Infra Private Special Asset Fund No.1	Other assets	1	1
KB AMP Infra Private Special Asset Fund No.13	Other assets	2	2
	Derivative liabilities	192	
KB Muni bond Private Securities Fund No.1 (USD)	Other assets	2	2
KB Global Private Real Estate Fund No.1 (FoFs)	Other assets	3	3
KB Global Private Real Estate Fund No.11 (FoFs)	Other assets	1	1
KB Global Private Real Estate Fund No.15 (FoFs)	Derivative assets	937	2
	Other assets	3	
	Derivative liabilities	685	
KB Global Private Real Estate Fund No.17 (FoFs)	Other assets	1	1
KB Global Private Real Estate Fund No.22 (FoFs)	Derivative assets	558	-
KB Global Private Real Estate Fund No.27 (FoFs)	Derivative assets	3,253	-
	Other assets	1	-
KB Global Private Real Estate Fund No.30 (FoFs)	Derivative assets	28	-
KB Star Office Private Real Estate Feeder Fund No.4	Loans measured at amortized cost (gross amount)	20,000	20,000
	Allowances for credit losses	2	4
	Other assets	22	13
	Deposits	-	215
	Other liabilities	-	4

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

(In millions of Korean won)		September 30, 2023	December 31, 2022
KB Global Core Bond Securities Feeder Fund(Bond)	Other assets	2	2
KB New Renewable Energy Private Special Asset Fund No.1	Other assets	2	2
KB North America Private Real Estate Debt Fund No.1	Derivative assets	744	-
	Other assets	1	1
	Derivative liabilities	-	51
KB North America Private Real Estate Debt Fund No.3	Derivative assets	2,489	2,411
	Other assets	3	3
KB Europe Renewable Private Special Asset Fund No.2 (EUR)(SOC-FoFs)	Other assets	2	1
KB Global Infrastructure Synergy Private Special Asset Fund (Monetary Receivables)	Other assets	1	1
	Derivative liabilities	279	-
KB BMO Senior Loan Private Special Asset Fund No.1	Derivative assets	1,504	-
	Other assets	3	3
	Derivative liabilities	-	2,001
KB BMO Senior Loan Private Special Asset Fund No.2(USD)	Other assets	2	2
KB BMO Senior Loan Private Special Asset Fund No.4(USD)	Other assets	2	2
KB BMO Senior Loan Private Special Asset Fund No.5(Loan-FOFs)	Derivative assets	1,600	-
	Other assets	3	3
KB New Renewable Green New Deal Private Special Asset No.2	Other assets	3	2
KB Sinansan Line Private Special Asset Fund(SOC)	Other assets	9	7
KB Multi Alpha Plus Private Fund No.1	Other assets	2	2
KB MCF Senior Loan Private Special Asset Fund No.3(FoFs)	Other assets	16	6
KB New Deal Innovation Fund	Other assets	3	1
KB Korea Infrastructure Credit Guarantee Private Special Asset No.1	Other assets	3	3
KB Wise Star Private Real Estate Feeder Fund No.19	Other assets	1	-
Hanwha Europe Credit Private Fund No.16 (FOF)	Derivative assets	101	-
	Derivative liabilities	809	744
KB Logistics Blind Private Real Estate Fund No.1	Loans measured at amortized cost (gross amount)	52,500	52,500
	Allowances for credit losses	5	2
	Other assets	447	374
KB Aircraft Private Special Asset Fund No.1	Derivative assets	681	-
	Other assets	2	2
	Derivative liabilities	-	5,096
KB Star ESG Prime Mid-Short Bond Securities Feeder Fund(Bond)	Other assets	3	1
KB GK Project Private Special Asset Fund No.3	Other assets	5	5
KB Korea Short Term Premium Private Securities No.25(USD)(Bond) [1]	Other assets	-	5
	Derivative liabilities	-	2,891
KB Korea Short Term Premium Private Securities No.26(USD)(Bond) [1]	Other assets	-	3
	Derivative liabilities	-	1,839

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

(In millions of Korean won)		September 30, 2023	December 31, 2022
KB Korea Short Term Premium Private Securities No.27(USD)(Bond) [1]	Other assets	-	5
	Derivative liabilities	-	3,502
KB Korea Short Term Premium Private Securities No.32(USD)(Bond) [1]	Derivative Assets	-	5,377
	Other assets	-	5
KB Korea Short Term Premium Private Securities No.33(USD)(Bond)	Derivative Assets	-	1,557
	Derivative liabilities	2,329	-
KB Korea Short Term Premium Private Securities No.34(USD)(Bond)	Other assets	3	-
	Derivative liabilities	4,562	-
KB Korea Short Term Premium Private Securities No.35(USD)(Bond)	Other assets	1	-
	Derivative liabilities	3,858	-
KB AMP Infra Note Private Special Asset Fund No.14	Other Assets	2	-
	Derivative liabilities	185	-
KB ASF Infra Private Special Asset Fund(FoFs)	Other assets	-	1
	Derivative liabilities	-	479
KB Duke Private Special Asset Fund	Other assets	1	1
KB Core Blind Private Real Estate Fund No.2	Other assets	1	-
KB Star Reits Private Real Estate Feeder Fund No.1 (FoFs)	Other assets	1	2
KB Star Reits Private Real Estate Feeder Fund No.2 (FoFs)	Other assets	2	4
KB PF Blind Private Real Estate Fund 2	Other assets	1	-
HSBC Senior UK Direct Lending Fund 2020 RAIF SICAV-S.A.	Other assets	1	1
NB Private Debt Fund IV LUX (B) SCSP	Other assets	1	1
KB NA Jefferies Private SpecialAsset Fund 1(USD)(FoFs)	Other assets	1	-
KB Money Market Active ETF (Bond)	Other assets	3	-
KB Europe ICG PDF Private SpecialAsset Fund 4(FoFs)	Derivative Assets	8	-
KB Star Institutional USD MMF1(USD)	Other assets	2	-
Associates			
Korea Credit Bureau Co., Ltd.	Deposits	2,316	27,889
Incheon Bridge Co., Ltd.	Financial assets at fair value through profit or loss	32,874	32,948
	Loans measured at amortized cost (gross amount)	84,175	95,200
	Allowances for credit losses	37	8
	Other assets	578	615
	Deposits	48,156	48,639
	Provisions	34	7
	Other liabilities	430	446

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

(In millions of Korean won)		September 30, 2023	December 31, 2022
Jungdo Co., Ltd.	Deposits	4	4
Dae-A Leisure Co., Ltd.	Deposits	149	154
Iwon Alloy Co., Ltd.	Deposits	1	1
Computerlife Co., Ltd.	Deposits	-	3
Skydigital Inc.	Deposits	4	10
TMAPMOBILITY CO.,LTD.	Deposits	80,000	30,000
	Other liabilities	33	76
TAEYEONG PRECISION IND. CO.,LTD.	Loans measured at amortized cost (gross amount)	48	-
Youngwon Corporation	Loans measured at amortized cost (gross amount)	1,988	-
KB High-Tech Company Investment Fund	Deposits	2,930	688
	Other liabilities	2	-
Aju Good Technology Venture Fund	Deposits	674	7,222
	Other liabilities	-	73
KB-KDBC Pre-IPO New Technology Business Investment Fund	Deposits	56	317
KB Digital Innovation & Growth New Technology Business Investment Fund	Deposits	573	674
KB-Brain KOSDAQ Scale-up New Technology Business Investment Fund	Deposits	906	1,526
	Other liabilities	-	1
KB Global Platform Fund	Deposits	5,694	19,655
	Other liabilities	4	12
WJ Private Equity Fund No.1	Other assets	2	2
	Deposits	264	221
KB Bio Global Expansion Private Equity Fund No.1	Deposits	1,400	1,400
	Other liabilities	9	9
KB Digital Platform Fund	Deposits	-	15,000
	Other liabilities	-	2
Associate of Parent			
Star-Lord General Investors Private Real Estate Investment Company No.10	Loans measured at amortized cost (gross amount)	149,514	149,294
	Allowances for credit losses	2	1
	Other assets	3,278	3,208
Associates of Parent's subsidiaries			
KG Capital Co., Ltd. 1	Deposits	-	10
RAND Bio Science Co., Ltd.	Deposits	6	3
Food Factory Co., Ltd.	Loans measured at amortized cost (gross amount)	2,203	3,337
	Allowances for credit losses	2	4
	Other assets	17	4
	Deposits	579	664
	Other liabilities	7	1
Paycoms Co., Ltd.1	Deposits	-	1
Big Dipper Co., Ltd.	Deposits	155	19
Spark Biopharma Inc.	Deposits	13,491	17,534
	Other liabilities	78	91
Wyatt Corp.	Deposits	1	1
UPRISE, Inc.	Deposits	-	27
CellinCells Co., Ltd.	Deposits	40	37
Channel Corporation	Deposits	2,036	3,000
	Other liabilities	11	21

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

(In millions of Korean won)		September 30, 2023	December 31, 2022
COSES GT Co., Ltd.	Loans measured at amortized cost (gross amount)	-	500
	Allowances for credit losses	-	4
	Other assets	-	2
	Deposits	11	1,213
Gomi corporation Inc.	Loans measured at amortized cost (gross amount)	2,200	2,200
	Allowances for credit losses	76	15
	Other assets	7	5
	Deposits	137	915
	Other liabilities	1	1
S&E Bio Co., Ltd.	Deposits	2,575	6,419
	Other liabilities	20	1
4N Inc.	Deposits	32	5
Contents First Inc.	Loans measured at amortized cost (gross amount)	10,000	10,017
	Allowances for credit losses	5	1
	Other assets	45	2
	Deposits	419	5,010
	Other liabilities	5	21
December & Company Inc.	Deposits	1	1
Mantisco Co., Ltd.	Deposits	-	623
Pin Therapeutics Inc.	Deposits	2,365	6,033
	Other liabilities	-	18
SuperNGine Co., Ltd.	Loans measured at amortized cost (gross amount)	600	-
	Allowances for credit losses	6	-
	Other assets	1	-
	Deposits	118	17
Desilo Inc.	Loans measured at amortized cost (gross amount)	300	300
	Allowances for credit losses	5	2
	Deposits	6	1
Turing Co., Ltd.	Loans measured at amortized cost (gross amount)	1,130	-
	Allowances for credit losses	8	-
	Other assets	5	-
	Deposits	1,417	2,788
	Provisions	2	-
IGGYMOB Co., Ltd.	Deposits	1	254
Kukka Co., Ltd.	Deposits	6	-
ZIPDOC Inc.	Deposits	232	915
Grinergy	Other liabilities	1	-
KB No.21 Special Purpose Acquisition Company	Deposits	2,280	2,263
	Other liabilities	19	29
TeamSparta Inc.	Deposits	11,042	12,502
	Other liabilities	65	6

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

(In millions of Korean won)

		September 30, 2023	December 31, 2022
Chabot Mobility Co., Ltd.	Deposits	47	86
Wemade Connect Co., Ltd.	Deposits	8,194	10,370
	Other liabilities	48	28
KB No.22 Special Purpose Acquisition Company	Deposits	1,865	1,948
	Other liabilities	1	-
KB No.23 Special Purpose Acquisition Company	Deposits	2,062	2,205
	Other liabilities	-	22
KB No.24 Special Purpose Acquisition Company [1]	Deposits	-	9,983
	Other liabilities	-	1
KB No.25 Special Purpose Acquisition Company	Deposits	1,595	-
	Other liabilities	26	-
KB No.26 Special Purpose Acquisition Company	Deposits	1,771	-
	Other liabilities	22	-
KB No.27 Special Purpose Acquisition Company	Deposits	4,979	-
	Other liabilities	23	-
Nextrade Co., Ltd.	Deposits	56,202	56,202
	Other liabilities	2,441	263
Bitgoeul Cheomdan Green 1st Co., Ltd.	Deposits	868	-
3D Interactive Co., Ltd.	Deposits	2,140	-
	Other liabilities	20	-
Bigwave Robotics Crop.	Deposits	489	-
KBFT Green Growth No.1 New Technology Business Investment Association	Deposits	700	-
	Other liabilities	8	-
Key management personnel	Loans measured at amortized cost (gross amount)	4,425	4,391
	Allowances for credit losses	2	2
	Other assets	9	6
	Deposits	11,652	11,974
	Provisions	3	1
	Other liabilities	353	284
Others			
Retirement pension	Other assets	1,087	778
	Other liabilities	21	10,141

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

[1] Excluded from the Group's related party as of September 30, 2023.
[2] Non-controlling interests classified as liabilities include ₩ 1,917 million and ₩ 1,919 million as of September 30, 2023 and December 31, 2022, respectively.
[3] Non-controlling interests classified as liabilities include ₩ 1,075 million and ₩ 1,077 million as of September 30, 2023 and December 31, 2022, respectively.
[4] Non-controlling interests classified as liabilities include ₩ 1,917 million and ₩ 1,919 million as of September 30, 2023 and December 31, 2022, respectively.
[5] Non-controlling interests classified as liabilities include ₩ 5,373 million and ₩ 5,385 million as of September 30, 2023 and December 31, 2022, respectively.
[6] Non-controlling interests classified as liabilities include ₩ 14,958 million and ₩ 14,978 million as of September 30, 2023 and December 31, 2022, respectively.
[7] This is the carrying amount of liabilities held through a subsidiary, a company specialized in asset-backed securitization, and the related underlying assets after deducting allowance for credit losses is ₩ 15,034 million as of September 30, 2023. The carrying amount of the asset and liability is determined as a reasonable approximation of its fair value.
[8] KB Credit Information Co., Ltd. become the subsidiary of KB Kookmin Card Co., Ltd. as of June 30, 2023.

32.3 Details of right-of-use assets and lease liabilities with related parties as of September 30, 2023 and December 31, 2022, are as follows:

(In millions of Korean won)		**September 30, 2023**	**December 31, 2022**
Parent's subsidiaries			
KB Securities Co., Ltd.	Right-of-use assets	20,678	21,927
	Lease liabilities	24,012	26,825
KB Kookmin Card Co., Ltd.	Right-of-use assets	38	108
	Lease liabilities	10	29
KB Insurance Co., Ltd.	Right-of-use assets	24	-
	Lease liabilities	36	-
KB Life Insurance Co., Ltd.	Right-of-use assets	5,602	6,971
	Lease liabilities	5,727	7,021
Associate of Parent			
Star-Lord General Investors Private Real Estate Investment Company No.10	Right-of-use assets	1,378	3,563
	Lease liabilities	1,598	3,707

32.4 Notional amount of derivative assets and liabilities arising from transactions with related parties as of September 30, 2023 and December 31, 2022, are as follows:

(In millions of Korean won)		September 30, 2023	December 31, 2022
Parent's subsidiaries			
KB Securities Co., Ltd.	Notional amount of derivative financial instruments	4,169,816	2,820,272
KB Kookmin Card Co., Ltd.	Notional amount of derivative financial instruments	134,480	126,730
KB Insurance Co., Ltd.	Notional amount of derivative financial instruments	2,300,542	2,192,657
KB Life Insurance Co., Ltd.	Notional amount of derivative financial instruments	308,966	316,557
KB STAR REIT Co., Ltd.	Notional amount of derivative financial instruments	442,599	420,280
KB AMP Infra Private Special Asset Fund No.13	Notional amount of derivative financial instruments	71,298	-
KB Global Private Real Estate Fund No.15 (FoFs)	Notional amount of derivative financial instruments	60,009	-
KB Global Private Real Estate Fund No.22 (FoFs)	Notional amount of derivative financial instruments	9,149	-
KB Global Private Real Estate Fund No.27 (FoFs)	Notional amount of derivative financial instruments	41,563	-
KB Global Private Real Estate Fund No.30 (FoFs)	Notional amount of derivative financial instruments	3,641	-
KB North America Private Real Estate Debt Fund No.1	Notional amount of derivative financial instruments	33,620	31,683
KB North America Private Real Estate Debt Fund No.3	Notional amount of derivative financial instruments	110,946	104,552
KB Global Infrastructure Synergy Private Special Asset Fund (Monetary Receivables)	Notional amount of derivative financial instruments	43,000	-
KB BMO Senior Loan Private Special Asset Fund No.1(FOF)	Notional amount of derivative financial instruments	34,997	38,112
KB BMO Senior Loan Private Special Asset Fund No.5(FOF)	Notional amount of derivative financial instruments	100,965	-
Hanwha Europe Credit Private Fund No.16 (FOF)	Notional amount of derivative financial instruments	41,527	35,081
KB Aircraft Private Special Asset Fund No.1	Notional amount of derivative financial instruments	119,522	123,949
KB Korea Short Term Premium Private Securities No.25(USD)(Bond) *	Notional amount of derivative financial instruments	-	51,554
KB Korea Short Term Premium Private Securities No.26(USD)(Bond) *	Notional amount of derivative financial instruments	-	38,653
KB Korea Short Term Premium Private Securities No.27(USD)(Bond) *	Notional amount of derivative financial instruments	-	64,632
KB Korea Short Term Premium Private Securities No.32(USD)(Bond) *	Notional amount of derivative financial instruments	-	103,538
KB Korea Short Term Premium Private Securities No.33(USD)(Bond)	Notional amount of derivative financial instruments	57,826	54,494

32.4 Notional amount of derivative assets and liabilities arising from transactions with related parties as of September 30, 2023 and December 31, 2022, are as follows: (cont'd)

(In millions of Korean won)		September 30, 2023	December 31, 2022
KB Korea Short Term Premium Private Securities No.34(USD)(Bond)	Notional amount of derivative financial instruments	71,611	-
KB Korea Short Term Premium Private Securities No.35(USD)(Bond)	Notional amount of derivative financial instruments	42,496	-
KB AMP Infra Note Private Special Asset Fund No.14	Notional amount of derivative financial instruments	128,446	-
KB ASF Infra Private Special Asset Fund(FoFs)	Notional amount of derivative financial instruments	-	6,011
KB Europe ICG PDF Private SpecialAsset Fund 4(FoFs)	Notional amount of derivative financial instruments	2,843	-

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

32.5 Details of significant lending transactions with related parties for the nine-month periods ended September 30, 2023 and 2022, are as follows:

(In millions of Korean won)	2023 [1]				
	Beginning	Loan	Collection	Others	Ending
Parent's subsidiaries					
KB Securities Co., Ltd.	141,922	1,181,084	987,015	732	336,723
KB Insurance Co., Ltd.	18,390	13,862	984	9	31,277
KB Kookmin Card Co., Ltd.	197,647	105,020	95,993	(11,984)	194,690
KB Capital Co., Ltd.	45,192	45,509	40,963	1,499	51,237
KB Star Office Private Real Estate Feeder Fund No.4	20,000	-	-	-	20,000
KB Logistics Blind Private Real Estate Fund No.1	52,500	-	-	-	52,500
Associates					
Incheon Bridge Co., Ltd.	128,148	-	11,025	(74)	117,049
TAEYEONG PRECISION IND. CO.,LTD	-	-	7	55	48
Youngwon Corporation	-	306	2,806	4,488	1,988
Associate of Parent					
Star-Lord General Investors Private Real Estate Investment Company No.10	149,294	-	-	220	149,514
Associates of Parent subsidiaries					
Food Factory Co., Ltd.	3,337	400	1,533	(1)	2,203
COSES GT Co., Ltd.	500	-	500	-	-
Gomi corporation Inc.	2,200	-	-	-	2,200
Desilo Inc.	300	-	-	-	300
Contents First Inc.	10,017	-	-	(17)	10,000
SuperNGine Co., Ltd.	-	600	-	-	600
Turing Co., Ltd.	-	1,130	-	-	1,130
Key management personnel [2]	4,391	2,803	2,443	(326)	4,425

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

(In millions of Korean won)	2022 [1]				
	Beginning	**Loan**	**Collection**	**Others**	**Ending**
Parent's subsidiaries					
KB Securities Co., Ltd.	124,527	728,657	680,651	8,477	181,010
KB Insurance Co., Ltd.	17,958	3	3	(31)	17,927
KB Kookmin Card Co., Ltd.	71,130	205,788	76,866	9,972	210,024
KB Capital Co., Ltd.	71,130	11,280	24,602	10,864	68,672
KB Star Office Private Real Estate Feeder Fund No.4	20,000	-	-	-	20,000
Associates					
Incheon Bridge Co., Ltd.	151,482	-	14,175	(2,929)	134,378
Associate of Parent					
Star-Lord General Investors Private Real Estate Investment Company No.10	-	150,000	-	(779)	149,221
Associates of Parent subsidiaries					
Food Factory Co., Ltd.	3,545	1,500	1,565	(1)	3,479
COSES GT Co., Ltd.	500	-	-	-	500
Gomi corporation Inc.	2,200	-	-	-	2,200
Desilo Inc.	301	-	-	(1)	300
Contents First Inc.	-	10,000	-	25	10,025
Key management personnel [2]	3,252	742	1,533	2,097	4,558

[1] Transactions between related parties, such as settlements arising from operating activities and daylight overdraft to be repaid on the day of handling, are excluded.

[2] Includes loan transactions that occurred before they became related parties.

32.6 Details of significant borrowing transactions with related parties for the nine-month periods ended September 30, 2023 and 2022, are as follows:

(In millions of Korean won)		2023				
		Beginning	**Borrowing**	**Repayment**	**Others [1]**	**Ending**
Parent						
KB Financial Group Inc.	Deposits	231,056	800,000	800,000	148,641	379,697
Parent's subsidiaries						
KB Securities Co., Ltd.	Deposits	863,614	200,678	172,389	(444,560)	447,343
KB Asset Management Co., Ltd.	Deposits	25,950	-	-	(11,755)	14,195
KB Real Estate Trust Co., Ltd.	Deposits	48,600	10,500	10,500	(28,225)	20,375
KB Investment Co., Ltd.	Deposits	81,064	147,800	127,300	11,355	112,919
KB Credit Information Co., Ltd. [4]	Deposits	13,430	11,186	11,040	(13,576)	-
KB Data System Co., Ltd.	Deposits	20,924	10,368	7,714	(4,081)	19,497
KB Kookmin Card Co., Ltd.	Deposits	110,252	868	809	240,978	351,289
	Borrowing	3,694	-	-	(3,694)	-
KB Capital Co., Ltd.	Deposits	708,518	-	-	(423,382)	285,136
KB Insurance Co., Ltd.	Deposits	65,231	410	1,537	(41,563)	22,541
	Borrowing	23,000	150	-	(8,070)	15,080
	Debentures	-	150	-	(150)	-
KB Life Insurance Co., Ltd.	Deposits	8,567	-	-	5,283	13,850
	Debentures	30,000	-	-	(10,000)	20,000

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

(In millions of Korean won)

		2023				
		Beginning	**Borrowing**	**Repayment**	**Others** [1]	**Ending**
KB Star Office Private Real Estate Master Fund No.4	Deposits	215	-	215	-	-
KB Star Office Private Real Estate Master Fund No.4	Deposits	215	-	215	-	-
KB STAR REIT Co., Ltd.	Deposits	35,053	91,500	50,500	(34,486)	41,567
Associates						
Korea Credit Bureau Co., Ltd.	Deposits	27,889	-	-	(25,573)	2,316
Incheon Bridge Co., Ltd.	Deposits	48,639	67,100	62,400	(5,183)	48,156
Jungdo Co., Ltd.	Deposits	4	-	-	-	4
Dae-A Leisure Co., Ltd.	Deposits	154	-	-	(5)	149
Iwon Alloy Co., Ltd.	Deposits	1	-	-	-	1
Computerlife Co., Ltd.	Deposits	3	-	-	(3)	-
Skydigital Inc.	Deposits	10	-	-	(6)	4
KB High-Tech Company Investment Fund	Deposits	688	-	-	2,242	2,930
Aju Good Technology Venture Fund	Deposits	7,222	1,323	7,900	29	674
KB-KDBC Pre-IPO New Technology Business Investment Fund	Deposits	317	-	-	(261)	56
KB Digital Innovation & Growth New Technology Business Investment Fund	Deposits	674	-	-	(101)	573
KB-Brain KOSDAQ Scale-up New Technology Business Investment Fund	Deposits	1,526	-	-	(620)	906
KB Global Platform Fund	Deposits	19,655	-	-	(13,961)	5,694
WJ Private Equity Fund No.1	Deposits	221	-	-	43	264
TMAPMOBILITY CO.,LTD.	Deposits	30,000	90,000	90,000	50,000	80,000
KB Bio Global Expansion Private Equity Fund No.1	Deposits	1,400	4,200	4,200	-	1,400
KB Digital Platform Fund	Deposits	15,000	14,000	29,000	-	-
Associates of Parent's subsidiaries						
RAND Bio Science Co., Ltd.	Deposits	3	-	-	3	6
Food Factory Co., Ltd.	Deposits	664	-	-	(85)	579
Paycoms Co., Ltd. [2]	Deposits	1	-	-	(1)	-
Big Dipper Co., Ltd.	Deposits	19	-	-	136	155
Spark Biopharma Inc.	Deposits	17,534	20,195	22,187	(2,051)	13,491
Wyatt Corp.	Deposits	1	-	-	-	1
UPRISE, Inc.	Deposits	27	-	-	(27)	-
CellinCells Co., Ltd.	Deposits	37	-	-	3	40
COSES GT Co., Ltd.	Deposits	1,213	-	-	(1,202)	11
KB No.21 Special Purpose Acquisition Company	Deposits	2,263	2,050	2,000	(33)	2,280
KB No.22 Special Purpose Acquisition Company	Deposits	1,948	-	-	(83)	1,865
KB No.23 Special Purpose Acquisition Company	Deposits	2,205	2,089	4,223	1,991	2,062

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

(In millions of Korean won)		2023				
		Beginning	**Borrowing**	**Repayment**	**Others [1]**	**Ending**
KB No.24 Special Purpose Acquisition Company [2]	Deposits	9,983	-	-	(9,983)	-
KB No.25 Special Purpose Acquisition Company	Deposits	-	1,500	-	95	1,595
KB No.26 Special Purpose Acquisition Company	Deposits	-	1,670	-	101	1,771
KB No.27 Special Purpose Acquisition Company	Deposits	-	4,390	-	589	4,979
Gomi corporation Inc.	Deposits	915	-	-	(778)	137
S&E Bio Co., Ltd.	Deposits	6,419	2,500	1,000	(5,344)	2,575
4N Inc.	Deposits	5	-	-	27	32
Contents First Inc.	Deposits	5,010	5,000	9,000	(591)	419
December & Company Inc.	Deposits	1	-	-	-	1
Mantisco Co., Ltd.	Deposits	623	-	-	(623)	-
Pin Therapeutics Inc.	Deposits	6,033	7,217	12,017	1,132	2,365
SuperNGine Co., Ltd.	Deposits	17	-	-	101	118
Desilo Inc.	Deposits	1	1	-	4	6
Turing Co., Ltd.	Deposits	2,788	-	-	(1,371)	1,417
IGGYMOB Co., Ltd.	Deposits	254	-	-	(253)	1
Kukka Co., Ltd.	Deposits	-	-	-	6	6
ZIPDOC Inc.	Deposits	915	-	-	(683)	232
TeamSparta Inc.	Deposits	12,502	5,000	6,000	(460)	11,042
Chabot Mobility Co., Ltd.	Deposits	86	-	-	(39)	47
Wemade Connect Co., Ltd.	Deposits	10,370	22,500	22,717	(1,959)	8,194
Channel Corporation	Deposits	3,000	5,000	6,000	36	2,036
Nextrade Co., Ltd.	Deposits	56,202	-	-	-	56,202
KG Capital Co., Ltd [2]	Deposits	10	-	-	(10)	-
Bitgoeul Cheomdan Green 1st Co., Ltd.	Deposits	-	-	-	868	868
KBFT Green Growth No.1 New Technology Business Investment Association	Deposits	-	700	-	-	700
Bigwave Robotics Crop.	Deposits	-	-	-	489	489
3D Interactive Co., Ltd.	Deposits	-	2,000	-	140	2,140
Key management personnel [3]	Deposits	11,974	10,733	10,763	(292)	11,652

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

(In millions of Korean won)

		2022				
		Beginning	**Borrowing**	**Repayment**	**Others [1]**	**Ending**
Parent						
KB Financial Group Inc.	Deposits	518,076	950,000	600,000	(455,181)	412,895
Parent's subsidiaries						
KB Securities Co., Ltd.	Deposits	535,130	85,380	25,000	112,378	707,888
KB Asset Management Co., Ltd.	Deposits	13,206	-	-	(3,063)	10,143
KB Real Estate Trust Co., Ltd.	Deposits	103,329	-	-	(44,917)	58,412
KB Investment Co., Ltd.	Deposits	100,338	163,000	163,000	(6,764)	93,574
KB Credit Information Co., Ltd.	Deposits	4,536	1,554	1,425	2,502	7,167
KB Data System Co., Ltd.	Deposits	17,999	8,910	10,744	(62)	16,103
KB Life Insurance Co., Ltd. [5]	Deposits	2,608	-	-	(225)	2,383
KB Kookmin Card Co., Ltd.	Deposits	81,641	-	4,742	43,891	120,790
	Borrowings	3,492	-	-	688	4,180
KB Capital Co., Ltd.	Deposits	219,312	-	-	43,089	262,401
KB Insurance Co., Ltd.	Deposits	7,854	1,786	1,828	2,936	10,748
	Borrowings	23,000	-	-	-	23,000
	Debentures	29,998	-	30,000	2	-
Prudential Life Insurance Company of Korea Ltd. [6]	Deposits	7,634	-	-	976	8,610
	Debentures	30,000	-	-	-	30,000
KB Star Office Private Real Estate Master Fund No.3	Deposits	171	-	171	-	-
KB Star Office Private Real Estate Feeder Fund No.4	Deposits	532	-	187	-	345
KB STAR REIT Co., Ltd.	Deposits	-	-	-	1,572	1,572
Associates						
Korea Credit Bureau Co., Ltd.	Deposits	10,200	-	-	(7,083)	3,117
Incheon Bridge Co., Ltd.	Deposits	35,487	28,000	15,000	(2,413)	46,074
Jungdo Co., Ltd.	Deposits	4	-	-	-	4
Dae-A Leisure Co., Ltd.	Deposits	17	-	-	65	82
Computerlife Co., Ltd.	Deposits	-	-	-	2	2
Skydigital Inc.	Deposits	85	-	-	(51)	34
Jo Yang Industrial Co., Ltd.	Deposits	1	-	-	-	1
KB High-Tech Company Investment Fund	Deposits	1,504	-	-	(816)	688
Aju Good Technology Venture Fund	Deposits	6,286	6,077	3,840	(1,877)	6,646
KB-KDBC Pre-IPO New Technology Business Investment Fund	Deposits	904	-	-	(403)	501
KB Digital Innovation & Growth New Technology Business Investment Fund	Deposits	2,088	-	-	(1,413)	675
KB-Brain KOSDAQ Scale-up New Technology Business Investment Fund	Deposits	1,524	-	-	(1,169)	355
KB Global Platform Fund	Deposits	26,823	-	-	7,403	34,226
WJ Private Equity Fund No.1	Deposits	260	-	-	(60)	200
WJ Private Equity Fund No.1	Deposits	260	-	-	(60)	200

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

(In millions of Korean won)

		2022				
		Beginning	Borrowing	Repayment	Others [1]	Ending
Associates of Parent Company						
KB Star Office Private Real Estate Investment Trust No.1 [2]	Deposits	2,578	-	2,578		-
Associates of Parent's subsidiaries						
KG Capital Co., Ltd. [2]	Deposits	17	-	-	(11)	6
RAND Bio Science Co., Ltd.	Deposits	443	-	-	(439)	4
Food Factory Co., Ltd.	Deposits	839	511	507	(17)	826
Acts Co., Ltd. [2]	Deposits	154	-	-	(154)	-
Paycoms Co., Ltd. [2]	Deposits	1	-	-	-	1
Big Dipper Co., Ltd.	Deposits	-	300	200	49	149
Spark Biopharma Inc.	Deposits	6,015	30,463	15,510	(1,881)	19,087
Wyatt Corp.	Deposits	1	-	-	-	1
UPRISE, Inc.	Deposits	4,001	-	-	(979)	3,022
CellinCells Co., Ltd.	Deposits	38	-	-	(13)	25
COSES GT Co., Ltd.	Deposits	1,939	-	-	(230)	1,709
KB No.17 Special Purpose Acquisition Company [2]	Deposits	1,687	-	1,546	(141)	-
KB No.18 Special Purpose Acquisition Company [2]	Deposits	2,077	-	2,016	(61)	-
KB No.19 Special Purpose Acquisition Company [2]	Deposits	1,013	-	1,000	(13)	-
KB No.20 Special Purpose Acquisition Company [2]	Deposits	1,681	-	-	(19)	1,662
KB No.21 Special Purpose Acquisition Company	Deposits	-	2,000	-	277	2,277
KB No.22 Special Purpose Acquisition Company	Deposits	-	-	-	1,970	1,970
KB No.23 Special Purpose Acquisition Company	Deposits	-	2,133	-	334	2,467
SwatchOn Inc. [2]	Deposits	686	-	-	(686)	-
Gomi corporation Inc.	Deposits	3,188	-	-	(2,464)	724
S&E Bio Co., Ltd.	Deposits	263	50	-	(157)	156
4N Inc.	Deposits	39	-	-	(36)	3
Contents First Inc.	Deposits	12,650	-	10,000	4,167	6,817
December & Company Inc.	Deposits	1	-	-	-	1
GENINUS Inc. [2]	Deposits	34,415	-	-	(34,415)	-
Mantisco Co., Ltd.	Deposits	386	-	-	889	1,275
Pin Therapeutics Inc.	Deposits	-	15,000	6,000	378	9,378
G1 Playground Co., Ltd.	Deposits	354	-	-	(329)	25
SuperNGine Co., Ltd.	Deposits	944	-	-	(739)	205
Desilo Inc.	Deposits	168	-	-	(163)	5
Turing Co., Ltd.	Deposits	1,054	-	-	304	1,358
IGGYMOB Co., Ltd.	Deposits	2,938	-	-	(2,217)	721
KB Pre IPO Secondary Venture Fund No.1 [2]	Deposits	103	-	-	(103)	-
Kukka Co., Ltd.	Deposits	-	-	-	7	7
ZIPDOC Inc.	Deposits	-	-	-	1,551	1,551

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

(In millions of Korean won)

		2022				
		Beginning	**Borrowing**	**Repayment**	**Others [1]**	**Ending**
TeamSparta Inc.	Deposits	-	-	-	12,688	12,688
Chabot Mobility Co., Ltd.	Deposits	-	-	-	69	69
Wemade Connect Co., Ltd.	Deposits	-	3,294	-	3,847	7,141
Wise Asset Management Co., Ltd	Deposits	-	6	-	-	6
Channel Corporation	Deposits	-	3,000	-	-	3,000
Key management personnel [3]	Deposits	11,757	9,802	8,162	(772)	12,625

[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 September 30, 2023.

[3] Includes borrowing transactions that occurred before they became related parties.

[4] KB Credit Information Co., Ltd. became the subsidiary of KB Kookmin Card Co., Ltd. as of June 30, 2023.

[5] KB Life Insurance Co., Ltd. merged with KB Life Insurance Co., Ltd. (former Prudential Life Insurance Company of Korea Ltd.) and extinguished on January, 2023.

[6] Prudential Life Insurance Company of Korea Ltd. changed the name to KB Life Insurance Co., Ltd.

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

(In millions of Korean won)

	2023	
	Equity investment and others	Withdrawal and others
Parent's subsidiaries		
KB Investment Co., Ltd.	-	66
KB Hanbando BTL Private Special Asset Fund No.1	-	14,909
KB Hope Sharing BTL Private Special Asset Fund	-	972
KB Star Office Private Real Estate Master Fund No.3	-	1,637
KB Star Office Private Real Estate Feeder Fund No.4	-	1,373
KB New Renewable Energy Private Special Asset Fund No.1	-	1,336
KB Mezzanine Private Securities Fund No.3	-	1,017
KB Europe Renewable Private Special Asset Fund No.2 (EUR)(SOC-FoFs)	92	1,089
KB BMO Senior Loan Private Special Asset Fund No.2(USD)	-	4,615
KB Korea Short Term Premium Private Securities No.25(USD)(Bond) *	-	50,275
KB Korea Short Term Premium Private Securities No.26(USD)(Bond) *	-	37,620
KB Korea Short Term Premium Private Securities No.27(USD)(Bond) *	-	65,082
KB Sinansan Line Private Special Asset Fund(SOC)	23,477	3,572
KB New Renewable Green New Deal Private Special Asset No.2	1,858	1,562
KB Multi Alpha Plus Private Fund No.1	-	107
KB MCF Senior Loan Private Special Asset Fund No.3(FoFs)	458	4,325
KB New Deal Infra Private Special Asset Fund	2,178	375
KB Logistics Blind Private Real Estate Fund No.1	-	846
KB GK Project Private Special Asset Fund No.3	-	16,712
KB BMO Senior Loan Private Special Asset Fund No.4(USD)	-	2,403
KB Star Reits Private Real Estate Feeder Fund No.2 (FoFs)	-	2,163
KB Korea Short Term Premium Private Securities No.32(USD)(Bond) *	-	106,271
KBSTAR Nov2023 Term Credit ETF	9,695	2,924
KB Korea Short Term Premium Private Securities No.35(USD)(Bond)	36,942	-
KB KBSTAR FKTB 10Y Futures ETF	5,030	28,081
KBSTAR Nov2025 Term Credit ETF	-	1,195
KB KBSTAR 3-Year Futures Inverse Securities ETF (Debt-Derivative)	7,002	70,130
KB Money Market Active ETF (Bond)	599,679	301,032
KB NA Jefferies Private SpecialAsset Fund 1	21,285	12
KB Star Institutional USD MMF1(USD)	39,765	-
KB Senior Loan Private Fund 5-1	12,782	-
KB Mezzanine Capital 4th Private Equity Fund	29,176	11,350
Associates		
Korea Credit Bureau Co., Ltd.	-	90
Future Planning KB Start-up Creation Fund	-	3,600
KB High-tech Company Investment Fund	-	2,900
Aju Good Technology Venture Fund	-	10,300
KB-TS Technology Venture Private Equity Fund	-	360
KB Digital Innovation Investment Fund Limited Partnership	-	2,345
KB-Brain KOSDAQ Scale-up New Technology Business Investment Fund	-	3,800
KB SPROTT Renewable Private Equity Fund No.1	-	476
KB-UTC Inno-Tech Venture Fund	-	1,500
KB Smart Scale Up Fund	7,000	-
KB-KTB Technology Venture Fund	3,000	-

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

(In millions of Korean won)	2023	
	Equity investment and others	Withdrawal and others
KB Digital Platform Fund	23,800	-
KB-SOLIDUS Healthcare Investment Fund	1,700	-
KB New Deal Innovation Fund	6,400	-
KB Prime Digital Platform Fund	4,550	-
KB Global Platform Fund No.2	4,000	-
Associate of Parent		
Balhae Infrastructure Company	-	5,820
Hahn & Company No. 4-3 Private Equity Fund	4,094	-
Associates of Parent's subsidiaries		
KB-Stonebridge Secondary Private Equity Fund	-	4,206
KB-NAU Special Situation Corporate Restructuring Private Equity Fund	600	970
KB Co-Investment Private Equity Fund No.1	1,920	-
KB-NP Green ESG New Technology Venture Capital Fund	1,305	-
KB-Badgers Future Mobility ESG Fund No.1	2,462	-

(In millions of Korean won)	2022	
	Equity investment and others	Withdrawal and others
Parent Company's subsidiaries		
KB Investment Co., Ltd.	-	180
KB Hanbando BTL Private Special Asset Fund No.1	-	14,766
KB Hope Sharing BTL Private Special Asset Fund	-	1,098
KB Star Office Private Real Estate Master Fund No.3	-	1,693
KB Star Office Private Real Estate Feeder Fund No.4	-	1,248
KB Global Core Bond Securities Feeder Fund(Bond)	-	42,737
KB New Renewable Energy Private Special Asset Fund No.1	3,492	1,336
KB Mezzanine Private Securities Fund No.3	-	16,240
KB Wise Star Jongno Tower Real Estate Master Fund *	-	2,681
KB Europe Renewable Private Special Asset Fund No.2 (SOC-FoFs)(EUR)	1,550	2,411
KB BMO Senior Loan Private Special Asset Fund No.2(USD)	-	1,410
KB Korea Short Term Premium Private Securities No.19(USD)(Bond) *	-	23,985
KB Korea Short Term Premium Private Securities No.21(USD)(Bond) *	-	36,102
KB Korea Short Term Premium Private Securities No.22(USD)(Bond) *	-	24,433
KB Korea Short Term Premium Private Securities Fund No.25(USD)(Bond) *	47,672	-
KB Korea Short Term Premium Private Securities Fund No.26(USD)(Bond) *	35,910	-
KB Korea Short Term Premium Private Securities Fund No.27(USD)(Bond) *	59,980	-
KB Korea Short Term Premium Private Securities Fund No.28(USD)(Bond) *	95,368	108,180
KB Sinansan Line Private Special Asset Fund(SOC)	26,175	1,575
KB New Renewable Green New Deal Private Special Asset No.2	16,977	888
KB Multi Alpha Plus Private Fund No.1	-	400
KB MCF Senior Loan Private Special Asset Fund No.3(FoFs)	18,963	1,152
KB New Deal Infra Private Special Asset Fund	4,259	19
KB Logistics Blind Private Real Estate Fund No.1	25,812	869

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

(In millions of Korean won)

	2022	
	Equity investment and others	Withdrawal and others
KB Star ESG Prime Mid-Short Bond Securities Feeder Fund(Bond)	50,000	48,800
KB GK Project Private Special Asset Fund No.3	-	84,356
KB BMO Senior Loan Private Special Asset Fund No.4(USD)	33,116	-
KB Core Blind Private Real Estate Fund No.2	5,107	-
KB Star Reits Private Real Estate Feeder Fund No.2	65,000	-
KB KBSTAR US Treasury Long Bond Futures Inverse ETF H	20,000	-
KB Korea Short Term Premium Private Securities Fund No.32 *	107,312	-
Associates		
KB High-Tech Company Investment Fund	-	1,300
Aju Good Technology Venture Fund	-	4,400
KB-KDBC Pre-IPO New Technology Business Investment Fund	-	700
KB-TS Technology Venture Private Equity Fund	-	1,590
KB-Brain KOSDAQ Scale-up New Technology Business Investment Fund	-	1,400
KB SPROTT Renewable Private Equity Fund No.1	9,748	-
KB Global Platform Fund	4,500	-
KB Smart Scale Up Fund	8,000	-
KB-KTB Technology Venture Fund	3,000	-
KB Digital Platform Fund	14,000	-
KB-SOLIDUS Healthcare Investment Fund	4,500	-
KB New Deal Innovation Fund	4,800	-
TMAPMOBILITY CO.,LTD.	200,000	-
KB Prime Digital Platform Fund	2,600	-
Associates of Parent Company		
KB Star Office Private Real Estate Investment Trust No.1 *	-	42,118
Balhae Infrastructure Company	-	21,177
Associates of Parent Company's subsidiaries		
KB-Stonebridge Secondary Private Equity Fund	2,497	2,409
KB-NAU Special Situation Corporate Restructuring Private Equity Fund	440	1,335
KB Co-Investment Private Equity Fund No.1	6,320	-
KB-NP Green ESG New Technology Venture Capital Fund	1,500	-

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

32.8 Acceptances and guarantees and unused commitments provided to related parties as of September 30, 2023 and December 31, 2022, are as follows:

(In millions of Korean won)		September 30, 2023	December 31, 2022
Parent's subsidiaries			
KB Securities Co., Ltd.	Loan commitments in Korean won	140,000	140,000
	Other commitments in foreign currency	17,330	-
KB Investment Co., Ltd.	Loss sharing agreements	1,000	1,000
KB Kookmin Card Co., Ltd.	Loan commitments in Korean won	820,000	820,000
	Other commitments in Korean won	1,700,000	1,700,000
	Other commitments in foreign currency	131,868	44,515
KB Capital Co., Ltd.	Loan commitments in foreign currency	12,103	-
	Other commitments in foreign currency	28,149	40,381
KB Insurance Co., Ltd.	Loan commitments in Korean won	20,009	20,528
KB Life Insurance Co., Ltd.	Loan commitments in Korean won	-	100,000
KB New Renewable Energy Private Special Asset Fund No.1	Purchase of securities	-	3,010
KB Mezzanine Private Securities Fund No.3	Purchase of securities	-	8,006
KB Europe Renewable Private Special Asset Fund No.2 (EUR)(SOC-FoFs)	Purchase of securities	1,979	1,968
KB Global Infra Private Special Asset Fund No.5	Purchase of securities	-	24,999
KB Global Infra Private Special Asset Fund No.6	Purchase of securities	10,999	24,999
KB BMO Senior Loan Private Special Asset Fund No.2(USD)	Purchase of securities	16	29
KB New Renewable Green New Deal Private Special Asset No.2	Purchase of securities	3,443	5,301
KB Sinansan Line Private Special Asset Fund(SOC)	Purchase of securities	177,511	200,988
KB MCF Senior Loan Private Special Asset Fund No.3(FoFs)	Purchase of securities	6,654	3,554
KB New Deal Infra Private Special Asset Fund	Purchase of securities	5,314	7,492
KB GK Project Private Special Asset Fund No.3	Purchase of securities	23	23
KB Core Blind Private Real Estate Fund No.2	Purchase of securities	25,607	94,893
KB Mezzanine Capital 4th Private Equity Fund	Purchase of securities	42,046	-
KB Smart Scale Up Fund No.2	Purchase of securities	25,500	25,500
KB NA Jefferies Private Special Asset Fund 1	Purchase of securities	28,834	-
KB Senior Loan Private Fund 5-1	Purchase of securities	67,218	-

32.8 Acceptances and guarantees and unused commitments provided to related parties as of September 30, 2023 and December 31, 2022, are as follows: (cont'd)

(In millions of Korean won)		September 30, 2023	December 31, 2022
Associates			
Incheon Bridge Co., Ltd.	Loan commitments in Korean won	20,000	20,000
KB SPROTT Renewable Private Equity Fund No.1	Purchase of securities	-	5,140
All Together Korea Fund No.2 (Stock-FoFs)	Purchase of securities	990,000	990,000
KB Smart Scale Up Fund	Purchase of securities	-	7,000
KB-KTB Technology Venture Fund	Purchase of securities	3,000	6,000
KB Digital Platform Fund	Purchase of securities	89,600	113,400
KB-SOLIDUS Healthcare Investment Fund	Purchase of securities	21,700	23,400
KB New Deal Innovation Fund	Purchase of securities	-	6,400
KB Prime Digital Platform Fund	Purchase of securities	5,850	10,400
KB Global Platform Fund No.2	Purchase of securities	46,000	-
Associate of Parent			
Balhae Infrastructure Company	Purchase of securities	6,154	6,154
Hahn & Company No. 4-3 Private Equity Fund	Purchase of securities	45,906	-
Associates of Parent's subsidiaries			
Turing Co., Ltd.	Loan commitments in Korean won	370	-
TeamSparta Inc.	Loan commitments in Korean won	1,000	-
3D Interactive Co., Ltd.	Other commitments in foreign currency	2,071	-
KB-Stonebridge Secondary Private Equity Fund	Purchase of securities	691	691
KB-NAU Special Situation Corporate Restructuring Private Equity Fund	Purchase of securities	4,496	5,096
KB Co-Investment Private Equity Fund No.1	Purchase of securities	11,760	13,680
KB-Badgers Future Mobility ESG Fund No.1	Purchase of securities	16,588	19,050
KB-NP Green ESG New Technology Venture Capital Fund	Purchase of securities	10,890	12,195
Key management personnel	Loan commitments in Korean won	1,710	833

32.9 Acceptances and guarantees and unused commitments provided by related parties as of September 30, 2023 and December 31, 2022, are as follows:

(In millions of Korean won)		September 30, 2023	December 31, 2022
Parent Company's subsidiaries			
KB Investment Co., Ltd.	Loss sharing agreements	7,314	7,008
KB Real Estate Trust Co., Ltd.	Purchase of securities	-	19
KB Securities Co., Ltd.	Purchase of securities	-	19
KB Life Insurance Co., Ltd.	Purchase of securities	-	95
KB Kookmin Card Co., Ltd.	Loan commitment in Korean won	83,937	82,354

32.10 Details of compensation to key management personnel for the nine-month periods ended September 30, 2023 and 2022, are as follows:

(In millions of Korean won)	2023			
	Short-term employee benefits	Post-employment benefits	Share-based payments	Total
Registered directors (executive)	1,418	53	1,407	2,878
Registered directors (non-executive)	304	-	-	304
Non-registered directors	8,288	322	7,036	15,646
	10,010	375	8,443	18,828

(In millions of Korean won)	2022			
	Short-term employee benefits	Post-employment benefits	Share-based payments	Total
Registered directors (executive)	673	33	767	1,473
Registered directors (non-executive)	315	-	-	315
Non-registered directors	6,966	295	4,936	12,197
	7,954	328	5,703	13,985

32.11 Major types of transactions between the Group and the related parties include deposit taking transactions, loan transactions such as general purpose loans, corporate purchase loans, B2B loans, etc., settlements of funds arising from overseas remittance, providing credit lines through the acceptance of letter of credit issued by the Bank, and overdraft accounts arising from net settlement agreement between the Bank and KB Kookmin Card Co., Ltd.

32.12 Details of collateral provided to related parties as of September 30, 2023 and December 31, 2022, are as follows:

(In millions of Korean won)		September 30, 2023		December 31, 2022	
	Assets pledged *	Carrying amount	Collateralized amount	Carrying amount	Collateralized amount
Parent's subsidiaries					
KB Securities Co., Ltd.	Securities	75,956	76,000	62,209	62,000
KB Life Insurance Co., Ltd.	Securities	25,430	25,000	25,425	25,000
KB Insurance Co., Ltd.	Securities	48,829	50,000	47,745	50,000

* Collaterals related to lease contracts arising from operating activities between related parties are excluded.

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

(In millions of Korean won)

	Assets held as collateral [1]	September 30, 2023	December 31, 2022
Parent's subsidiaries			
KB Securities Co., Ltd.	Time deposits / Beneficiary right certificate	167,000	167,000
	Securities	190,529	129,196
KB Life Insurance Co., Ltd.	Securities	46,574	138,159
KB Kookmin Card Co., Ltd.	Time deposits	24,374	22,000
KB Insurance Co., Ltd.	Securities	295,000	250,000
	Real estate	40,638	24,570
KB Credit Information Co., Ltd. [2]	Time deposits and others	-	2,228
KB Star Office Private Real Estate Feeder Fund No.4	Real estate	24,000	24,000
KB Logistics Blind Private Real Estate Fund No.1	Real estate	63,000	63,000
Key management personnel	Time deposits and others	876	457
	Real estate	4,892	5,165

[1] Collaterals related to lease contracts arising from operating activities between related parties are excluded.
[2] KB Credit Information Co., Ltd. become the subsidiary of KB Kookmin Card Co., Ltd. as of June 30, 2023.

As of September 30, 2023, Incheon Bridge Co., Ltd., a related party, provides fund management account, civil engineering works insurance, and management and operations rights as senior collateral amounting to ₩ 611,000 million to the project financing group consisting of the Bank and 5 other institutions, and as subordinated collateral amounting to ₩ 384,800 million to subordinated debt holders consisting of the Bank and 2 other institutions. Also, it provides certificate of credit guarantees amounting to ₩400,000 million as collateral to the project financing group consisting of the Bank and 5 other institutions.

32.14 The amounts of debt securities and others purchased through KB securities Co., Ltd. are ₩ 5,739,786 million and ₩ 5,212,122 million for the nine-month periods ended September 30, 2023 and 2022 respectively, and the amounts of debt securities and others sold through KB securities Co., Ltd. are ₩ 4,089,361 million and ₩ 2,437,048 million for the nine-month periods ended September 30, 2023 and 2022, respectively. In addition, KB Securities Co., Ltd. acquired ₩ 100,000 million and ₩ 50,000 million of debentures issued by the Bank through underwriting for the nine-month periods ended September 30, 2023 and 2022 respectively.

32.15 The amounts of bonds sold by Kookmin Bank through KB Insurance Co., Ltd. are ₩ 49,629 million won for the nine-month period ended September 30, 2023.

32.16 The amounts of intangible assets and others purchased from KB Data System Co., Ltd. are ₩ 14,678 million and ₩ 26,773 million for the nine-month periods ended September 30, 2023 and 2022, respectively.

32.17 The Bank has entered into CLS (Continuous Linked Settlement) service agreement with KB Securities Co., Ltd. and accordingly the Bank is able to provide intraday liquidity of USD 500 million on the condition of repayment on the day of payment.

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Independent Auditors' Report

To the Shareholder and Board of Directors
Kookmin Bank

Opinion

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

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

Basis for Opinion

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

KPMG Samjong Accounting Corp.

Seoul, Korea
March 7, 2023

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

Kookmin Bank and Subsidiaries
Consolidated Statements of Financial Position
December 31, 2022 and 2021

(In millions of Korean won)	Notes	December 31, 2022	December 31, 2021
Assets			
Cash and due from financial institutions	2,4,6,7,36	₩ 25,127,794	₩ 25,164,991
Financial assets at fair value through profit or loss	4,6,8,12	21,213,408	18,834,364
Derivative financial assets	4,6,9	7,767,592	2,965,626
Loans measured at amortized cost	4,6,8,10,11	374,671,976	361,144,701
Financial investments	4,6,8,12	75,250,169	63,744,909
Investments in associates	13	529,981	390,957
Property and equipment	8,14	3,837,511	3,933,943
Investment property	14	345,156	325,065
Intangible assets	15	1,054,696	1,028,494
Net defined benefit asset	23	307,749	-
Current income tax assets	32	192,041	61,314
Deferred income tax assets	16,32	181,257	149,869
Assets held for sale	17	211,757	237,318
Other assets	4,6,18	7,078,425	5,583,347
Total assets		₩ 517,769,512	₩ 483,564,898
Liabilities			
Financial liabilities at fair value through profit or loss	4,6	₩ 108,862	₩ 112,698
Derivative financial liabilities	4,6,9	7,271,434	2,749,412
Deposits	4,6,19	381,746,749	363,141,416
Borrowings	4,6,20	45,073,117	32,523,161
Debentures	4,6,21	29,787,722	29,718,734
Provisions	22	533,370	426,867
Net defined benefit liabilities	23	16,243	155,284
Current income tax liabilities	32	63,029	57,281
Deferred income tax liabilities	16,32	153,844	701,561
Other liabilities	4,6,24,30	19,291,883	21,089,571
Total liabilities		484,046,253	450,675,985
Equity			
Capital stock	25	2,021,896	2,021,896
Hybrid securities	25	873,850	574,523
Capital surplus	25	5,025,335	5,025,335
Accumulated other comprehensive income	25,34	12,751	1,395,156
Retained earnings	25,33,34	25,834,192	23,660,721
(Provision of regulatory reserve for credit losses			
December 31, 2022 : ₩ 2,915,162 million			
December 31, 2021 : ₩ 2,534,401 million)			
(Amounts estimated to be appropriated			
December 31, 2022 : ₩ 102,853 million			
December 31, 2021 : ₩ 380,761 million)			
Equity attributable to the shareholder of the Parent Company		33,768,024	32,677,631
Non-controlling interests		(44,765)	211,282
Total equity		33,723,259	32,888,913
Total liabilities and equity		₩ 517,769,512	₩ 483,564,898

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

Kookmin Bank and Subsidiaries
Consolidated Statements of Comprehensive Income
Years Ended December 31, 2022 and 2021

(In millions of Korean won)	Notes	2022	2021
Interest income		₩ 15,358,701	₩ 10,674,361
Interest income from financial instruments at fair value through other comprehensive income and amortized cost		15,068,856	10,515,589
Interest income from financial instruments at fair value through profit or loss		289,845	158,772
Interest expense		(6,067,680)	(2,945,885)
Net interest income	26	9,291,021	7,728,476
Fee and commission income		1,530,158	1,586,944
Fee and commission expense		(433,550)	(399,063)
Net fee and commission income	27	1,096,608	1,187,881
Net gains on financial instrument at fair value through profit or loss	28	210,581	342,834
Net other operating expenses	29	(944,100)	(819,739)
General and administrative expenses	14,15,23,30,40	(4,697,951)	(4,402,731)
Operating income before provision for credit losses		4,956,159	4,036,721
Provision for credit losses	7,11,12,18,22	(1,121,170)	(522,728)
Net operating income		3,834,989	3,513,993
Share of profit of associates	13	12,666	57,156
Net other non-operating expenses	31	(37,865)	(79,605)
Net non-operating expenses		(25,199)	(22,449)
Profit before income tax expense		3,809,790	3,491,544
Income tax expense	32	(1,081,483)	(953,515)
Profit for the period		2,728,307	2,538,029
(Adjusted profit after provision of regulatory reserve for credit losses December 31, 2022 : ₩ 2,893,162 million December 31, 2021 : ₩ 2,210,003 million)	25		
Items that will not be reclassified to profit or loss:			
Remeasurements of net defined benefit liabilities	23	178,516	(71,615)
Gains (losses) on equity securities at fair value through other comprehensive income		(953,990)	873,707
Items that may be subsequently reclassified to profit or loss:			
Currency translation differences		145,979	208,480
Losses on debt securities at fair value through other comprehensive income		(467,183)	(274,010)
Share of other comprehensive income (loss) of associates		(64)	165
Losses on hedging instruments of net investments in foreign operations	9	(64,990)	(54,409)
Gains on cash flow hedging instruments	9	34,010	9,984
Other comprehensive income (loss) for the period, net of tax	34	(1,127,722)	692,302
Total comprehensive income for the period		₩ 1,600,585	₩ 3,230,331
Profit (loss) attributable to:			
Shareholder of the Parent Company		₩ 2,996,015	₩ 2,590,764
Non-controlling interests		(267,708)	(52,735)
		₩ 2,728,307	₩ 2,538,029
Total comprehensive income (loss) for the period attributable to:			
Shareholder of the Parent Company		₩ 1,856,632	₩ 3,265,921
Non-controlling interests		(256,047)	(35,590)
		₩ 1,600,585	₩ 3,230,331

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

Kookmin Bank and Subsidiaries
Consolidated Statements of Changes in Equity
Years Ended December 31, 2022 and 2021

(In millions of Korean won)	Attributable to the shareholder of the Parent Company					Non-controlling interests	Total equity
	Capital stock	Hybrid securities	Capital surplus	Accumulated other comprehensive income	Retained earnings		
Balance as of January 1, 2021	₩ 2,021,896	₩ 574,523	₩ 4,808,482	₩ 494,445	₩ 22,243,552	₩ 265,176	₩ 30,408,074
Comprehensive income for the period							
Profit for the period	-	-	-	-	2,590,764	(52,735)	2,538,029
Remeasurements of net defined benefit liabilities through other comprehensive income	-	-	-	(72,054)	-	439	(71,615)
	-	-	-	1,105,217	(231,510)	-	873,707
Currency translation differences	-	-	-	192,705	-	15,775	208,480
Gains (losses) on debt securities at fair value through other comprehensive income	-	-	-	(274,941)	-	931	(274,010)
Share of other comprehensive loss of associates	-	-	-	165	-	-	165
Losses on hedging instruments of net investments in foreign operations	-	-	-	(54,409)	-	-	(54,409)
Gains on cash flow hedging instruments	-	-	-	9,984	-	-	9,984
Total comprehensive income for the period	-	-	-	906,667	2,359,254	(35,590)	3,230,331
Transactions with the shareholder							
Dividends	-	-	-	-	(917,941)	-	(917,941)
Dividends on hybrid securities	-	-	-	-	(24,144)	-	(24,144)
Transactions with non-controlling interests	-	-	216,853	(5,956)	-	(18,304)	192,593
Total transactions with the shareholder	-	-	216,853	(5,956)	(942,085)	(18,304)	(749,492)
Balance as of December 31, 2021	₩ 2,021,896	₩ 574,523	₩ 5,025,335	₩ 1,395,156	₩ 23,660,721	₩ 211,282	₩ 32,888,913
Balance as of January 1, 2022	₩ 2,021,896	₩ 574,523	₩ 5,025,335	₩ 1,395,156	₩ 23,660,721	₩ 211,282	₩ 32,888,913
Comprehensive income for the period							
Profit for the period	-	-	-	-	2,996,015	(267,708)	2,728,307
Remeasurements of net defined benefit liabilities through other comprehensive income	-	-	-	178,310	-	206	178,516
	-	-	-	(1,197,012)	243,022	-	(953,990)
Currency translation differences	-	-	-	133,064	-	12,915	145,979
Gains (losses) on debt securities at fair value through other comprehensive income	-	-	-	(465,723)	-	(1,460)	(467,183)
Share of other comprehensive loss of associates	-	-	-	(64)	-	-	(64)
Losses on hedging instruments of net investments in foreign operations	-	-	-	(64,990)	-	-	(64,990)
Gains on cash flow hedging instruments	-	-	-	34,010	-	-	34,010
Total comprehensive income for the period	-	-	-	(1,382,405)	3,239,037	(256,047)	1,600,585
Transactions with the shareholder							
Dividends	-	-	-	-	(1,031,167)	-	(1,031,167)
Issuance of hybrid securities	-	299,327	-	-	-	-	299,327
Dividends on hybrid securities	-	-	-	-	(34,399)	-	(34,399)
Total transactions with the shareholder	-	299,327	-	-	(1,065,566)	-	(766,239)
Balance as of December 31, 2022	₩ 2,021,896	₩ 873,850	₩ 5,025,335	₩ 12,751	₩ 25,834,192	₩ (44,765)	₩ 33,723,259

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

Kookmin Bank and Subsidiaries
Consolidated Statements of Cash Flows
Years Ended December 31, 2022 and 2021

(In millions of Korean won)	Notes	2022	2021
Cash flows from operating activities			
Profit for the period		₩ 2,728,307	₩ 2,538,029
Adjustment for non-cash items			
Net gains on financial instruments at fair value through profit or loss		(35,202)	(161,792)
Net losses (gains) on derivative financial instrument for hedging purposes		(28,984)	13,132
Provision for credit losses		1,121,172	523,010
Net losses (gains) on financial investments		7,069	(12,736)
Share of profit of associates		(12,666)	(57,156)
Depreciation and amortization expense		546,505	537,628
Other net losses (gains) on property and equipment/intangible assets		(37,402)	18,731
Share-based payment		15,169	27,995
Post-employment benefits		167,049	158,512
Net interest income		140,022	405,793
Losses (gains) on foreign currency translation		403,201	(89,447)
Other expenses		121,304	45,514
		2,407,237	1,409,184
Changes in operating assets and liabilities			
Financial assets at fair value through profit or loss		(1,286,906)	(1,629,702)
Derivative financial instrument		171,107	71,935
Loans measured at amortized cost		(12,832,141)	(32,510,459)
Current income tax assets		(117,679)	(4,308)
Deferred income tax assets		(30,828)	(90,423)
Other assets	2,36	(1,260,800)	447,075
Financial liabilities at fair value through profit or loss		(11,866)	(34,193)
Deposits		17,771,160	31,129,121
Deferred income tax liabilities		(74,165)	165,924
Other liabilities		(1,317,782)	3,221,530
		1,010,100	766,500
Net cash inflow from operating activities		6,145,644	4,713,713
Cash flows from investing activities			
Net cash flows from derivative financial instrument for hedging purposes		(1,774)	9,575
Disposal of financial assets at fair value through profit or loss		7,165,287	6,019,093
Acquisition of financial assets at fair value through profit or loss		(8,544,547)	(6,993,541)
Disposal of financial investments		17,993,936	42,261,739
Acquisition of financial investments		(32,223,758)	(46,589,385)
Disposal of investments in associates		47,178	197,396
Acquisition of investments in associates		(272,448)	(89,644)
Disposal of property and equipment		13,931	9,050
Acquisition of property and equipment		(188,828)	(198,681)
Disposal of investment property		-	1,581
Disposal of intangible assets		245	1,834
Acquisition of intangible assets		(66,475)	(92,474)
Net cash flows from changes in ownership of subsidiaries		55,369	80,451
Others		14,657	(23,269)
Net cash outflow from investing activities		(16,007,227)	(5,406,275)
Cash flows from financing activities			
Net cash flows from derivative financial instrument for hedging purposes		33,402	5,870
Increase in borrowings		11,575,186	4,743,115
Increase in debentures		21,932,190	20,014,042
Decrease in debentures		(22,129,719)	(17,598,345)
Payment of dividends		(1,031,167)	(917,941)
Decrease in other payables to trust accounts		(1,225,402)	(509,106)
Cash outflow from consolidated equtiy transactions		-	(188,419)
Issuance of hybrid securities		299,327	-
Others		699,254	(257,954)
Net cash inflow from financing activities		10,153,071	5,291,262
Effect of exchange rate changes on cash and cash equivalents	2,36	(58,464)	358,761
Net increase in cash and cash equivalents		233,024	4,957,461
Cash and cash equivalents at the beginning of the period	2,36	23,121,497	18,164,036
Cash and cash equivalents at the end of the period	2,36	₩ 23,354,521	₩ 23,121,497

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

1. Reporting Entity

Kookmin Bank (the "Bank") was incorporated in 1963 under the Citizens National Bank Act to provide banking services to the general public and to small and medium-sized enterprises. Pursuant to the Repeal Act of the Citizens National Bank Act, effective January 5, 1995, the Bank's status changed to a financial institution which operates under the Banking Act and Commercial Act.

The Bank merged with Korea Long Term Credit Bank on December 31, 1998, and with its subsidiaries, Daegu, Busan, Jeonnam Kookmin Mutual Savings & Finance Co., Ltd., on August 22, 1999. Pursuant to the directive from the Financial Services Commission related to the Structural Improvement of the Financial Industry Act, the Bank acquired certain assets, including performing loans, and assumed most of the liabilities of Daedong Bank on June 29, 1998. Also, the Bank completed the merger with Housing and Commercial Bank ("H&CB") on October 31, 2001, and merged with Kookmin Credit Card Co., Ltd., a majority-owned subsidiary, on September 30, 2003. Meanwhile, the Bank spun off its credit card business segment on February 28, 2011, and KB Kookmin Card Co., Ltd. became a subsidiary of KB Financial Group Inc.

The Bank listed its shares on the Stock Market Division of the Korea Exchange ("KRX") in September 1994. As a result of the merger with H&CB, the shareholders of the former Kookmin Bank and H&CB received new common shares of the Bank which were relisted on the KRX on November 9, 2001. In addition, H&CB listed its American Depositary Shares ("ADS") on the New York Stock Exchange ("NYSE") on October 3, 2000, prior to the merger. Following the merger with H&CB, the Bank listed its ADS on the NYSE on November 1, 2001. The Bank became a wholly owned subsidiary of KB Financial Group Inc. through a comprehensive stock transfer on September 29, 2008. Subsequently, the Bank's shares and its ADS, each listed on the KRX and the NYSE, were delisted on October 10, 2008 and September 26, 2008, respectively. As of December 31, 2022, the Bank's paid-in capital is ₩ 2,021,896 million.

The Bank engages in the banking business in accordance with the Banking Act, trust business in accordance with the Financial Investment Services and Capital Markets Act, mobile virtual network business in accordance with Special Act on Support for Financial Innovation, and other relevant businesses. As of December 31, 2022, the Bank operates its Seoul headquarters and 856 domestic branches, and nine overseas branches (excluding six subsidiaries and one office).

2. Basis of Preparation

2.1 Application of Korean IFRS

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

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

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

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

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

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

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

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

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

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

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

- Annual improvements to Korean IFRS 2018-2020

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

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

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

The Group classified some restricted demand deposits, such as reserve deposits, as due from financial institutions measured at amortized cost rather than cash and cash equivalents; however, following the International Accounting Standards Interpretation Committee's decision that cash and cash equivalents include restricted demand deposits, some restricted demand deposits, such as reserve deposits, have been classified as cash and cash equivalents and retroactively applied from January 1, 2022. The comparative consolidated financial statements have been restated to reflect changes made due to retrospectively application

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

Effects on the consolidated statements of cash flows for the years ended December 31, 2022 and 2021, are as follows:

2.1.2.1 Increase in details of statement of Cash Flow

(In millions of Korean won)

	2022	2021
Increase in other assets	173,382	4,681,486
Increase of exchange rate changes on cash and cash equivalents denominated in foreign currency	87,913	83,083
Increase in beginning balance of cash and cash equivalents	16,124,306	11,359,737
Increase in ending balance of cash and cash equivalents	16,385,601	16,124,306

2.1.2.2 Statement of Cash Flow (2022)

(In millions of Korean won)

	Before	After	Increase
Other assets	(1,434,182)	(1,260,800)	173,382
Exchange rate changes on cash and cash equivalents denominated in foreign currency	(146,377)	(58,464)	87,913
Beginning balance of cash and cash equivalents	6,997,191	23,121,497	16,124,306
Ending balance of cash and cash equivalents	6,968,920	23,354,521	16,385,601

2.1.2.3 Statement of Cash Flow (2021)

(In millions of Korean won)

	Before	After	Increase
Other assets	(4,234,411)	447,075	4,681,486
Exchange rate changes on cash and cash equivalents denominated in foreign currency	275,678	358,761	83,083
Beginning balance of cash and cash equivalents	6,804,299	18,164,036	11,359,737
Ending balance of cash and cash equivalents	6,997,191	23,121,497	16,124,306

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

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

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

- Issuance of Korean IFRS No.1117 Insurance Contracts

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

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

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

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

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

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

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

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

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

2.2 Measurement Basis

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

2.3 Functional and Presentation Currency

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

2.4 Critical Accounting Estimates

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

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

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

2.4.1 Income taxes

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

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

2.4.2 Fair value of financial instruments

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

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

2.4.3 Allowances and provisions for credit losses

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

2.4.4 Net defined benefit asset(liability)

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

2.4.5 Impairment of goodwill

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

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3. Significant Accounting Policies

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

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.

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

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.

Investments in associates 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 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' accounting policies conform to those of the Group when the associates' financial statements are used by the Group in applying the equity method.

If the Group's share of losses of associates 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 associates.

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

3.1.3 Structured entity

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

3.1.4 Funds management

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

3.1.5 Intragroup transactions

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

3.2 Foreign Currency

3.2.1 Foreign currency transactions

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

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

3.2.2 Foreign operations

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

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

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.

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.

The Group’s Fair Value Evaluation Committee, which consists of the risk management department, trading department and accounting department, reviews the appropriateness of internally developed valuation models, and approves the selection and changing of the external valuation institution and other considerations related to fair value measurement. The results of regular verification of the internally developed valuation models are reported to the Market Risk Management Subcommittee.

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

3.3.3 Derecognition

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

3.3.3.1 Derecognition of financial assets

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

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

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

3.3.3.2 Derecognition of financial liabilities

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

3.3.4 Offsetting

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

3.4 Cash and Due from Financial Institutions

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

3.5 Non-derivative Financial Assets

3.5.1 Financial assets at fair value through profit or loss

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

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

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

3.5.2 Financial assets at fair value through other comprehensive income

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

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

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

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

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

3.5.3 Financial assets at amortized cost

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

3.6 Expected Credit Losses of Financial Assets (Debt Instruments)

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

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

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

- General approach: for financial assets and unused loan commitments not subject to the below approach
- 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.

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

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 Group has derived a correlation between the time series data of 13 years or more and the key macroeconomic variables and calculates the expected credit losses by reflecting the results of the correlation on the risk component.

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

Key macroeconomic variables	Correlation between the major macroeconomic variables and the credit risk
Domestic GDP growth rate	(-)
Composite stock index	(-)
Growth rate of construction investment	(-)
Rate of increase in housing transaction price index	(-)
Interest rate spread	(+)
Private consumption growth rate	(-)

Forward-looking information used in calculation of expected credit losses is based on the macroeconomic forecasts utilized by management of the 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, 2022, the Bank measures expected credit losses by applying both the worse scenario and the crisis scenario, taking into consideration the potential credit risk resulting from the uncertain financial environment locally and globally and the rapid economic recession.

3.6.2 Measuring expected credit losses on financial assets at amortized cost

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

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

3.6.2.1 Individual assessment of impairment

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

3.6.2.2 Collective assessment of impairment

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

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

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

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

3.7 Derivative Financial Instruments

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

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

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

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

3.7.1 Derivative financial instruments held for trading

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

3.7.2 Derivative financial instruments for fair value hedges

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

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

3.7.3 Derivative financial instruments for cash flow hedges

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

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

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

3.7.5 Risk management strategy

Interest rate risk arises from changes in fair value resulting from changes in the discount rate of fixed rate financial instruments, and changes in cash flows resulting from changes in the nominal interest rate of floating rate financial instruments. Foreign currency risk arises from the net investment in a foreign operation, whose functional currency differs from the Group's functional currency.

While the Group hedges the interest rate risk in its entirety, the Group hedges the foreign currency risk only the proportional part of the notional amount.

At inception of the hedge relationship, the Group reviews the hedge effectiveness; and periodically reviews the effectiveness in order to confirm that economic relationship between the hedged item and the hedging instrument exists. The requirement that an economic relationship exists means that the hedging instrument and the hedged item have values that generally move in the opposite direction due to the same risk, which is the hedged risk. The Group designates the exposure of hedged item opposite to the exposure of hedging instruments in order to meet economic relationship requirement.

The Group designates hedge relationship at one-on-one ratio between the nominal amount of hedging instrument and to the nominal amount of hedged item.

Hedge ineffectiveness could arise because of differences in the underlying parameters (acquisition date, credit risk or liquidity and others) or other differences between the hedging instrument and the hedged item that the Group accepts in order to achieve a cost-effective hedging relationship.

The Group avoids the cash flow variability of its floating rate debt securities by using interest rate swaps. Both are linked to the same interest rate; however, the paid amount of the floating rate may be set on different dates. Even if the variability of interest rate related cash flows (as a risk factor) is designated as a hedged item, the difference in set-up dates creates a hedge ineffectiveness.

The Group avoids the variability of fair values of its fixed rate debt securities by using interest rate swaps. The calculating method of the number of the dates for paying fixed-rate interest amount can be different between hedging instruments and hedged items. Even if the variability of the fair value due to the benchmark interest rate (as a risk factor) are designated as a hedged item, the difference in calculating method of the number of the dates creates a hedge ineffectiveness.

3.7.6 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.

3.7.7 Day one gains or losses

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

3.8 Property and Equipment

3.8.1 Recognition and measurement

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

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

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

3.8.2 Depreciation

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

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

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

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

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

3.9 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	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	5 years
Software	Straight-line	4 ~ 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.

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.

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.

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 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.

3.15 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*.

3.16 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.

3.16.1 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.

3.16.2 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.

3.16.3 Compound financial instruments

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

3.17 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.

3.17.1 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.

3.17.2 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.

3.17.2.1 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.

3.17.2.2 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.

3.17.2.3 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.

3.17.3 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)

3.17.4 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.

3.18 Employee Compensation and Benefits

3.18.1 Post-employment benefits

3.18.1.1 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.

3.18.1.2 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 a qualified actuary 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.

3.18.2 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.

3.18.3 Share-based payment

The Group provides its executives and employees with stock grants and mileage stock programs. When stock grants are exercised, the Group can either select to distribute shares of KB Financial Group Inc., the Parent Company or compensate in cash based on the share price. When mileage stock is exercised, the Group pays the amount equivalent to share price of KB Financial Group Inc. in cash.

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, 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.

3.18.4 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.

3.19 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.

3.19.1 Current income tax

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

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

3.19.2 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 and associates, 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.

3.19.3 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.

3.20 Transactions with the Trust Accounts

The Group accounts for trust assets separately from its own assets in accordance with the Financial Investment Services and Capital Markets Act. The borrowings from trust accounts represent transfer of funds in trust accounts into banking accounts. Such borrowings from trust accounts are recorded as receivables from the banking accounts in the trust accounts and as borrowings from trust accounts in the banking accounts. The Group earns trust fees from the trust accounts for its management of trust assets and operations. The reserves for future profits and losses are set up in the trust accounts for profits and losses related to those trust funds with a guarantee of the principal or of the principal and a certain minimum rate of return in accordance with the relevant laws and regulations applicable to trust operations. The reserves are used to provide for the losses on such trust funds and, if the losses incurred are in excess of the reserves, the excess losses are compensation paid as a loss on trust management in other operating expenses and the trust accounts recognize the corresponding compensation as compensation from banking accounts.

3.21 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). The Group applies the exemption of the standard for one time lease of real estate (for training purpose) and leases of low-value assets (underlying assets less than ₩ 5 million or USD 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 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.

3.22 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 each business group through increased risk transparency, spread of risk management culture, prevention of risk transfer between risk types, and preemptive response to rapidly changing financial environments. Credit risk, market risk, liquidity risk, and operational risk are recognized as the Group's significant risks and measured and managed by quantifying them in the form of internal capital or Value at Risk ("VaR") using statistical methods.

4.1.2 Risk management organization

4.1.2.1 Risk Management Committee

The Risk Management Committee, as the ultimate decision-making body, approves 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, and reviewing the level of risk and the status of risk management activities.

4.1.2.2 Risk Management Council

The Risk Management Council deliberates on and resolves matters delegated by the Risk Management Committee and discusses the details of risk management of the Group.

4.1.2.3 Risk Management Subcommittees

The Risk Management Subcommittee implements decisions made by the Risk Management Council and makes practical decisions regarding the implementation of risk management policies and procedures.

- Credit Risk Management Subcommittee
  The Credit Risk Management Subcommittee conducts deliberation and resolution on new approval of non-standard and compound instruments with embedded credit risks, review of credit risks for new products with credit risks, and establishment of exposure limits by industry.

- Market Risk Management Subcommittee
  The Market Risk Management Subcommittee conducts deliberation and resolution on market risk-related matters, such as setting limits on market risk and approving detailed investment standards for new standard, non-standard and compound products.

- Operational Risk Management Subcommittee
  The Operational Risk Management Subcommittee reviews the issues that have a significant effect on the Group's operational risk such as establishment, amendment and abolition of major system, process and others.

- Trust & Fund Customer Asset Risk Management Subcommittee
  The Trust & Fund Customer Asset Risk Management Subcommittee reviews the issues that have a significant effect on the trust & fund customer asset risk management such as setting limits on trust & fund customer assets.

4.1.2.4 Risk Management Group

The Risk Management Group manages detailed risk management policies, procedures, and business processes.

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. The Group defines default as the definition applied to the calculation of Capital Adequacy Ratio under the new Basel Accord (Basel III).

4.2.2 Credit risk management

The Group measures the expected loss and internal capital for the assets subject to credit risk management, including on-balance and off-balance assets, and uses them as management indicators. The Group allocates and manages credit risk internal capital limits.

In addition, to prevent excessive concentration of exposures by borrower and industry, the total exposure limit at the Group level is introduced, applied, and managed to control the credit concentration risk.

All of the Group'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 the Group’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, the Group 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.

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, Retail Customer Group and SME/SOHO Customer Group are in charge of loan policy, loan system, credit rating, credit analysis, follow-up management, and corporate restructuring. The Risk Management Group 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, 2022 and 2021, are as follows:

(In millions of Korean won)	December 31, 2022	December 31, 2021
Financial assets		
Due from financial institutions [1]	22,567,276	22,520,401
Financial assets at fair value through profit or loss:		
Securities measured at fair value through profit or loss	20,756,579	18,513,088
Loans measured at fair value through profit or loss	149,075	93,930
Due from financial institutions measured at fair value through profit or loss	90,006	113,622
Derivatives	7,767,592	2,965,626
Loans measured at amortized cost [1]	374,671,976	361,144,701
Financial investments:		
Securities measured at fair value through other comprehensive income	38,363,832	38,140,906
Securities measured at amortized cost [1]	35,236,794	22,164,594
Loans measured at fair value through other comprehensive income	231,021	269,609
Other financial assets [1]	6,709,627	5,277,227
	506,543,778	471,203,704
Off-balance sheet items [2]		
Acceptances and guarantees contracts	12,510,649	10,212,730
Financial guarantee contracts	7,261,581	6,021,250
Commitments	108,399,534	97,135,905
	128,171,764	113,369,885
	634,715,542	584,573,589

[1] After netting of allowance
[2] For details of related provisions, see Note 22.

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

4.2.4.1 Credit risk exposure

Credit qualities of loans as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31, 2022					
	12-month expected credit losses	Lifetime expected credit losses		Credit impaired approach	Not applying expected credit losses	Total
		Non-impaired	Impaired			
Loans measured at amortized cost *						
Corporate						
Grade 1	126,368,871	4,955,880	3,372	-	-	131,328,123
Grade 2	57,584,222	7,924,915	4,480	-	-	65,513,617
Grade 3	3,274,510	3,096,139	14,694	-	-	6,385,343
Grade 4	480,299	888,101	13,821	-	-	1,382,221
Grade 5	11,864	415,237	1,893,260	-	-	2,320,361
	187,719,766	17,280,272	1,929,627	-	-	206,929,665
Retail						
Grade 1	156,074,706	3,990,601	10,917	-	-	160,076,224
Grade 2	3,297,187	3,732,378	12,737	-	-	7,042,302
Grade 3	961,206	1,212,650	14,973	-	-	2,188,829
Grade 4	21,458	140,868	5,529	-	-	167,855
Grade 5	20,549	325,174	642,967	-	-	988,690
	160,375,106	9,401,671	687,123	-	-	170,463,900
Credit card						
Grade 1	-	-	-	-	-	-
Grade 2	25,210	-	-	-	-	25,210
Grade 3	-	-	-	-	-	-
Grade 4	-	-	-	-	-	-
Grade 5	-	1,219	16,593	-	-	17,812
	25,210	1,219	16,593	-	-	43,022
	348,120,082	26,683,162	2,633,343	-	-	377,436,587
Loans measured at fair value through other comprehensive income						
Corporate						
Grade 1	171,194	-	-	-	-	171,194
Grade 2	59,827	-	-	-	-	59,827
Grade 3	-	-	-	-	-	-
Grade 4	-	-	-	-	-	-
Grade 5	-	-	-	-	-	-
	231,021	-	-	-	-	231,021
	231,021	-	-	-	-	231,021
	348,351,103	26,683,162	2,633,343	-	-	377,667,608

4.2.4.1 Credit risk exposure (cont'd)

(In millions of Korean won)

	December 31, 2021					
	12-month expected credit losses	Lifetime expected credit losses		Credit impaired approach	Not applying expected credit losses	Total
		Non-impaired	Impaired			
Loans measured at amortized cost *						
Corporate						
Grade 1	103,439,876	4,787,901	3,583	-	-	108,231,360
Grade 2	62,433,823	7,488,667	4,321	-	-	69,926,811
Grade 3	4,622,781	2,794,294	2,489	-	-	7,419,564
Grade 4	479,723	1,025,557	7,548	-	-	1,512,828
Grade 5	12,851	351,420	2,082,350	-	-	2,446,621
	170,989,054	16,447,839	2,100,291	-	-	189,537,184
Retail						
Grade 1	157,931,555	4,297,133	10,972	-	-	162,239,660
Grade 2	4,174,715	4,066,176	12,202	-	-	8,253,093
Grade 3	762,603	1,128,603	8,161	-	-	1,899,367
Grade 4	38,566	140,041	3,134	-	-	181,741
Grade 5	494,814	305,052	605,210	-	-	1,405,076
	163,402,253	9,937,005	639,679	-	-	173,978,937
Credit card						
Grade 1	-	-	-	-	-	-
Grade 2	32,376	-	-	-	-	32,376
Grade 3	935	-	-	-	-	935
Grade 4	-	-	-	-	-	-
Grade 5	-	-	22,209	-	-	22,209
	33,311	-	22,209	-	-	55,520
	334,424,618	26,384,844	2,762,179	-	-	363,571,641
Loans measured at fair value through other comprehensive income						
Corporate						
Grade 1	189,872	-	-	-	-	189,872
Grade 2	79,737	-	-	-	-	79,737
Grade 3	-	-	-	-	-	-
Grade 4	-	-	-	-	-	-
Grade 5	-	-	-	-	-	-
	269,609	-	-	-	-	269,609
	269,609	-	-	-	-	269,609
	334,694,227	26,384,844	2,762,179	-	-	363,841,250

* Before netting of allowance

Credit qualities of loans graded according to internal credit ratings as of December 31, 2022 and 2021, are as follows:

	Corporate	Retail
Grade 1	AAA ~ BBB+	1 ~ 5 grade
Grade 2	BBB ~ BB	6 ~ 8 grade
Grade 3	BB- ~ B	9 ~ 10 grade
Grade 4	B- ~ CCC	11 grade
Grade 5	CC or under	12 grade or under

4.2.4.2 Credit risk mitigation by collateral

Quantification of the extent to which collateral and other credit enhancements mitigate credit risk of loans as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31, 2022					
	12-month expected credit losses	Lifetime expected credit losses		Credit impaired approach	Not applying expected credit losses	Total
		Non-impaired	Impaired			
Guarantees	99,393,584	7,045,683	286,796	-	-	106,726,063
Deposits and savings	1,854,286	141,016	46,971	-	-	2,042,273
Property and equipment	4,368,754	749,547	131,148	-	-	5,249,449
Real estate	185,056,374	15,469,830	1,604,270	-	-	202,130,474
	290,672,998	23,406,076	2,069,185	-	-	316,148,259

(In millions of Korean won)

	December 31, 2021					
	12-month expected credit losses	Lifetime expected credit losses		Credit impaired approach	Not applying expected credit losses	Total
		Non-impaired	Impaired			
Guarantees	89,847,133	6,586,809	391,042	-	-	96,824,984
Deposits and savings	1,606,882	98,380	75,674	-	-	1,780,936
Property and equipment	4,364,540	327,722	279,961	-	-	4,972,223
Real estate	177,948,425	13,477,437	1,953,759	-	-	193,379,621
	273,766,980	20,490,348	2,700,436	-	-	296,957,764

4.2.5 Credit risk of securities

Credit qualities of securities exposed to credit risk other than equity securities among financial investments as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31, 2022					
	12-month expected credit losses	Lifetime expected credit losses		Credit impaired approach	Not applying expected credit losses	Total
		Non-impaired	Impaired			
Securities measured at amortized cost *						
Grade 1	33,528,652	-	-	-	-	33,528,652
Grade 2	1,713,576	-	-	-	-	1,713,576
Grade 3	-	-	-	-	-	-
Grade 4	-	-	-	-	-	-
Grade 5	-	-	-	-	-	-
	35,242,228	-	-	-	-	35,242,228
Securities measured at fair value through other comprehensive income						
Grade 1	35,699,164	-	-	-	-	35,699,164
Grade 2	2,530,046	53,861	-	-	-	2,583,907
Grade 3	53,011	9,169	-	-	-	62,180
Grade 4	13,941	4,640	-	-	-	18,581
Grade 5	-	-	-	-	-	-
	38,296,162	67,670	-	-	-	38,363,832
	73,538,390	67,670	-	-	-	73,606,060

(In millions of Korean won)

	December 31, 2021					
	12-month expected credit losses	Lifetime expected credit losses		Credit impaired approach	Not applying expected credit losses	Total
		Non-impaired	Impaired			
Securities measured at amortized cost *						
Grade 1	21,219,056	-	-	-	-	21,219,056
Grade 2	935,607	-	-	-	-	935,607
Grade 3	5,588	7,641	-	-	-	13,229
Grade 4	-	-	-	-	-	-
Grade 5	-	-	-	-	-	-
	22,160,251	7,641	-	-	-	22,167,892
Securities measured at fair value through other comprehensive income						
Grade 1	35,690,767	-	-	-	-	35,690,767
Grade 2	2,377,924	-	-	-	-	2,377,924
Grade 3	29,108	3,973	-	-	-	33,081
Grade 4	39,134	-	-	-	-	39,134
Grade 5	-	-	-	-	-	-
	38,136,933	3,973	-	-	-	38,140,906
	60,297,184	11,614	-	-	-	60,308,798

* Before netting of allowance

Credit qualities of securities other than equity securities, according to the credit ratings by external credit rating agencies as of December 31, 2022 and 2021, are as follows:

Credit quality	Domestic			Foreign		
	KIS	NICE P&I	FnPricing Inc.	S&P	Fitch-IBCA	Moody's
Grade 1	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-	BBB- to BBB+	BBB- to BBB+	Baa3 to Baa1
Grade 3	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-	B+ to BB-	B+ to BB-	B1 to Ba3
Grade 5	BB- or under	BB- or under	BB- or under	B or under	B or under	B2 or under

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

4.2.6 Credit risk of due from financial institutions

Credit qualities of due from financial institutions as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31, 2022				
	12-month expected credit losses	Lifetime expected credit losses		Credit impaired approach	Total
		Non-impaired	Impaired		
Due from financial institutions measured at amortized cost *					
Grade 1	20,678,308	-	-	-	20,678,308
Grade 2	1,428,613	-	-	-	1,428,613
Grade 3	-	-	-	-	-
Grade 4	-	-	-	-	-
Grade 5	462,230	-	-	-	462,230
	22,569,151	-	-	-	22,569,151

(In millions of Korean won)

	December 31, 2021				
	12-month expected credit losses	Lifetime expected credit losses		Credit impaired approach	Total
		Non-impaired	Impaired		
Due from financial institutions measured at amortized cost *					
Grade 1	20,705,356	-	-	-	20,705,356
Grade 2	1,305,500	-	-	-	1,305,500
Grade 3	61,177	-	-	-	61,177
Grade 4	439,511	-	-	-	439,511
Grade 5	10,984	-	-	-	10,984
	22,522,528	-	-	-	22,522,528

* Before netting of allowance

The classification criteria of the credit qualities of due from financial institutions as of December 31, 2022 and 2021, are the same as the criteria for securities other than equity securities.

4.2.7 Credit risk mitigation of derivative financial instruments

Quantification of the extent to which collateral mitigates credit risk of derivative financial instruments as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)	December 31, 2022	December 31, 2021
Deposits, savings, securities, and others	2,092,136	424,731

4.2.8 Credit risk concentration analysis

4.2.8.1 Classifications of loans by country as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31, 2022						
	Retail	Corporate *	Credit card	Total	%	Allowances	Carrying amount
Korea	166,731,576	180,852,359	-	347,583,935	92.00	(1,738,345)	345,845,590
Japan	-	1,150,151	-	1,150,151	0.30	(1,756)	1,148,395
United States	-	4,915,464	-	4,915,464	1.30	(14,868)	4,900,596
China	140,061	7,131,142	-	7,271,203	1.92	(39,023)	7,232,180
Cambodia	2,265,875	3,768,170	-	6,034,045	1.60	(66,198)	5,967,847
Indonesia	1,174,259	2,896,037	43,022	4,113,318	1.09	(767,622)	3,345,696
Others	152,129	6,596,438	-	6,748,567	1.79	(136,799)	6,611,768
	170,463,900	207,309,761	43,022	377,816,683	100.00	(2,764,611)	375,052,072

(In millions of Korean won)

	December 31, 2021						
	Retail	Corporate *	Credit card	Total	%	Allowances	Carrying amount
Korea	170,760,822	168,733,575	-	339,494,397	93.28	(1,459,209)	338,035,188
Japan	86	1,082,456	-	1,082,542	0.30	(2,332)	1,080,210
United States	-	3,313,100	-	3,313,100	0.91	(25,289)	3,287,811
China	34,982	6,743,756	-	6,778,738	1.86	(34,315)	6,744,423
Cambodia	1,748,349	3,115,992	-	4,864,341	1.34	(66,155)	4,798,186
Indonesia	1,249,822	3,710,586	55,520	5,015,928	1.38	(821,707)	4,194,221
Others	184,876	3,201,258	-	3,386,134	0.93	(17,933)	3,368,201
	173,978,937	189,900,723	55,520	363,935,180	100.00	(2,426,940)	361,508,240

* Expected credit losses of loans measured at fair value through other comprehensive income as of December 31, 2022 and 2021, are ₩ 496 million and ₩ 675 million, respectively.

4.2.8.2 Classifications of corporate loans by industry as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)	December 31, 2022			
	Loans *	%	Allowances	Carrying amount
Financial institutions	17,917,921	8.64	(17,541)	17,900,380
Manufacturing	52,426,642	25.29	(570,253)	51,856,389
Service	91,366,145	44.07	(414,123)	90,952,022
Wholesale and retail	28,795,086	13.89	(346,570)	28,448,516
Construction	5,061,780	2.44	(207,249)	4,854,531
Public sector	1,653,869	0.80	(84,005)	1,569,864
Others	10,088,318	4.87	(162,642)	9,925,676
	207,309,761	100.00	(1,802,383)	205,507,378

(In millions of Korean won)	December 31, 2021			
	Loans *	%	Allowances	Carrying amount
Financial institutions	18,037,439	9.50	(13,657)	18,023,782
Manufacturing	48,190,687	25.38	(502,209)	47,688,478
Service	80,868,551	42.58	(387,437)	80,481,114
Wholesale and retail	26,108,596	13.75	(246,687)	25,861,909
Construction	4,387,199	2.31	(202,627)	4,184,572
Public sector	1,832,305	0.96	(94,668)	1,737,637
Others	10,475,946	5.52	(289,934)	10,186,012
	189,900,723	100.00	(1,737,219)	188,163,504

* Expected credit losses of loans measured at fair value through other comprehensive income as of December 31, 2022 and 2021, are ₩ 496 million and ₩ 675 million, respectively.

4.2.8.3 Classifications of retail loans and credit card receivables as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)	December 31, 2022			
	Loans	%	Allowances	Carrying amount
Housing loan	94,184,985	55.24	(158,566)	94,026,419
General loan	76,278,915	44.74	(787,905)	75,491,010
Credit card	43,022	0.02	(15,757)	27,265
	170,506,922	100.00	(962,228)	169,544,694

(In millions of Korean won)	December 31, 2021			
	Loans	%	Allowances	Carrying amount
Housing loan	93,249,089	53.58	(68,753)	93,180,336
General loan	80,729,848	46.39	(600,372)	80,129,476
Credit card	55,520	0.03	(20,596)	34,924
	174,034,457	100.00	(689,721)	173,344,736

4.2.8.4 Classifications of domestic mortgage loans as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)	December 31, 2022			
	Loans *	%	Allowances	Carrying amount
Group1	15,950,511	16.30	(17,178)	15,933,333
Group2	35,821,717	36.62	(40,603)	35,781,114
Group3	35,626,337	36.42	(45,807)	35,580,530
Group4	10,020,031	10.24	(12,809)	10,007,222
Group5	399,823	0.41	(618)	399,205
Group6	11,588	0.01	(74)	11,514
	97,830,007	100.00	(117,089)	97,712,918

(In millions of Korean won)	December 31, 2021			
	Loans *	%	Allowances	Carrying amount
Group1	16,780,623	17.13	(10,465)	16,770,158
Group2	39,583,150	40.41	(10,375)	39,572,775
Group3	31,772,074	32.43	(9,957)	31,762,117
Group4	9,677,419	9.88	(6,517)	9,670,902
Group5	140,182	0.14	(273)	139,909
Group6	10,328	0.01	(87)	10,241
	97,963,776	100.00	(37,674)	97,926,102

* Retail loans for general purpose with the real estate as collateral are included.

	Ranges
Group1	LTV 0% to less than 20%
Group2	LTV 20% to less than 40%
Group3	LTV 40% to less than 60%
Group4	LTV 60% to less than 80%
Group5	LTV 80% to less than 100%
Group6	LTV over 100%

* LTV: Loan to Value ratio

4.2.8.5 Classifications of due from financial institutions, securities other than equity securities, and derivative financial assets by industry as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)	December 31, 2022			
	Amount	%	**Allowances**	**Carrying amount**
Due from financial institutions measured at amortized cost				
Finance and insurance	22,569,151	100.00	(1,875)	22,567,276
	22,569,151	100.00	(1,875)	22,567,276
Securities measured at fair value through profit or loss				
Government and government funded institutions	5,268,226	25.38	-	5,268,226
Finance and insurance [1]	14,163,418	68.24	-	14,163,418
Others	1,324,935	6.38	-	1,324,935
	20,756,579	100.00	-	20,756,579
Derivative financial assets				
Government and government funded institutions	56,464	0.73	-	56,464
Finance and insurance [1]	7,345,736	94.57	-	7,345,736
Others	365,392	4.70	-	365,392
	7,767,592	100.00	-	7,767,592
Securities measured at fair value through other comprehensive income [2]				
Government and government funded institutions	14,939,808	38.94	-	14,939,808
Finance and insurance	17,440,865	45.46	-	17,440,865
Others	5,983,159	15.60	-	5,983,159
	38,363,832	100.00	-	38,363,832
Securities measured at amortized cost				
Government and government funded institutions	16,921,939	48.02	-	16,921,939
Finance and insurance	17,749,393	50.36	(5,109)	17,744,284
Others	570,896	1.62	(325)	570,571
	35,242,228	100.00	(5,434)	35,236,794
	124,699,382		(7,309)	124,692,073

4.2.8.5 Classifications of due from financial institutions, securities other than equity securities, and derivative financial assets by industry as of December 31, 2022 and 2021, are as follows: (cont'd)

(In millions of Korean won)	December 31, 2021			
	Amount	%	Allowances	Carrying amount
Due from financial institutions measured at amortized cost				
Finance and insurance	22,522,528	100.00	(2,127)	22,520,401
	22,522,528	100.00	(2,127)	22,520,401
Securities measured at fair value through profit or loss				
Government and government funded institutions	3,367,648	18.19	-	3,367,648
Finance and insurance [1]	12,336,217	66.64	-	12,336,217
Others	2,809,223	15.17	-	2,809,223
	18,513,088	100.00	-	18,513,088
Derivative financial assets				
Government and government funded institutions	6,985	0.24	-	6,985
Finance and insurance [1]	2,810,005	94.75	-	2,810,005
Others	148,636	5.01	-	148,636
	2,965,626	100.00	-	2,965,626
Securities measured at fair value through other comprehensive income [2]				
Government and government funded institutions	13,553,504	35.54	-	13,553,504
Finance and insurance	19,463,563	51.03	-	19,463,563
Others	5,123,839	13.43	-	5,123,839
	38,140,906	100.00	-	38,140,906
Securities measured at amortized cost				
Government and government funded institutions	12,402,272	55.95	-	12,402,272
Finance and insurance	9,552,417	43.09	(3,075)	9,549,342
Others	213,203	0.96	(223)	212,980
	22,167,892	100.00	(3,298)	22,164,594
	104,310,040		(5,425)	104,304,615

[1] Collective investment securities (including transactions with collective investment schemes) are classified as finance and insurance.

[2] Expected credit losses of securities measured at fair value through other comprehensive income as of December 31, 2022 and 2021, are ₩ 6,432 million and ₩ 8,223 million, respectively.

4.2.8.6 Classifications of due from financial institutions, securities other than equity securities, and derivative financial assets by country as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)	December 31, 2022			
	Amount	%	**Allowances**	**Carrying amount**
Due from financial institutions measured at amortized cost				
Korea	16,991,323	75.29	-	16,991,323
United States	2,173,982	9.63	(27)	2,173,955
Others	3,403,846	15.08	(1,848)	3,401,998
	22,569,151	100.00	(1,875)	22,567,276
Securities measured at fair value through profit or loss				
Korea	19,316,603	93.06	-	19,316,603
United States	897,338	4.32	-	897,338
Others	542,638	2.62	-	542,638
	20,756,579	100.00	-	20,756,579
Derivative financial assets				
Korea	3,456,882	44.50	-	3,456,882
United States	1,325,575	17.07	-	1,325,575
France	1,281,270	16.50	-	1,281,270
Others	1,703,865	21.93	-	1,703,865
	7,767,592	100.00	-	7,767,592
Securities measured at fair value through other comprehensive income *				
Korea	34,586,537	90.15	-	34,586,537
United States	732,183	1.91	-	732,183
Others	3,045,112	7.94	-	3,045,112
	38,363,832	100.00	-	38,363,832
Securities measured at amortized cost				
Korea	30,511,462	86.58	(3,746)	30,507,716
United States	2,740,296	7.78	(949)	2,739,347
United Kingdom	111,146	0.32	(89)	111,057
Others	1,879,324	5.32	(650)	1,878,674
	35,242,228	100.00	(5,434)	35,236,794
	124,699,382		(7,309)	124,692,073

4.2.8.6 Classifications of due from financial institutions, securities other than equity securities, and derivative financial assets by country as of December 31, 2022 and 2021, are as follows: (cont'd)

(In millions of Korean won)	December 31, 2021			
	Amount	%	Allowances	Carrying amount
Due from financial institutions measured at amortized cost				
Korea	16,666,513	74.00	-	16,666,513
United States	2,381,704	10.57	(39)	2,381,665
Others	3,474,311	15.43	(2,088)	3,472,223
	22,522,528	100.00	(2,127)	22,520,401
Securities measured at fair value through profit or loss				
Korea	16,289,547	87.99	-	16,289,547
United States	1,246,236	6.73	-	1,246,236
Others	977,305	5.28	-	977,305
	18,513,088	100.00	-	18,513,088
Derivative financial assets				
Korea	1,060,073	35.75	-	1,060,073
United States	707,545	23.86	-	707,545
France	370,787	12.50	-	370,787
Others	827,221	27.89	-	827,221
	2,965,626	100.00	-	2,965,626
Securities measured at fair value through other comprehensive income *				
Korea	34,298,370	89.93	-	34,298,370
United States	556,810	1.46	-	556,810
Others	3,285,726	8.61	-	3,285,726
	38,140,906	100.00	-	38,140,906
Securities measured at amortized cost				
Korea	21,250,543	95.86	(2,803)	21,247,740
United States	76,812	0.35	(106)	76,706
United Kingdom	157,558	0.71	(141)	157,417
Others	682,979	3.08	(248)	682,731
	22,167,892	100.00	(3,298)	22,164,594
	104,310,040		(5,425)	104,304,615

* Expected credit loss of securities measured at fair value through other comprehensive income as of December 31, 2022 and 2021, are ₩ 6,432 million and ₩ 8,223 million, respectively.

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 comprehensive risk management policies and Asset Liability Management ("ALM") 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 establishes a liquidity risk management strategy, including objectives of liquidity risk management, management policies, and internal control systems, and obtains a resolution from the Risk Management Committee. The Risk Management Committee establishes the Risk Management Council for efficient risk management to supervise the establishment and implementation of policies according to risk management strategies.

The Group calculates and manages Liquidity Coverage Ratio ("LCR"), Net Stable Funding Ratio ("NSFR"), liquidity ratio, maturity mismatch ratio and liquidity stress testing result for all transactions and off-balance transactions, 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 and 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 of floating-rate liabilities are calculated on the assumption that the current interest rate is the same until maturity.

4.3.3.1 Remaining contractual maturity of financial liabilities other than derivatives held for cash flow hedge, and off-balance sheet items as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31, 2022						
	On demand	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Financial liabilities							
Financial liabilities at fair value through profit or loss [1]	108,862	-	-	-	-	-	108,862
Derivatives held for trading [1]	7,166,578	-	-	-	-	-	7,166,578
Derivatives held for hedging [2]	-	(558)	5,312	24,067	66,255	3,502	98,578
Deposits [3]	165,559,338	29,758,040	45,029,511	129,992,322	17,707,676	1,246,571	389,293,458
Borrowings	59,631	18,276,814	5,913,564	13,305,936	7,627,555	1,039,377	46,222,877
Debentures	11,117	1,755,336	4,612,664	12,426,307	8,177,425	4,794,132	31,776,981
Lease liabilities	164	15,554	30,494	115,109	208,982	20,075	390,378
Other financial liabilities	-	13,431,913	1,508	132,242	58,663	-	13,624,326
	172,905,690	63,237,099	55,593,053	155,995,983	33,846,556	7,103,657	488,682,038
Off-balance sheet items							
Commitments [4]	108,399,534	-	-	-	-	-	108,399,534
Acceptances and guarantees contracts	12,510,649	-	-	-	-	-	12,510,649
Financial guarantee contracts [5]	7,261,581	-	-	-	-	-	7,261,581
	128,171,764	-	-	-	-	-	128,171,764

(In millions of Korean won)

	December 31, 2021						
	On demand	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Financial liabilities							
Financial liabilities at fair value through profit or loss [1]	112,698	-	-	-	-	-	112,698
Derivatives held for trading [1]	2,706,941	-	-	-	-	-	2,706,941
Derivatives held for hedging [2]	-	2,291	5,996	6,589	15,213	1,423	31,512
Deposits [3]	197,481,610	16,451,640	30,892,560	109,842,440	9,940,768	1,412,235	366,021,253
Borrowings	55,250	9,790,484	4,454,109	10,242,437	7,335,764	901,063	32,779,107
Debentures	14,528	1,163,009	3,233,191	12,576,806	9,468,210	4,769,756	31,225,500
Lease liabilities	139	15,672	29,838	113,617	215,641	18,616	393,523
Other financial liabilities	-	16,929,504	1,486	119,647	47,631	-	17,098,268
	200,371,166	44,352,600	38,617,180	132,901,536	27,023,227	7,103,093	450,368,802
Off-balance sheet items							
Commitments [4]	97,135,905	-	-	-	-	-	97,135,905
Acceptances and guarantees contracts	10,212,730	-	-	-	-	-	10,212,730
Financial guarantee contracts [5]	6,021,250	-	-	-	-	-	6,021,250
	113,369,885	-	-	-	-	-	113,369,885

[1] Financial liabilities 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 derivative instruments 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] Unused lines of credit within 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, 2022 and 2021, are as follows:

(In millions of Korean won)	December 31, 2022					
	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Cash flow to be received of net-settled derivatives	337	8,038	13,090	49,098	-	70,563
Cash flow to be paid of net-settled derivatives	218	975	1,571	93	-	2,857

(In millions of Korean won)	December 31, 2021					
	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Cash flow to be received of net-settled derivatives	601	427	2,989	-	-	4,017
Cash flow to be paid of net-settled derivatives	313	2,437	3,238	110	-	6,098

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 ALM risk management guidelines for non-trading positions. The entire process is carried out through the approval by the Risk Management Council and the Risk Management Committee of the Group.

The Group's 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.

The Asset-Liability Management Committee ("ALCO") determines interest rate and commission operating standards and ALM operation policies and enacts and revises relevant guidelines. The Risk Management Council monitors the establishment and enforcement of ALM risk management policies and enacts and revises ALM risk management guidelines. Interest rate risk limits are set based on future asset and liability positions and expected interest rate volatility, which reflect annual business plans. The ALM Department and the Risk Management Department regularly measure and monitor interest rate risk and report the status and limit of interest rate risk including changes in Economic Value of Equity ("△EVE"), changes in Net Interest Income ("△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.

The Group 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, the Group 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. The Group 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 on the Group 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, includes interest rate position and stock position held for short-term trading profit. The Group also includes and manages all foreign currency positions in our trading positions. The trading position subject to market risk management is the trading position defined in "Trading Policy and Guidelines" and the basic requirements for the trading position are as follows:

- The target position has no restrictions on the sale, and the daily fair value assessment should be made, and the embedded significant risk can be hedged in the market.
- The trading position classification criteria should be clearly defined in the Trading Policy and Guidelines, and the trading position should be managed by a separate trading department.
- The target position must be operated according to the documented trading strategy and the management of position limit must be carried out.
- The specialized dealer or operating department shall have the authority to execute the transaction without prior approval from the Risk Management Department, etc. within the predetermined limits of the target position.
- The target positions should be periodically reported to management for risk management of the Group.

4.4.3.2 Observation method of market risk arising from trading positions

The Group measures market risk by calculating VaR through the market risk management system for all trading positions. Generally, the Group manages market risk arising from trading positions at the portfolio level. In addition, the Group controls and manages the risk of derivative financial instrument transactions in accordance with the Financial Supervisory Service regulations and guidelines.

4.4.3.3 VaR

(a) VaR

The Group uses the risk-based valuation method (VaR) to measure the market risk of the trading position.

The Group uses the 10-day VaR, which represents the maximum amount of possible loss of 10 business days based on the historical simulation model of the full valuation method. The distribution of value changes in the portfolio is estimated based on data from the past 250 business days, and 10-day VaR is calculated by the difference between the value of the portfolio at a 99% confidence level of distribution of value changes in the portfolio and the current market value.

VaR is a commonly used market risk measurement technique. However, this approach has some limitations. VaR estimates possible losses under a certain confidence level based on historical market change data. However, since past market changes cannot reflect all future conditions and circumstances, the timing and magnitude of actual losses may vary depending on assumptions in the calculation process. If one day or ten days of the holding period which is generally used for the normal period of liquidating the position, is not sufficient or too long, the VaR result may underestimate or overestimate the potential loss.

When the Group measures market risk for trading position, it uses an internal model (VaR) for general risk and a standard method for individual risks. Standard method is used if the internal model is not authorized for certain market risk. Therefore, disclosed market risk VaR does not reflect the market risk for individual risks and for some positions.

(b) Back-Testing

To verify the appropriateness of the VaR model, back-testing is performed by comparing actual and hypothetical gains and losses with the VaR calculation results.

(c) Stress Testing

The Group carries out stress testing of the trading and available-for-sale portfolio to reflect changes in individual risk factors such as interest rate, stock price, foreign exchange rate, and implied volatility of options that have a significant impact on portfolio value in a crisis. The Group carries out stress testing through historical and hypothetical scenarios. This stress testing is carried out at least once a quarter.

VaR at a 99% confidence level of interest rate risk, stock price risk, and currency risk for trading positions with a ten-day holding period, excluding Stressed VaR, for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)	**2022**			
	Average	**Minimum**	**Maximum**	**December 31, 2022**
Interest rate risk	34,923	16,541	64,356	47,093
Stock price risk	8,606	5,142	11,061	9,407
Currency risk	24,054	14,428	41,815	41,189
Diversification effect				(5,140)
Total VaR	49,701	22,144	99,436	92,549

(In millions of Korean won)	**2021**			
	Average	**Minimum**	**Maximum**	**December 31, 2021**
Interest rate risk	20,051	6,372	55,670	16,534
Stock price risk	9,067	4,537	24,824	5,513
Currency risk	27,886	17,820	49,264	21,522
Diversification effect				(13,039)
Total VaR	40,915	15,986	115,347	30,530

The required equity capital using the standard method related to the positions which are not measured by VaR as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)	**December 31, 2022**	**December 31, 2021**
Interest rate risk	18,545	25,432
Stock price risk	4,686	6
Currency risk	70,757	46,173
	93,988	71,611

4.4.3.4 Details of risk factors

(a) Interest rate risk

Interest rate risk for trading positions usually arises from debt securities denominated in Korean won. The Group's trading strategy is to gain short-term trading gains from interest rate fluctuations. The Group manages interest rate risk associated with trading portfolios using VaR and sensitivity analysis (Price Value of a Basis Point: PVBP).

(b) Stock price risk

Stock price risk arises mainly from stock positions held by principal guaranteed trust and derivatives linked to stocks positions in the Capital Markets Department. This stock price risk is managed through VaR, sensitivity limits, 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 and the Chinese Yuan. The Group also manages net foreign exchange exposures across trading and non-trading portfolios by setting a net foreign currency exposure limit at the same time setting a loss limit.

4.4.4 Non-trading position (Interest Rate Risk of Banking Book ("IRRBB"))

4.4.4.1 Definition of IRRBB

IRRBB is a change in equity and earnings due to the changes in value of interest-sensitive assets and liabilities, etc., and is measured by △EVE and △NII.

4.4.4.2 The Bank's overall interest rate risk management and mitigation strategy

The Risk Management Committee approves policies, procedures and limits for managing interest rate risk, and the management department regularly reports on interest rate risk levels of △EVE and △NII against the set limit, changes in market conditions, and others. In order to measure the sensitivity of the economic value and earnings to changes in interest rates, the Bank calculates monthly interest rate gap and duration gap for assets and liabilities. In addition, the management department conducts an interest rate risk crisis analysis at least once a quarter assuming abnormal interest rate fluctuations and reports the results to the Risk Management Council. Independent internal and external audit department regularly check the process of identifying, measuring and monitoring interest rate risk. 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.

4.4.4.3 Main modeling assumption used for the Bank's interest rate risk measurement system for internal management

The Bank separately calculates △EVE for internal management of interest rate risk, assuming a historical-simulation based on interest rate volatility during the past financial crisis (FY2008-FY2009), distribution of assets/liabilities portfolio, and 27 interest rate gaps considering management strategy.

4.4.4.4 The Bank's interest rate risk hedging methodology and related accounting

The Bank hedges interest rate risk through back-to-back interest rate swap transactions, which are the same as interest payment cash flows. The Bank officially documents and manages the risk management strategy for hedge accounting, risk management objectives, hedging relationship, and assessment method for hedge effectiveness.

4.4.4.5 Main assumptions used for calculating △EVE, △NII

The Bank calculates interest rate risk, including all cash flow of interest-sensitive assets and liabilities, and off-balance sheet items in the banking book. △EVE assumes a run-off balance sheet where the existing bank account positions are amortized and not replaced by new businesses. In addition, the contractual interest rate, including commercial margins and other spread components, is applied to generate cash flows. When discounting cash flow, △EVE is calculated by applying risk-free interest rate that do not include commercial margins and other spread components.

△NII assumes a constant balance sheet where maturing or repricing cash flows during the target management period are replaced by new cash flows with identical features. The interest rate risk is calculated for the interest rate shock scenario by adding up only if the risk is a loss for each currency. After classifying into retail/transactional, retail/non-transactional, and wholesale according to customers and regular transactions, the average repricing maturity of non-maturity deposits is determined by taking into account proportion of core deposits and cap on average maturity of core deposits for each category. 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. The prepayment rate of fixed rate loans and term deposit redemption ratio are estimated by dividing the amount of prepayment amount and redemption amount during the previous month by the balance at the end of the previous month, respectively.

4.4.4.6 △EVE and △NII

The Bank calculates △EVE by applying six interest rate shock and stress scenarios, and △NII is calculated by applying parallel shock up and parallel shock down scenarios. Results as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)	**December 31, 2022**		**December 31, 2021**	
	△EVE	**△NII**	**△EVE**	**△NII**
Scenario 1 (Parallel shock up)	165,634	162,959	936,965	564,771
Scenario 2 (Parallel shock down)	290,330	-	-	-
Scenario 3 (Short rates down and long rates up)	266,737		273,951	
Scenario 4 (Short rates up and long rates down)	268,261		311,497	
Scenario 5 (Short rates shock up)	288,737		568,246	
Scenario 6 (Short rates shock down)	132,998		345,987	
Maximum out of six scenarios	290,330	162,959	936,965	564,771
Basic capital	31,176,032		30,491,173	

4.4.5 Financial assets and liabilities denominated in foreign currencies

Details of financial instruments denominated in foreign currencies and translated into Korean won as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)	December 31, 2022						
	USD	**JPY**	**EUR**	**GBP**	**CNY**	**Others**	**Total**
Financial assets							
Cash and due from financial institutions	4,964,404	339,074	170,860	40,392	543,311	1,606,586	7,664,627
Financial assets at fair value through profit or loss	2,036,628	-	349,039	-	-	161,943	2,547,610
Derivatives held for trading	533,788	-	115	10	19,053	1,006	553,972
Derivatives held for hedging	193,063	-	-	-	-	290	193,353
Loans measured at amortized cost	32,541,243	683,704	2,360,630	622,702	1,944,500	5,442,230	43,595,009
Financial assets at fair value through other comprehensive income	4,409,688	-	9,091	5,677	556,052	873,788	5,854,296
Financial assets at amortized cost	4,197,224	-	-	37,816	60,013	1,041,651	5,336,704
Other financial assets	1,646,663	292,283	351,415	23,545	92,508	135,484	2,541,898
	50,522,701	1,315,061	3,241,150	730,142	3,215,437	9,262,978	68,287,469
Financial liabilities							
Derivatives held for trading	271,778	246	182	10	6,868	957	280,041
Derivatives held for hedging	104,856	-	-	-	-	-	104,856
Deposits	25,220,691	1,244,037	1,381,500	344,559	2,301,110	5,205,509	35,697,406
Borrowings	18,652,958	458,856	363,990	351,536	266,727	1,419,793	21,513,860
Debentures	6,939,542	-	2,041,516	-	36,288	601,929	9,619,275
Other financial liabilities	3,495,067	266,505	188,414	13,502	100,020	237,452	4,300,960
	54,684,892	1,969,644	3,975,602	709,607	2,711,013	7,465,640	71,516,398
Off-balance sheet items	20,669,795	-	189,450	60,382	220,890	475,611	21,616,128

(In millions of Korean won)	December 31, 2021						
	USD	**JPY**	**EUR**	**GBP**	**CNY**	**Others**	**Total**
Financial assets							
Cash and due from financial institutions	5,663,272	335,167	211,344	50,876	489,219	1,005,355	7,755,233
Financial assets at fair value through profit or loss	2,157,251	-	326,279	-	-	143,386	2,626,916
Derivatives held for trading	148,078	-	-	-	5,549	821	154,448
Derivatives held for hedging	82,062	-	-	-	-	90	82,152
Loans measured at amortized cost	26,281,961	583,537	1,546,316	234,612	1,774,589	5,642,904	36,063,919
Financial assets at fair value through other comprehensive income	5,490,476	5,152	121,573	6,273	536,747	351,873	6,512,094
Financial assets at amortized cost	706,511	-	-	-	48,435	448,750	1,203,696
Other financial assets	1,416,785	36,398	95,892	6,874	48,406	115,705	1,720,060
	41,946,396	960,254	2,301,404	298,635	2,902,945	7,708,884	56,118,518
Financial liabilities							
Derivatives held for trading	193,160	71	71	-	18,224	1,223	212,749
Derivatives held for hedging	42,470	-	-	-	-	-	42,470
Deposits	20,794,853	847,257	1,835,384	106,321	1,935,261	5,361,049	30,880,125
Borrowings	14,112,294	456,029	304,678	190,436	-	1,412,587	16,476,024
Debentures	6,026,995	-	1,338,391	-	102,443	435,515	7,903,344
Other financial liabilities	1,611,665	23,141	138,497	15,037	74,403	155,868	2,018,611
	42,781,437	1,326,498	3,617,021	311,794	2,130,331	7,366,242	57,533,323
Off-balance sheet items	16,739,153	353	186,938	800	250,239	524,708	17,702,191

4.4.6 Risk management according to interest rate benchmark reform

Details of financial instruments that have not been converted to alternative interest rate benchmark as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)	December 31, 2022 *		December 31, 2021 *	
	USD LIBOR	Others	USD LIBOR	Others
Measured at fair value (non-derivative)				
Financial investments at fair value through other comprehensive income	22,800	-	231,702	-
Measured at amortized cost				
Loans	1,946,200	-	3,726,542	55,800
Borrowings and debentures	152,200	-	513,069	-
Others				
Derivative financial instruments	-	-	1,126,930	-

* Financial instruments to be expired before transition to alternative interest rate benchmark are excluded, and non-derivative financial instruments are the carrying amount and others are the nominal amount.

4.5 Operational Risk

4.5.1 Concept

The Group defines operational risk as loss risk arising from improper or incorrect internal procedures, personnel, systems or external events and includes financial and non-financial risks.

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 Group established a Business Continuity Planning (BCP) to carry out continuous work in emergency situations and established alternative facilities. The Group conducts simulation training for headquarters and IT departments to check the business continuity framework.

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 4.5%, Tier 1 Capital ratio of 6.0%, and Total Capital ratio of 8.0%) as of December 31, 2022. Capital Conservation Buffer of 2.5% and Capital Requirement of Domestic Systemically Important Bank (D-SIB) of 1.0% are additionally applied. Therefore, the Group is required to maintain a capital adequacy ratio including a minimum capital adequacy ratio and additional capital requirements (Common Equity Tier 1 Capital ratio of 8.0% (December 31, 2021: 8.0%), Tier 1 Capital ratio of 9.5% (December 31, 2021: 9.5%), and Total Capital ratio of 11.5% (December 31, 2021: 11.5%)).

The Group's capital is classified into three categories in accordance with the Detailed Regulations on Supervision of Banking Business 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 Banking Business, and others.

The risk-weighted assets are the magnitude of assets that reflect the risk that the Group has to bear, including risks inherent in all assets, errors in the operation of internal processes, and risk of loss that may arise from external events. The Group calculates risk-weighted assets by each risk (credit risk, market risk, and operational risk) based on the Detailed Regulations on Supervision of Banking Business and uses them to calculate capital adequacy ratio. The Group complied with external capital adequacy requirements as of December 31, 2022 and 2021.

Apart from the capital adequacy ratio, the Group evaluates and manages capital adequacy through 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. The internal capital for capital adequacy assessment is calculated by adding the results of a stress test and other additional capital requirements to the internal capital calculated for each individual risk.

The Risk Management Committee of the Group determines the risk appetite of the Group, allocates internal capital by risk type and business group, and each business group operates 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, the Group's capital adequacy management is carried out through review and approval by the Risk Management Committee in advance.

Details of the Group's capital adequacy ratio in accordance with Basel III requirements as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)	December 31, 2022	December 31, 2021
Total Capital:	36,232,973	35,572,367
Tier 1 Capital	30,963,124	30,491,173
Common Equity Tier 1 Capital	30,089,274	29,916,650
Additional Tier 1 Capital	873,850	574,523
Tier 2 Capital	5,269,849	5,081,194
Risk-Weighted Assets:	207,557,905	203,569,325
Credit risk [1]	182,292,999	181,149,126
Market risk [2]	12,611,416	10,833,390
Operational risk [3]	12,653,490	11,586,809
Total Capital ratio (%):	17.46	17.47
Tier 1 Capital ratio (%)	14.92	14.98
Common Equity Tier 1 Capital ratio (%)	14.50	14.70

[1] Credit risk weighted assets are measured using the Internal Rating-Based Method and Standard Method.
[2] Market risk weighted assets are measured using the Internal Model-Based Method and Standard Method.
[3] Operational risk weighted assets are measured using the Advanced Measurement Method.

5. Segment Information

5.1 Overall Segment Information and Business Segments

The Group is organized into Corporate Banking, Retail Banking and Other Activities. These segments are based on the nature of the products and services provided, the type or class of customer, and the Group's management organization.

- Corporate banking: The activities within this segment include providing credit, deposit products, and other related financial services to large, small and medium-sized enterprises and SOHOs and foreign subsidiaries-related works.
- Retail banking: The activities within this segment include providing credit, deposit products, and other related financial services to individuals and households.
- Other activities: The activities within this segment include trading activities in securities and derivatives, funding, trust, and other activities.

Financial information by business segment as of and for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)	2022				
	Corporate banking	**Retail banking**	**Others**	**Consolidation adjustments**	**Total**
Net operating revenues from external customers	5,172,125	4,472,888	9,097	-	9,654,110
Intersegment net operating revenues (expenses)	(174,057)	-	157,029	17,028	-
	4,998,068	4,472,888	166,126	17,028	9,654,110
Net interest income	4,720,718	3,936,872	631,654	1,777	9,291,021
Interest income	7,831,383	5,763,852	1,864,274	(100,808)	15,358,701
Interest expense	(3,110,665)	(1,826,980)	(1,232,620)	102,585	(6,067,680)
Net fee and commission income	385,884	261,350	463,849	(14,475)	1,096,608
Fee and commission income	546,634	415,858	600,152	(32,486)	1,530,158
Fee and commission expense	(160,750)	(154,508)	(136,303)	18,011	(433,550)
Net gains on financial instruments at fair value through profit or loss	73,680	-	244,515	(107,614)	210,581
Net other operating income (expenses)	(182,214)	274,666	(1,173,892)	137,340	(944,100)
General and administrative expenses	(1,972,147)	(2,092,770)	(633,959)	925	(4,697,951)
Operating income before provision for credit losses	3,025,921	2,380,118	(467,833)	17,953	4,956,159
Provision for credit losses	(778,260)	(281,868)	11,807	(72,849)	(1,121,170)
Net operating income	2,247,661	2,098,250	(456,026)	(54,896)	3,834,989
Share of profit of associates	-	-	12,666	-	12,666
Net other non-operating expenses	(13,317)	-	(5,215)	(19,333)	(37,865)
Segment profit before income tax expense	2,234,344	2,098,250	(448,575)	(74,229)	3,809,790
Income tax expense	(732,211)	(522,478)	158,696	14,510	(1,081,483)
Profit for the year	1,502,133	1,575,772	(289,879)	(59,719)	2,728,307
Profit attributable to the shareholder of the Parent Company	1,505,240	1,575,772	(289,879)	204,882	2,996,015
Loss attributable to non-controlling interests	(3,107)	-	-	(264,601)	(267,708)
Total assets *	211,989,036	165,273,848	148,763,232	(8,256,604)	517,769,512
Total liabilities *	205,382,625	191,786,626	91,870,560	(4,993,558)	484,046,253

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

(In millions of Korean won)

	2021				
	Corporate banking	Retail banking	Others	Consolidation adjustments	Total
Net operating revenues from external customers	3,719,822	2,958,198	1,761,432	-	8,439,452
Intersegment net operating revenues (expenses)	(95,647)	-	65,492	30,155	-
	3,624,175	2,958,198	1,826,924	30,155	8,439,452
Net interest income	3,802,477	3,541,539	388,970	(4,510)	7,728,476
Interest income	5,317,800	4,437,930	943,600	(24,969)	10,674,361
Interest expense	(1,515,323)	(896,391)	(554,630)	20,459	(2,945,885)
Net fee and commission income	390,619	392,060	414,798	(9,596)	1,187,881
Fee and commission income	534,749	535,530	549,265	(32,600)	1,586,944
Fee and commission expense	(144,130)	(143,470)	(134,467)	23,004	(399,063)
Net gains (losses) on financial instruments at fair value through profit or loss	29,407	-	316,537	(3,110)	342,834
Net other operating income (expenses)	(598,328)	(975,401)	706,619	47,371	(819,739)
General and administrative expenses	(1,831,948)	(2,036,855)	(535,382)	1,454	(4,402,731)
Operating income before provision for credit losses	1,792,227	921,343	1,291,542	31,609	4,036,721
Provision for credit losses	(392,956)	(125,876)	(4,294)	398	(522,728)
Net operating income	1,399,271	795,467	1,287,248	32,007	3,513,993
Share of loss of associates	-	-	57,156	-	57,156
Net other non-operating income	(9,237)	-	(52,812)	(17,556)	(79,605)
Segment profit before income tax expense	1,390,034	795,467	1,291,592	14,451	3,491,544
Income tax expense	(368,577)	(218,753)	(317,138)	(49,047)	(953,515)
Profit for the year	1,021,457	576,714	974,454	(34,596)	2,538,029
Profit attributable to the shareholder of the Parent Company	1,022,699	576,714	974,454	16,897	2,590,764
Profit attributable to non-controlling interests	(1,242)	-	-	(51,493)	(52,735)
Total assets *	189,310,448	169,513,344	131,447,842	(6,706,736)	483,564,898
Total liabilities *	197,834,530	180,815,013	75,034,139	(3,007,697)	450,675,985

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

5.2 Services and Geographical Segments

5.2.1 Services information

Net operating revenues from external customers by service for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)	**2022**	**2021**
Corporate banking service	5,172,125	3,719,822
Retail banking service	4,472,888	2,958,198
Others	9,097	1,761,432
	9,654,110	8,439,452

5.2.2 Geographical information

Geographical net operating revenues from external customers for the years ended December 31, 2022 and 2021, and major non-current assets as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)	**Net operating revenues from external customers**		**Major non-current assets**	
	2022	**2021**	**December 31, 2022**	**December 31, 2021**
Domestic	8,769,566	7,768,786	4,331,433	4,385,855
United States	71,327	37,332	14,485	7,009
New Zealand	12,378	12,857	1,382	1,932
China	150,024	110,251	18,429	19,320
Japan	18,939	17,482	1,480	2,019
Myanmar	6,360	5,140	1,736	2,993
Vietnam	25,409	10,185	2,159	2,132
Cambodia	514,222	390,383	33,581	29,545
United Kingdom	30,430	23,571	5,808	885
Singapore	(3,149)	-	8,492	-
Indonesia	57,556	57,635	319,033	360,556
India	1,048	5,830	394	839
Consolidation adjustments	-	-	498,951	474,417
	9,654,110	8,439,452	5,237,363	5,287,502

6. Financial Assets and Financial Liabilities

6.1 Classification and Fair Value of Financial Instruments

6.1.1 Carrying amount and fair value of financial assets and liabilities by category as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)	December 31, 2022		December 31, 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash and due from financial institutions	25,127,794	25,120,077	25,164,991	25,164,936
Financial assets at fair value through profit or loss:	21,213,408	21,213,408	18,834,364	18,834,364
Debt securities	20,756,579	20,756,579	18,513,088	18,513,088
Equity securities	217,748	217,748	113,724	113,724
Loans	149,075	149,075	93,930	93,930
Others	90,006	90,006	113,622	113,622
Derivatives held for trading	7,529,366	7,529,366	2,835,202	2,835,202
Derivatives held for hedging	238,226	238,226	130,424	130,424
Loans measured at amortized cost	374,671,976	372,232,275	361,144,701	361,047,763
Financial assets at fair value through other comprehensive income:	40,013,375	40,013,375	41,580,315	41,580,315
Debt securities	38,363,832	38,363,832	38,140,906	38,140,906
Equity securities	1,418,522	1,418,522	3,169,800	3,169,800
Loans	231,021	231,021	269,609	269,609
Securities measured at amortized cost	35,236,794	33,418,180	22,164,594	21,880,536
Other financial assets	6,709,627	6,709,627	5,277,227	5,277,227
	510,740,566	506,474,534	477,131,818	476,750,767
Financial liabilities				
Financial liabilities at fair value through profit or loss	108,862	108,862	112,698	112,698
Derivatives held for trading	7,166,578	7,166,578	2,706,941	2,706,941
Derivatives held for hedging	104,856	104,856	42,471	42,471
Deposits	381,746,749	381,288,577	363,141,416	363,049,803
Borrowings	45,073,117	44,746,350	32,523,161	32,447,493
Debentures	29,787,722	29,611,888	29,718,734	29,780,948
Other financial liabilities	17,376,336	17,376,336	19,715,198	19,715,198
	481,364,220	480,403,447	447,960,619	447,855,552

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.

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, Due from financial institutions and deposits indexed to gold price	Fair value of securities and others that are traded in an active market and due from financial institutions and deposits indexed to gold price 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, MonteCarlo Simulation, Free Cash Flow to Equity Model, Comparable Company Analysis, Dividend Discount Model, and Net Asset Value Method.
Loans	Fair value of loans is determined using DCF Model and independent external professional valuation institutions. Fair value measured by DCF Model is determined by discounting the expected cash flows, which are contractual cash flows adjusted by the expected prepayment rate, at an appropriate discount rate.
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 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, and Tree Model or valuation results from independent external professional valuation institutions. For OTC derivatives, the credit risk of counterparty and the Group's own credit risk are applied through credit valuation adjustment method.
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 (DCF Model) of external professional valuation institutions, which are calculated using market inputs.
Other financial assets and other financial liabilities	Carrying amount is a reasonable approximation of fair value because other financial assets and other financial liabilities are temporary accounts used for other various transactions and their maturities are relatively short or not defined.

6.1.2 Fair value hierarchy

The Group believes that valuation techniques used for measuring the fair value of financial instruments are reasonable and that the fair value recognized in the consolidated statement of financial position is appropriate. However, the fair value of the financial instruments recognized in the consolidated statement of financial position may be different if other valuation techniques or assumptions are used. Additionally, as there are a variety of valuation techniques and assumptions used in measuring fair value, it may be difficult to reasonably compare the fair value with that of other financial institutions.

The Group classifies and discloses fair value of the financial instruments into the three fair value levels as follows:

Level 1: The fair values are based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: The fair values are based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: The fair values are based on unobservable inputs for the asset or liability.

The fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. If an observable input requires an adjustment using an unobservable input and that adjustment results in a significantly higher or lower fair value measurement, the resulting measurement would be categorized within Level 3 of the fair value hierarchy.

6.1.2.1 Fair value hierarchy of financial assets and liabilities at fair value in the consolidated statements of financial position

Fair value hierarchy of financial assets and liabilities at fair value in the consolidated statements of financial position as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)	December 31, 2022			
	Fair value hierarchy			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value through profit or loss:	7,216,086	9,613,485	4,383,837	21,213,408
Debt securities	7,059,911	9,613,485	4,083,183	20,756,579
Equity securities	66,169	-	151,579	217,748
Loans	-	-	149,075	149,075
Others	90,006	-	-	90,006
Derivatives held for trading	-	7,529,333	33	7,529,366
Derivatives held for hedging	-	238,226	-	238,226
Financial assets at fair value through other comprehensive income:	11,855,563	27,352,216	805,596	40,013,375
Debt securities	11,242,637	27,121,195	-	38,363,832
Equity securities	612,926	-	805,596	1,418,522
Loans	-	231,021	-	231,021
	19,071,649	44,733,260	5,189,466	68,994,375
Financial liabilities				
Financial liabilities at fair value through profit or loss	108,862	-	-	108,862
Derivatives held for trading	-	7,166,128	450	7,166,578
Derivatives held for hedging	-	104,856	-	104,856
	108,862	7,270,984	450	7,380,296

(In millions of Korean won)	December 31, 2021			
	Fair value hierarchy			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value through profit or loss:	4,085,766	11,434,023	3,314,575	18,834,364
Debt securities	3,910,659	11,434,023	3,168,406	18,513,088
Equity securities	61,485	-	52,239	113,724
Loans	-	-	93,930	93,930
Others	113,622	-	-	113,622
Derivatives held for trading	-	2,835,141	61	2,835,202
Derivatives held for hedging	-	130,424	-	130,424
Financial assets at fair value through other comprehensive income:	11,823,832	28,907,384	849,099	41,580,315
Debt securities	9,503,131	28,637,775	-	38,140,906
Equity securities	2,320,701	-	849,099	3,169,800
Loans	-	269,609	-	269,609
	15,909,598	43,306,972	4,163,735	63,380,305
Financial liabilities				
Financial liabilities at fair value through profit or loss	112,698	-	-	112,698
Derivatives held for trading	-	2,706,549	392	2,706,941
Derivatives held for hedging	-	42,471	-	42,471
	112,698	2,749,020	392	2,862,110

Valuation techniques and inputs of financial assets and liabilities classified as Level 2 and measured at fair value in the consolidated statements of financial position as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)	December 31, 2022		
	Fair value	**Valuation techniques**	**Inputs**
Financial assets			
Financial assets at fair value through profit or loss:	9,613,485		
Debt securities	9,613,485	DCF Model, MonteCarlo Simulation, Net Asset Value Method	Discount rate, interest rate, prices of underlying assets (debt securities, stocks, etc.)
Derivatives held for trading	7,529,333	DCF Model, Closed Form, FDM	Discount rate, volatility, foreign exchange rate, stock price, and others
Derivatives held for hedging	238,226	DCF Model, Closed Form, FDM	Discount rate, volatility, foreign exchange rate, and others
Financial assets at fair value through other comprehensive income:	27,352,216		
Debt securities	27,121,195	DCF Model	Discount rate
Loans	231,021	DCF Model	Discount rate
	44,733,260		
Financial liabilities			
Derivatives held for trading	7,166,128	DCF Model, Closed Form, FDM	Discount rate, volatility, foreign exchange rate, stock price, and others
Derivatives held for hedging	104,856	DCF Model, Closed Form, FDM	Discount rate, volatility, foreign exchange rate, and others
	7,270,984		

(In millions of Korean won)	December 31, 2021		
	Fair value	**Valuation techniques**	**Inputs**
Financial assets			
Financial assets at fair value through profit or loss:	11,434,023		
Debt securities	11,434,023	DCF Model, MonteCarlo Simulation, Net Asset Value Method	Discount rate, interest rate, prices of underlying assets (debt securities, stocks, etc.)
Derivatives held for trading	2,835,141	DCF Model, Closed Form, FDM	Discount rate, volatility, foreign exchange rate, stock price, and others
Derivatives held for hedging	130,424	DCF Model, Closed Form, FDM	Discount rate, volatility, foreign exchange rate, and others
Financial assets at fair value through other comprehensive income:	28,907,384		
Debt securities	28,637,775	DCF Model	Discount rate
Loans	269,609	DCF Model	Discount rate
	43,306,972		
Financial liabilities			
Derivatives held for trading	2,706,549	DCF Model, Closed Form, FDM	Discount rate, volatility, foreign exchange rate, stock price, and others
Derivatives held for hedging	42,471	DCF Model, Closed Form, FDM	Discount rate, volatility, foreign exchange rate, and others
	2,749,020		

6.1.2.2 Fair value hierarchy of financial assets and liabilities whose fair value is disclosed

Fair value hierarchy of financial assets and liabilities whose fair value is disclosed as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)	December 31, 2022			
	Fair value hierarchy			
	Level 1	Level 2	Level 3	Total
Financial assets				
Cash and due from financial institutions [1]	2,560,519	20,223,592	2,335,966	25,120,077
Loans measured at amortized cost	-	-	372,232,275	372,232,275
Securities measured at amortized cost	5,087,917	28,330,263	-	33,418,180
Other financial assets [2]	-	-	6,709,627	6,709,627
	7,648,436	48,553,855	381,277,868	437,480,159
Financial liabilities				
Deposits [1]	-	164,003,100	217,285,477	381,288,577
Borrowings [1]	-	18,271	44,728,079	44,746,350
Debentures	-	29,611,888	-	29,611,888
Other financial liabilities [2]	-	-	17,376,336	17,376,336
	-	193,633,259	279,389,892	473,023,151

(In millions of Korean won)	December 31, 2021			
	Fair value hierarchy			
	Level 1	Level 2	Level 3	Total
Financial assets				
Cash and due from financial institutions [1]	2,644,591	20,973,023	1,547,322	25,164,936
Loans measured at amortized cost	-	-	361,047,763	361,047,763
Securities measured at amortized cost	2,712,403	19,168,133	-	21,880,536
Other financial assets [2]	-	-	5,277,227	5,277,227
	5,356,994	40,141,156	367,872,312	413,370,462
Financial liabilities				
Deposits [1]	-	197,274,176	165,775,627	363,049,803
Borrowings [1]	-	2,146	32,445,347	32,447,493
Debentures	-	29,780,948	-	29,780,948
Other financial liabilities [2]	-	-	19,715,198	19,715,198
	-	227,057,270	217,936,172	444,993,442

[1] The amounts included in Level 2 are the carrying amounts which are reasonable approximations of fair value.

[2] Other financial assets and other financial liabilities included in Level 3 are the carrying amounts which are reasonable approximations of fair value.

For financial assets and liabilities whose carrying amount is a reasonable approximation of fair value, valuation techniques and inputs are not disclosed.

Valuation techniques and inputs of financial assets and liabilities classified as Level 2, and whose fair value is disclosed as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)	December 31, 2022		
	Fair value	**Valuation techniques**	**Inputs**
Financial assets			
Securities measured at amortized cost	28,330,263	DCF Model, MonteCarlo Simulation	Discount rate, interest rate
Financial liabilities			
Debentures	29,611,888	DCF Model	Discount rate

(In millions of Korean won)	December 31, 2021		
	Fair value	**Valuation techniques**	**Inputs**
Financial assets			
Securities measured at amortized cost	19,168,133	DCF Model, MonteCarlo Simulation	Discount rate, interest rate
Financial liabilities			
Debentures	29,780,948	DCF Model	Discount rate

Valuation techniques and inputs of financial assets and liabilities classified as Level 3, and whose fair value is disclosed as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)	December 31, 2022			
	Fair value	Valuation techniques	Inputs	Unobservable inputs
Financial assets				
Cash and due from financial institutions	2,335,966	DCF Model	Credit spread, other spread, interest rate	Credit spread, other spread
Loans measured at amortized cost	372,232,275	DCF Model	Credit spread, other spread, prepayment rate, interest rate	Credit spread, other spread, prepayment rate
	374,568,241			
Financial liabilities				
Deposits	217,285,477	DCF Model	Other spread, prepayment rate, interest rate	Other spread, prepayment rate
Borrowings	44,728,079	DCF Model	Other spread, interest rate	Other spread
	262,013,556			

(In millions of Korean won)	December 31, 2021			
	Fair value	Valuation techniques	Inputs	Unobservable inputs
Financial assets				
Cash and due from financial institutions	1,547,322	DCF Model	Credit spread, other spread, interest rate	Credit spread, other spread
Loans measured at amortized cost	361,047,763	DCF Model	Credit spread, other spread, prepayment rate, interest rate	Credit spread, other spread, prepayment rate
	362,595,085			
Financial liabilities				
Deposits	165,775,627	DCF Model	Other spread, prepayment rate, interest rate	Other spread, prepayment rate
Borrowings	32,445,347	DCF Model	Other spread, interest rate	Other spread
	198,220,974			

6.2 Disclosure of Fair Value Hierarchy Level 3

6.2.1 Valuation policy and process of Level 3 fair value

The Group uses external, independent and qualified valuation service in addition to internal valuation models to determine the fair value of financial instruments at the end of every reporting period.

If the changes in situation and events which cause transfers between the fair value hierarchy level for a financial asset or liability occur, the Group’s policy is to recognize such transfers as having occurred at the beginning of the reporting period.

6.2.2 Changes in fair value (Level 3) measured using valuation technique based on unobservable inputs in the market

6.2.2.1 Changes in financial instruments classified as Level 3 of the fair value hierarchy for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	2022				
	Financial assets at fair value through profit or loss		Financial investments	Net derivative financial instruments	
	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	Derivatives held for trading	Derivatives held for hedging
Beginning	3,220,645	93,930	849,099	(331)	-
Total gains or losses:					
- Profit or loss	117,562	20,306	-	(86)	-
- Other comprehensive loss	-	-	(47,055)	-	-
Purchases	1,303,168	45,487	4,093	-	-
Sales	(406,613)	(10,648)	(541)	-	-
Ending	4,234,762	149,075	805,596	(417)	-

(In millions of Korean won)

	2021				
	Financial assets at fair value through profit or loss		Financial investments	Net derivative financial instruments	
	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	Derivatives held for trading	Derivatives held for hedging
Beginning	2,233,598	38,756	1,917,980	(63)	-
Total gains or losses:					
- Profit or loss	120,852	(431)	-	(203)	-
- Other comprehensive income	-	-	(139,455)	-	-
Purchases	1,354,851	55,605	23,507	2	-
Sales	(488,656)	-	(484)	(67)	-
Transfers into Level 3	-	-	(952,449)	-	-
Ending	3,220,645	93,930	849,099	(331)	-

6.2.2.2 In relation to changes in financial instruments classified as Level 3 of the fair value hierarchy, total gains or losses recognized in profit or loss for the period, and total gains or losses recognized in profit or loss from financial instruments held at the end of the reporting period for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)	**2022**		
	Net gains on financial instruments at fair value through profit or loss	**Other operating income**	**Net interest income**
Total gains recognized in profit or loss for the period	71,695	66,087	-
Total gains recognized in profit or loss from financial instruments held at the end of the reporting period	62,419	17,174	-

(In millions of Korean won)	**2021**		
	Net gains on financial instruments at fair value through profit or loss	**Other operating expenses**	**Net interest income**
Total gains recognized in profit or loss for the period	102,758	17,460	-
Total gains recognized in profit or loss from financial instruments held at the end of the reporting period	132,034	16,989	-

6.2.3 Sensitivity analysis of changes in unobservable inputs

6.2.3.1 Information about fair value measurements using unobservable inputs as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31, 2022					
	Fair value	Valuation techniques	Inputs	Unobservable inputs	Range of unobservable inputs (%)	Relationship of unobservable inputs to fair value
Financial assets						
Financial assets at fair value through profit or loss:						
Debt securities	4,083,183	MonteCarlo Simulation, Net Asset Value Method, DCF Model, Tree Model	Price of underlying asset, interest rate, dividend yield, discount rate, liquidation value, rate of real estate sale price fluctuation, stock price, volatility of stock price	Volatility of underlying asset	23.97 ~ 26.52	Higher the volatility, higher the fair value fluctuation
				Correlation coefficient	22.85	The higher the correlation coefficient, the higher the fair value fluctuation
				Discount rate	8.53	Lower the discount rate, higher the fair value
				Liquidation value	0.00	Higher the liquidation value, higher the fair value
				Rate of real estate sale price fluctuation	0.00	Higher the real estate sale price, higher the fair value
				Volatility of stock price	21.83 ~ 34.51	Higher the volatility, higher the fair value fluctuation
Equity securities	151,579	DCF Model, Comparable Company Analysis, Risk Adjusted Discount Rate Method	Growth rate, discount rate	Growth rate	0.00	Higher the growth rate, higher the fair value
				Discount rate	9.16 ~ 15.82	Lower the discount rate, higher the fair value
Loans	149,075	DCF Model	Discount rate	Discount rate	9.91	Lower the discount rate, higher the fair value
Derivatives held for trading:						
Stock and index	33	Tree Model	Price of underlying asset, volatility of underlying asset	Volatility of underlying asset	21.83 ~ 31.73	Higher the volatility, higher the fair value fluctuation
Financial assets at fair value through other comprehensive income:						
Equity securities	805,596	DCF Model, Comparable Company Analysis, Risk Adjusted Discount Rate Method, Tree Model	Growth rate, discount rate, stock price, volatility of stock price	Growth rate	0.00 ~ 1.00	Higher the growth rate, higher the fair value
				Discount rate	9.08 ~ 19.14	Lower the discount rate, higher the fair value
				Volatility of stock price	24.88 ~28.62	Higher the volatility, higher the fair value fluctuation
	5,189,466					
Financial liabilities						
Derivatives held for trading:						
Others	450	DCF Model	Interest rate, discount rate	Discount rate	4.83 ~ 6.85	Higher the discount rate, lower the fair value
	450					

6.2.3.1 Information about fair value measurements using unobservable inputs as of December 31, 2022 and 2021, are as follows: (cont'd)

(In millions of Korean won)

	December 31, 2021					
	Fair value	Valuation techniques	Inputs	Unobservable inputs	Range of unobservable inputs (%)	Relationship of unobservable inputs to fair value
Financial assets						
Financial assets at fair value through profit or loss:						
Debt securities	3,168,406	MonteCarlo Simulation, Net Asset Value Method, DCF Model, Tree Model	Price of underlying asset, interest rate, dividend yield, discount rate, liquidation value, rate of real estate sale price fluctuation, stock price, volatility of stock price	Discount rate	8.17 ~ 21.37	Lower the discount rate, higher the fair value
				Liquidation value	0.00	Higher the liquidation value, higher the fair value
				Rate of real estate sale price fluctuation	0.00	Higher the real estate sale price, higher the fair value
				Volatility of stock price	18.87 ~ 19.48	Higher the volatility, higher the fair value fluctuation
Equity securities	52,239	DCF Model, Comparable Company Analysis, Risk Adjusted Discount Rate Method	Growth rate, discount rate	Growth rate	0.00 ~ 1.00	Higher the growth rate, higher the fair value
				Discount rate	10.76 ~ 22.79	Lower the discount rate, higher the fair value
Loans	93,930	DCF Model	Discount rate	Discount rate	8.21	Lower the discount rate, higher the fair value
Derivatives held for trading:						
Stock and index	61	Tree Model	Price of underlying asset, volatility of underlying asset	Volatility of underlying asset	17.00 ~ 25.49	Higher the volatility, higher the fair value fluctuation
Financial assets at fair value through other comprehensive income:						
Equity securities	849,099	DCF Model, Comparable Company Analysis, Risk Adjusted Discount Rate Method, Tree Model	Growth rate, discount rate, stock price, volatility of stock price	Growth rate	0.00 ~ 1.00	Higher the growth rate, higher the fair value
				Discount rate	10.42 ~ 18.02	Lower the discount rate, higher the fair value
				Volatility of stock price	23.36 ~ 25.49	Higher the volatility, higher the fair value fluctuation
	4,163,735					
Financial liabilities						
Derivatives held for trading:						
Others	392	DCF Model	Interest rate, discount rate	Discount rate	1.46 ~ 2.83	Higher the discount rate, lower the fair value
	392					

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 debt securities, loans, equity-related derivatives, currency-related derivatives, interest rate-related derivatives, and other derivatives whose fair value changes are recognized in profit or loss as well as equity securities 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, 2022 and 2021, are as follows:

(In millions of Korean won)	December 31, 2022			
	Profit or loss		Other comprehensive income or loss	
	Favorable changes	Unfavorable changes	Favorable changes	Unfavorable changes
Financial assets				
Financial assets at fair value through profit or loss:				
Debt securities [3, 5]	6,140	(6,383)	-	-
Equity securities [2, 5]	8,629	(5,033)	-	-
Loans [4]	2,277	(2,054)	-	-
Derivatives held for trading [1]	2	(2)	-	-
Financial assets at fair value through other comprehensive income:				
Equity securities [2, 5, 6]	-	-	137,984	(56,900)
	17,048	(13,472)	137,984	(56,900)
Financial liabilities				
Derivatives held for trading [1]	72	(72)	-	-
	72	(72)	-	-

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

(In millions of Korean won)	December 31, 2021			
	Profit or loss		Other comprehensive income or loss	
	Favorable changes	Unfavorable changes	Favorable changes	Unfavorable changes
Financial assets				
Financial assets at fair value through profit or loss:				
Debt securities [3, 5]	7,065	(7,001)	-	-
Equity securities [2, 5]	5,698	(4,328)	-	-
Loans [4]	3,062	(2,742)	-	-
Derivatives held for trading [1]	2	-	-	-
Financial assets at fair value through other comprehensive income:				
Equity securities [2, 5, 6]	-	-	87,021	(65,000)
	15,827	(14,071)	87,021	(65,000)
Financial liabilities				
Derivatives held for trading [1]	196	(204)	-	-
	196	(204)	-	-

[1] For derivative financial instruments, changes in fair value are calculated by shifting principal unobservable input parameters such as price and the volatility of underlying asset by ± 10%.

[2] For equity securities, changes in fair value are calculated by shifting principal unobservable input parameters such as discount rate (-1%p~1%p) and growth rate (0%p~1%p).

[3] 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 sale price fluctuation (-1%p~1%p), and for beneficiary certificates whose underlying assets are equity investments, changes in fair value are calculated by shifting liquidation value (-1%p~1%p) and discount rate (-1%p~1%p). There is no significant correlation among major unobservable inputs.

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

[5] The amounts of ₩ 3,989,635 million and ₩ 3,175,985 million of financial assets classified as level 3 as of December 31, 2022 and 2021, respectively, are excluded because it is practically impossible to analyze sensitivity of changes in unobservable inputs.

[6] For some equity securities, changes in fair value are calculated by shifting principal unobservable input parameters such as stock price and volatility of stock price by ±10%.

6.2.4 Day one gains or losses

When the Group measures the fair value of OTC derivatives using inputs that are not based on observable market data, there could be a difference between the transaction price and the amount determined using that valuation technique. In these circumstances, the fair value of financial instruments is recognized as the transaction price, and the difference is not recognized in profit or loss but deferred and amortized using the straight-line method over the life of the financial instrument. When the fair value of the financial instruments is subsequently determined using observable market inputs, the remaining deferred amount is recognized in profit or loss.

Changes in deferred day one gains or losses for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)	**2022**	**2021**
Balance at the beginning of the year (A)	(8,719)	(637)
New transactions (B)	(105)	(10,032)
Amounts recognized in profit or loss (C=a+b)	2,078	1,950
a. Amortization	2,078	1,950
b. Settlement	-	-
Balance at the end of the year (A+B+C)	(6,746)	(8,719)

6.3 Carrying Amount of Financial Instruments by Category

Financial assets and liabilities are measured at fair value or amortized cost. Carrying amount of financial assets and liabilities by category as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31, 2022					
	Financial instruments at fair value through profit or loss	**Financial instruments at fair value through other comprehensive income**	**Financial instruments designated at fair value through other comprehensive income**	**Financial instruments at amortized cost**	**Derivatives held for hedging**	**Total**
Financial assets						
Cash and due from financial institutions	-	-	-	25,127,794	-	25,127,794
Financial assets at fair value through profit or loss	21,213,408	-	-	-	-	21,213,408
Derivative financial assets	7,529,366	-	-	-	238,226	7,767,592
Loans measured at amortized cost	-	-	-	374,671,976	-	374,671,976
Financial investments	-	38,594,853	1,418,522	35,236,794	-	75,250,169
Other financial assets	-	-	-	6,709,627	-	6,709,627
	28,742,774	38,594,853	1,418,522	441,746,191	238,226	510,740,566

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 amortized cost	Derivatives held for hedging	Total
Financial liabilities				
Financial liabilities at fair value through profit or loss	108,862	-	-	108,862
Derivative financial liabilities	7,166,578	-	104,856	7,271,434
Deposits	-	381,746,749	-	381,746,749
Borrowings	-	45,073,117	-	45,073,117
Debentures	-	29,787,722	-	29,787,722
Other financial liabilities	-	17,376,336	-	17,376,336
	7,275,440	473,983,924	104,856	481,364,220

(In millions of Korean won)

	December 31, 2021					
	Financial instruments at fair value through profit or loss	Financial instruments at fair value through other comprehensive income	Financial instruments designated at fair value through other comprehensive income	Financial instruments at amortized cost	Derivatives held for hedging	Total
Financial assets						
Cash and due from financial institutions	-	-	-	25,164,991	-	25,164,991
Financial assets at fair value through profit or loss	18,834,364	-	-	-	-	18,834,364
Derivative financial assets	2,835,202	-	-	-	130,424	2,965,626
Loans measured at amortized cost	-	-	-	361,144,701	-	361,144,701
Financial investments	-	38,410,515	3,169,800	22,164,594	-	63,744,909
Other financial assets	-	-	-	5,277,227	-	5,277,227
	21,669,566	38,410,515	3,169,800	413,751,513	130,424	477,131,818

(In millions of Korean won)

	December 31, 2021			
	Financial instruments 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	112,698	-	-	112,698
Derivative financial liabilities	2,706,941	-	42,471	2,749,412
Deposits	-	363,141,416	-	363,141,416
Borrowings	-	32,523,161	-	32,523,161
Debentures	-	29,718,734	-	29,718,734
Other financial liabilities	-	19,715,198	-	19,715,198
	2,819,639	445,098,509	42,471	447,960,619

6.4 Transfer of Financial Assets

6.4.1 Transferred financial assets that are derecognized in their entirety

The Group transferred loans and other financial assets to companies specialized in asset-backed securitization and derecognized them from the consolidated financial statement, while the maximum exposure to loss (carrying amount) from its continuing involvement and fair value of its continuing involvement of the derecognized financial assets as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31, 2022			
	Type of continuing involvement	**Classification of financial instruments**	**Carrying amount of continuing involvement**	**Fair value of continuing involvement**
Discovery 2nd Securitization Specialty Co., Ltd.	Subordinated bond	Financial assets at fair value through profit or loss	564	564
AP 4D ABS Ltd.	Subordinated bond	Financial assets at fair value through profit or loss	541	541
			1,105	1,105

(In millions of Korean won)

	December 31, 2021			
	Type of continuing involvement	**Classification of financial instruments**	**Carrying amount of continuing involvement**	**Fair value of continuing involvement**
Discovery 2nd Securitization Specialty Co., Ltd.	Subordinated bond	Financial assets at fair value through profit or loss	5,189	5,189
AP 4D ABS Ltd.	Subordinated bond	Financial assets at fair value through profit or loss	5,463	5,463
			10,652	10,652

6.4.2 Bonds sold under repurchase agreements and loaned securities

The Group continues to recognize the financial assets related to bonds sold under repurchase agreements and securities lending transactions in the consolidated statement of financial position since those transactions are not qualified for derecognition even though the Group transfers the financial assets. Bonds sold under repurchase agreements are sold on the condition that they will be repurchased at a fixed price and loaned securities will be returned at the expiration of the loan period. Thus, the Group retains substantially all the risks and rewards of ownership of the financial assets.

The carrying amount of transferred assets and related liabilities as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)	December 31, 2022	
	Carrying amount of transferred assets	**Carrying amount of related liabilities**
Bonds sold under repurchase agreements	5,459,045	4,930,104
Loaned securities:		
Government and public bonds	239,132	-
	5,698,177	4,930,104

(In millions of Korean won)	December 31, 2021	
	Carrying amount of transferred assets	**Carrying amount of related liabilities**
Bonds sold under repurchase agreements	860,565	832,352
Loaned securities:		
Government and public bonds	49,816	-
	910,381	832,352

6.4.3 Purchase commitments of securitized debentures

The Group provided additional credit enhancement, such as purchase commitments, for the underlying assets of subsidiaries established for asset-backed securitization. Details of carrying amounts of the underlying assets and the associated liabilities as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)		**December 31, 2022**	**December 31, 2021**
Underlying assets	Financial assets at fair value through profit or loss	15,442	119,710
	Loans measured at amortized cost *	1,167,244	2,357,972
		1,182,686	2,477,682
Associated liabilities	Debentures	1,182,844	2,476,072

* 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. As the Group has the legal right of offset and settles in net amount, domestic exchange settlement debits and domestic exchange settlement credits are recognized in its net settlement balance in the consolidated statement of financial position. Other financial instruments such as account receivables and account payables related to listed securities, and derivatives or OTC derivatives settled by the central clearing house are also recognized in its net settlement balance in the consolidated statement of financial position as the Group has the legal right of offset and settles in net amount.

6.5.1 Details of financial assets subject to enforceable master netting agreements or similar arrangements as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31, 2022					
		Gross liabilities offset	Net amount in the statement of financial position	Non-offsetting amount		
	Gross assets			Financial instruments	Cash collateral	Net amount
Derivatives held for trading	7,529,334	-	7,529,334	(6,367,793)	(826)	1,398,941
Derivatives held for hedging	238,226	-	238,226			
Unsettled spot exchange receivable	3,368,979	-	3,368,979	(3,355,280)	-	13,699
Bonds purchased under repurchase agreements	2,281,357	-	2,281,357	(2,281,357)	-	-
Domestic exchange settlement debits	55,446,595	(54,584,853)	861,742	-	-	861,742
Other financial instruments	20,283	(15,143)	5,140	-	-	5,140
	68,884,774	(54,599,996)	14,284,778	(12,004,430)	(826)	2,279,522

(In millions of Korean won)

	December 31, 2021					
		Gross liabilities offset	Net amount in the statement of financial position	Non-offsetting amount		
	Gross assets			Financial instruments	Cash collateral	Net amount
Derivatives held for trading	2,835,141	-	2,835,141	(1,810,195)	(5)	1,155,365
Derivatives held for hedging	130,424	-	130,424			
Unsettled spot exchange receivable	2,353,879	-	2,353,879	(2,349,893)	-	3,986
Bonds purchased under repurchase agreements	5,508,594	-	5,508,594	(5,508,594)	-	-
Domestic exchange settlement debits	43,372,672	(42,383,120)	989,552	-	-	989,552
Other financial instruments	20,728	(20,377)	351	-	-	351
	54,221,438	(42,403,497)	11,817,941	(9,668,682)	(5)	2,149,254

6.5.2 Details of financial liabilities subject to enforceable master netting agreements or similar arrangements as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31, 2022					
				Non-offsetting amount		
	Gross liabilities	Gross assets offset	Net amount in the statement of financial position	Financial instruments	Cash collateral	Net amount
Derivatives held for trading	7,166,128	-	7,166,128	(4,925,667)	-	2,345,317
Derivatives held for hedging	104,856	-	104,856			
Unsettled spot exchange payable	3,368,837	-	3,368,837	(3,355,280)	-	13,557
Bonds sold under repurchase agreements *	4,948,293	-	4,948,293	(4,948,293)	-	-
Domestic exchange settlement credits	56,319,757	(54,584,853)	1,734,904	(1,734,904)	-	-
Other financial instruments	15,212	(15,143)	69	-	-	69
	71,923,083	(54,599,996)	17,323,087	(14,964,144)	-	2,358,943

(In millions of Korean won)

	December 31, 2021					
				Non-offsetting amount		
	Gross liabilities	Gross assets offset	Net amount in the statement of financial position	Financial instruments	Cash collateral	Net amount
Derivatives held for trading	2,706,548	-	2,706,548	(2,019,139)	-	729,880
Derivatives held for hedging	42,471	-	42,471			
Unsettled spot exchange payable	2,352,736	-	2,352,736	(2,349,893)	-	2,843
Bonds sold under repurchase agreements *	832,352	-	832,352	(832,352)	-	-
Domestic exchange settlement credits	47,504,809	(42,383,120)	5,121,689	(5,121,689)	-	-
Other financial instruments	23,363	(20,377)	2,986	-	-	2,986
	53,462,279	(42,403,497)	11,058,782	(10,323,073)	-	735,709

* Includes bonds sold under repurchase agreements to customers.

7. Due from Financial Institutions

7.1 Details of due from financial institutions as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)		Financial institutions	Interest rate (%)	December 31, 2022	December 31, 2021
Due from financial institutions in Korean won	Due from the Bank of Korea	The Bank of Korea	-	15,169,704	15,317,033
	Due from banks	Hana Bank and others	0.00 ~ 2.76	377,655	159,059
	Due from others	KB Securities Co., Ltd. and others	0.00 ~ 4.35	24,152	20,732
				15,571,511	15,496,824
Due from financial institutions in foreign currencies	Due from banks in foreign currencies	The Bank of Korea and others	0.00 ~ 4.00	5,559,644	6,252,882
	Time deposits in foreign currencies	Bank of Communications, Seoul and others	0.00 ~ 6.80	458,225	389,320
	Due from others	Morgan Stanley and others	0.00 ~ 6.00	979,771	383,502
				6,997,640	7,025,704
				22,569,151	22,522,528

* Before netting of allowance

7.2 Details of restricted due from financial institutions as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)		Financial institutions	December 31, 2022	December 31, 2021	Reasons of restriction
Due from financial institutions in Korean won	Due from the Bank of Korea	The Bank of Korea	15,169,704	15,317,033	Bank of Korea Act
	Due from others	NH Investment & Securities Co., Ltd. and others	24,152	20,733	Derivatives margin account
			15,193,856	15,337,766	
Due from financial institutions in foreign currencies	Due from banks in foreign currencies	The Bank of Korea and others	2,350,756	2,262,610	Bank of Korea Act and others
	Time deposits in foreign currencies	Bank of Communications Co., Ltd. New York Branch	63,365	59,275	New York State Banking Law
	Due from others	State Street Bank and Trust Company	238,978	206,074	Derivatives margin account
			2,653,099	2,527,959	
			17,846,955	17,865,725	

* Before netting of allowance

7.3 Changes in allowances for credit losses of due from financial institutions for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)	2022		
	12-month expected credit losses	Lifetime expected credit losses	
		Non-impaired	Impaired
Beginning	2,127	-	-
Transfer between stages	-	-	-
Provision (reversal) for credit losses	(358)	-	-
Others (exchange differences, etc.)	106	-	-
Ending	1,875	-	-

(In millions of Korean won)	2021		
	12-month expected credit losses	Lifetime expected credit losses	
		Non-impaired	Impaired
Beginning	2,063	34	282
Transfer between stages	-	-	-
Provision (reversal) for credit losses	7	(35)	(282)
Others (exchange differences, etc.)	57	1	-
Ending	2,127	-	-

8. Assets Pledged as Collateral

8.1 Details of assets pledged as collateral as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

		December 31, 2022	
Assets pledged	**Pledgee**	**Carrying amount**	**Reasons of pledge**
Securities measured at fair value through profit or loss	The Korea Securities Depository and others	116,645	Repurchase agreements
	Korea Securities Finance Corporation	34,071	Difference amount of the total limit
	The Bank of Korea	236,832	Settlement risk of the Bank of Korea
		387,548	
Securities measured at fair value through other comprehensive income	The Bank of Korea	3,078,859	Repurchase agreements
		5,495,686	Borrowings from the Bank of Korea
		1,782,507	Settlement risk of the Bank of Korea
	MUFGBANK and others	475,265	Derivatives transactions
	UBSAG and others	486,654	Others
		11,318,971	
Securities measured at amortized cost	The Bank of Korea and others	1,890,368	Repurchase agreements
	The Bank of Korea	4,020,539	Borrowings from the Bank of Korea
		5,047,277	Settlement risk of the Bank of Korea
	KB Securities Co., Ltd. and others	230,050	Derivatives transactions
	CITI Bank and others	378,416	Others
		11,566,650	
Loans	Others	12,863,079	Covered bond and others
Building / Land	Hanwha Life Insurance Co., Ltd. and others	225,833	Others
		36,362,081	

(In millions of Korean won)

		December 31, 2021	
Assets pledged	**Pledgee**	**Carrying amount**	**Reasons of pledge**
Securities measured at fair value through profit or loss	The Korea Exchange and others	267,505	Repurchase agreements
	Samsung Futures and others	9,889	Derivatives transactions
	Others	94,265	Others
		371,659	
Securities measured at fair value through other comprehensive income	CITI Bank	57,693	Repurchase agreements
	The Bank of Korea	2,843,426	Borrowings from the Bank of Korea
		1,249,049	Settlement risk of the Bank of Korea
	JP Morgan Chase Bank and others	590,321	Derivatives transactions
	Others	34,757	Others
		4,775,246	
Securities measured at amortized cost	Meritz Securities and others	494,974	Repurchase agreements
	The Bank of Korea	4,847,855	Borrowings from the Bank of Korea
		3,948,622	Settlement risk of the Bank of Korea
	KB Securities Co., Ltd. and others	133,860	Derivatives transactions
	KB Insurance Co., Ltd. and others	121,880	Others
		9,547,191	
Loans	Others	9,659,575	Covered bond and others
Building / Land	Hanwha Life Insurance Co., Ltd. and others	227,414	Others
		24,581,085	

8.2 Fair value of collateral available to sell or repledge, and collateral sold or repledged, regardless of debtor's default as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)	December 31, 2022	
	Fair value of collateral held	**Fair value of collateral sold or repledged**
Securities	2,572,441	-

(In millions of Korean won)	December 31, 2021	
	Fair value of collateral held	**Fair value of collateral sold or repledged**
Securities	5,963,678	-

9. Derivative Financial Instruments and Hedge Accounting

The Group engages in derivative trading activities to hedge the interest rate risk and currency risk arising from the Group's own assets and liabilities. In particular, the Group applies fair value hedge accounting using interest rate swaps to hedge the risk of changes in fair value due to the changes in interest rate of structured debentures in Korean won, debentures, structured deposits in foreign currencies, and debt securities at fair value through other comprehensive income. Also, the Group applies cash flow hedge accounting using interest rate swaps to hedge the risk of changes in cash flows of debentures in foreign currencies, borrowings in foreign currencies, and group of loans measured at amortized cost. In addition, the Group applies net investments in foreign operations hedge accounting by designating debentures in foreign currencies and spot components of the currency forward 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, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31, 2022			December 31, 2021		
	Notional Amount	Assets	Liabilities	Notional amount	Assets	Liabilities
Interest rate						
Forwards	2,765,927	355,407	11,092	738,589	24,928	296
Futures [1]	2,105,953	-	-	1,863,050	-	-
Swaps [2]	221,095,884	759,599	437,916	198,819,031	301,070	312,076
Options	9,798,000	268,469	265,283	11,657,000	172,060	195,666
	235,765,764	1,383,475	714,291	213,077,670	498,058	508,038
Currency						
Forwards	107,620,136	2,557,498	2,354,719	95,717,113	1,217,979	854,539
Futures [1]	50,692	-	-	-	-	-
Swaps	93,409,026	3,563,775	4,067,824	65,641,211	1,111,462	1,330,595
Options	2,270,274	24,585	29,294	2,051,034	7,643	13,376
	203,350,128	6,145,858	6,451,837	163,409,358	2,337,084	2,198,510
Stock and index						
Options	355	33	-	355	17	-
	355	33	-	355	17	-
Credit						
Swaps	-	-	-	13,423	-	-
	-	-	-	13,423	-	-
Others	94,300	-	450	94,300	43	393
	439,210,547	7,529,366	7,166,578	376,595,106	2,835,202	2,706,941

[1] Gains or losses arising from daily mark-to-market futures are reflected in the margin accounts.

[2] Notional amounts of ₩ 184,565,603 million and ₩ 158,974,418 million as of December 31, 2022 and 2021, respectively, were traded through the central clearing house.

9.2 Average price conditions of future nominal cash flows by type of hedge accounting as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)	December 31, 2022						
	1 year	2 years	3 years	4 years	5 years	Over 5 years	Total
Fair value hedge							
Nominal amount of the hedging instrument	5,064,802	1,128,620	2,660,326	1,862,039	426,551	2,147,845	13,290,183
Average price condition (%), (CD and LIBOR)	4.17	4.52	4.64	4.56	4.36	4.64	4.43
Cash flow hedge							
Nominal amount of the hedging instrument	843,555	226,730	-	-	806,003	-	1,876,288
Average price condition (%), (CD and LIBOR)	4.64	4.06	-	-	5.10	-	4.77

(In millions of Korean won)	December 31, 2021						
	1 year	2 years	3 years	4 years	5 years	Over 5 years	Total
Fair value hedge							
Nominal amount of the hedging instrument	1,044,669	1,171,185	701,102	2,153,038	1,420,914	2,419,231	8,910,139
Average price condition (%), (CD and LIBOR)	0.94	1.23	1.04	1.16	1.06	1.39	1.18
Cash flow hedge							
Nominal amount of the hedging instrument	2,843,325	414,925	-	-	-	-	3,258,250
Average price condition (%), (CD and LIBOR)	0.93	0.76	-	-	-	-	0.91

9.3 Fair Value Hedge

9.3.1 Details of fair value hedged items as of December 31, 2022 and 2021 and changes in fair value for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)		December 31, 2022				2022
		Carrying amount		Accumulated amount of hedge adjustments		Changes in fair value
		Assets	Liabilities	Assets	Liabilities	
Interest rate	Debt securities in Korean won	2,467,171	-	(107,444)	-	(86,757)
	Debt securities in foreign currencies	3,142,972	-	(232,085)	-	(215,184)
	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
		5,610,143	6,916,581	(339,529)	(354,085)	693

(In millions of Korean won)		December 31, 2021				2021
		Carrying amount		Accumulated amount of hedge adjustments		Changes in fair value
		Assets	Liabilities	Assets	Liabilities	
Interest rate	Debt securities in Korean won	1,627,228	-	(20,272)	-	(21,071)
	Debt securities in foreign currencies	3,567,662	-	(12,505)	-	(71,246)
	Deposits in foreign currencies	-	93,521	-	(1,319)	3,222
	Debentures in Korean won	-	2,470,123	-	(79,877)	70,308
	Debentures in foreign currencies	-	1,154,178	-	27,953	45,132
		5,194,890	3,717,822	(32,777)	(53,243)	26,345

9.3.2 Details of derivative instruments designated as fair value hedge as of December 31, 2022 and 2021 and changes in fair value for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)	December 31, 2022			2022
	Notional amount	Assets	Liabilities	Changes in fair value
Interest rate				
Swaps	13,290,183	186,258	104,856	(1,245)

(In millions of Korean won)	December 31, 2021			2021
	Notional amount	Assets	Liabilities	Changes in fair value
Interest rate				
Swaps	8,910,139	127,290	38,253	(33,228)

9.3.3 Details of hedge ineffectiveness recognized in profit or loss on derivative instruments designated as fair value hedge for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	2022	2021
Interest rate	(552)	(6,883)

9.3.4 Gains or losses on fair value hedging instruments and hedged items attributable to the hedged risk for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)	2022	2021
Gains and Losses on hedging instruments	28,171	(12,657)
Gains on hedged items attributable to the hedged risk	(28,752)	13,056
	(581)	399

9.4 Cash Flow Hedge

9.4.1 Details of cash flow hedged items as of December 31, 2022 and 2021 and changes in fair value for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	Cash flow hedge reserve		Changes in fair value	
	December 31, 2022	December 31, 2021	2022	2021
Interest rate risk	33,921	(89)	(47,251)	(11,306)

9.4.2 Details of derivative instruments designated as cash flow hedge as of December 31, 2022 and 2021 and changes in fair value for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)	December 31, 2022			2022
	Notional amount	Assets	Liabilities	Changes in fair value
Interest rate				
Swaps	1,876,288	51,968	-	44,064

(In millions of Korean won)	December 31, 2021			2021
	Notional amount	Assets	Liabilities	Changes in fair value
Interest rate				
Swaps	3,258,250	3,134	4,218	11,555

9.4.3 Gains on cash flow hedging instruments and hedged items attributable to the hedged risk for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)	2022	2021
Gains on hedging instruments:	44,064	11,555
Effective portion of gains on cash flow hedging instruments (recognized in other comprehensive income or loss)	43,886	11,468
Ineffective portion of gains on cash flow hedging instruments (recognized in profit or loss)	178	87

9.4.4 Amounts recognized in other comprehensive income and reclassified from equity to profit related to derivative instruments designated as cash allow hedge for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)	2022	2021
Other comprehensive income	43,886	11,468
Reclassification to profit	2,388	2,303
Income tax effect	(12,264)	(3,787)
	34,010	9,984

9.4.5 As of December 31, 2022, the hedged items subject to cash flow hedge are exposed to the risk of changes in cash flows until August 5, 2027.

9.5 Hedge of Net Investments in Foreign Operations

9.5.1 Details of net investments in foreign operations hedged items as of December 31, 2022 and 2021 and changes in fair value for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	Foreign currency translation reserve		Changes in fair value	
	December 31, 2022	December 31, 2021	2022	2021
Currency risk	(95,296)	(30,306)	87,853	80,235

9.5.2 Details of financial instruments designated as hedge of net investments in foreign operations as of December 31, 2022 and 2021 and changes in fair value for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)	December 31, 2022			2022
	Notional amount	Assets	Liabilities	Changes in fair value
Debentures in foreign currencies	1,361,080	-	1,361,080	(87,853)

(In millions of Korean won)	December 31, 2021			2021
	Notional amount	Assets	Liabilities	Changes in fair value
Debentures in foreign currencies	1,273,227	-	1,273,227	(80,235)

9.5.3 Fair value of non-derivative financial instruments designated as hedge of net investments in foreign operations as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)	December 31, 2022	December 31, 2021
Debentures in foreign currencies	1,211,215	1,275,291

9.5.4 Losses on net investments in foreign operations hedging instruments and hedged items attributable to the hedged risk for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)	2022	2021
Losses on hedging instruments:	(87,853)	(80,235)
Effective portion of losses on hedge of net investments in foreign operations (recognized in other comprehensive loss)	(87,853)	(80,235)
Ineffective portion of losses on hedge of net investments in foreign operations (recognized in loss)	-	-

9.5.5 Effective portion of gains (losses) on net investments in foreign operations hedging instruments recognized in other comprehensive loss for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)	2022	2021
Other comprehensive loss	(87,853)	(80,241)
Reclassification to income	-	5,195
Income tax effect	22,863	20,637
	(64,990)	(54,409)

9.6 Interest Rate Benchmark Reform

The USD LIBOR interest rate will be replaced by the Secured Overnight Financing Rate ("SOFR") based on actual transactions. In the case of KRW, the Korean government bond/monetary stabilization bond RP rate has been finally decided as the Risk-Free Reference Rate ("RFR") and will replace the Certificate of Deposit ("CD") rate in the mid to long-term. Within the corresponding hedging relationship of related significant interest rate benchmark, the Group assumed that the spread to be changed on the RFR basis including SOFR would be similar to that included in the interest rate swap used as a hedging instrument, and no other changes were assumed.

Details of the Group's exposure to hedging relationships related to the interest rate benchmark reform as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won and millions of US dollars)

		December 31, 2022		
Interest rate benchmark	**Currency**	**Carrying amount of non-derivative assets**	**Carrying amount of non-derivative liabilities**	**Notional amount of hedging instruments**
CD#3M	KRW	3,060,791	5,690,371	6,440,000
USD#LIBOR#3M	USD	1,895	1,257	3,478
USD#LIBOR#6M	USD	167	-	182

		December 31, 2021		
Interest rate benchmark	**Currency**	**Carrying amount of non-derivative assets**	**Carrying amount of non-derivative liabilities**	**Notional amount of hedging instruments**
CD#3M	KRW	3,123,388	2,470,123	5,690,000
USD#LIBOR#3M	USD	2,695	2,154	4,836
USD#LIBOR#6M	USD	224	-	225

10. Loans Measured at Amortized Cost

10.1 Details of loans as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)	**December 31, 2022**	**December 31, 2021**
Loans	377,000,459	363,049,216
Deferred loan origination fees and costs	436,128	522,425
Less: Allowances for credit losses	(2,764,611)	(2,426,940)
	374,671,976	361,144,701

10.2 Details of loans to banks as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)	**December 31, 2022**	**December 31, 2021**
Loans	9,751,737	8,325,177
Less: Allowances for credit losses	(1,951)	(443)
	9,749,786	8,324,734

10.3 Details of loan types and customer types of loans to customers other than banks as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)	December 31, 2022			
	Retail	**Corporate**	**Credit card**	**Total**
Loans in Korean won	166,731,575	161,671,964	-	328,403,539
Loans in foreign currencies	3,732,325	25,210,008	-	28,942,333
Domestic import usance bills	-	4,499,072	-	4,499,072
Off-shore funding loans	-	943,751	-	943,751
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	-	18,459	-	18,459
Credit card receivables in foreign currencies	-	-	43,022	43,022
Bonds purchased under repurchase agreements	-	2,281,357	-	2,281,357
Privately placed bonds	-	367,650	-	367,650
	170,463,900	197,177,928	43,022	367,684,850
Proportion (%)	46.36	53.63	0.01	100.00
Less: Allowances for credit losses	(946,471)	(1,800,432)	(15,757)	(2,762,660)
	169,517,429	195,377,496	27,265	364,922,190

(In millions of Korean won)	December 31, 2021			
	Retail	**Corporate**	**Credit card**	**Total**
Loans in Korean won	170,760,821	148,957,704	-	319,718,525
Loans in foreign currencies	3,218,116	20,267,749	-	23,485,865
Domestic import usance bills	-	3,311,142	-	3,311,142
Off-shore funding loans	-	1,135,753	-	1,135,753
Call loans	-	902,301	-	902,301
Bills bought in Korean won	-	2,209	-	2,209
Bills bought in foreign currencies	-	2,001,046	-	2,001,046
Guarantee payments under acceptances and guarantees	-	20,773	-	20,773
Credit card receivables in foreign currencies	-	-	55,520	55,520
Bonds purchased under repurchase agreements	-	4,408,594	-	4,408,594
Privately placed bonds	-	204,736	-	204,736
	173,978,937	181,212,007	55,520	355,246,464
Proportion (%)	48.97	51.01	0.02	100.00
Less: Allowances for credit losses	(669,125)	(1,736,776)	(20,596)	(2,426,497)
	173,309,812	179,475,231	34,924	352,819,967

10.4 Changes in deferred loan origination fees and costs for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	2022				
	Beginning	Increase	Decrease	Others	Ending
Deferred loan origination costs					
Loans in Korean won	583,477	243,913	(305,106)	-	522,284
Others	168	550	(343)	4	379
	583,645	244,463	(305,449)	4	522,663
Deferred loan origination fees					
Loans in Korean won	10,076	23,067	(9,423)	-	23,720
Loans in foreign currencies and others	51,144	45,554	(36,346)	2,463	62,815
	61,220	68,621	(45,769)	2,463	86,535
	522,425	175,842	(259,680)	(2,459)	436,128

(In millions of Korean won)

	2021				
	Beginning	Increase	Decrease	Others	Ending
Deferred loan origination costs					
Loans in Korean won	590,064	327,891	(334,478)	-	583,477
Others	569	51	(451)	(1)	168
	590,633	327,942	(334,929)	(1)	583,645
Deferred loan origination fees					
Loans in Korean won	6,998	5,479	(2,400)	(1)	10,076
Loans in foreign currencies and others	43,025	31,216	(26,717)	3,620	51,144
	50,023	36,695	(29,117)	3,619	61,220
	540,610	291,247	(305,812)	(3,620)	522,425

11. Allowances for Credit Losses

11.1 Changes in allowances for credit losses of loans for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	2022											
	Retail				Corporate				Credit card			
	12-month expected credit losses	Lifetime expected credit losses		Credit impaired approach	12-month expected credit losses	Lifetime expected credit losses		Credit impaired approach	12-month expected credit losses	Lifetime expected credit losses		Credit impaired approach
		Non-impaired	Impaired			Non-impaired	Impaired			Non-impaired	Impaired	
Beginning	299,033	174,459	195,633	-	366,300	454,618	916,301	-	1,078	-	19,518	-
Transfer between stages:												
Transfer to 12-month expected credit losses	122,203	(115,982)	(6,221)	-	127,532	(120,472)	(7,060)	-	5,551	-	(5,551)	-
Transfer to lifetime expected credit losses (non-impaired)	(95,013)	106,174	(11,161)	-	(92,679)	124,435	(31,756)	-	-	-	-	-
Transfer to lifetime expected credit losses (impaired)	(1,771)	(41,840)	43,611	-	(10,016)	(48,065)	58,081	-	(34)	-	34	-
Write-offs	-	(1)	(257,656)	-	-	(3)	(582,470)	-	-	-	(6,182)	-
Sales	(805)	(137)	(289)	-	(103)	(145)	(66,974)	-	-	-	-	-
Provision (reversal) for credit losses [1, 2]	115,830	83,346	355,717	-	6,911	114,300	666,251	-	(5,278)	309	8,520	-
Others (exchange differences, etc.)	(1,937)	(650)	(16,072)	-	7,757	1,411	(81,771)	-	(430)	(21)	(1,757)	-
Ending	437,540	205,369	303,562	-	405,702	526,079	870,602	-	887	288	14,582	-

11.1 Changes in allowances for credit losses of loans for the years ended December 31, 2022 and 2021, are as follows: (cont'd)

(In millions of Korean won)

	2021											
	Retail				Corporate				Credit card			
	12-month expected credit losses	Lifetime expected credit losses		Credit impaired approach	12-month expected credit losses	Lifetime expected credit losses		Credit impaired approach	12-month expected credit losses	Lifetime expected credit losses		Credit impaired approach
		Non-impaired	Impaired			Non-impaired	Impaired			Non-impaired	Impaired	
Beginning	270,545	177,665	170,621	-	333,135	388,522	843,225	-	74	-	3,024	-
Transfer between stages:												
Transfer to 12-month expected credit losses	118,301	(113,470)	(4,831)	-	133,653	(71,680)	(61,973)	-	7	-	(7)	-
Transfer to lifetime expected credit losses (non-impaired)	(91,250)	100,691	(9,441)	-	(71,169)	91,380	(20,211)	-	-	-	-	-
Transfer to lifetime expected credit losses (impaired)	(4,370)	(42,616)	46,986	-	(2,894)	(41,657)	44,551	-	-	-	-	-
Write-offs	-	12	(230,859)	-	-	(3)	(237,343)	-	-	-	(18,924)	-
Sales	(1,100)	(33)	(975)	-	(5)	-	(15,662)	-	-	-	-	-
Provision (reversal) for credit losses [1, 2]	6,837	51,691	221,946	-	(35,521)	87,382	334,073	-	955	-	35,003	-
Others (exchange differences, etc.)	70	519	2,186	-	9,101	674	29,641	-	42	-	422	-
Ending	299,033	174,459	195,633	-	366,300	454,618	916,301	-	1,078	-	19,518	-

[1] Provision (reversal) for credit losses in the consolidated statements of comprehensive income also includes provision (reversal) for credit losses of unused commitments, acceptances and guarantees (Note 22.2), provision (reversal) for credit losses of financial guarantee contracts (Note 22.4), provision (reversal) for credit losses of other financial assets (Note 18.2), provision (reversal) for credit losses of due from financial institutions (Note 7.3) and provision (reversal) for credit losses of debt securities (Note 12.5).

[2] Includes ₩ 267,928 million and ₩ 230,758 million of collections from written-off loans for the years ended December 31, 2022 and 2021, respectively.

The Group manages the written-off loans that their legal extinctive prescriptions have not been completed, and that have not been collected. The balances of those loans are ₩ 7,870,811 million and ₩ 7,939,987 million as of December 31, 2022 and 2021, respectively.

11.2 Changes in gross carrying amount of loans for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	2022			
	12-month expected credit losses	Lifetime expected credit losses		Credit impaired approach
		Non-impaired	Impaired	
Beginning	334,424,618	26,384,843	2,762,180	-
Transfer between stages:				
Transfer to 12-month expected credit losses	33,450,163	(33,290,588)	(159,575)	-
Transfer to lifetime expected credit losses (non-impaired)	(36,749,481)	37,156,737	(407,256)	-
Transfer to lifetime expected credit losses (impaired)	(923,910)	(1,312,907)	2,236,817	-
Write-offs	-	(4)	(846,308)	-
Sales	(2,459,517)	(14,788)	(228,857)	-
Net increase (decrease) (execution, repayment, and others)	20,390,409	(2,252,470)	(723,519)	-
Ending	348,132,282	26,670,823	2,633,482	-

(In millions of Korean won)

	2021			
	12-month expected credit losses	Lifetime expected credit losses		Credit impaired approach
		Non-impaired	Impaired	
Beginning	302,701,700	24,106,892	2,710,714	-
Transfer between stages:				
Transfer to 12-month expected credit losses	30,120,605	(29,694,039)	(426,566)	-
Transfer to lifetime expected credit losses (non-impaired)	(34,694,281)	35,139,427	(445,146)	-
Transfer to lifetime expected credit losses (impaired)	(520,253)	(1,373,673)	1,893,926	-
Write-offs	-	10	(487,127)	-
Sales	(2,755,184)	(7,780)	(136,052)	-
Net increase (decrease) (execution, repayment, and others)	39,572,031	(1,785,994)	(347,569)	-
Ending	334,424,618	26,384,843	2,762,180	-

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

12.1 Details of financial assets at fair value through profit or loss and financial investments as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)	December 31, 2022	December 31, 2021
Financial assets at fair value through profit or loss		
Debt securities:		
Government and public bonds	4,548,399	2,690,148
Financial bonds	7,285,980	7,710,531
Corporate bonds	1,170,321	1,804,306
Asset-backed securities	164,543	197,865
Beneficiary certificates	5,728,058	4,634,210
Investment funds	528,795	378,712
Derivative-linked securities	55,624	-
Other debt securities	1,274,859	1,097,316
Equity securities:		
Stocks	217,748	113,724
Loans:		
Other loans	149,075	93,930
Others:		
Financial instruments indexed to the price of gold	90,006	113,622
	21,213,408	18,834,364
Financial investments		
Financial assets at fair value through other comprehensive income		
Debt securities:		
Government and public bonds	8,148,852	6,147,357
Financial bonds	17,113,728	18,681,163
Corporate bonds	12,606,868	12,529,985
Asset-backed securities	237,605	782,401
Other debt securities	256,779	-
Equity securities:		
Stocks	1,402,967	3,144,131
Equity investments	15,555	25,669
Loans:		
Privately placed bonds	231,021	269,609
	40,013,375	41,580,315
Financial assets at amortized cost		
Debt securities:		
Government and public bonds	6,520,633	5,742,284
Financial bonds	10,936,138	3,376,623
Corporate bonds	10,026,039	6,358,169
Asset-backed securities	7,395,434	6,659,710
Other debt securities	363,984	31,106
Less: Allowances for credit losses	(5,434)	(3,298)
	35,236,794	22,164,594
	75,250,169	63,744,909

12.2 Dividend income from equity securities designated at fair value through other comprehensive income for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)	2022		2021	
	From the equity securities derecognized	From the equity securities held	From the equity securities derecognized	From the equity securities held
Listed Stocks	-	409	7,106	300
Unlisted Stocks	-	9,526	372	10,148
	-	9,935	7,478	10,448

12.3 Derecognized equity securities measured at fair value through other comprehensive income for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)	2022		2021	
	Disposal price *	Accumulated other comprehensive income as of disposal date	Disposal price *	Accumulated other comprehensive loss as of disposal date
Listed Stocks	425,736	335,203	575,288	(319,162)
Unlisted Stocks	-	-	458	(162)
	425,736	335,203	575,746	(319,324)

* The stocks were disposed of according to the stock price increase and joint sale resolution.

12.4 Provision (reversal) for credit losses of financial investments for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)	2022		
	Provision	Reversal	Total
Financial assets at fair value through other comprehensive income	2,007	(3,544)	(1,537)
Securities measured at amortized cost	2,808	(670)	2,138
	4,815	(4,214)	601

(In millions of Korean won)	2021		
	Provision	Reversal	Total
Financial assets at fair value through other comprehensive income	6,190	(384)	5,806
Securities measured at amortized cost	1,628	(662)	966
	7,818	(1,046)	6,772

12.5 Changes in allowances for credit losses of financial investments for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)	2022		
	12-month expected credit losses	Lifetime expected credit losses	
		Non-impaired	Impaired
Beginning	12,169	27	-
Transfer between stages:			
Transfer to 12-month expected credit losses	-	-	-
Transfer to lifetime expected credit losses	-	-	-
Sales	(612)	(20)	-
Provision (reversal) for credit losses	338	263	-
Others (exchange differences, etc.)	198	-	-
Ending	12,093	270	-

(In millions of Korean won)	2021		
	12-month expected credit losses	Lifetime expected credit losses	
		Non-impaired	Impaired
Beginning	6,986	39	-
Transfer between stages:			
Transfer to 12-month expected credit losses	-	-	-
Transfer to lifetime expected credit losses	-	-	-
Sales	(1,567)	(4)	-
Provision for credit losses	6,784	(12)	-
Others (exchange differences, etc.)	(34)	4	-
Ending	12,169	27	-

13. Investments in Associates

13.1 Details of investments in associates as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31, 2022					
	Ownership (%)	Acquisition cost	Share of net asset amount	Carrying amount	Industry	Location
Korea Credit Bureau Co., Ltd. [1]	9.00	4,500	4,959	4,959	Credit information	Korea
Incheon Bridge Co., Ltd. [1]	14.99	9,159	(15,963)	-	Operation of highways and related facilities	Korea
KB SPROTT Renewable Private Equity Fund No.1	30.00	14,361	13,165	13,165	Investment finance	Korea
KB Digital Innovation & Growth New Technology Business Investment Fund	45.00	4,500	4,038	4,038	Discovery of and investment in promising FinTech-business venture	Korea
KB Digital Platform Fund	46.67	26,600	25,357	25,357	Digital platform and Tech-based investment in promising companies	Korea
KB Prime Digital Platform Fund	43.33	2,600	2,563	2,563	Digital platform and Tech-based investment in promising companies	Korea
Future Planning KB Start-up Creation Fund	50.00	2,200	9,793	9,793	Investment finance	Korea
KB High-tech Company Investment Fund	50.00	1,500	10,662	10,662	Investment finance	Korea
Aju Good Technology Venture Fund	38.47	8,144	19,840	19,836	Investment finance	Korea
KB-KDBC Pre-IPO New Technology Business Investment Fund	33.33	1,800	2,989	2,989	Investment finance	Korea
KB-TS Technology Venture Private Equity Fund	30.00	5,220	7,390	7,390	Investment finance	Korea
KB Intellectual Property Fund No.2	37.50	15,000	15,204	15,204	Investment finance	Korea
KB Digital Innovation Investment Fund Limited Partnership	25.74	35,000	34,693	35,000	Investment finance	Korea
KB-Brain KOSDAQ Scale-up New Technology Business Investment Fund	21.28	6,600	8,901	8,901	Investment finance	Korea
KB Global Platform Fund	22.73	43,850	50,366	50,366	Investment finance	Korea
KB-UTC Inno-Tech Venture Fund	29.53	14,250	12,786	12,786	Investment finance	Korea
WJ Private Equity Fund No.1	26.95	10,000	9,542	9,542	Investment finance	Korea
KB-KDBC Pre-IPO New Technology Business Investment Fund No.2	28.57	10,000	8,380	8,380	Investment finance	Korea
KB Smart Scale Up Fund	25.00	43,000	40,288	40,288	Investment finance	Korea
KB Scale Up Fund Ⅱ	20.00	4,500	4,438	4,438	Investment finance	Korea
KB Bio Global Expansion Private Equity Fund No.1	26.32	10,000	10,519	10,519	Investment finance	Korea
KB-KTB Technology Venture Fund	27.27	9,000	8,709	8,709	Investment finance	Korea
KB-SOLIDUS Healthcare Investment Fund	29.41	6,600	6,217	6,217	Investment finance	Korea

13.1 Details of investments in associates as of December 31, 2022 and 2021, are as follows: (cont'd)

(In millions of Korean won)

	December 31, 2022					
	Ownership (%)	Acquisition cost	Share of net asset amount	Carrying amount	Industry	Location
KB New Deal Innovation Fund	20.00	13,600	13,241	13,241	Investment finance	Korea
All Together Korea Fund No.2 [2]	99.99	10,000	10,244	10,244	Asset management	Korea
Shinla Construction Co., Ltd. [3]	20.17	-	(551)	-	Specialty construction	Korea
Terra Corporation [3]	24.06	-	2	-	Manufacture of fabricated and processed metal products	Korea
MJT&I Corp. [3]	22.89	-	(882)	-	Wholesale of other merchandise	Korea
Jungdong Steel Co., Ltd. [3]	42.65	-	(433)	-	Wholesale of primary metal	Korea
DSMETAL Co., Ltd. [3]	26.49	-	(101)	-	Manufacture of metal door, windows, shutter and relevant products	Korea
Shinhwa Underwear Co., Ltd. [3]	26.05	-	(73)	167	Manufacture of underwear and sleepwear	Korea
Jaeyang Industry Co., Ltd. [3]	20.86	-	(552)	-	Manufacture of luggage and other protective cases	Korea
Kendae Co., Ltd. [3]	41.01	-	(252)	98	Screen printing	Korea
Jinseung Tech Co., Ltd. [3]	30.04	-	(191)	-	Manufacture of other general-purpose machinery	Korea
Dongjo Co., Ltd. [3]	29.29	-	(5)	-	Wholesale of agricultural and forestry machinery and equipment	Korea
Korea NM Tech Co., Ltd. [3]	22.41	-	549	-	Manufacture of motor vehicles, trailers and semitrailers	Korea
Jungdo Co., Ltd. [3]	25.34	-	1,112	-	Office, commercial and institutional building construction	Korea
Dae-A Leisure Co., Ltd. [3]	49.36	-	523	-	Earth works	Korea
Chongil Machine & Tools Co., Ltd. [3]	20.40	-	(178)	-	Wholesale of machinery and equipment	Korea
Imt Technology Co., Ltd. [3]	25.29	-	34	15	Computer Peripherals Distribution	Korea
Iwon Alloy Co., Ltd. [3]	23.20	-	374	-	Manufacture of smelting, refining and alloys	Korea
Computerlife Co., Ltd. [3]	25.41	-	(130)	50	Publishing of magazines and periodicals (publishing industry)	Korea
Skydigital Inc. [3]	20.40	-	(318)	-	Manufacture of multimedia and video devices	Korea
Jo Yang Industrial Co., Ltd. [3]	22.77	-	(36)	-	Manufacture of special glass	Korea
Il-Kwang Electronic Materials Co., Ltd. [3]	29.06	-	(555)	-	Manufacture of electronic parts	Korea
So-Myung Recycling Co., Ltd. [3]	20.23	-	246	61	Manufacture of nonferrous metal	Korea
IDTECK Co., Ltd. [3]	20.54	-	42	164	Other manufacturing of wireless telecommunications equipment	Korea
PIP System Co., Ltd. [3]	20.72	-	27	-	Print equipment	Korea

13.1 Details of investments in associates as of December 31, 2022 and 2021, are as follows: (cont'd)

(In millions of Korean won)

	December 31, 2022					
	Ownership (%)	Acquisition cost	Share of net asset amount	Carrying amount	Industry	Location
Gwang Myung Paper Co., Ltd. [3]	20.54	-	84	-	Wholesale of luggage and other protective cases	Korea
D-Partner [3]	20.94	-	832	384	Backlight film	Korea
Inter Shipping Co., Ltd. [3]	42.09	-	(1,038)	-	Sea freight water transport	Korea
Chunsung-meat Co., Ltd. [3]	26.74	-	246	-	Wholesale of meat	Korea
DS Fashionbiz Co., Ltd. [3]	47.64	-	(1)	1	Manufacture of textiles	Korea
ALTSCS Co., Ltd. [3]	47.11	-	408	-	Manufacture of motor vehicle parts	Korea
E-Won Chemical Co., Ltd. [3]	24.30	-	35	-	Manufacture, wholesale and retail trade of feeds	Korea
TMAPMOBILITY CO.,LTD. [1]	8.25	200,000	61,518	194,454	Application software development and supply	Korea
TKDS CO., LTD [3]	20.03	-	171	-	Manufacture of video and other imaging equipment	Korea
SANDLE FARMING ASSOCIATION [3]	23.04	-	306	-	Manufacture of edible refined oil and processed oil	Korea
		511,984	379,534	529,981		

13.1 Details of investments in associates as of December 31, 2022 and 2021, are as follows: (cont'd)

(In millions of Korean won)

	December 31, 2021					
	Ownership (%)	Acquisition cost	Share of net asset amount	Carrying amount	Industry	Location
Korea Credit Bureau Co., Ltd. [1]	9.00	4,500	4,497	4,497	Credit information	Korea
Balhae Infrastructure Company [1]	12.61	105,923	99,785	99,785	Investment finance	Korea
Incheon Bridge Co., Ltd. [1]	14.99	9,159	(19,481)	-	Operation of highways and related facilities	Korea
KB SPROTT Renewable Private Equity Fund No.1	30.00	4,613	3,726	3,726	Investment finance	Korea
KB Digital Innovation & Growth New Technology Business Investment Fund	45.00	4,500	4,098	4,098	Discovery of and investment in promising FinTech-business venture	Korea
KB Digital Platform Fund	46.67	12,600	12,599	12,599	Digital platform and Tech-based investment in promising companies	Korea
Future Planning KB Start-up Creation Fund	50.00	3,900	10,275	10,275	Investment finance	Korea
KB High-tech Company Investment Fund	50.00	1,500	10,493	10,493	Investment finance	Korea
Aju Good Technology Venture Fund	38.47	12,344	22,926	22,921	Investment finance	Korea
KB-KDBC Pre-IPO New Technology Business Investment Fund	33.33	4,400	5,895	5,895	Investment finance	Korea
KB-TS Technology Venture Private Equity Fund	30.00	7,650	9,015	9,015	Investment finance	Korea
KB Intellectual Property Fund No.2	37.50	15,000	13,838	14,588	Investment finance	Korea
KB Digital Innovation Investment Fund Limited Partnership	25.74	35,000	35,517	35,517	Investment finance	Korea
KB-Brain KOSDAQ Scale-up New Technology Business Investment Fund	21.28	13,000	14,834	14,834	Investment finance	Korea
KB Global Platform Fund	22.73	42,000	49,946	49,946	Investment finance	Korea
KB-UTC Inno-Tech Venture Fund	29.53	14,250	13,982	13,982	Investment finance	Korea
WJ Private Equity Fund No.1	26.95	10,000	9,604	9,604	Investment finance	Korea
KB-KDBC Pre-IPO New Technology Business Investment Fund No.2	28.57	10,000	9,571	9,571	Investment finance	Korea
KB Smart Scale Up Fund	25.00	31,000	31,217	31,217	Investment finance	Korea
KB Bio Global Expansion Private Equity Fund No.1	26.32	10,000	9,978	9,978	Investment finance	Korea
KB-KTB Technology Venture Fund	27.27	3,000	2,975	2,975	Investment finance	Korea
KB-SOLIDUS Healthcare Investment Fund	29.41	600	600	600	Investment finance	Korea
KB New Deal Innovation Fund	20.00	4,000	3,991	3,991	Investment finance	Korea
All Together Korea Fund No.2 [2]	99.99	10,000	10,070	10,070	Asset management	Korea
Shinla Construction Co., Ltd. [3]	20.17	-	(551)	-	Specialty construction	Korea
Terra Corporation [3]	24.06	-	2	-	Manufacture of fabricated and processed metal products	Korea

13.1 Details of investments in associates as of December 31, 2022 and 2021, are as follows: (cont'd)

(In millions of Korean won)

	December 31, 2021					
	Ownership (%)	Acquisition cost	Share of net asset amount	Carrying amount	Industry	Location
MJT&I Corp. [3]	22.89	-	(881)	-	Wholesale of other merchandise	Korea
Jungdong Steel Co., Ltd. [3]	42.65	-	(433)	-	Wholesale of primary metal	Korea
DSMETAL Co., Ltd. [3]	26.49	-	(100)	-	Manufacture of metal door, windows, shutter and relevant products	Korea
Shinhwa Underwear Co., Ltd. [3]	26.05	-	(41)	198	Manufacture of underwear and sleepwear	Korea
Jaeyang Industry Co., Ltd. [3]	20.86	-	(552)	-	Manufacture of luggage and other protective cases	Korea
Kendae Co., Ltd. [3]	41.01	-	(252)	98	Screen printing	Korea
Jinseung Tech Co., Ltd. [3]	30.04	-	(206)	-	Manufacture of other general-purpose machinery	Korea
Dongjo Co., Ltd. [3]	29.29	-	712	21	Wholesale of agricultural and forestry machinery and equipment	Korea
Korea NM Tech Co., Ltd. [3]	22.41	-	552	-	Manufacture of motor vehicles, trailers and semitrailers	Korea
Jungdo Co., Ltd. [3]	25.34	-	1,105	-	Office, commercial and institutional building construction	Korea
Dae-A Leisure Co., Ltd. [3]	49.36	-	833	-	Earth works	Korea
Chongil Machine & Tools Co., Ltd. [3]	20.40	-	(171)	-	Wholesale of machinery and equipment	Korea
Imt Technology Co., Ltd. [3]	25.29	-	25	6	Computer Peripherals Distribution	Korea
Iwon Alloy Co., Ltd. [3]	23.20	-	394	-	Manufacture of smelting, refining and alloys	Korea
Carlife Co., Ltd. [3]	24.39	-	(62)	13	Publishing of magazines and periodicals (publishing industry)	Korea
Computerlife Co., Ltd. [3]	25.41	-	(137)	44	Publishing of magazines and periodicals (publishing industry)	Korea
Skydigital Inc. [3]	20.40	-	(316)	-	Manufacture of multimedia and video devices	Korea
Jo Yang Industrial Co., Ltd. [3]	22.77	-	(29)	-	Manufacture of special glass	Korea
Il-Kwang Electronic Materials Co., Ltd. [3]	29.06	-	(557)	-	Manufacture of electronic parts	Korea
So-Myung Recycling Co., Ltd. [3]	20.23	-	215	31	Manufacture of nonferrous metal	Korea
IDTECK Co., Ltd. [3]	20.54	-	(208)	-	Other manufacturing of wireless telecommunications equipment	Korea
PIP System Co., Ltd. [3]	20.72	-	27	-	Print equipment	Korea
Gwang Myung Paper Co., Ltd. [3]	20.54	-	84	-	Wholesale of luggage and other protective cases	Korea

13.1 Details of investments in associates as of December 31, 2022 and 2021, are as follows: (cont'd)

(In millions of Korean won)

	December 31, 2021					
	Ownership (%)	Acquisition cost	Share of net asset amount	Carrying amount	Industry	Location
D-Partner [3]	20.94	-	816	369	Backlight film	Korea
Inter Shipping Co., Ltd. [3]	42.09	-	(17)	-	Sea freight water transport	Korea
Chunsung-meat Co., Ltd. [3]	26.74	-	270	-	Wholesale of meat	Korea
DS Fashionbiz Co., Ltd. [3]	47.64	-	(1)	-	Manufacture of textiles	Korea
		368,939	370,472	390,957		

[1] As of December 31, 2022 and 2021, the Group can exercise significant influence on the decision-making processes of the associate's financial and business policies through participation in governing bodies.

[2] As of December 31, 2022 and 2021, the Group participates in the investment management committee but cannot exercise control.

[3] The investment in associates was reclassified from financial assets at fair value through other comprehensive income due to termination of rehabilitation procedures.

Although the Group holds 20% or more of the ownership in several investment trusts including KB Hanbando BTL Private Special Asset Fund No.1, those investment trusts are excluded from associates because the Group's influence on those trusts is limited according to the trust agreement. In addition, the Group holds 20% or more of its ownership in Seokwang T&I Co., Ltd. and six other companies, but those companies are excluded from associates, because the Group's influence on those companies is limited due to the status of those companies such as bankruptcy and rehabilitation proceedings.

13.2 Condensed financial information, adjustments to the carrying amount, and dividend from major investments in associates as of and for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31, 2022 *						
	Total assets	Total liabilities	Paid-in capital	Equity	Share of net asset amount	Unrealized gains (losses) and others	Carrying amount
Korea Credit Bureau Co., Ltd.	155,165	100,065	10,000	55,100	4,959	-	4,959
Incheon Bridge Co., Ltd.	554,738	661,227	61,096	(106,489)	(15,963)	15,963	-
KB SPROTT Renewable Private Equity Fund No.1	44,880	996	47,868	43,884	13,165	-	13,165
KB Digital Innovation & Growth New Technology Business Investment Fund	9,060	87	10,000	8,973	4,038	-	4,038
KB Digital Platform Fund	55,091	755	57,000	54,336	25,357	-	25,357
KB Prime Digital Platform Fund	6,022	108	6,000	5,914	2,563	-	2,563
Future Planning KB Start-up Creation Fund	21,965	2,379	4,400	19,586	9,793	-	9,793
KB High-tech Company Investment Fund	24,480	3,157	3,000	21,323	10,662	-	10,662
Aju Good Technology Venture Fund	58,749	7,171	21,180	51,578	19,840	(4)	19,836
KB-KDBC Pre-IPO New Technology Business Investment Fund	9,226	260	5,400	8,966	2,989	-	2,989
KB-TS Technology Venture Private Equity Fund	30,347	5,715	17,400	24,632	7,390	-	7,390
KB Intellectual Property Fund No.2	42,713	2,169	40,000	40,544	15,204	-	15,204
KB Digital Innovation Investment Fund Limited Partnership	137,321	2,512	136,000	134,809	34,693	307	35,000
KB-Brain KOSDAQ Scale-up New Technology Business Investment Fund	42,538	705	31,020	41,833	8,901	-	8,901
KB Global Platform Fund	224,388	2,779	192,940	221,609	50,366	-	50,366
KB-UTC Inno-Tech Venture Fund	44,111	809	48,260	43,302	12,786	-	12,786
WJ Private Equity Fund No.1	35,561	161	37,100	35,400	9,542	-	9,542
KB-KDBC Pre-IPO New Technology Business Investment Fund No.2	29,462	132	35,000	29,330	8,380	-	8,380
KB Smart Scale Up Fund	161,926	776	172,000	161,150	40,288	-	40,288
KB Scale Up Fund Ⅱ	22,571	379	22,500	22,192	4,438	-	4,438
KB Bio Global Expansion Private Equity Fund No.1	40,080	106	38,000	39,974	10,519	-	10,519
KB-KTB Technology Venture Fund	32,214	280	33,000	31,934	8,709	-	8,709
KB-SOLIDUS Healthcare Investment Fund	21,483	345	22,440	21,138	6,217	-	6,217
KB New Deal Innovation Fund	68,245	2,039	68,000	66,206	13,241	-	13,241
All Together Korea Fund No.2	10,246	1	10,001	10,245	10,244	-	10,244
TMAPMOBILITY CO.,LTD.	920,597	174,696	8,677	745,901	61,518	132,936	194,454

13.2 Condensed financial information, adjustments to the carrying amount, and dividend from major investments in associates as of and for the years ended December 31, 2022 and 2021, are as follows: (cont'd)

(In millions of Korean won)

	2022 *				
	Operating revenue	Net profit (loss)	Other comprehensive income	Total comprehensive income (loss)	Dividends
Korea Credit Bureau Co., Ltd.	144,907	13,809	-	13,809	-
Incheon Bridge Co., Ltd.	130,456	23,754	-	23,754	-
KB SPROTT Renewable Private Equity Fund No.1	-	(1,020)	-	(1,020)	-
KB Digital Innovation & Growth New Technology Business Investment Fund	294	(134)	-	(134)	-
KB Digital Platform Fund	264	(2,663)	-	(2,663)	-
KB Prime Digital Platform Fund	22	(86)	-	(86)	-
Future Planning KB Start-up Creation Fund	4,780	2,436	-	2,436	-
KB High-tech Company Investment Fund	9,149	2,937	-	2,937	1,300
Aju Good Technology Venture Fund	22,381	6,018	-	6,018	1,200
KB-KDBC Pre-IPO New Technology Business Investment Fund	1,699	1,429	-	1,429	-
KB-TS Technology Venture Private Equity Fund	1,043	(2,775)	-	(2,775)	-
KB Intellectual Property Fund No.2	6,856	3,645	-	3,645	-
KB Digital Innovation Investment Fund Limited Partnership	21,176	1,703	-	1,703	-
KB-Brain KOSDAQ Scale-up New Technology Business Investment Fund	11,851	1,541	-	1,541	-
KB Global Platform Fund	25,967	(6,293)	-	(6,293)	-
KB-UTC Inno-Tech Venture Fund	-	(905)	(1,647)	(2,552)	-
WJ Private Equity Fund No.1	430	(229)	-	(229)	-
KB-KDBC Pre-IPO New Technology Business Investment Fund No.2	7	(4,468)	299	(4,169)	-
KB Smart Scale Up Fund	2,506	(11,719)	-	(11,719)	-
KB Scale Up Fund Ⅱ	71	(308)	-	(308)	-
KB Bio Global Expansion Private Equity Fund No.1	2,465	2,057	-	2,057	-
KB-KTB Technology Venture Fund	134	(973)	-	(973)	-
KB-SOLIDUS Healthcare Investment Fund	14	(1,302)	-	(1,302)	-
KB New Deal Innovation Fund	327	(1,748)	-	(1,748)	-
All Together Korea Fund No.2	179	173	-	173	-
TMAPMOBILITY CO.,LTD.	139,793	(132,476)	-	(132,476)	-

13.2 Condensed financial information, adjustments to the carrying amount, and dividend from major investments in associates as of and for the years ended December 31, 2022 and 2021, are as follows: (cont'd)

(In millions of Korean won)

	December 31, 2021 *						
	Total assets	Total liabilities	Paid-in capital	Equity	Share of net asset amount	Unrealized gains (losses) and others	Carrying amount
Korea Credit Bureau Co., Ltd.	128,297	78,328	10,000	49,969	4,497	-	4,497
Balhae Infrastructure Company	853,961	62,336	840,323	791,625	99,785	-	99,785
Incheon Bridge Co., Ltd.	560,570	690,530	61,096	(129,960)	(19,481)	19,481	-
KB SPROTT Renewable Private Equity Fund No.1	13,886	1,467	15,376	12,419	3,726	-	3,726
KB Digital Innovation & Growth New Technology Business Investment Fund	9,107	-	10,000	9,107	4,098	-	4,098
KB Digital Platform Fund	27,000	2	27,000	26,998	12,599	-	12,599
Future Planning KB Start-up Creation Fund	23,058	2,508	7,800	20,550	10,275	-	10,275
KB High-tech Company Investment Fund	23,722	2,736	3,000	20,986	10,493	-	10,493
Aju Good Technology Venture Fund	64,303	4,703	32,100	59,600	22,926	(5)	22,921
KB-KDBC Pre-IPO New Technology Business Investment Fund	18,069	385	13,200	17,684	5,895	-	5,895
KB-TS Technology Venture Private Equity Fund	35,280	5,229	25,500	30,051	9,015	-	9,015
KB Intellectual Property Fund No.2	38,307	1,406	40,000	36,901	13,838	750	14,588
KB Digital Innovation Investment Fund Limited Partnership	138,678	667	136,000	138,011	35,517	-	35,517
KB-Brain KOSDAQ Scale-up New Technology Business Investment Fund	69,943	221	61,100	69,722	14,834	-	14,834
KB Global Platform Fund	222,749	2,987	184,800	219,762	49,946	-	49,946
KB-UTC Inno-Tech Venture Fund	47,848	497	48,260	47,351	13,982	-	13,982
WJ Private Equity Fund No.1	35,799	170	37,100	35,629	9,604	-	9,604
KB-KDBC Pre-IPO New Technology Business Investment Fund No.2	33,499	-	35,000	33,499	9,571	-	9,571
KB Smart Scale Up Fund	124,924	55	124,000	124,869	31,217	-	31,217
KB Bio Global Expansion Private Equity Fund No.1	38,031	115	38,000	37,916	9,978	-	9,978
KB-KTB Technology Venture Fund	11,008	101	11,000	10,907	2,975	-	2,975
KB-SOLIDUS Healthcare Investment Fund	2,040	-	2,040	2,040	600	-	600
KB New Deal Innovation Fund	20,006	52	20,000	19,954	3,991	-	3,991
All Together Korea Fund No.2	10,072	1	10,001	10,071	10,070	-	10,070

13.2 Condensed financial information, adjustments to the carrying amount, and dividend from major investments in associates as of and for the years ended December 31, 2022 and 2021, are as follows: (cont'd)

(In millions of Korean won)

	2021 *				
	Operating revenue	Net profit (loss)	Other comprehensive income	Total comprehensive income (loss)	Dividends
Korea Credit Bureau Co., Ltd.	128,150	(27,327)	-	(27,327)	90
Balhae Infrastructure Company	97,833	19,559	-	19,559	9,121
Incheon Bridge Co., Ltd.	84,068	(16,219)	-	(16,219)	-
KB SPROTT Renewable Private Equity Fund No.1	-	(983)	-	(983)	-
KB Digital Innovation & Growth New Technology Business Investment Fund	3	(174)	-	(174)	-
KB Digital Platform Fund	-	(2)	-	(2)	-
Future Planning KB Start-up Creation Fund	1,941	1,502	-	1,502	-
KB High-tech Company Investment Fund	8,372	3,962	-	3,962	8,150
Aju Good Technology Venture Fund	22,486	15,407	-	15,407	-
KB-KDBC Pre-IPO New Technology Business Investment Fund	530	120	-	120	-
KB-TS Technology Venture Private Equity Fund	2,094	(1,151)	-	(1,151)	-
KB Intellectual Property Fund No.2	1,102	(1,411)	-	(1,411)	-
KB Digital Innovation Investment Fund Limited Partnership	19,411	9,786	-	9,786	-
KB-Brain KOSDAQ Scale-up New Technology Business Investment Fund	14,244	8,495	-	8,495	-
KB Global Platform Fund	61,830	48,130	-	48,130	-
KB-UTC Inno-Tech Venture Fund	1,080	32	-	32	-
WJ Private Equity Fund No.1	291	(398)	-	(398)	-
KB-KDBC Pre-IPO New Technology Business Investment Fund No.2	716	(808)	(667)	(1,475)	-
KB Smart Scale Up Fund	4,221	897	-	897	-
KB Bio Global Expansion Private Equity Fund No.1	91	(84)	-	(84)	-
KB-KTB Technology Venture Fund	8	(93)	-	(93)	-
KB New Deal Innovation Fund	6	(46)	-	(46)	-
All Together Korea Fund No.2	53	47	-	47	-

* The condensed financial information of the associates 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 for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	2022						
	Beginning	Acquisition and others	Disposal and others	Dividends	Gains (losses) on equity-method accounting	Other comprehen-sive income (loss)	Ending
Korea Credit Bureau Co., Ltd.	4,497	-	-	-	462	-	4,959
Balhae Infrastructure Company	99,785	-	(102,554)	(12,344)	15,113	-	-
Incheon Bridge Co., Ltd.	-	-	-	-	-	-	-
KB SPROTT Renewable Private Equity Fund No.1	3,726	9,748	-	-	(309)	-	13,165
KB Digital Innovation & Growth New Technology Business Investment Fund	4,098	-	-	-	(60)	-	4,038
KB Digital Platform Fund	12,599	14,000	-	-	(1,242)	-	25,357
KB Prime Digital Platform Fund	-	2,600	-	-	(37)	-	2,563
Future Planning KB Start-up Creation Fund	10,275	-	(1,700)	-	1,218	-	9,793
KB High-tech Company Investment Fund	10,493	-	-	(1,300)	1,469	-	10,662
Aju Good Technology Venture Fund	22,921	-	(4,200)	(1,200)	2,315	-	19,836
KB-KDBC Pre-IPO New Technology Business Investment Fund	5,895	-	(2,600)	-	(306)	-	2,989
KB-TS Technology Venture Private Equity Fund	9,015	-	(2,430)	-	805	-	7,390
KB Intellectual Property Fund No.2	14,588	-	-	-	616	-	15,204
KB Digital Innovation Investment Fund Limited Partnership	35,517	-	-	-	(517)	-	35,000
KB-Brain KOSDAQ Scale-up New Technology Business Investment Fund	14,834	-	(6,400)	-	467	-	8,901
KB Global Platform Fund	49,946	8,000	(6,150)	-	(1,430)	-	50,366
KB-UTC Inno-Tech Venture Fund	13,982	-	-	-	(710)	(486)	12,786
WJ Private Equity Fund No.1	9,604	-	-	-	(62)	-	9,542
KB-KDBC Pre-IPO New Technology Business Investment Fund No.2	9,571	-	-	-	(1,276)	85	8,380
KB Smart Scale Up Fund	31,217	12,000	-	-	(2,929)	-	40,288
KB Scale Up Fund Ⅱ	-	4,500	-	-	(62)	-	4,438
KB Bio Global Expansion Private Equity Fund No.1	9,978	-	-	-	541	-	10,519
KB-KTB Technology Venture Fund	2,975	6,000	-	-	(266)	-	8,709

13.3 Changes in carrying amount of investments in associates for the years ended December 31, 2022 and 2021, 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 comprehen-sive income (loss)	Ending
KB-SOLIDUS Healthcare Investment Fund	600	6,000	-	-	(383)	-	6,217
KB New Deal Innovation Fund	3,991	9,600	-	-	(350)	-	13,241
All Together Korea Fund No.2	10,070	-	-	-	174	-	10,244
Shinla Construction Co., Ltd.	-	-	-	-	-	-	-
Terra Corporation	-	-	-	-	-	-	-
MJT&I Corp.	-	-	-	-	-	-	-
Jungdong Steel Co., Ltd.	-	-	-	-	-	-	-
DSMETAL Co., Ltd.	-	-	-	-	-	-	-
Shinhwa Underwear Co., Ltd.	198	-	-	-	(31)	-	167
Jaeyang Industry Co., Ltd.	-	-	-	-	-	-	-
Kendae Co., Ltd.	98	-	-	-	-	-	98
Jinseung Tech Co., Ltd.	-	-	-	-	-	-	-
Dongjo Co., Ltd.	21	-	-	-	(21)	-	-
Korea NM Tech Co., Ltd.	-	-	-	-	-	-	-
Jungdo Co., Ltd.	-	-	-	-	-	-	-
Dae-A Leisure Co., Ltd.	-	-	-	-	-	-	-
Chongil Machine & Tools Co., Ltd.	-	-	-	-	-	-	-
Imt Technology Co., Ltd.	6	-	-	-	9	-	15
Iwon Alloy Co., Ltd.	-	-	-	-	-	-	-
Carlife Co., Ltd.	13	-	(13)	-	-	-	-
Computerlife Co., Ltd.	44	-	-	-	6	-	50
Skydigital Inc.	-	-	-	-	-	-	-
Jo Yang Industrial Co., Ltd.	-	-	-	-	-	-	-
Il-Kwang Electronic Materials Co., Ltd.	-	-	-	-	-	-	-
So-Myung Recycling Co., Ltd.	31	-	-	-	30	-	61
IDTECK Co., Ltd.	-	-	-	-	65	99	164
PIP System Co., Ltd.	-	-	-	-	-	-	-
Gwang Myung Paper Co., Ltd.	-	-	-	-	-	-	-
D-Partner	369	-	-	-	15	-	384
Inter Shipping Co., Ltd.	-	-	-	-	-	-	-
Chunsung-meat Co., Ltd.	-	-	-	-	-	-	-
DS Fashionbiz Co., Ltd.	-	-	-	-	1	-	1
ALTSCS CO., LTD.	-	-	-	-	-	-	-
E-Won Chemical Co., Ltd.	-	-	-	-	-	-	-
TMAPMOBILITY CO.,LTD.	-	200,000	-	-	(5,798)	252	194,454
TKDS CO., LTD	-	-	-	-	-	-	-
SANDLE FARMING ASSOCIATION	-	-	-	-	-	-	-
	390,957	272,448	(126,047)	(14,844)	7,517	(50)	529,981

13.3 Changes in carrying amount of investments in associates for the years ended December 31, 2022 and 2021, are as follows: (cont'd)

(In millions of Korean won)

	2021						
	Beginning	Acquisition and others	Disposal and others	Dividends	Gains (losses) on equity-method accounting	Other comprehen-sive income (loss)	Ending
Korea Credit Bureau Co., Ltd.	7,153	-	-	(90)	(2,566)	-	4,497
Balhae Infrastructure Company	106,625	279	(463)	(9,121)	2,465	-	99,785
KB GwS Private Securities Investment Trust	111,772	-	(111,772)	-	-	-	-
Incheon Bridge Co., Ltd.	-	-	-	-	-	-	-
KB SPROTT Renewable Private Equity Fund No.1	4,020	-	-	-	(294)	-	3,726
KB Digital Innovation & Growth New Technology Business Investment Fund	3,051	1,125	-	-	(78)	-	4,098
KB Digital Platform Fund	-	12,600	-	-	(1)	-	12,599
Future Planning KB Start-up Creation Fund	12,324	-	(2,800)	-	751	-	10,275
KoFC POSCO Hanwha KB Shared Growth Private Equity Fund No.2	7,876	-	(7,780)	(1,696)	1,600	-	-
KB High-tech Company Investment Fund	19,962	-	(3,300)	(8,150)	1,981	-	10,493
Aju Good Technology Venture Fund	21,348	-	(4,769)	-	6,342	-	22,921
KB-KDBC Pre-IPO New Technology Business Investment Fund	8,021	-	(2,400)	-	274	-	5,895
KB-TS Technology Venture Private Equity Fund	9,445	1,650	(2,880)	-	800	-	9,015
KB Intellectual Property Fund No.2	15,000	-	-	-	(412)	-	14,588
KB Digital Innovation Investment Fund Limited Partnership	34,749	-	-	-	768	-	35,517
KB-Brain KOSDAQ Scale-up New Technology Business Investment Fund	13,756	5,000	(5,400)	-	1,478	-	14,834
KB Global Platform Fund	28,007	13,500	-	-	8,439	-	49,946
KB-UTC Inno-Tech Venture Fund	11,332	3,390	(750)	-	10	-	13,982
WJ Private Equity Fund No.1	9,711	-	-	-	(107)	-	9,604
KB-KDBC Pre-IPO New Technology Business Investment Fund No.2	2,493	7,500	-	-	(231)	(191)	9,571
KB Smart Scale Up Fund	3,993	27,000	-	-	224	-	31,217
KB Bio Global Expansion Private Equity Fund No.1	-	10,000	-	-	(22)	-	9,978
KB-KTB Technology Venture Fund	-	3,000	-	-	(25)	-	2,975

13.3 Changes in carrying amount of investments in associates for the years ended December 31, 2022 and 2021, are as follows: (cont'd)

(In millions of Korean won)

	2021						
	Beginning	Acquisition and others	Disposal and others	Dividends	Gains (losses) on equity-method accounting	Other comprehen-sive income (loss)	Ending
KB-SOLIDUS Healthcare Investment Fund	-	600	-	-	-	-	600
KB New Deal Innovation Fund	-	4,000	-	-	(9)	-	3,991
All Together Korea Fund No.2	10,023	-	-	-	47	-	10,070
Shinla Construction Co., Ltd.	-	-	-	-	-	-	-
Terra Corporation	-	-	-	-	-	-	-
MJT&I Corp.	113	-	-	-	(113)	-	-
Jungdong Steel Co., Ltd.	-	-	-	-	-	-	-
DSMETAL Co., Ltd.	-	-	-	-	-	-	-
Shinhwa Underwear Co., Ltd.	222	-	-	-	(24)	-	198
DPAPS Co., Ltd.	-	-	-	-	-	-	-
Jaeyang Industry Co., Ltd.	-	-	-	-	-	-	-
Kendae Co., Ltd.	98	-	-	-	-	-	98
Jinseung Tech Co., Ltd.	-	-	-	-	-	-	-
Dongjo Co., Ltd.	18	-	-	-	3	-	21
Korea NM Tech Co., Ltd.	-	-	-	-	-	-	-
Jungdo Co., Ltd.	-	-	-	-	-	-	-
Dae-A Leisure Co., Ltd.	149	-	-	-	(149)	-	-
Chongil Machine & Tools Co., Ltd.	-	-	-	-	-	-	-
Imt Technology Co., Ltd.	-	-	-	-	6	-	6
Iwon Alloy Co., Ltd.	-	-	-	-	-	-	-
Carlife Co., Ltd.	11	-	-	-	2	-	13
Computerlife Co., Ltd.	48	-	-	-	(4)	-	44
Skydigital Inc.	-	-	-	-	-	-	-
Jo Yang Industrial Co., Ltd.	-	-	-	-	-	-	-
Il-Kwang Electronic Materials Co., Ltd.	-	-	-	-	-	-	-
So-Myung Recycling Co., Ltd.	5	-	-	-	26	-	31
IDTECK Co., Ltd.	-	-	-	-	-	-	-
PIP System Co., Ltd.	-	-	-	-	-	-	-
Neomio Corp.	-	-	-	-	-	-	-
Gwang Myung Paper Co., Ltd.	-	-	-	-	-	-	-
D-Partner	-	-	-	-	(49)	418	369
Inter Shipping Co., Ltd.	-	-	-	-	-	-	-
Chunsung-meat Co., Ltd.	-	-	-	-	-	-	-
DS Fashionbiz Co., Ltd.	-	-	-	-	-	-	-
	441,325	89,644	(142,314)	(19,057)	21,132	227	390,957

13.4 Unrecognized share of losses of investments in associates and joint ventures due to the discontinuation of recognizing share of losses, for the years ended December 31, 2022 and 2021, and accumulated amount of unrecognized losses as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)	Unrecognized losses for the period		Accumulated unrecognized losses	
	2022	2021	December 31, 2022	December 31, 2021
Incheon Bridge Co., Ltd.	(3,518)	1,381	15,963	19,481
Shinla Construction Co., Ltd.	-	-	183	183
Terra Corporation	-	-	14	14
MJT&I Corp.	1	152	153	152
Jungdong Steel Co., Ltd.	-	-	487	487
DSMETAL Co., Ltd.	-	38	103	103
Jaeyang Industry Co., Ltd.	-	-	30	30
Jinseung Tech Co., Ltd.	(15)	12	18	33
Dongjo Co., Ltd.	696	-	696	-
Korea NM Tech Co., Ltd.	3	(1)	31	28
Jungdo Co., Ltd.	(8)	237	539	547
Dae-A Leisure Co., Ltd.	310	202	512	202
Chongil Machine & Tools Co., Ltd.	7	45	71	64
Imt Technology Co., Ltd.	-	(3)	-	-
Iwon Alloy Co., Ltd.	19	-	19	-
Skydigital Inc.	3	68	176	173
Jo Yang Industrial Co., Ltd.	7	8	111	104
Il-Kwang Electronic Materials Co., Ltd.	(2)	160	158	160
IDTECK Co., Ltd.	(144)	(72)	-	144
Inter Shipping Co., Ltd.	1,022	117	1,139	117
Chunsung-meat co., ltd.	24	-	24	-
ALTSCS CO., LTD.	1	-	1	-
	(1,594)	2,344	20,428	22,022

14. Property and Equipment, and Investment Properties

14.1 Property and Equipment

14.1.1 Details of property and equipment as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)	December 31, 2022			
	Acquisition cost	Accumulated depreciation	Accumulated impairment losses	Carrying amount
Land	2,017,250	-	(4)	2,017,246
Buildings	1,811,998	(585,729)	(5,747)	1,220,522
Leasehold improvements	905,404	(852,017)	-	53,387
Equipment and vehicles	1,318,278	(1,164,583)	-	153,695
Construction in-progress	5,829	-	-	5,829
Right-of-use assets	1,084,579	(697,747)	-	386,832
	7,143,338	(3,300,076)	(5,751)	3,837,511

(In millions of Korean won)	December 31, 2021			
	Acquisition cost	Accumulated depreciation	Accumulated impairment losses	Carrying amount
Land	2,063,213	-	(4)	2,063,209
Buildings	1,784,823	(559,430)	(5,747)	1,219,646
Leasehold improvements	869,957	(806,283)	-	63,674
Equipment and vehicles	1,396,243	(1,228,189)	-	168,054
Construction in-progress	28,226	-	-	28,226
Right-of-use assets	957,169	(566,035)	-	391,134
	7,099,631	(3,159,937)	(5,751)	3,933,943

14.1.2 Changes in property and equipment for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	2022						
	Beginning	Acquisition	Transfer [2]	Disposal	Depreciation	Others	Ending
Land	2,063,209	676	(32,963)	(6,083)	-	(7,593)	2,017,246
Buildings	1,219,646	2,143	49,756	(3,818)	(47,169)	(36)	1,220,522
Leasehold Improvements	63,674	2,237	33,738	(114)	(46,425)	277	53,387
Equipment and vehicles	168,054	89,512	528	(1,794)	(102,763)	158	153,695
Construction in-progress	28,226	94,259	(116,205)	(397)	-	(54)	5,829
Right-of-use assets [1]	391,134	555,071	255	(390,474)	(209,247)	40,093	386,832
	3,933,943	743,898	(64,891)	(402,680)	(405,604)	32,845	3,837,511

14.1.2 Changes in property and equipment for the years ended December 31, 2022 and 2021, are as follows: (cont'd)

(In millions of Korean won)

	2021						
	Beginning	Acquisition	Transfer [2]	Disposal	Depreciation	Others	Ending
Land	2,081,872	1,106	(42,175)	(731)	-	23,137	2,063,209
Buildings	1,249,542	1,237	12,248	(3,869)	(45,465)	5,953	1,219,646
Leasehold Improvements	69,214	1,841	39,453	(736)	(46,774)	676	63,674
Equipment and vehicles	190,842	87,034	2,743	(981)	(114,625)	3,041	168,054
Construction in-progress	34,275	107,463	(92,288)	(8,435)	-	(12,789)	28,226
Right-of-use assets [1]	416,149	489,810	-	(306,818)	(214,738)	6,731	391,134
	4,041,894	688,491	(80,019)	(321,570)	(421,602)	26,749	3,933,943

[1] Effect of change in the lease term is reflected in acquisition and disposal based on gross amount.
[2] Includes transfers with investment properties and assets held for sale.

14.1.3 Changes in accumulated impairment losses of property and equipment for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	2022				
	Beginning	Impairment	Reversal	Others	Ending
Accumulated impairment losses of property and equipment	(5,751)	-	-	-	(5,751)

(In millions of Korean won)

	2021				
	Beginning	Impairment	Reversal	Others	Ending
Accumulated impairment losses of property and equipment	(6,877)	-	-	1,126	(5,751)

14.2 Investment Properties

14.2.1 Details of investment properties as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31, 2022		
	Acquisition cost	Accumulated depreciation	Carrying amount
Land	230,597	-	230,597
Buildings	132,879	(18,320)	114,559
	363,476	(18,320)	345,156

(In millions of Korean won)

	December 31, 2021		
	Acquisition cost	Accumulated depreciation	Carrying amount
Land	222,648	-	222,648
Buildings	112,377	(9,960)	102,417
	335,025	(9,960)	325,065

14.2.2 Valuation techniques and inputs used to measure the fair value of investment properties as of December 31, 2022, are as follows:

(In millions of Korean won)	December 31, 2022		
	Fair value	**Valuation techniques**	**Inputs**
Land and buildings	194,157	Cost approach method	- Price per square meter - Replacement cost
	233,850	Income approach method	- Discount rate - Capitalization rate - Vacancy rate

Fair value of investment properties amounts to ₩ 428,007 million and ₩ 383,249 million as of December 31, 2022 and 2021, respectively. Investment properties are measured by qualified independent appraisers with recent experience in valuing similar properties in the same area. In addition, all investment properties are classified as Level 3 in accordance with fair value hierarchy in Note 6.1.2.

Rental income from above investment properties amounts to ₩ 5,441 million and ₩ 4,477 million for the years ended December 31, 2022 and 2021, respectively.

14.2.3 Changes in investment properties for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	2022					
	Beginning	**Acquisition**	**Transfer**	**Disposal**	**Depreciation**	**Ending**
Land	222,648	-	7,949	-	-	230,597
Buildings	102,417	-	13,800	-	(1,658)	114,559
	325,065	-	21,749	-	(1,658)	345,156

(In millions of Korean won)

	2021					
	Beginning	**Acquisition**	**Transfer**	**Disposal**	**Depreciation**	**Ending**
Land	218,157	-	4,491	-	-	222,648
Buildings	99,944	-	3,664	-	(1,191)	102,417
	318,101	-	8,155	-	(1,191)	325,065

15. Intangible Assets

15.1 Details of intangible assets as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)	December 31, 2022				
	Acquisition cost	Accumulated amortization	Accumulated impairment losses	Others	Carrying amount
Goodwill	552,652	-	(1,202)	12,789	564,239
Other intangible assets	1,732,425	(1,226,990)	(14,978)	-	490,457
	2,285,077	(1,226,990)	(16,180)	12,789	1,054,696

(In millions of Korean won)	December 31, 2021				
	Acquisition cost	Accumulated amortization	Accumulated impairment losses	Others	Carrying amount
Goodwill	552,652	-	(1,202)	(11,745)	539,705
Other intangible assets	1,579,448	(1,075,514)	(15,145)	-	488,789
	2,132,100	(1,075,514)	(16,347)	(11,745)	1,028,494

15.2 Details of goodwill as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)	December 31, 2022		December 31, 2021	
	Acquisition cost	Carrying amount *	Acquisition cost	Carrying amount *
PT Bank KB Bukopin Tbk	89,220	83,619	89,220	85,893
PRASAC Microfinance Institution Plc.	396,942	415,332	396,942	388,524
Housing & Commercial Bank	65,288	65,288	65,288	65,288
Kookmin Bank Cambodia Plc.	1,202	-	1,202	-
	552,652	564,239	552,652	539,705

* Includes the effect of exchange differences.

15.3 Changes in accumulated impairment losses of goodwill for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)	2022			
	Beginning	Impairment	Others	Ending
Accumulated impairment losses of goodwill	(1,202)	-	-	(1,202)

(In millions of Korean won)	2021			
	Beginning	Impairment	Others	Ending
Accumulated impairment losses of goodwill	(1,202)	-	-	(1,202)

15.4 Details of goodwill allocation to cash-generating units and related information for impairment testing as of December 31, 2022 are as follows:

(In millions of Korean won)	December 31, 2022				
	Retail banking	Corporate banking	PT Bank KB Bukopin Tbk	PRASAC Microfinance Institution Plc.	Total
Carrying amounts *	49,315	15,973	83,619	470,227	619,134
Recoverable amount exceeding carrying amount	5,778,171	2,905,282	582,823	122,207	9,388,483
Discount rate (%)	16.60	17.01	20.16	30.40	
Permanent growth rate (%)	1.00	1.00	3.00	3.00	

* The carrying amount of goodwill at the time of the 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. The Group recognized goodwill amounting to ₩ 65,288 million arising from the merger of Housing & Commercial Bank, the amounts of ₩ 49,315 million and ₩ 15,973 million were allocated to the retail banking and corporate banking, respectively. The Group acquired a 70% stake in PRASAC Microfinance Institution Plc. with the acquisition date of April 10, 2020, and the goodwill recognized due to the business combination is ₩ 415,332 million as of December 31, 2022. The Group acquired a 67% stake in PT Bank KB Bukopin Tbk with the acquisition date of September 2, 2020, and the goodwill recognized due to the business combination is ₩ 83,619 million as of December 31, 2022. 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 valuation dates of the recoverable amounts of the PRASAC Microfinance PLC. and PT Bank KB Bukopin TBK are September 30, 2022 and December 31, 2022, respectively.

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. The future cash flows of retail banking and corporate banking after the projection period are estimated on the assumption that the future cash flows will increase by 1.0% per year. 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 future cash flows of PRASAC Microfinance Institution Plc. after five years are estimated on the assumption that the future cash flows will increase by 3.0% per year. The future cash flows of PT Bank KB Bukopin Tbk after four years are estimated on the assumption that the future cash flows will increase by 3.0% per year. The key assumptions used for the estimation of the future cash flows are the GDP growth rate and the market size of Cambodia and Indonesia, and the recent growth rate of PRASAC Microfinance Institution Plc. and PT Bank KB Bukopin Tbk. 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, 2022 and 2021, are as follows:

(In millions of Korean won)	December 31, 2022			
	Acquisition cost	Accumulated amortization	Accumulated impairment losses	Carrying amount
Industrial property rights	2,406	(2,106)	-	300
Software	1,416,325	(1,052,909)	-	363,416
Other intangible assets	278,567	(139,450)	(14,978)	124,139
Right-of-use assets	35,127	(32,525)	-	2,602
	1,732,425	(1,226,990)	(14,978)	490,457

(In millions of Korean won)	December 31, 2021			
	Acquisition cost	Accumulated amortization	Accumulated impairment losses	Carrying amount
Industrial property rights	2,187	(1,963)	-	224
Software	1,247,629	(916,777)	-	330,852
Other intangible assets	294,505	(125,257)	(15,145)	154,103
Right-of-use assets	35,127	(31,517)	-	3,610
	1,579,448	(1,075,514)	(15,145)	488,789

15.6 Changes in intangible assets other than goodwill for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)	2022						
	Beginning	Acquisition	Transfer	Disposal	Amortization	Others	Ending
Industrial property rights	224	193	-	(1)	(117)	1	300
Software	330,852	170,141	818	-	(138,741)	346	363,416
Other intangible assets	154,103	2,799	-	(245)	(31,822)	(696)	124,139
Right-of-use assets	3,610	-	-	-	(1,007)	(1)	2,602
	488,789	173,133	818	(246)	(171,687)	(350)	490,457

(In millions of Korean won)	2021					
	Beginning	Acquisition	Disposal	Amortization	Others	Ending
Industrial property rights	234	107	-	(117)	-	224
Software	313,426	129,684	-	(114,225)	1,967	330,852
Other intangible assets	142,517	50,524	(1,834)	(38,236)	1,132	154,103
Right-of-use assets	4,617	-	-	(1,007)	-	3,610
	460,794	180,315	(1,834)	(153,585)	3,099	488,789

15.7 Changes in accumulated impairment losses of other intangible assets for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)	2022				
	Beginning	Impairment	Reversal	Others	Ending
Accumulated impairment losses of other intangible assets	(15,145)	-	-	167	(14,978)

(In millions of Korean won)	2021				
	Beginning	Impairment	Reversal	Others	Ending
Accumulated impairment losses of other intangible assets	(10,215)	(4,971)	-	41	(15,145)

16. Deferred Income Tax Assets and Liabilities

16.1 Details of deferred income tax assets and liabilities as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)	December 31, 2022		
	Assets	Liabilities	Net amount
Other provisions	86,237	-	86,237
Impairment losses of property and equipment	5,155	-	5,155
Share-based payments	13,112	-	13,112
Provisions for acceptances and guarantees	39,787	-	39,787
Gains or losses on valuation of derivatives	-	(147,750)	(147,750)
Present value discount	95	-	95
Gains or losses on fair value hedge	-	(93,833)	(93,833)
Accrued interest	-	(72,868)	(72,868)
Deferred loan origination fees and costs	10,377	(115,553)	(105,176)
Gains or losses on revaluation	-	(261,502)	(261,502)
Investments in subsidiaries and others	37,802	(179,329)	(141,527)
Gains or losses on valuation of security investment	245,988	-	245,988
Defined benefit liabilities	380,726	-	380,726
Accrued expenses	172,345	-	172,345
Retirement insurance expense	-	(459,323)	(459,323)
Adjustments to the prepaid contributions	-	(27,986)	(27,986)
Others	637,476	(243,543)	393,933
	1,629,100	(1,601,687)	27,413
Offsetting of deferred income tax assets and liabilities	(1,447,843)	1,447,843	-
	181,257	(153,844)	27,413

16.1 Details of deferred income tax assets and liabilities as of December 31, 2022 and 2021, are as follows: (cont'd)

(In millions of Korean won)	December 31, 2021		
	Assets	**Liabilities**	**Net amount**
Other provisions	77,907	-	77,907
Impairment losses of property and equipment	7,446	-	7,446
Share-based payments	15,687	-	15,687
Provisions for acceptances and guarantees	33,091	-	33,091
Gains or losses on valuation of derivatives	-	(74,111)	(74,111)
Present value discount	-	(142)	(142)
Gains or losses on fair value hedge	-	(14,642)	(14,642)
Accrued interest	-	(42,882)	(42,882)
Deferred loan origination fees and costs	8,596	(138,398)	(129,802)
Gains or losses on revaluation	-	(277,471)	(277,471)
Investments in subsidiaries and others	32,602	(138,609)	(106,007)
Gains or losses on valuation of security investment	-	(501,409)	(501,409)
Defined benefit liabilities	472,722	-	472,722
Accrued expenses	148,726	-	148,726
Retirement insurance expense	-	(441,633)	(441,633)
Adjustments to the prepaid contributions	-	(29,273)	(29,273)
Others	434,703	(124,602)	310,101
	1,231,480	(1,783,172)	(551,692)
Offsetting of deferred income tax assets and liabilities	(1,081,611)	1,081,611	-
	149,869	(701,561)	(551,692)

16.2 Unrecognized Deferred Income Tax Assets

16.2.1 No deferred income tax assets have been recognized for the deductible temporary differences of ₩ 1,099,572 million and ₩ 327,040 million associated with investments in subsidiaries and others as of December 31, 2022 and 2021, because it is not probable that these temporary differences will reverse in the foreseeable future.

16.2.2 No deferred income tax assets have been recognized for the deductible temporary differences of ₩ 34,908 million and ₩ 39,821 million associated with others as of December 31, 2022 and 2021 due to the uncertainty that these temporary differences will be realized in the future.

16.3 Unrecognized Deferred Income Tax Liabilities

16.3.1 No deferred income tax liabilities have been recognized for the taxable temporary differences of ₩ 443,216 million and ₩ 313,586 million associated with investments in subsidiaries and others as of December 31, 2022 and 2021, due to the following reasons:

- The Group is able to control the timing of the reversal of the temporary differences.
- It is probable that these temporary differences will not reverse in the foreseeable future.

16.3.2 No deferred income tax liabilities have been recognized as of December 31, 2022 and 2021 for the taxable temporary differences of ₩ 65,288 million related to the initial recognition of goodwill arising from the merger of Housing and Commercial Bank in 2001.

16.4 Changes in cumulative temporary differences for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)	2022			
	Beginning	**Decrease**	**Increase**	**Ending**
Deductible temporary differences				
Other provisions	283,299	276,213	318,336	325,422
Impairment losses of property and equipment	27,076	19,880	12,257	19,453
Deferred loan origination fees and costs	31,256	12,726	20,630	39,160
Share-based payments	57,042	57,042	49,479	49,479
Provisions for acceptances and guarantees	120,332	120,332	150,140	150,140
Present value discount	-	-	358	358
Investments in subsidiaries and others	445,595	30,441	827,068	1,242,222
Gains or losses on valuation of security investment	-	-	928,258	928,258
Defined benefit liabilities	1,718,990	292,478	10,188	1,436,700
Accrued expenses	540,823	540,823	650,357	650,357
Others	1,250,634	544,021	1,113,913	1,820,526
	4,475,047	1,893,956	4,080,984	6,662,075
Unrecognized deferred income tax assets				
Investments in subsidiaries and others	327,040			1,099,572
Others	39,821			34,908
	4,108,186			5,527,595
Tax rate (%)	27.50			26.50
	1,129,751			1,464,813
Tax loss carryforwards and tax credit	101,729	-	62,558	164,287
Total deferred income tax assets	1,231,480			1,629,100
Taxable temporary differences				
Gains or losses on fair value hedge	(53,243)	(53,243)	(354,085)	(354,085)
Accrued interest	(155,936)	(119,589)	(238,628)	(274,975)
Deferred loan origination fees and costs	(503,266)	(503,266)	(436,047)	(436,047)
Gains or losses on valuation of derivatives	(269,493)	(269,493)	(558,566)	(558,566)
Present value discount	(517)	(517)	-	-
Goodwill arising from the merger	(65,288)	-	-	(65,288)
Gains or losses on revaluation	(1,008,984)	(22,184)	-	(986,800)
Investments in subsidiaries and others	(817,618)	-	(302,312)	(1,119,930)
Gains or losses on valuation of security investment	(1,823,307)	(1,823,307)	-	-
Retirement insurance expense	(1,605,940)	(237,587)	(364,944)	(1,733,297)
Adjustments to the prepaid contributions	(106,446)	(106,446)	(105,608)	(105,608)
Others	(453,098)	(329,376)	(794,289)	(918,011)
	(6,863,136)	(3,465,008)	(3,154,479)	(6,552,607)
Unrecognized deferred income tax liabilities				
Goodwill arising from the merger	(65,288)			(65,288)
Investments in subsidiaries and others	(313,586)			(443,216)
	(6,484,262)			(6,044,103)
Tax rate (%)	27.50			26.50
Total deferred income tax liabilities	(1,783,172)			(1,601,687)

16.4 Changes in cumulative temporary differences for the years ended December 31, 2022 and 2021, are as follows: (cont'd)

(In millions of Korean won)

	2021			
	Beginning	**Decrease**	**Increase**	**Ending**
Deductible temporary differences				
Gains or losses on fair value hedge	76,583	76,583	-	-
Other provisions	284,825	283,770	282,244	283,299
Impairment losses of property and equipment	8,148	4,362	23,290	27,076
Deferred loan origination fees and costs	24,270	11,722	18,708	31,256
Share-based payments	42,361	42,361	57,042	57,042
Provisions for acceptances and guarantees	61,984	61,984	120,332	120,332
Investments in subsidiaries and others	308,534	180,735	317,796	445,595
Defined benefit liabilities	1,618,597	182,536	282,929	1,718,990
Accrued expenses	765,387	765,387	540,823	540,823
Others	1,201,141	509,685	559,178	1,250,634
	4,391,830	2,119,125	2,202,342	4,475,047
Unrecognized deferred income tax assets				
Investments in subsidiaries and others	188,609			327,040
Others	23,826			39,821
	4,179,395			4,108,186
Tax rate (%)	27.50			27.50
	1,149,334			1,129,751
Tax loss carryforwards and tax credit	20,537	-	81,192	101,729
Total deferred income tax assets	1,169,871			1,231,480
Taxable temporary differences				
Gains or losses on fair value hedge	-	-	(53,243)	(53,243)
Accrued interest	(127,345)	(111,820)	(140,411)	(155,936)
Deferred loan origination fees and costs	(510,055)	(510,055)	(503,266)	(503,266)
Gains or losses on valuation of derivatives	(335,740)	(335,740)	(269,493)	(269,493)
Present value discount	(49)	(49)	(517)	(517)
Goodwill arising from the merger	(65,288)	-	-	(65,288)
Gains or losses on revaluation	(1,008,984)	-	-	(1,008,984)
Investments in subsidiaries and others	(595,065)	(116,061)	(338,614)	(817,618)
Gains or losses on valuation of security investment	(967,057)	(967,057)	(1,823,307)	(1,823,307)
Retirement insurance expense	(1,462,643)	(178,936)	(322,233)	(1,605,940)
Adjustments to the prepaid contributions	(102,768)	(102,768)	(106,446)	(106,446)
Others	(415,278)	(340,613)	(378,433)	(453,098)
	(5,590,272)	(2,663,099)	(3,935,963)	(6,863,136)
Unrecognized deferred income tax liabilities				
Goodwill arising from the merger	(65,288)			(65,288)
Investments in subsidiaries and others	(221,773)			(313,586)
	(5,303,211)			(6,484,262)
Tax rate (%)	27.50			27.50
Total deferred income tax liabilities	(1,458,382)			(1,783,172)

17. Assets Held for Sale

17.1 Details of assets held for sale as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31, 2022			
	Acquisition cost *	Accumulated impairment losses	Carrying amount	Fair value less costs to sell
Land held for sale	106,348	(20,394)	85,954	104,990
Buildings held for sale	162,974	(38,870)	124,104	137,706
Other assets held for sale	4,546	(2,847)	1,699	1,699
	273,868	(62,111)	211,757	244,395

(In millions of Korean won)

	December 31, 2021			
	Acquisition cost *	Accumulated impairment losses	Carrying amount	Fair value less costs to sell
Land held for sale	115,099	(16,528)	98,571	135,192
Buildings held for sale	170,892	(36,923)	133,969	149,569
Other assets held for sale	10,142	(5,364)	4,778	4,778
	296,133	(58,815)	237,318	289,539

* 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.

17.2 Valuation techniques and inputs used to measure the fair value of assets held for sale as of December 31, 2022 are as follows:

(In millions of Korean won)

	December 31, 2022				
	Fair value	Valuation techniques [1]	Unobservable inputs [2]	Estimated range of unobservable inputs (%)	Effect of unobservable inputs to fair value
Land and buildings	244,395	Market comparison approach model and others	Adjustment index	0.32 ~ 2.21	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 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.

17.3 Changes in accumulated impairment losses of assets held for sale for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)	2022				
	Beginning	**Provision**	**Reversal**	**Others**	**Ending**
Accumulated impairment losses of assets held for sale	(58,815)	(5,752)	6,507	(4,051)	(62,111)

(In millions of Korean won)	2021				
	Beginning	**Provision**	**Reversal**	**Others**	**Ending**
Accumulated impairment losses of assets held for sale	(46,115)	(15,490)	-	2,790	(58,815)

17.4 As of December 31, 2022, assets held for sale consist of 11 real estates of closed offices and 1 real estate of Orient Kwang-yang Co., Ltd., 438 foreclosure assets on loans of PT Bank KB Bukopin Tbk, which were determined to sell by management, but not yet sold as of December 31, 2022. The remaining 450 assets are also being actively marketed.

18. Other Assets

18.1 Details of other assets as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)	**December 31, 2022**	**December 31, 2021**
Other financial assets		
Other receivables	3,516,361	2,451,049
Accrued income	1,510,141	950,095
Guarantee deposits	822,060	872,225
Domestic exchange settlement debits	861,741	989,551
Others	34,249	32,009
Less: Allowances for credit losses	(33,461)	(16,305)
Present value discount	(1,464)	(1,397)
	6,709,627	5,277,227
Other non-financial assets		
Other receivables	307	310
Prepaid expenses	260,584	195,109
Guarantee deposits	2,483	2,703
Prepayments	21,456	28,856
Others	94,934	87,729
Less: Allowances for credit losses	(10,966)	(8,587)
	368,798	306,120
	7,078,425	5,583,347

18.2 Changes in allowances for credit losses of other assets for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)	2022		
	Other financial assets	**Other non-financial assets**	**Total**
Beginning	16,305	8,587	24,892
Provision (reversal)	3,647	2,203	5,850
Write-offs	(4,502)	(70)	(4,572)
Others	18,011	246	18,257
Ending	33,461	10,966	44,427

(In millions of Korean won)	2021		
	Other financial assets	**Other non-financial assets**	**Total**
Beginning	18,476	9,865	28,341
Provision (reversal)	1,663	(379)	1,284
Write-offs	(5,213)	(2,762)	(7,975)
Others	1,379	1,863	3,242
Ending	16,305	8,587	24,892

19. Deposits

Details of deposits as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)	**December 31, 2022**	**December 31, 2021**
Demand deposits		
Demand deposits in Korean won	147,976,208	174,210,942
Demand deposits in foreign currencies	12,053,947	15,192,711
	160,030,155	189,403,653
Time deposits		
Time deposits in Korean won	191,747,094	153,934,550
Time deposits in foreign currencies	23,652,215	15,688,844
Fair value adjustments of fair value hedged time deposits in foreign currencies	(8,591)	(1,319)
	215,390,718	169,622,075
Certificates of deposits	6,325,876	4,115,688
	381,746,749	363,141,416

20. Borrowings

20.1 Details of borrowings as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)	December 31, 2022	December 31, 2021
General borrowings	36,815,211	30,051,040
Bonds sold under repurchase agreements and others	4,933,903	834,455
Call money	3,324,003	1,637,666
	45,073,117	32,523,161

20.2 Details of general borrowings as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)		Lenders	Annual interest rate (%)	December 31, 2022	December 31, 2021
Borrowings in Korean won	Borrowings from the Bank of Korea	The Bank of Korea	0.25~1.75	8,282,289	7,131,019
	Borrowings from the government	SEMAS and others	0.00~3.23	2,670,867	2,683,056
	Borrowings from non-banking financial institutions	The Korea Development Bank	1.39~2.64	477,788	432,310
	Other borrowings	The Korea Development Bank and others	0.00~5.61	5,397,514	5,460,862
				16,828,458	15,707,247
Borrowings in foreign currencies	Due to banks	BANK OF CHINA SEOUL BRANCH and others	0.00	18,266	2,143
	Borrowings from banks	Central Bank of Uzbekistan and others	0.00~14.00	14,620,544	12,364,349
	Borrowings from other financial institutions	The Export-Import Bank of Korea and others	5.07~5.89	38,249	24,867
	Other borrowings	Standard Chartered Bank and others	0.00~5.54	5,309,694	1,952,434
				19,986,753	14,343,793
				36,815,211	30,051,040

20.3 Details of bonds sold under repurchase agreements and others as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)	Lenders	Annual interest rate (%)	December 31, 2022	December 31, 2021
Bonds sold under repurchase agreements	Individuals, groups, and corporations	0.00~9.75	4,930,103	832,353
Bills sold	Counter sale	1.55~2.00	3,800	2,102
			4,933,903	834,455

20.4 Details of call money as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	Lenders	Annual interest rate (%)	December 31, 2022	December 31, 2021
Call money in Korean won	Mitsui Sumitomo Bank Seoul	2.99~3.23	2,113,500	-
Call money in foreign currencies	Bank CIMB Niaga and others	0.00~7.80	1,210,503	1,637,666
			3,324,003	1,637,666

21. Debentures

21.1 Details of debentures as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)	Annual interest rate (%)	December 31, 2022	December 31, 2021
Debentures in Korean won			
Structured debentures	5.65~8.62	30,710	30,910
Subordinated fixed rate debentures	2.02~7.86	4,089,890	5,292,957
Fixed rate debentures	0.99~13.70	12,204,848	11,276,086
Floating rate debentures	1.54~4.01	4,100,000	5,310,000
		20,425,448	21,909,953
Fair value adjustments of fair value hedged debentures in Korean won		(249,630)	(79,877)
Less: Discount on debentures in Korean won		(7,371)	(14,685)
		20,168,447	21,815,391
Debentures in foreign currencies			
Floating rate debentures	2.42~5.98	1,312,914	1,948,962
Fixed rate debentures	0.05~12.00	8,434,760	5,949,105
		9,747,674	7,898,067
Fair value adjustments of fair value hedged debentures in foreign currencies		(95,865)	27,952
Less: Discount on debentures in foreign currencies		(32,534)	(22,676)
		9,619,275	7,903,343
		29,787,722	29,718,734

21.2 Changes in debentures based on par value for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)	2022				
	Beginning	**Issue**	**Repayment**	**Others**	**Ending**
Debentures in Korean won					
Structured debentures	30,910	-	(200)	-	30,710
Subordinated fixed rate debentures	5,292,957	-	(1,203,067)	-	4,089,890
Fixed rate debentures	11,276,086	12,883,950	(11,955,188)	-	12,204,848
Floating rate debentures	5,310,000	4,960,000	(6,170,000)	-	4,100,000
	21,909,953	17,843,950	(19,328,455)	-	20,425,448
Debentures in foreign currencies					
Floating rate debentures	1,948,962	755,815	(1,597,630)	205,767	1,312,914
Fixed rate debentures	5,949,105	3,354,673	(1,113,994)	244,976	8,434,760
	7,898,067	4,110,488	(2,711,624)	450,743	9,747,674
	29,808,020	21,954,438	(22,040,079)	450,743	30,173,122

(In millions of Korean won)	2021				
	Beginning	**Issue**	**Repayment**	**Others**	**Ending**
Debentures in Korean won					
Structured debentures	31,960	-	(1,050)	-	30,910
Subordinated fixed rate debentures	4,464,407	830,000	(1,450)	-	5,292,957
Fixed rate debentures	14,823,854	10,592,620	(14,140,388)	-	11,276,086
Floating rate debentures	1,890,000	5,310,000	(1,890,000)	-	5,310,000
	21,210,221	16,732,620	(16,032,888)	-	21,909,953
Debentures in foreign currencies					
Floating rate debentures	1,353,472	810,920	(350,235)	134,805	1,948,962
Fixed rate debentures	4,359,842	2,489,034	(1,134,987)	235,216	5,949,105
	5,713,314	3,299,954	(1,485,222)	370,021	7,898,067
	26,923,535	20,032,574	(17,518,110)	370,021	29,808,020

22. Provisions

22.1 Details of provisions as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)	**December 31, 2022**	**December 31, 2021**
Provisions for credit losses of unused loan commitments	161,331	147,765
Provisions for credit losses of acceptances and guarantees	153,843	121,148
Provisions for restoration costs	135,477	128,407
Others	82,719	29,547
	533,370	426,867

22.2 Changes in provisions for credit losses of unused loan commitments, and acceptances and guarantees for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	2022					
	Provisions for credit losses of unused loan commitments			Provisions for credit losses of acceptances and guarantees		
	12-month expected credit losses	Lifetime expected credit losses		12-month expected credit losses	Lifetime expected credit losses	
		Non-impaired	Impaired		Non-impaired	Impaired
Beginning	94,183	53,582	-	27,441	82,170	11,537
Transfer between stages:						
Transfer to 12-month expected credit losses	22,761	(22,731)	(30)	1,144	(1,144)	-
Transfer to lifetime expected credit losses	(15,265)	15,357	(92)	(355)	1,016	(661)
Impairment	(133)	(470)	603	(9)	(142)	151
Provision (reversal) for credit losses	1,934	10,855	(457)	(1,422)	33,983	(3,261)
Others (exchange differences, etc.)	317	937	(20)	418	2,842	135
Ending	103,797	57,530	4	27,217	118,725	7,901

(In millions of Korean won)

	2021					
	Provisions for credit losses of unused loan commitments			Provisions for credit losses of acceptances and guarantees		
	12-month expected credit losses	Lifetime expected credit losses		12-month expected credit losses	Lifetime expected credit losses	
		Non-impaired	Impaired		Non-impaired	Impaired
Beginning	81,709	78,119	-	33,190	14,838	14,328
Transfer between stages:						
Transfer to 12-month expected credit losses	24,978	(24,976)	(2)	3,958	(203)	(3,755)
Transfer to lifetime expected credit losses	(14,468)	14,587	(119)	(3,973)	3,982	(9)
Impairment	(131)	(355)	486	(10)	(85)	95
Provision (reversal) for credit losses	1,046	(14,198)	(365)	(7,482)	64,178	711
Others (exchange differences, etc.)	1,049	405	-	1,758	(540)	167
Ending	94,183	53,582	-	27,441	82,170	11,537

22.3 Changes in provisions for restoration costs for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)	2022	2021
Beginning	128,407	131,674
Provision	6,336	5,879
Reversal	1,261	(1,016)
Used	(12,411)	(12,541)
Unwinding of discount	2,363	1,369
Effect of changes in discount rate	9,521	3,042
Ending	135,477	128,407

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.

22.4 Changes in other provisions for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)	2022					
	Membership rewards program	Dormant accounts	Litigations	Financial guarantee contracts	Others	Total
Beginning	43	3,062	10,119	5,285	11,038	29,547
Provision (reversal)	84	2,666	33,503	(2,330)	26,595	60,518
Used and others	(81)	(2,934)	(2,392)	-	(1,939)	(7,346)
Ending	46	2,794	41,230	2,955	35,694	82,719

(In millions of Korean won)	2021					
	Membership rewards program	Dormant accounts	Litigations	Financial guarantee contracts	Others	Total
Beginning	35	3,008	9,969	6,347	14,797	34,156
Provision (reversal)	77	3,429	24	(896)	(4,289)	(1,655)
Used and others	(69)	(3,375)	126	(166)	530	(2,954)
Ending	43	3,062	10,119	5,285	11,038	29,547

23. Net Defined Benefit Liabilities (Assets)

23.1 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 (assets) recognized in the consolidated 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.

23.2 Changes in net defined benefit liabilities (assets) for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)	**2022**		
	Present value of defined benefit obligation	**Fair value of plan assets**	**Net defined benefit liabilities(assets)**
Beginning	1,847,905	(1,692,621)	155,284
Current service cost	163,587	-	163,587
Interest expense (income)	46,854	(43,392)	3,462
Remeasurements:			
Actuarial gains and losses by experience adjustments	9,041	-	9,041
Actuarial gains and losses by changes in demographic assumptions	41,988	-	41,988
Actuarial gains and losses by changes in financial assumptions	(352,447)	-	(352,447)
Return on plan assets (excluding amounts included in interest income)	-	54,808	54,808
Contributions by the Group	-	(360,000)	(360,000)
Payments from plans (benefit payments)	(196,543)	196,543	-
Payments from the Group	(9,330)	-	(9,330)
Transfer in	5,150	(4,516)	634
Transfer out	(7,052)	7,052	-
Effect of exchange differences	1,467	-	1,467
Ending	1,550,620	(1,842,126)	(291,506)

23.2 Changes in net defined benefit liabilities (assets) for the years ended December 31, 2022 and 2021, are as follows: (cont'd)

(In millions of Korean won)	2021		
	Present value of defined benefit obligation	**Fair value of plan assets**	**Net defined benefit liabilities**
Beginning	1,748,770	(1,583,368)	165,402
Current service cost	155,506	-	155,506
Interest expense (income)	34,075	(31,069)	3,006
Remeasurements:			
Actuarial gains and losses by experience adjustments	5,180	-	5,180
Actuarial gains and losses by changes in demographic assumptions	7,330	-	7,330
Actuarial gains and losses by changes in financial assumptions	81,928	-	81,928
Return on plan assets (excluding amounts included in interest income)	-	5,363	5,363
Contributions by the Group	-	(264,600)	(264,600)
Payments from plans (benefit payments)	(178,937)	178,937	-
Payments from the Group	(6,578)	-	(6,578)
Transfer in	3,602	(3,067)	535
Transfer out	(5,183)	5,183	-
Effect of exchange differences	2,212	-	2,212
Ending	1,847,905	(1,692,621)	155,284

23.3 Details of net defined benefit liabilities (assets) as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)	**December 31, 2022**	**December 31, 2021**
Present value of defined benefit obligation	1,550,620	1,847,905
Fair value of plan assets	(1,842,126)	(1,692,621)
Net defined benefit liabilities (assets)	(291,506)	155,284

23.4 Details of remeasurements of net defined benefit liabilities(asset) recognized in other comprehensive income (loss) for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)	**2022**	**2021**
Remeasurements:		
Actuarial losses arising from experience adjustments	(9,041)	(5,180)
Actuarial losses arising from changes in demographic assumptions	(41,988)	(7,330)
Actuarial losses arising from changes in financial assumptions	352,447	(81,928)
Return on plan assets (excluding amounts included in interest income)	(54,808)	(5,363)
Income tax effect	(67,749)	28,201
Effect of exchange differences	(345)	(15)
Remeasurements after income tax expense	178,516	(71,615)

23.5 Details of fair value of plan assets as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)	December 31, 2022		
	Assets quoted in an active market	Assets not quoted in an active market	Total
Time deposits	-	1,388,054	1,388,054
Others	-	454,072	454,072
	-	1,842,126	1,842,126

(In millions of Korean won)	December 31, 2021		
	Assets quoted in an active market	Assets not quoted in an active market	Total
Time deposits	-	1,374,281	1,374,281
Others	-	318,340	318,340
	-	1,692,621	1,692,621

23.6 Details of significant actuarial assumptions used as of December 31, 2022 and 2021, are as follows:

	December 31, 2022	December 31, 2021
Discount rate (%)	5.20	2.60
Salary increase rate (%)	0.00~5.25	0.00~5.04
Turnover rate (%)	2.30~38.60	1.00~20.00

Mortality assumptions are based on the experience-based mortality table issued by Korea Insurance Development Institute in 2019.

23.7 Results of sensitivity analysis of significant actuarial assumptions as of December 31, 2022, are as follows:

		Effect on defined benefit obligation	
	Changes in assumptions	Increase in assumptions	Decrease in assumptions
Discount rate	0.5%p	3.02% decrease	3.21% increase
Salary increase rate	0.5%p	3.19% increase	3.03% decrease
Turnover rate	0.5%p	0.24% increase	0.26% decrease

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. The sensitivity of the defined benefit obligation to changes in significant actuarial assumptions is calculated using the same projected unit credit method used in calculating the defined benefit obligation recognized in the consolidated statement of financial position.

23.8 Expected maturity analysis of undiscounted pension benefit payments as of December 31, 2022, are as follows:

(In millions of Korean won)

	Up to 1 year	1~2 years	2~5 years	5~10 years	Over 10 years	Total
Pension benefits	162,720	215,188	650,944	1,151,476	6,256,181	8,436,509

The weighted average duration of the defined benefit obligation is 7.34 and 9.41 years as of December 31, 2022 and 2021, respectively.

23.9 Reasonable estimation of expected contribution to plan assets for the next annual reporting period after December 31, 2022 is ₩ 360,000 million.

24. Other Liabilities

Details of other liabilities as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)	December 31, 2022	December 31, 2021
Other financial liabilities		
Other payables	3,837,087	2,756,641
Prepaid card and debit card payables	1,840	1,237
Accrued expenses	3,404,404	2,178,928
Financial guarantee contracts liabilities	44,440	50,390
Deposits for letter of guarantees and others	1,116,184	387,082
Domestic exchange settlement credits	1,734,905	5,121,689
Foreign exchange settlement credits	250,138	169,264
Due to trust accounts	5,808,446	7,033,849
Liabilities incurred from agency relationships	513,621	739,276
Account for agency business	241,910	423,798
Lease liabilities	372,002	375,472
Others	51,359	477,572
	17,376,336	19,715,198
Other non-financial liabilities		
Other payables	1,053,097	660,409
Unearned revenue	106,756	70,111
Accrued expenses	542,818	489,686
Withholding taxes	153,537	118,308
Others	59,339	35,859
	1,915,547	1,374,373
	19,291,883	21,089,571

25. Equity

25.1 Capital Stock

Details of capital stock as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won and in number of shares)	Ordinary shares	
	December 31, 2022	**December 31, 2021**
Type of share	Ordinary share	Ordinary share
Number of authorized shares	1,000,000,000	1,000,000,000
Par value per share *(In Korean won)*	5,000	5,000
Number of issued shares	404,379,116	404,379,116
Capital stock	2,021,896	2,021,896

25.2 Hybrid Security

Details of hybrid security classified as equity as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)	**Issuance date**	**Maturity**	**Interest rate (%)**	**December 31, 2022**	**December 31, 2021**
Amortized Conditional Capital Securities	July 2, 2019	Permanent [1]	4.35	574,523	574,523
	June 23, 2022	Permanent [2]	4.89	299,327	-

[1] Above hybrid securities are early redeemable by the Group after 5 years from the issuance date and each interest payment date thereafter.
[2] Early redeemable by the Group only when prior approval from the head of the Financial Supervisory Service is obtained after 5 years from the issuance date.

25.3 Capital Surplus

Details of capital surplus as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)	**December 31, 2022**	**December 31, 2021**
Paid-in capital in excess of par value	4,604,417	4,604,417
Gains on business combination	397,669	397,669
Revaluation reserve	177,229	177,229
Other capital surplus	(153,980)	(153,980)
	5,025,335	5,025,335

25.4 Accumulated Other Comprehensive Income

Details of accumulated other comprehensive income as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)	December 31, 2022	December 31, 2021
Remeasurements of net defined benefit liabilities	(113,922)	(292,232)
Currency translation differences	201,288	68,224
Gains (losses) on debt securities measured at fair value through other comprehensive income	(652,186)	(186,463)
Gains on equity securities measured at fair value through other comprehensive income	641,536	1,838,548
Share of other comprehensive loss of associates	(2,590)	(2,526)
Losses on cash flow hedging instruments	33,921	(89)
Gains (losses) on hedging instruments of net investments in foreign operations	(95,296)	(30,306)
	12,751	1,395,156

25.5 Retained Earnings

25.5.1 Details of retained earnings as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)	December 31, 2022	December 31, 2021
Legal reserves	2,044,631	2,043,729
Regulatory reserve for credit losses	2,915,162	2,534,401
Voluntary reserves	17,739,062	16,742,471
Unappropriated retained earnings	3,135,337	2,340,120
	25,834,192	23,660,721

With respect to the allocation of net profit earned in a fiscal term, the Bank 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 40 of the Banking Act. This reserve is not available for the payment of cash dividends, but may be transferred to capital stock, or used to reduce accumulated deficit. The Bank is reserving other reserves (legal reserves) in accordance with local laws and regulations of overseas branches.

25.5.2 Regulatory reserve for credit losses

Measurement and disclosure of regulatory reserve for credit losses are required in accordance with Articles 29.1 through 29.2 of Regulations on Supervision of Banking Business.

25.5.2.1 Details of regulatory reserve for credit losses as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)	December 31, 2022	December 31, 2021
Regulatory reserve for credit losses attributable to:		
Shareholder of the Parent Company	3,018,015	2,915,162
Non-controlling interests	79,118	60,265
	3,097,133	2,975,427

25.5.2.2 Regulatory reserve for credit losses estimated to be appropriated and adjusted profit after provision of regulatory reserve for credit losses for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)	**2022**	**2021**
Regulatory reserve for credit losses estimated to be appropriated	102,853	380,761
Adjusted profit after provision of regulatory reserve for credit losses *	2,893,162	2,210,003

* 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 shareholder of the Parent Company.

26. Net Interest Income

Details of interest income, interest expense, and net interest income for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)	**2022**	**2021**
Interest income		
Securities measured at fair value through profit or loss	282,403	158,057
Loans measured at fair value through profit or loss	7,442	715
Securities measured at fair value through other comprehensive income	669,668	454,561
Loans measured at fair value through other comprehensive income	6,023	3,003
Due from financial institutions measured at amortized cost	79,929	25,466
Securities measured at amortized cost	637,504	307,447
Loans measured at amortized cost	13,351,316	9,487,206
Others	324,416	237,906
	15,358,701	10,674,361
Interest expense		
Deposits	4,455,350	2,179,196
Borrowings	674,082	251,523
Debentures	756,478	453,761
Others	181,770	61,405
	6,067,680	2,945,885
Net interest income	9,291,021	7,728,476

Interest income recognized on impaired loans is ₩ 16,853 million and ₩ 17,926 million for the years ended December 31, 2022 and 2021, respectively.

27. Net Fee and Commission Income

Details of fee and commission income, fee and commission expense, and net fee and commission income for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)	2022	2021
Fee and commission income		
Banking activity fees	190,874	188,079
Lending activity fees	65,368	73,500
Credit card related fees	1,438	2,106
Debit card related fees	591	568
Agent activity fees	329,117	286,286
Trust and other fiduciary fees	201,238	307,632
Acceptances and guarantees fees	60,890	46,597
Foreign currency related fees	164,980	128,945
Securities agency fees	105,471	146,989
Other business account commission on consignment	36,211	39,178
Others	373,980	367,064
	1,530,158	1,586,944
Fee and commission expense		
Trading activity related fees *	16,308	13,092
Lending activity fees	44,833	47,861
Credit card related fees	39,385	31,298
Outsourcing related fees	106,042	104,214
Foreign currency related fees	25,173	17,101
Management fees of written-off loans	12,842	16,392
Contributions to external institutions	27,997	23,574
Others	160,970	145,531
	433,550	399,063
Net fee and commission income	1,096,608	1,187,881

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

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

Net gains or losses on financial instruments at fair value through profit or loss include dividend income, gains or losses arising from changes in fair value, and gains or losses arising from sales and redemptions.

Details of net gains or losses on financial instruments at fair value through profit or loss for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)	2022	2021
Gains on financial instruments at fair value through profit or loss		
Financial assets at fair value through profit or loss:		
Debt securities	472,217	387,421
Equity securities	23,347	50,392
	495,564	437,813
Derivatives held for trading:		
Interest rate	7,520,856	3,506,695
Currency	13,709,057	7,102,646
Stock or stock index	15,285	675
Credit	39,646	-
Others	1,672	1,433
	21,286,516	10,611,449
Financial liabilities at fair value through profit or loss	2,951	1,345
Other financial instruments	252	6,754
	21,785,283	11,057,361
Losses on financial instruments at fair value through profit or loss		
Financial assets at fair value through profit or loss:		
Debt securities	944,163	276,727
Equity securities	34,431	30,068
	978,594	306,795
Derivatives held for trading:		
Interest rate	6,652,262	3,415,836
Currency	13,892,134	6,982,145
Stock or stock index	10,751	16
Credit	36,380	70
Others	3,547	2,212
	20,595,074	10,400,279
Financial liabilities at fair value through profit or loss	829	613
Other financial instruments	205	6,840
	21,574,702	10,714,527
Net gains on financial instruments at fair value through profit or loss	210,581	342,834

29. Net Other Operating Income and Expenses

Details of other operating income and expenses for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)	2022	2021
Other operating income		
Gains on financial assets at fair value through other comprehensive income:		
Gains on redemption of securities measured at fair value through other comprehensive income	20	2
Gains on disposal of securities measured at fair value through other comprehensive income	19,977	98,920
Gains on financial assets at amortized cost:		
Gains on sale of loans measured at amortized cost	28,734	42,020
Gains on redemption of securities measured at amortized cost	-	126
Gains on foreign exchange transactions	9,859,577	2,683,228
Dividend income	9,934	17,926
Others	843,662	376,107
	10,761,904	3,218,329
Other operating expenses		
Losses on financial assets at fair value through other comprehensive income:		
Losses on redemption of securities measured at fair value through other comprehensive income	2,757	2,172
Losses on disposal of securities measured at fair value through other comprehensive income	30,840	97,993
Losses on financial assets at amortized cost:		
Losses on sale of loans measured at amortized cost	51,214	3,560
Losses on redemption of securities measured at amortized cost	-	6
Losses on disposal of securities measured at amortized cost	-	2
Losses on foreign exchange transactions	9,784,228	2,676,760
Deposit insurance fee	502,631	466,999
Credit guarantee fund fee	283,912	263,297
Others	1,050,422	527,279
	11,706,004	4,038,068
Net other operating expenses	(944,100)	(819,739)

30. General and Administrative Expenses

30.1 Details of general and administrative expenses for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)	2022	2021
Expenses related to employee		
Employee benefits - salaries	1,778,373	1,705,537
Employee benefits - welfare	707,690	655,731
Post-employment benefits - defined benefit plans	167,049	158,512
Post-employment benefits - defined contribution plans	15,491	12,111
Termination benefits	272,615	266,541
Share-based payments	15,169	27,995
	2,956,387	2,826,427
Depreciation and amortization	546,505	537,628
Other general and administrative expenses		
Rental expense	72,564	70,078
Tax and dues	169,351	130,523
Communication	41,251	37,246
Electricity and utilities	28,958	30,586
Publication	6,184	7,078
Repairs and maintenance	38,613	36,806
Vehicle	14,032	11,903
Travel	9,134	3,738
Training	22,523	23,667
Service fees	187,534	175,579
Supplies	21,930	21,355
Electronic data processing expenses	220,814	175,307
Others	362,171	314,810
	1,195,059	1,038,676
	4,697,951	4,402,731

30.2 Share-based Payments

30.2.1 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.

30.2.1.1 Details of stock grants linked to long-term performance as of December 31, 2022, are as follows:

(In number of shares)

Stock grants	Grant date	Number of granted shares [1]	Vesting conditions [2]
Series 80	Mar. 1, 2020	7,982	Services fulfillment, Total Shareholder Return (TSR) 30~50%, and Company and work performance 50~70%
Series 81	Jan. 1, 2021	139,783	Services fulfillment, TSR 0~30%, and Company and work performance 70~100%
Series 83	Apr. 1, 2021	15,278	Services fulfillment, TSR 0~30%, and Company and work performance 70~100%
Series 85	Jan. 1, 2022	292,777	Services fulfillment, TSR 0~30%, and Company and work performance 70~100%, Services fulfillment, TSR 30%, and EPS and Asset Quality 70%
Series 86	Feb. 1, 2022	1,525	Services fulfillment, TSR 0~30%, and Company and work performance 70~100%
Series 87	Mar. 1, 2022	2,599	Services fulfillment, TSR 0~30%, and Company and work performance 70~100%
Series 88	Mar. 14, 2022	5,884	Services fulfillment, TSR 0~30%, and Company and work performance 70~100%
Series 89	May. 26, 2022	2,363	Services fulfillment, TSR 0~30%, and Company and work performance 70~100%
Series 90	Jul. 18, 2022	4,131	Services fulfillment, TSR 0~30%, and Company and work performance 70~100%
Series 91	Aug. 24, 2022	7,277	Services fulfillment, TSR 0~30%, and Company and work performance 70~100%
Deferred grant in 2016		2,426	Satisfied
Deferred grant in 2017		4,582	Satisfied
Deferred grant in 2018		2,287	Satisfied
Deferred grant in 2019		32,756	Satisfied
Deferred grant in 2020		53,502	Satisfied
Deferred grant in 2021		156,939	Satisfied
		732,091	

[1] Granted shares represent the total number of shares initially granted to executives and employees who have residual shares as of December 31, 2022 (Deferred grants are residual shares vested as of December 31, 2022).

[2] Executives and employees were given the right of choice about the timing of the deferred payment (after the date of retirement), payment ratio, and payment period. Accordingly, a certain percentage of the granted shares is deferred for up to five years after the date of retirement after the deferred grant has been confirmed.

30.2.1.2 Details of stock grants linked to short-term performance as of December 31, 2022, are as follows:

(In number of shares)

Stock grants *	Grant date	Estimated number of vested shares	Vesting conditions
Stock granted in 2015	Jan. 1, 2015	1,292	Satisfied
Stock granted in 2016	Jan. 1, 2016	4,875	Satisfied
Stock granted in 2017	Jan. 1, 2017	1,998	Satisfied
Stock granted in 2018	Jan. 1, 2018	2,109	Satisfied
Stock granted in 2019	Jan. 1, 2019	41,737	Satisfied
Stock granted in 2010	Jan. 1, 2020	89,888	Satisfied
Stock granted in 2021	Jan. 1, 2021	130,331	Satisfied
Stock granted in 2022	Jan. 1, 2022	134,402	Proportion to service period

* 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.

30.2.1.3 Stock grants are measured at fair value using the MonteCarlo simulation model and assumptions used in measuring the fair value as of December 31, 2022, are as follows:

(In Korean won)

	Expected exercise period(years)	Risk-free rate (%)	Fair value (market performance condition)	Fair value (non-market performance condition)
Series 80	0.00~3.00	3.78%	43,157~50,973	43,157~50,973
Series 81	0.00~3.00	3.78%	35,905~41,289	43,157~50,973
Series 83	0.25~4.00	3.78%	38,660~43,583	41,548~46,663
Series 85	1.00~4.00	3.78%	33,668~37,813	41,548~46,663
Series 86	1.08~5.00	3.78%	35,486~39,839	39,958~44,859
Series 87	1.16~5.00	3.78%	38,957~46,013	43,157~50,973
Series 88	1.20~5.00	3.78%	37,288~41,862	39,958~44,859
Series 89	1.40~5.00	3.78%	40,943~48,358	43,157~50,973
Series 90	1.55~5.00	3.78%	39,554~44,405	39,958~44,859
Series 91	1.65~5.00	3.78%	37,840~42,481	39,958~44,859
Grant deferred in 2016	0.00~1.00	3.78%	-	46,663~50,973
Grant deferred in 2017	0.00~1.00	3.78%	-	46,663~50,973
Grant deferred in 2018	0.00~1.00	3.78%	-	46,663~50,973
Grant deferred in 2019	-	3.78%	-	50,973
Grant deferred in 2020	0.00~1.00	3.78%	-	46,663~50,973
Grant deferred in 2021	0.00~2.00	3.78%	-	44,859~50,973
Stock granted in 2015	0.00~1.00	3.78%	-	46,663~50,973
Stock granted in 2016	0.00~2.00	3.78%	-	44,859~50,973
Stock granted in 2017	0.00~1.00	3.78%	-	46,663~50,973
Stock granted in 2018	0.00~1.00	3.78%	-	46,663~50,973
Stock granted in 2019	-	3.78%	-	50,973
Stock granted in 2020	0.00~1.00	3.78%	-	46,663~50,973
Stock granted in 2021	0.00~2.00	3.78%	-	44,859~50,973
Stock granted in 2022	1.00~5.00	3.78%	-	39,958~46,663

The Group uses the volatility of the stock price over the previous year as the expected volatility, and uses the arithmetic mean of the price-dividend ratio of one year before, two years before, and three years before the base year as the dividend yield and uses one-year risk-free rate of Korea Treasury Bond in order to measure the fair value.

30.2.1.4 The accrued expenses for share-based payments related to stock grants are ₩ 46,740 million and ₩ 53,577 million as of December 31, 2022 and 2021, respectively, and the compensation costs amounting to ₩ 15,169 million and ₩ 27,995 million were recognized for the years ended December 31, 2022 and 2021, respectively.

30.2.2 Mileage stock

30.2.2.1 Details of mileage stock as of December 31, 2022, are as follows:

(In number of shares)

Grant date	Number of granted shares [1]	Expected exercise period (years) [2]	Remaining shares
Stock granted in 2019			
Nov. 1, 2019	119	0.00	48
Nov. 8, 2019	14	0.00	6
Dec. 6, 2019	84	0.00	50
Dec. 5, 2019	56	0.00	41
Dec. 31, 2019	87	0.00	43
Stock granted in 2020			
Jan. 18, 2020	28,645	0.00~0.05	15,541
May 12, 2020	46	0.00~0.36	43
Jun. 30, 2020	206	0.00~0.50	147
Aug. 26, 2020	40	0.00~0.65	27
Oct. 29, 2020	160	0.00~0.83	107
Nov. 6, 2020	45	0.00~0.85	37
Nov. 30, 2020	35	0.00~0.92	34
Dec. 2, 2020	57	0.00~0.92	44
Dec. 4, 2020	154	0.00~0.93	110
Dec. 30, 2020	88	0.00~1.00	64
Stock granted in 2021			
Jan. 15, 2021	28,156	0.00~1.04	18,712
Apr. 5, 2021	89	0.00~1.26	53
Jul. 1, 2021	54	0.00~1.50	54
Jul. 2, 2021	11	0.00~1.50	11
Jul. 27, 2021	70	0.00~1.57	63
Nov. 1, 2021	71	0.00~1.84	71
Nov. 16, 2021	53	0.00~1.88	48
Dec. 6, 2021	87	0.00~1.93	87
Dec. 3, 2021	91	0.00~1.92	89
Dec. 30, 2021	76	0.00~2.00	76

30.2.2.1 Details of mileage stock as of December 31, 2022, are as follows: (cont'd)

(In number of shares)

Grant date	Number of granted shares [1]	Expected exercise period (years) [2]	Remaining shares
Stock granted in 2022			
Jan. 14, 2022	20,909	0.00~2.04	19,864
Apr. 4, 2022	65	0.00~2.26	65
Apr. 19, 2022	33	0.00~2.30	33
Jul. 1, 2022	62	0.00~2.50	62
Aug. 3, 2022	62	0.00~2.59	62
Aug. 9, 2022	80	0.00~2.61	76
Oct. 19, 2022	55	0.00~2.80	55
Nov. 1, 2022	177	0.00~2.84	177
Dec. 1, 2022	49	0.00~2.92	49
Dec. 12, 2022	114	0.00~2.95	114
Dec. 6, 2022	88	0.00~2.93	88
Dec. 2, 2022	42	0.00~2.92	42
Dec. 15, 2022	42	0.00~2.96	42
Dec. 30, 2022	114	0.00~3.00	114
	80,486		56,449

[1] Mileage stock is exercisable for two years after one year from the grant date at the closing price of the end of the previous month. However, mileage stock can be exercised at the closing price of the end of the previous month on the date of occurrence of retirement or transfer despite a one-year grace period.

[2] Assessed based on the stock price as of December 31, 2022. These shares are vested immediately at grant date.

30.2.2.2 The accrued expenses for share-based payments related to mileage stock are ₩ 2,738 million and ₩ 3,465 million as of December 31, 2022 and 2021, respectively. The compensation costs amounting to ₩ 870 million and ₩ 2,116 million were recognized as expenses for the years ended December 31, 2022 and 2021, respectively.

31. Net Other Non-Operating Income and Expenses

Details of other non-operating income and expenses for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)	2022	2021
Other non-operating income		
Gains on disposal of property and equipment and assets held for sale	50,112	11,478
Rental income	22,561	19,238
Others	24,396	29,443
	97,069	60,159
Other non-operating expenses		
Losses on disposal of property and equipment and assets held for sale	8,186	10,522
Donation	62,712	75,909
Restoration costs	2,336	2,743
Others	61,700	50,590
	134,934	139,764
Net other non-operating income (expenses)	(37,865)	(79,605)

32. Income Tax Expense

32.1 Details of income tax expense for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)	2022	2021
Income tax payable		
Current income tax expense	1,336,580	895,895
Adjustments of income tax of prior years recognized in current tax	(120,740)	5,331
	1,215,840	901,226
Changes in deferred income tax assets and liabilities	(579,105)	263,181
Income tax expense of overseas branches	33,244	20,920
Income tax recognized directly in equity:		
Net gains or losses on equity instruments at fair value through other comprehensive income	466,078	(419,220)
Net gains or losses on debt instruments at fair value through other comprehensive income	164,231	106,811
Currency translation differences	(7,412)	(9,166)
Remeasurements of net defined benefit liabilities	(67,749)	28,201
Gains or losses on hedging instruments of net investments in foreign operations	22,863	20,637
Gains or losses on cash flow hedging instruments	(12,264)	(3,787)
Share of other comprehensive income or loss of associates	(15)	(63)
	565,732	(276,587)
Reclassification from AOCI to retained earnings due to sale of equity securities measured at fair value through other comprehensive income	(92,181)	87,814
Consolidated tax return effect	(62,854)	(45,308)
Others	807	2,269
Income tax expense	1,081,483	953,515

32.2 Analysis of the relationship between net profit before income tax expense and income tax expense for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)	**2022**	**2021**
Profit before income tax expense	3,809,790	3,491,544
Income tax at the applicable tax rate *	1,037,330	949,814
Non-taxable income	(10,300)	(14,491)
Non-deductible expenses	10,040	11,539
Tax credit and tax exemption	(1,418)	-
Temporary difference for which no deferred tax is recognized	95,438	21,967
Changes in recognition and measurement of deferred tax	98,854	-
Income tax refund for tax of prior years	(135,121)	(17,187)
Income tax expense of overseas branches	33,244	20,920
Tax effect of investments in subsidiaries	9,961	20,942
Foreign subsidiary tax rate difference effect	28,206	(842)
Effect of tax rate change	(5,670)	-
Consolidated tax return effect	(62,854)	(45,308)
Others	(16,227)	6,161
Income tax expense	1,081,483	953,515
Income tax expense/Profit before income tax (%)	28.39	27.31

* Applicable income tax rate for ₩ 200 million and below is 11%, for over ₩ 200 million to ₩ 20 billion is 22%, for over ₩ 20 billion to ₩ 300 billion is 24.2% and for over ₩ 300 billion is 27.5% for the years ended December 31, 2022 and 2021.

32.3 Details of current tax liabilities (income tax payables) and current tax assets (income tax refund receivables) before offsetting as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)	**December 31, 2022**	**December 31, 2021**
Tax payables after offsetting [1, 2]	873,805	480,218
Adjustment on consolidated tax payable and others [3]	(62,854)	(45,308)
Consolidated tax return accounts payables [4]	(747,922)	(377,629)
Current tax payable	63,029	57,281

[1] Current tax assets of ₩ 172,757 million and ₩ 44,942 million due to uncertain tax position and current tax assets of ₩ 19,282 million and ₩ 16,372 million for overseas branches were excluded, which does not qualify for offsetting as of December 31, 2022 and 2021, respectively.

[2] Includes income tax payable of ₩ 63,029 million and ₩ 57,281 million under current tax liabilities, which are not to be offset against any income tax refund receivables, such as those of overseas branches as of December 31, 2022 and 2021, respectively.

[3] Tax expense reduced due to the adoption of consolidated tax return was recognized as tax benefit.

[4] The amount of income tax payable is reclassified as accounts payable, not to the tax authority, but to KB Financial Group Inc. due to the adoption of consolidated tax return.

33. Dividends

The annual dividends to the shareholder of the Bank for the year ended December 31, 2022, amounting to ₩ 1,346,582 million (₩ 3,330 per share) is to be proposed at the general shareholder's meeting scheduled for March 23, 2023. The Group's consolidated financial statements as of and for the year ended December 31, 2022, do not reflect this dividend payable.

34. Accumulated Other Comprehensive Income (Loss)

Changes in accumulated other comprehensive income (loss) for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	2022					
	Beginning	Changes (excluding reclassification)	Reclassification to profit or loss	Tax effect	Transfer to retained earnings	Ending
Remeasurements of net defined benefit liabilities	(292,232)	246,059	-	(67,749)	-	(113,922)
Currency translation differences	68,224	140,476	-	(7,412)	-	201,288
Gains on (losses) debt securities measured at fair value through other comprehensive income	(186,463)	(933,967)	304,013	164,231	-	(652,186)
Gains on equity securities measured at fair value through other comprehensive income	1,838,548	(1,327,887)	-	466,078	(335,203)	641,536
Share of other comprehensive loss of associates	(2,526)	(49)	-	(15)	-	(2,590)
Losses on cash flow hedging instruments	(89)	43,886	2,388	(12,264)	-	33,921
Gains (losses) on hedging instruments of net investments in foreign operations	(30,306)	(87,853)	-	22,863	-	(95,296)
	1,395,156	(1,919,335)	306,401	565,732	(335,203)	12,751

(In millions of Korean won)

	2021					
	Beginning	Changes (excluding reclassification)	Reclassification to profit or loss	Tax effect	Transfer to retained earnings	Ending
Remeasurements of net defined benefit liabilities	(220,178)	(100,255)	-	28,201	-	(292,232)
Currency translation differences	(118,526)	193,922	1,994	(9,166)	-	68,224
Gains on (losses) debt securities measured at fair value through other comprehensive income	88,478	(385,466)	3,714	106,811	-	(186,463)
Gains on equity securities measured at fair value through other comprehensive income	733,332	1,205,112	-	(419,220)	319,324	1,838,548
Share of other comprehensive loss of associates	(2,691)	228	-	(63)	-	(2,526)
Losses on cash flow hedging instruments	(10,073)	11,468	2,303	(3,787)	-	(89)
Gains (losses) on hedging instruments of net investments in foreign operations	24,103	(80,241)	5,195	20,637	-	(30,306)
	494,445	844,768	13,206	(276,587)	319,324	1,395,156

35. Trust Accounts

35.1 Financial information of the trust accounts the Group manages, as of and for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	Total assets		Operating revenues	
	December 31, 2022	December 31, 2021	2022	2021
Consolidated	4,192,712	4,372,406	122,144	92,012
Unconsolidated (non-guaranteed)	76,695,803	68,491,476	1,996,658	2,002,166
	80,888,515	72,863,882	2,118,802	2,094,178

* Financial information of the trust accounts has been prepared in accordance with the Statement of Korea Accounting Standard No.5004, *Trust Accounts*, and enforcement regulations of the Financial Investment Services under the Financial Investment Services and Capital Markets Act.

35.2 Significant receivables and payables related to the Group's trust accounts as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)		December 31, 2022	December 31, 2021
Trust segment	**Receivables**		
	Accrued trust fees	55,990	30,288
	Other accrued income	27,376	23,848
		83,366	54,136
	Payables		
	Due to trust accounts	1,580,076	1,019,236
	Accrued interest on due to trust accounts	7,294	3,949
	Deposits	686,394	485,126
	Accrued interest on deposits	5,641	1,735
		2,279,405	1,510,046
Custody segment	**Receivables**		
	Accrued trust fees	8,461	7,689
	Payables		
	Due to trust accounts	4,228,370	6,014,613
	Accrued interest on due to trust accounts	10,820	3,599
		4,239,190	6,018,212

35.3 Significant revenues and expenses related to the Group's trust accounts for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)		2022	2021
Trust segment	**Revenues**		
	Fees and commissions from trust accounts	163,184	270,977
	Management fees and commissions from retirement pension	30,797	28,387
	Commissions from early termination in trust accounts	13	36
		193,994	299,400
	Expenses		
	Interest expenses on due to trust accounts	31,355	11,150
	Interest expenses on deposits	19,655	4,868
		51,010	16,018
Custody segment	**Revenues**		
	Fees and commissions from trust accounts	38,054	36,656
	Expenses		
	Interest expenses on due to trust accounts	83,797	20,470

36. Statement of Cash Flows

36.1 Details of cash and cash equivalents as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)	December 31, 2022	December 31, 2021
Cash	2,437,356	2,494,543
Checks issued by other banks	123,163	150,047
Due from the Bank of Korea	15,963,883	16,038,651
Due from other financial institutions	6,603,392	6,481,750
	25,127,794	25,164,991
Deduction:		
Restricted due from financial institutions *	(1,461,327)	(1,741,419)
Due from financial institutions with original maturities over three months	(311,946)	(302,075)
	(1,773,273)	(2,043,494)
	23,354,521	23,121,497

* Items that meet the definition of cash are excluded in accordance with Korean IFRS No.1007 *Statement of Cash Flows*. Detailed information on the effects of this change in accounting policy is described in Note 2.1 Application of Korean IFRS.

Items that meet the definition of cash in restricted due from financial institutions as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)		Financial institutions	December 31, 2022	December 31, 2021
Due from financial institutions in Korean won	Due from the Bank of Korea	The Bank of Korea	15,169,703	15,117,033
Due from financial institutions in foreign currencies	Due from banks in foreign currencies	The Bank of Korea	794,180	721,618
		Bank Indonesia and others	421,718	285,655
			16,385,601	16,124,306

36.2 Significant non-cash transactions for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)	2022	2021
Write-offs of loans	846,312	484,243
Changes in accumulated other comprehensive income from valuation of debt securities measured at fair value through other comprehensive income	(465,723)	(274,941)
Changes in accumulated other comprehensive income from valuation of equity securities measured at fair value through other comprehensive income	(1,197,012)	1,105,217
Changes in accumulated other comprehensive income from valuation of investments in associates	(64)	165
Changes in financial investments due to debt-for-equity swap	-	327

36.3 Cash inflows and outflows from income tax, interest, and dividends for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	Activities	2022	2021
Income tax paid	Operating	908,394	1,043,878
Interest received	Operating	15,033,525	10,843,378
Interest paid	Operating	4,986,483	3,169,577
Dividends received	Operating	256,335	170,449
Dividends paid	Financing	1,031,167	917,941
Interest (dividends) paid on hybrid securities	Financing	34,399	24,144

36.4 Changes in liabilities arising from financing activities for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	2022							
	Derivatives held for hedging *	Borrowings	Debentures	Due to trust accounts	Lease liabilities	Deposits for letter of guarantees	Other payables	Total
Beginning	(88,125)	32,523,161	29,718,734	7,033,849	375,472	387,082	108,115	70,058,288
Cash flow	33,402	11,575,186	(197,529)	(1,225,402)	(157,055)	712,257	184,647	10,925,506
New lease and termination	-	-	-	-	142,433	-	-	142,433
Exchange differences	-	981,112	450,741	-	-	-	-	1,431,853
Changes in fair values	97,791	-	(293,571)	-	-	-	-	(195,780)
Changes from business combination	-	-	-	-	-	-	(188,528)	(188,528)
Other changes from non-cash transactions	(35,348)	(6,342)	109,347	-	11,153	16,845	12,853	108,508
Ending	7,720	45,073,117	29,787,722	5,808,447	372,003	1,116,184	117,087	82,282,280

(In millions of Korean won)

	2021							
	Derivatives held for hedging *	Borrowings	Debentures	Due to trust accounts	Lease liabilities	Deposits for letter of guarantees	Other payables	Total
Beginning	(142,840)	26,870,831	26,969,584	7,542,955	380,629	456,536	419,308	62,497,003
Cash flow	5,870	4,743,115	2,415,697	(509,106)	(162,954)	(71,326)	(373,592)	6,047,704
New lease and termination	-	-	-	-	147,470	-	-	147,470
Exchange differences	-	909,325	370,021	-	-	-	33,516	1,312,862
Changes in fair values	41,762	-	(126,419)	-	-	-	-	(84,657)
Changes from business combination	-	-	-	-	-	-	51,377	51,377
Other changes from non-cash transactions	7,083	(110)	89,851	-	10,327	1,872	(22,494)	86,529
Ending	(88,125)	32,523,161	29,718,734	7,033,849	375,472	387,082	108,115	70,058,288

* Derivatives held for hedging purposes are the net amount after offsetting liabilities and assets.

37. Contingent Liabilities and Commitments

37.1 Details of acceptances and guarantees as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)	December 31, 2022	December 31, 2021
Confirmed acceptances and guarantees		
Confirmed acceptances and guarantees in Korean won:		
Acceptances and guarantees for KB purchasing loan	167,538	136,914
Performance bond	3,476	3,476
Refund guarantees	9,259	27,811
Others	905,934	786,183
	1,086,207	954,384
Confirmed acceptances and guarantees in foreign currencies:		
Acceptances of letter of credit	502,217	523,037
Letter of guarantees	78,414	83,089
Bid bond	19,998	18,874
Performance bond	976,008	855,247
Refund guarantees	1,705,796	874,173
Others	3,570,739	2,518,394
	6,853,172	4,872,814
Financial guarantee contracts:		
Acceptances and guarantees for issuance of debenture	5,040	5,040
Acceptances and guarantees for mortgage	94,861	51,053
Overseas debt guarantees	509,157	428,108
International financing guarantees in foreign currencies	181,241	132,114
Other financial guarantees in Korean won	-	50,950
	790,299	667,265
	8,729,678	6,494,463
Unconfirmed acceptances and guarantees		
Guarantees of letter of credit	3,042,911	3,551,767
Refund guarantees	1,528,359	833,765
	4,571,270	4,385,532
	13,300,948	10,879,995

37.2 Credit qualities of acceptances and guarantees as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)	December 31, 2022			
	12-month expected credit losses	Lifetime expected credit losses		Total
		Non-impaired	Impaired	
Confirmed acceptances and guarantees *				
Grade 1	6,023,922	1,140	-	6,025,062
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	14,846	18,976
	8,464,615	249,775	15,288	8,729,678
Unconfirmed acceptances and guarantees *				
Grade 1	3,232,326	844	-	3,233,170
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	4,164	4,363
	4,279,184	287,917	4,169	4,571,270
	12,743,799	537,692	19,457	13,300,948

(In millions of Korean won)	December 31, 2021			
	12-month expected credit losses	Lifetime expected credit losses		Total
		Non-impaired	Impaired	
Confirmed acceptances and guarantees *				
Grade 1	4,545,788	838	-	4,546,626
Grade 2	1,594,713	32,567	-	1,627,280
Grade 3	105,691	46,174	-	151,865
Grade 4	7,722	149,785	214	157,721
Grade 5	-	774	10,197	10,971
	6,253,914	230,138	10,411	6,494,463
Unconfirmed acceptances and guarantees *				
Grade 1	3,083,636	3,391	-	3,087,027
Grade 2	998,204	39,224	-	1,037,428
Grade 3	12,039	34,797	-	46,836
Grade 4	11,925	195,794	-	207,719
Grade 5	-	138	6,384	6,522
	4,105,804	273,344	6,384	4,385,532
	10,359,718	503,482	16,795	10,879,995

* Applied same criteria as the credit qualities classification of loans.

37.3 Classifications of acceptances and guarantees by counterparty as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31, 2022			
	Confirmed guarantees	Unconfirmed guarantees	Total	Proportion (%)
Large companies	7,615,442	3,810,564	11,426,006	85.90
Small and medium-sized companies	718,722	496,709	1,215,431	9.14
Public sector and others	395,514	263,997	659,511	4.96
	8,729,678	4,571,270	13,300,948	100.00

(In millions of Korean won)

	December 31, 2021			
	Confirmed guarantees	Unconfirmed guarantees	Total	Proportion (%)
Large companies	5,444,961	3,377,150	8,822,111	81.09
Small and medium-sized companies	820,327	657,073	1,477,400	13.58
Public sector and others	229,175	351,309	580,484	5.33
	6,494,463	4,385,532	10,879,995	100.00

37.4 Classifications of acceptances and guarantees by industry as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

	December 31, 2022			
	Confirmed guarantees	Unconfirmed guarantees	Total	Proportion (%)
Financial institutions	547,553	2,012	549,565	4.13
Manufacturing	3,851,832	3,589,948	7,441,780	55.95
Service	751,846	31,465	783,311	5.89
Wholesale and retail	2,181,469	658,875	2,840,344	21.35
Construction	420,937	47,465	468,402	3.52
Public sector	32,635	81,607	114,242	0.86
Others	943,406	159,898	1,103,304	8.30
	8,729,678	4,571,270	13,300,948	100.00

(In millions of Korean won)

	December 31, 2021			
	Confirmed guarantees	Unconfirmed guarantees	Total	Proportion (%)
Financial institutions	398,801	10,114	408,915	3.76
Manufacturing	2,742,224	2,979,232	5,721,456	52.59
Service	676,440	38,920	715,360	6.58
Wholesale and retail	1,603,085	999,416	2,602,501	23.92
Construction	317,946	38,260	356,206	3.27
Public sector	28,257	99,841	128,098	1.18
Others	727,710	219,749	947,459	8.70
	6,494,463	4,385,532	10,879,995	100.00

37.5 Details of commitments as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)	December 31, 2022	December 31, 2021
Commitments		
Corporate loan commitments	50,603,030	44,763,099
Retail loan commitments	51,216,282	47,048,097
Other commitments in Korean won	1,700,000	1,300,000
Purchase of other securities	4,880,222	4,024,709
	108,399,534	97,135,905
Financial guarantee contracts		
Credit line	6,100,082	4,858,585
Purchase of securities	371,200	495,400
	6,471,282	5,353,985
	114,870,816	102,489,890

37.6 Other Matters (including litigation)

The Group has 38 pending lawsuits as a plaintiff (excluding simple lawsuits related to the collection or management of loans), with aggregate claims amount of ₩ 1,053,503 million, and details of pending lawsuits in which the Group is a defendant as of December 31, 2022, are as follows:

(In number of cases, in millions of Korean won)

Lawsuits	No. of cases	Amount	Description of the lawsuits	Status of the lawsuits
Request for a return of redemption amount	1	53,239	Kookmin Bank invested the assets entrusted by OO Asset Management and OO Investment Trust Management in the Fairfield Sentry Limited, and Fairfield Sentry Limited reinvested the assets in Bernard L. Madoff Investment Securities LLC managed by Bernard Madoff (Bernard L. Madoff Investment Securities LLC is in the liquidation process due to Ponzi scheme fraud-related losses). Bankruptcy trustee of Bernard L. Madoff Investment Securities LLC filed a lawsuit against Kookmin Bank seeking to return the amount of redemptions received by Kookmin Bank through Fairfield Sentry Limited.	Application for incineration by the defendant has been denied, and further proceedings are scheduled. [Related litigation is in progress at the New York Southern District Bankruptcy Court (10-3777) at the written complaint review stage]
Confirm the absence of debt	1	96,200	Galamat-Art LLP is a joint guarantor of the PF loan for the 'Kazakhstan Almaty City Complex Development Project' in which Kookmin Bank participated as a lender. OO Bank, the agent bank of the lending group, filed a provisional seizure and a lawsuit on the merits of the guarantee debt to the local court against Galamat-Art LLP. And Galamat-Art LLP filed a counterclaim against the lenders, including Kookmin Bank, to confirm the absence of debt denying the joint guarantee obligation.	The Bank won the case in the first and second trials, and the plaintiff's appeal (appeal deadline: April 19, 2023) is being monitored.
Expropriation of long-term leasehold rights	1	316,825	The Bank invested assets entrusted by DAOL Asset Management Co., Ltd. in loans that are directly or indirectly collateralized by the building and land leasehold rights (hereinafter referred to as "the real estate in this case") of Union Station in Washington, D.C., the United States. The Plaintiff, who is the operator of the railway facility, filed this lawsuit against the stakeholders of the real estate in this case, including the Bank, to expropriate the real estate in this case and determine indemnity.	The Bank submitted the response letter and will proceed with the process in the future.
Others	106	267,703	Others (excluding simple lawsuits related to the collection or management of loans)	
	109	733,967		

38. Subsidiaries

38.1 Details of subsidiaries as of December 31, 2022, are as follows:

Investor	Investee	Ownership (%)	Location	Industry
Kookmin Bank	Kookmin Bank Cambodia Plc.	100.00	Cambodia	Banking and foreign exchange transaction
Kookmin Bank	Kookmin Bank (China) Ltd.	100.00	China	Banking and foreign exchange transaction
Kookmin Bank	KB Microfinance Myanmar Co., Ltd.	100.00	Myanmar	Microfinance services
Kookmin Bank	KB Bank Myanmar Co., Ltd.	100.00	Myanmar	Banking and foreign exchange transaction
Kookmin Bank, Kookmin Bank Cambodia Plc.	PRASAC Microfinance Institution Plc.	100.00	Cambodia	Microfinance services
Kookmin Bank	PT Bank KB Bukopin Tbk	67.00	Indonesia	Banking and foreign exchange transaction
PT Bank KB Bukopin Tbk	PT Bank Syariah Bukopin	92.78	Indonesia	Banking
PT Bank KB Bukopin Tbk	PT Bukopin Finance	97.04	Indonesia	Installment financing
Kookmin Bank	Orient Kwang-yang Co., Ltd. [2]	36.16	Korea	Building of ships
Orient Kwang-yang Co., Ltd.	YoulChon Clean Energy Co., Ltd.	100.00	Korea	Other power generation
Kookmin Bank	Personal pension trust and 10 others [1]	0.00	Korea	Trust
Kookmin Bank	KBL Incheon 1st L.L.C. and 48 others [2]	0.00	Korea	Asset-backed securitization and others
Kookmin Bank	KB Wise Star Private Real Estate Feeder Fund No.1 [2]	86.00	Korea	Investment trust
Kookmin Bank	Kiwoom Frontier Private Securities Fund No.10 (Bond) [2]	99.36	Korea	Investment trust
Kookmin Bank	Woori SafePlus Private Securities Fund S-8 [2]	90.85	Korea	Investment trust
Kookmin Bank	NH-Amundi Global Private Securities Investment Trust No.1 (USD) (Bond) [2]	99.86	Korea	Investment trust
Kookmin Bank	Meritz Private Real Estate Fund No.9-2 [2]	99.98	Korea	Investment trust
Kookmin Bank	AIP US Red Private Real Estate Trust No.10 [2]	99.97	Korea	Investment trust
Kookmin Bank	KB KBSTAR 3-Year Futures Inverse Securities ETF (Debt-Derivative) [2]	81.53	Korea	Investment trust
Kookmin Bank	KB Core Blind Private Real Estate Fund No.1 [2]	90.09	Korea	Investment trust
KB Core Blind Private Real Estate Fund No.1	KB Wise Star Real Estate Fund No.3 [2]	46.65	Korea	Investment trust
Kookmin Bank	KB Global Private Real Estate Debt Fund No.3 (USD) [2]	99.50	Korea	Investment trust
Kookmin Bank	Samsung SRA Private Real Estate Investment Trust No.28D [2]	99.50	Korea	Investment trust

38.1 Details of subsidiaries as of December 31, 2022, are as follows: (cont'd)

Investor	Investee	Ownership (%)	Location	Industry
Kookmin Bank	KB Global Private Real Estate Debt Fund No.10 [2]	99.83	Korea	Investment trust
Kookmin Bank	KTB Global CREDebt No.52 [2]	99.44	Korea	Investment trust
Kookmin Bank	Hyundai Invest KKR Europe Real Estate No.1-3 [2]	99.01	Korea	Investment trust
Kookmin Bank	KBSTAR FKTB 5Y Duration Following ETF [2]	99.60	Korea	Investment trust
Kookmin Bank	Vestas Investors Private Real Estate Fund Investment Trust No.69-3 [2]	99.52	Korea	Investment trust
Kookmin Bank	KB KBSTAR FKTB 5Y Duration Following ETF [2]	99.60	Korea	Investment trust
Kookmin Bank	SHINHAN ASP PCF II Private Investment Trust No.2 (USD) [2]	99.75	Korea	Investment trust
Kookmin Bank	Vestas Europe Logistics General Private Real Estate Fund Investment Trust No.73-1 [2]	97.40	Korea	Investment trust
Kookmin Bank	Vestas Europe Logistics General Private Real Estate Fund Investment Trust No.73-2 [2]	97.40	Korea	Investment trust
Kookmin Bank	KB KBSTAR KTB 10Y Futures ETF [2]	65.13	Korea	Investment trust
Kookmin Bank	VI ESG Private Securities Investment Trust No.1 (Bond) [2]	100.00	Korea	Investment trust
Kookmin Bank	SHINHAN Aim Private Real Estate Fund Investment Trust No.26-C (USD) [2]	99.98	Korea	Investment trust
Kookmin Bank	KB KBSTAR KTB 3Y Futures ETF [2]	93.77	Korea	Investment trust
Kookmin Bank	SAMSUNG KODEX 10Y F-LKTB INVERSE ETF [2]	95.53	Korea	Investment trust
Kookmin Bank	KB KBSTAR Nov 2025 Term Credit ETF [2]	65.45	Korea	Investment trust

[1] The Group controls the trust because it has power to determine the management performance of the trust and is exposed to variable returns that absorb losses through the guarantees of payment of principal, or payment of principal and fixed rate of return.

[2] The Group controls these investees because it is significantly exposed to variable returns from the investees' performance and has ability to affect those returns through its power.

The Group holds more than half of the ownership interests of Koreit BN Private Equity Fund and six other investment trusts but does not have the power over relevant activities in accordance with agreements with trust and other shareholders, therefore these entities are not consolidated.

38.2 The condensed financial information of major subsidiaries as of and for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)	December 31, 2022			2022	
	Assets	Liabilities	Equity	Operating revenue	Profit (loss) for the period
Kookmin Bank Cambodia Plc.	677,093	536,616	140,477	40,295	13,581
Kookmin Bank (China) Ltd.	3,666,107	3,164,601	501,506	230,027	(869)
KB Microfinance Myanmar Co., Ltd.	20,111	9,475	10,636	5,379	(1,164)
PRASAC Microfinance Institution Plc.	6,083,323	4,999,794	1,083,529	1,095,307	233,852
PT Bank KB Bukopin Tbk	6,533,161	6,661,179	(128,018)	410,422	(802,084)
KB Bank Myanmar Co., Ltd.	262,478	13,655	248,823	3,252	(1,333)
Personal pension trust and 10 others	4,120,682	4,077,223	43,459	115,566	(76,182)

(In millions of Korean won)	December 31, 2021			2021	
	Assets	Liabilities	Equity	Operating revenue	Profit (loss) for the period
Kookmin Bank Cambodia Plc.	559,442	440,502	118,940	28,032	11,694
Kookmin Bank (China) Ltd.	3,812,297	3,295,555	516,742	182,989	14,064
KB Microfinance Myanmar Co., Ltd.	16,549	3,507	13,042	6,020	(6,249)
PRASAC Microfinance Institution Plc.	5,128,845	4,329,971	798,874	796,169	205,342
PT Bank KB Bukopin Tbk	6,958,949	6,320,222	638,727	413,973	(272,526)
KB Bank Myanmar Co., Ltd.	242,396	8,409	233,987	480	(3,005)
Personal pension trust and 10 others	4,381,035	4,261,394	119,641	95,531	2,333

38.3 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:

38.3.1 The Bank has provided capital commitments to consolidated investment funds.

(In millions of Korean won)	December 31, 2022	
	Capital commitments	Unused amount
Meritz Private Real Estate Fund No.9-2	63,352	913
KTB Global CREDebt No.52(USD)	63,365	12,564
Hyundai Invest KKR Europe Real Estate No.1-3(EUR)	54,048	19,228
Vestas Investors Private Real Estate Fund Investment Trust No.69-3(USD)(FOF)	81,107	35,139
SHINHAN ASP PCF II Private Investment Trust No.2 (USD)	25,346	4,540
Vestas Europe Logistics General Private Real Estate Fund Investment Trust No.73-1	67,258	53,914
SHINHAN Aim Private Real Estate Fund Investment Trust No.26-C (USD)	82,375	63,650

38.3.2 The Bank has provided purchase commitment and credit line to consolidated structured entities. The purchase commitment guarantees that the Bank will purchase and pay any remaining commercial paper securities issued by consolidated structured entities. The credit line agreement requires the Bank to provide loans under certain conditions if there is a reason for suspension of issuance of commercial paper securities or if consolidated structured entities become insolvency due to other reasons.

(In millions of Korean won)	**December 31, 2022**
KBL Incheon 1st L.L.C.	101,000
KB DTower 1st L.L.C.	50,510
KBH the 4th L.L.C.	12,200
Great Forest the 1st L.L.C.	10,200
KBH the 6th L.L.C.	50,106
Beomuh Landmark the 2nd L.L.C.	45,600
K Plus the 1st L.L.C.	110,279
KB Livv H 1st L.L.C.	30,097
Livv H 1st L.L.C.	50,152
KB Eagles 1st Co., Ltd.	30,097
KB Manchon Harrington Co., Ltd.	6,220
KB Livv I 1st Co., Ltd.	15,188
KB Cheongla Hill Co., Ltd.	60,550
KB Dong-in Central L.L.C.	20,094
KB Eagles 2nd Co., Ltd.	50,182
KBH Steal Co., Ltd.	150,204
KB Penta Co., Ltd.	20,910
KB Great Bear 1st L.L.C.	10,249
Ryan Mobility 1st L.L.C.	50,105
KB Chemical 1st Co., Ltd.	50,158
KB Harim 1st L.L.C.	30,139
KB Eagles 3rd Co., Ltd.	50,164
KB Winchest 1st Co., Ltd.	10,500
KB Dong-in Central 1st L.L.C.	300
LEP 2nd Co., Ltd.	10,000
KB River County L.L.C.	29,000
KB Buamsamjung 1st Co., Ltd.	36,039
Liiv H 2nd Co., Ltd.	30,028
KB Sungnae 1st L.L.C.	65,000
JT Capital 7th Asset Securitization Specialty Company	15,600
KB Landscape 1st L.L.C.	72,900
KB Pride 1st L.L.C.	23,250
KB Pride 2nd L.L.C.	30,184
KB Moonheung 1st Co., Ltd.	160
KB One West 1st Co., Ltd.	1,164
KB Cloud L.L.C.	10,831
K Gowoon Sekyo 1st Co., Ltd.	644
K Gowoon Sekyo 2nd Co., Ltd.	1,341
KB Great29 1st Co., Ltd.	57,600
IDMB UNITED PTE.LTD.	259,797
Liiv H 3rd Co., Ltd.	50,595

38.3.3 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.

38.4 Changes in Subsidiaries

NICE WONHO 1st Co., Ltd. and 24 other subsidiaries were newly included in the scope of consolidation, and KB Happy 1st L.L.C. and 28 other subsidiaries were excluded from the scope of consolidation for the year ended December 31, 2022.

38.5 Net Cash Flow from Changes in Subsidiaries

The net cash inflows arising from acquisition of subsidiaries and net cash inflows arising from disposal of subsidiaries are amounting to ₩ 2,800 million and ₩ 52,569 million for the year ended December 31, 2022, respectively.

39. Unconsolidated Structured Entities

39.1 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
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
Structured financing	Granting PF loans to SOC and real estate Granting loans to ships/aircrafts SPC Project financing to M&A and others	Construction of SOC and real estate Building ships, construction and purchase of aircrafts M&A	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

39.2 Details of scale of unconsolidated structured entities and nature of the risks associated with the Group's interests in unconsolidated structured entities as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)	December 31, 2022			
	Asset-backed securitization	**Structured financing**	**Investment funds**	**Total**
Total assets of unconsolidated structured entities	100,277,020	61,285,981	233,155,749	394,718,750
Carrying amount in the financial statements				
Assets:				
Financial assets at fair value through profit or loss	134,560	34,640	5,094,475	5,263,675
Loans measured at amortized cost	424,111	4,852,076	-	5,276,187
Financial investments	7,381,323	-	-	7,381,323
Investments in associates	-	-	329,626	329,626
Other assets	-	616	2	618
	7,939,994	4,887,332	5,424,103	18,251,429
Liabilities:				
Deposits	219,641	1,596,011	78,705	1,894,357
Derivative financial liabilities	-	-	-	-
Other liabilities	2,302	1,561	97	3,960
	221,943	1,597,572	78,802	1,898,317
Maximum exposure				
Assets held *	7,939,994	4,887,332	5,424,103	18,251,429
Purchase and investment commitments	371,200	-	4,355,121	4,726,321
Acceptances and guarantees and unused line of credit	6,097,582	1,640,709	-	7,738,291
	14,408,776	6,528,041	9,779,224	30,716,041
Methods of determining the maximum exposure	Providing lines of credit / Purchase commitments/ Acceptances and guarantees / Investment commitments	Acceptances and guarantees / Providing lines of credit	Purchase commitments /Investment commitments	

39.2 Details of scale of unconsolidated structured entities and nature of the risks associated with the Group's interests in unconsolidated structured entities as of December 31, 2022 and 2021, are as follows: (cont'd)

(In millions of Korean won)	December 31, 2021			
	Asset-backed securitization	**Structured Financing**	**Investment funds**	**Total**
Total assets of unconsolidated structured entities	99,788,024	52,936,733	135,096,320	287,821,077
Carrying amount in the financial statements				
Assets:				
Financial assets at fair value through profit or loss	167,915	39,047	3,555,696	3,762,658
Loans measured at amortized cost	41,068	5,098,265	-	5,139,333
Financial investments	7,471,873	-	-	7,471,873
Investments in associates	-	-	285,895	285,895
Other assets	-	423	2	425
	7,680,856	5,137,735	3,841,593	16,660,184
Liabilities:				
Deposits	330,592	650,834	86,185	1,067,611
Derivative financial liabilities	437	-	-	437
Other liabilities	2,532	3,030	15	5,577
	333,561	653,864	86,200	1,073,625
Maximum exposure				
Assets held *	7,680,856	5,137,735	3,841,593	16,660,184
Purchase and investment commitments	-	-	3,863,104	3,863,104
Acceptances and guarantees and unused line of credit	5,353,985	1,636,416	-	6,990,401
	13,034,841	6,774,151	7,704,697	27,513,689
Methods of determining the maximum exposure	Providing lines of credit / Purchase commitments/ Acceptances and guarantees and loan commitments	Loan commitments / Investment commitments / Purchase commitments and acceptances and guarantees	Investment commitments	

* 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.

40. Lease

40.1 The Group as a Lessee

40.1.1 Amounts recognized in the consolidated statements of financial position related to lease as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)	December 31, 2022	December 31, 2021
Right-of-use property and equipment: *		
Real estate	371,926	370,146
Vehicles	10,507	10,970
Others	4,401	10,018
	386,834	391,134
Right-of-use intangible assets *	2,602	3,610
	389,436	394,744
Lease liabilities *	372,003	375,472

* Included in property and equipment, intangible assets, and other liabilities.

40.1.2 Amounts recognized in the consolidated statements of comprehensive income related to lease for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)	2022	2021
Depreciation and amortization of right-of-use assets:		
Real estate	192,920	196,687
Vehicles	11,035	11,379
Others	5,291	6,672
Intangible asset	1,007	1,007
	210,253	215,745
Interest expenses on the lease liabilities	11,153	10,328
Expense relating to short-term lease	3,222	3,094
Expense relating to lease of low-value assets that are not short-term lease	3,486	3,060

Total cash outflows for lease for the years ended December 31, 2022 and 2021 are ₩ 163,763 million and ₩ 169,108 million, respectively.

40.2 The Group as an Operating Lessor

The future minimum lease payments to be received from the non-cancellable lease contracts as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)	December 31, 2022	December 31, 2021
Up to 1 year	20,875	20,081
1-5 years	29,373	33,211
Over 5 years	-	-
	50,248	53,292

41. Related Party Transactions

According to Korean IFRS No.1024, the Group includes the Parent, the Parent's subsidiaries, associates, associates of the Parent's subsidiaries, associates of the Parent, 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.

Key management personnel include the executives of the Parent Company and the executives (managing director and above) of the Bank, and companies where the executives and/or their close family members have control or joint control.

41.1 Details of significant profit or loss arising from transactions with related parties for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)		2022	2021
Parent			
KB Financial Group Inc.	Fee and commission income	9,493	7,440
	Other non-operating income	1,985	1,638
	Interest expense	6,345	1,708
	Other operating expenses	-	273
	General and administrative expenses	1,262	926
Parent's subsidiaries			
KB Securities Co., Ltd.	Interest income	7,571	2,897
	Fee and commission income	26,105	27,878
	Gains on financial instruments at fair value through profit or loss	235,328	92,627
	Other non-operating income	4,613	4,371
	Interest expense	4,533	2,020
	Fee and commission expense	2,353	785
	Losses on financial instruments at fair value through profit or loss	168,852	108,706
	Provision for credit losses	106	146
	Other non-operating expenses	1	-
	General and administrative expenses	3,233	3,242

41.1 Details of significant profit or loss arising from transactions with related parties for the years ended December 31, 2022 and 2021, are as follows: (cont'd)

(In millions of Korean won)		2022	2021
KB Asset Management Co., Ltd.	Fee and commission income	2,053	1,959
	Gains on financial instruments at fair value through profit or loss	1,050	178
	Interest expense	143	43
	Fee and commission expense	3,851	1,703
	Losses on financial instruments at fair value through profit or loss	9	98
	General and administrative expenses	500	500
KB Real Estate Trust Co., Ltd.	Fee and commission income	315	268
	Other non-operating income	34	35
	Interest expense	258	119
	Fee and commission expense	1,641	1,806
KB Investment Co., Ltd.	Fee and commission income	109	126
	Interest expense	1,647	344
KB Credit Information Co., Ltd.	Fee and commission income	75	71
	Other non-operating income	165	143
	Interest expense	139	69
	Fee and commission expense	18,146	20,953
	Other operating expenses	16	-
KB Data System Co., Ltd.	Fee and commission income	788	432
	Other non-operating income	185	182
	Interest expense	183	152
	Other operating expenses	419	349
	General and administrative expenses	110,623	60,374
KB Life Insurance Co., Ltd.	Interest income	83	-
	Fee and commission income	21,447	17,258
	Gains on financial instruments at fair value through profit or loss	14,050	8,154
	Other non-operating income	56	48
	Interest expense	13	11
	Fee and commission expense	579	956
	Losses on financial instruments at fair value through profit or loss	2,060	414
	Other operating expenses	1	-
	Provision for credit losses	224	-
	General and administrative expenses	890	888

41.1 Details of significant profit or loss arising from transactions with related parties for the years ended December 31, 2022 and 2021, are as follows: (cont'd)

(In millions of Korean won)		2022	2021
KB Kookmin Card Co., Ltd.	Interest income	9,925	4,985
	Fee and commission income	161,910	167,764
	Gains on financial instruments at fair value through profit or loss	2,087	287
	Reversal of credit losses	178	6
	Other non-operating income	1,473	1,682
	Interest expense	955	937
	Fee and commission expense	1,742	1,222
	Losses on financial instruments at fair value through profit or loss	1,399	363
	Provision for credit losses	-	327
	General and administrative expenses	1,469	1,301
KB Savings Bank Co., Ltd.	Fee and commission income	455	984
	Other non-operating income	31	82
	Interest expense	10	16
	General and administrative expenses	3	6
KB Capital Co., Ltd.	Interest income	2,475	1,529
	Fee and commission income	3,759	2,900
	Reversal of credit losses	-	245
	Other non-operating income	171	155
	Interest expense	248	74
	Fee and commission expense	119	4
	Provision for credit losses	28	-
	General and administrative expenses	-	139
KB Insurance Co., Ltd.	Interest income	569	303
	Fee and commission income	27,195	26,351
	Gains on financial instruments at fair value through profit or loss	137,527	69,366
	Reversal of credit losses	9	-
	Other non-operating income	2,036	1,842
	Interest expense	1,075	1,592
	Fee and commission expense	3,953	2,983
	Losses on financial instruments at fair value through profit or loss	33,916	1,333
	Other operating expenses	3	3
	Provision for credit losses	-	10
	Other non-operating expenses	-	11
	General and administrative expenses	13,745	13,590

41.1 Details of significant profit or loss arising from transactions with related parties for the years ended December 31, 2022 and 2021, are as follows: (cont'd)

(In millions of Korean won)		2022	2021
KB Life Insurance Co., Ltd.(former Prudential Life Insurance Company of Korea Ltd.,)	Interest income	66	46
	Fee and commission income	146	103
	Gains on financial instruments at fair value through profit or loss	33,293	6,968
	Other non-operating income	89	-
	Interest expense	4,045	3,736
	Fee and commission expense	4,136	4,374
	Losses on financial instruments at fair value through profit or loss	638	652
	General and administrative expenses	963	604
KB STAR REIT Co., Ltd.	Interest income	374	-
	Fee and commission income	33	-
	Gains on financial instruments at fair value through profit or loss	96	-
	Interest expense	9	-
	Losses on financial instruments at fair value through profit or loss	13,565	-
KB Hanbando BTL Private Special Asset Fund No.1	Fee and commission income	108	119
KB AMP Infra Private Special Asset Fund No.1(FoFs)	Fee and commission income	8	9
KB AMP Infra Private Special Asset Fund No.13(FoFs)	Fee and commission income	5	1
KB Muni bond Private Securities Fund No.1 (USD)	Fee and commission income	11	11
KB Global Private Real Estate Debt Fund No.1	Fee and commission income	11	10
KB Global Private Real Estate Debt Fund No.11	Fee and commission income	3	1
KB Global Private Real Estate Debt Fund No.15	Fee and commission income	10	2
KB Global Private Real Estate Debt Fund No.17	Fee and commission income	4	-
KB NA COMPASS Energy Private Special Asset Fund *	Fee and commission income	2	7
KB Star Office Private Real Estate Master Fund No.3	Other operating income	3,276	-
	Interest expense	-	3
KB Star Office Private Real Estate Feeder Fund No.4	Interest income	760	760
	Fee and commission income	37	37
	Interest expense	7	5
	Provision for credit losses	1	1

41.1 Details of significant profit or loss arising from transactions with related parties for the years ended December 31, 2022 and 2021, are as follows: (cont'd)

(In millions of Korean won)		2022	2021
KB Global Core Bond Securities Feeder Fund(Bond)	Fee and commission income	16	45
	Gains on financial instruments at fair value through profit or loss	459	1,020
	Losses on financial instruments at fair value through profit or loss	61	280
KB Onkookmin Life Income 20 Feeder Fund (FoFs)	Gains on financial instruments at fair value through profit or loss	-	266
	Losses on financial instruments at fair value through profit or loss	-	48
KB Onkookmin Life Income 40 Feeder Fund (FoFs)	Gains on financial instruments at fair value through profit or loss	-	261
	Losses on financial instruments at fair value through profit or loss	-	41
KB New Renewable Energy Private Special Asset Fund No.1	Fee and commission income	9	8
KB North America Private Real Estate Debt Fund No.1	Fee and commission income	3	3
	Gains on financial instruments at fair value through profit or loss	2,202	2,502
	Losses on financial instruments at fair value through profit or loss	51	-
KB North America Private Real Estate Debt Fund No.3	Fee and commission income	10	10
	Gains on financial instruments at fair value through profit or loss	9,525	8,580
	Losses on financial instruments at fair value through profit or loss	2,259	536
KB Europe Renewable Private Special Asset Fund No.2 (SOC-FoFs)	Fee and commission income	5	4
KB Global Infrastructure Synergy Private Special Asset Fund	Fee and commission income	5	3
	Gains on financial instruments at fair value through profit or loss	76	-

41.1 Details of significant profit or loss arising from transactions with related parties for the years ended December 31, 2022 and 2021, are as follows: (cont'd)

(In millions of Korean won)		2022	2021
KB BMO Senior Loan Private Special Asset Fund No.1(FOF)	Fee and commission income	10	8
	Gains on financial instruments at fair value through profit or loss	2,515	5,722
	Losses on financial instruments at fair value through profit or loss	2,001	759
KB BMO Senior Loan Private Special Asset Fund No.2(USD)	Fee and commission income	10	8
KB BMO Senior Loan Private Special Asset Fund No.4(USD)	Fee and commission income	4	-
KB BMO Senior Loan Private Special Asset Fund No.5(FOF)	Fee and commission income	6	-
KB New Renewable Green New Deal Private Special Asset No.2	Fee and commission income	8	2
KB Sinansan Line Private Special Asset Fund(SOC)	Fee and commission income	23	12
KB Korea Short Term Premium Private Securities No.19(USD)(Bond) *	Fee and commission income	-	4
KB Korea Short Term Premium Private Securities No.21(USD)(Bond) *	Fee and commission income	1	5
KB Korea Short Term Premium Private Securities No.22(USD)(Bond) *	Fee and commission income	8	3
	Losses on financial instruments at fair value through profit or loss	510	1,306
KB Korea Short Term Premium Private Securities No.23(USD)(Bond) *	Fee and commission income	12	2
	Gains on financial instruments at fair value through profit or loss	-	96
	Losses on financial instruments at fair value through profit or loss	15,167	-
KB Korea Short Term Premium Private Securities No.25(USD)(Bond)	Fee and commission income	11	-
	Losses on financial instruments at fair value through profit or loss	2,891	-
KB Korea Short Term Premium Private Securities No.26(USD)(Bond)	Fee and commission income	7	-
	Losses on financial instruments at fair value through profit or loss	1,839	-
KB Korea Short Term Premium Private Securities No.27(USD)(Bond)	Fee and commission income	11	-
	Losses on financial instruments at fair value through profit or loss	3,502	-

41.1 Details of significant profit or loss arising from transactions with related parties for the years ended December 31, 2022 and 2021, are as follows: (cont'd)

(In millions of Korean won)		2022	2021
KB Korea Short Term Premium Private Securities No.28(USD)(Bond) *	Fee and commission income	10	-
	Losses on financial instruments at fair value through profit or loss	11,191	-
KB Korea Short Term Premium Private Securities No.32(USD)(Bond)	Fee and commission income	5	-
	Gains on financial instruments at fair value through profit or loss	5,377	-
KB Korea Short Term Premium Private Securities No.33(USD)(Bond)	Gains on financial instruments at fair value through profit or loss	1,557	-
KB Multi Alpha Plus Private Fund No.1	Fee and commission income	8	6
KB MCF Senior Loan Private Special Asset Fund No.3(FoFs)	Fee and commission income	23	8
KB New Deal Infra Private Special Asset Fund	Fee and commission income	2	-
KB Korea Infrastructure Credit Guarantee Private Special Asset No.1	Fee and commission income	16	5
KB Wise Star Private Real Estate No.19	Fee and commission income	6	3
Hanwha Europe Credit Private Fund No.16 (FOF)	Gains on financial instruments at fair value through profit or loss	514	36
	Losses on financial instruments at fair value through profit or loss	746	175
KB Logistics Blind Private Real Estate Fund No.1	Interest income	1,129	-
	Fee and commission income	48	2
	Provision for credit losses	2	-
KB Aircraft Private Special Asset Fund No.1	Fee and commission income	13	4
	Gains on financial instruments at fair value through profit or loss	74	-
	Losses on financial instruments at fair value through profit or loss	1,761	3,849
KB Star ESG Prime Mid-Short Bond Securities Feeder Fund(Bond)	Fee and commission income	15	5
KB Oaktree Private Special Asset Fund No.3	Fee and commission income	2	-
KB GK Project Private Special Asset Fund No.3	Fee and commission income	44	-
KB AMP Infra Note Private Special Asset Fund No.14	Fee and commission income	5	-

41.1 Details of significant profit or loss arising from transactions with related parties for the years ended December 31, 2022 and 2021, are as follows: (cont'd)

(In millions of Korean won)		2022	2021
KB ASF Infra Private Special Asset Fund(FoFs)	Fee and commission income	1	-
	Gains on financial instruments at fair value through profit or loss	48	-
	Losses on financial instruments at fair value through profit or loss	587	-
KB Duke Private Special Asset Fund	Fee and commission income	4	-
KB Star Reits Private Real Estate Feeder Fund No.1	Fee and commission income	2	-
KB Star Reits Private Real Estate Feeder Fund No.2	Fee and commission income	4	-
HSBC Senior UK Direct Lending Fund 2020 RAIF SICAV-S.A.	Fee and commission income	1	-
NB Private Debt Fund IV LUX (B) SCSP	Fee and commission income	1	-
Mirova Eurofideme	Fee and commission income	1	-
KB Senior Loan Private Fund No.1 *	Fee and commission income	-	1
KB Korea Short Term Premium Private Securities No.15(USD)(Bond) *	Fee and commission income	-	3
	Losses on financial instruments at fair value through profit or loss	-	1,614
KB Korea Short Term Premium Private Securities No.17(USD)(Bond) *	Fee and commission income	-	10
	Losses on financial instruments at fair value through profit or loss	-	6,153
Associates			
Korea Credit Bureau Co., Ltd.	Fee and commission income	52	36
	Interest expense	1	6
	Fee and commission expense	1,996	1,860
	Other operating expenses	15	11
Incheon Bridge Co., Ltd.	Interest income	7,516	4,069
	Fee and commission income	23	22
	Reversal of credit losses	28	444
	Interest expense	517	158
	Fee and commission expense	6	6
	Losses on financial instruments at fair value through profit or loss	4,434	1,374
Kendae Co., Ltd.	Other non-operating expenses	3	-
Dongjo Co., Ltd.	Interest income	9	-
Dae-A Leisure Co., Ltd.	Interest expense	-	2
Skydigital Inc.	Fee and commission income	3	3
Il-Kwang Electronic Materials Co., Ltd.	Other non-operating expenses	1	-
So-Myung Recycling Co., Ltd.	Other non-operating expenses	2	-
TMAPMOBILITY CO.,LTD.	Interest expense	226	-

41.1 Details of significant profit or loss arising from transactions with related parties for the years ended December 31, 2022 and 2021, are as follows: (cont'd)

(In millions of Korean won)		2022	2021
KB High-Tech Company Investment Fund	Interest expense	3	8
Aju Good Technology Venture Fund	Interest expense	108	27
KB-KDBC Pre-IPO New Technology Business Investment Fund	Interest expense	1	1
KB Digital Innovation & Growth New Technology Business Investment Fund	Interest expense	4	3
KB-Brain KOSDAQ Scale-up New Technology Business Investment Fund	Interest expense	6	17
KB Global Platform Fund	Interest expense	114	39
WJ Private Equity Fund No.1	Fee and commission income	7	7
KB Bio Global Expansion Private Equity Fund No.1	Interest expense	9	-
KB Digital Platform Fund	Interest expense	116	-
Associate of Parent			
KB Star Office Private Real Estate Investment Trust No.1 *	Interest expense	2	5
Star-Lord General Investors Private Real Estate Investment Company No.10	Interest income	3,098	-
	Interest expense	60	-
	Provision for credit losses	1	-
Associates of Parent's subsidiaries			
SY Auto Capital Co., Ltd.	Fee and commission income	4	4
Food Factory Co., Ltd.	Interest income	80	70
	Fee and commission income	1	-
	Reversal of credit losses	1	6
	Interest expense	6	5
	Fee and commission expense	-	2
BIKDIPEO CO.,LTD.	Interest expense	1	-
Banksalad Co., Ltd.	Fee and commission income	36	36
Spark Biopharma Inc.	Interest expense	272	7
UPRISE, Inc.	Interest income	-	5
	Reversal of credit losses	-	1
	Interest expense	3	1
Channel Corporation	Interest expense	43	-
COSES GT Co., Ltd.	Interest income	23	18
	Reversal of credit losses	-	3
	Interest expense	1	1
	Provision for credit losses	3	-
KB No.17 Special Purpose Acquisition Company *	Interest expense	1	14
KB No.18 Special Purpose Acquisition Company *	Interest expense	5	20
KB No.19 Special Purpose Acquisition Company *	Interest expense	5	9
KB No.20 Special Purpose Acquisition Company *	Interest expense	22	15

41.1 Details of significant profit or loss arising from transactions with related parties for the years ended December 31, 2022 and 2021, are as follows: (cont'd)

(In millions of Korean won)		2022	2021
KB No.21 Special Purpose Acquisition Company	Interest expense	30	-
KB No.22 Special Purpose Acquisition Company	Interest expense	1	-
KB No.23 Special Purpose Acquisition Company	Interest expense	23	-
KB No.24 Special Purpose Acquisition Company	Interest expense	1	-
SwatchOn Inc. *	Fee and commission income	5	8
	Interest expense	5	10
Gomi corporation Inc.	Interest income	61	19
	Fee and commission income	1	-
	Interest expense	2	1
	Provision for credit losses	2	13
S&E bio Co., Ltd.	Interest expense	2	1
Contents First Inc.	Interest income	128	-
	Fee and commission income	1	-
	Interest expense	34	83
	Provision for credit losses	1	-
GENINUS Inc. *	Interest expense	12	29
Mantisco Co., Ltd.	Interest expense	1	1
Pin Therapeutics Inc.	Interest expense	110	-
SuperNGine Co., Ltd.	Interest expense	-	1
Desilo Inc.	Interest income	9	1
	Provision for credit losses	-	2
Turing Co., Ltd.	Interest expense	1	1
IGGYMOB Co., Ltd.	Interest expense	1	1
Kukka Co., Ltd.	Interest expense	2	-
Zipdoc Inc.	Interest expense	1	-
TeamSparta Inc.	Interest expense	19	-
Chabot Mobility Co., Ltd.	Interest expense	1	-
Wemade Connect Co., Ltd.	Interest expense	81	-
Nextrade Co., Ltd.	Interest expense	263	-
KB Pre IPO Secondary Venture Fund No.1 *	Interest expense	-	1
Others			
Retirement pension	Fee and commission income	1,352	1,338
	Interest expense	39	9

* Excluded from the Group's related party as of December 31, 2022.

41.2 Details of significant outstanding balances of receivables and payables arising from transactions with related parties as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)		December 31, 2022	December 31, 2021
Parent			
KB Financial Group Inc.	Other assets	97	71
	Deposits	231,056	518,076
	Other liabilities	828,908	462,800
Parent's subsidiaries			
KB Securities Co., Ltd.	Cash and due from financial institutions	8,116	4,691
	Derivative assets	134,303	43,797
	Loans measured at amortized cost (gross amount)	141,922	124,527
	Allowances for credit losses	358	201
	Other assets	6,186	5,564
	Derivative liabilities	33,258	33,338
	Deposits	863,614	535,130
	Provisions	36	90
	Other liabilities [2]	29,440	29,920
KB Asset Management Co., Ltd.	Other assets	413	422
	Deposits	25,950	13,206
	Other liabilities [3]	3,911	1,304
KB Real Estate Trust Co., Ltd.	Other assets	2	3
	Deposits	48,600	103,329
	Other liabilities [4]	2,276	3,438
KB Investment Co., Ltd.	Deposits	81,064	100,338
	Other liabilities	707	42
KB Credit Information Co., Ltd.	Deposits	13,430	4,536
	Other liabilities	5,475	5,656
KB Data System Co., Ltd.	Other assets	317	215
	Deposits	20,924	17,999
	Other liabilities	7,381	6,150
KB Life Insurance Co., Ltd.	Derivative assets	773	5,387
	Other assets	1,502	1,519
	Derivative liabilities	2,060	168
	Deposits	788	2,608
	Provisions	224	-
	Other liabilities [5]	16,096	21,700
KB Kookmin Card Co., Ltd.	Derivative assets	-	55
	Loans measured at amortized cost (gross amount)	197,647	71,130
	Allowances for credit losses	207	86
	Other assets	22,737	22,043
	Derivative liabilities	884	-
	Deposits	110,252	81,641
	Borrowings	3,694	3,492
	Provisions	423	724
	Other liabilities	55,132	47,443
KB Savings Bank Co., Ltd.	Other liabilities	606	323

41.2 Details of significant outstanding balances of receivables and payables arising from transactions with related parties as of December 31, 2022 and 2021, are as follows: (cont'd)

(In millions of Korean won)		December 31, 2022	December 31, 2021
KB Capital Co., Ltd.	Loans measured at amortized cost (gross amount)	45,192	71,130
	Allowances for credit losses	52	156
	Other assets	594	365
	Deposits	708,518	219,312
	Provisions	182	45
	Other liabilities	3,067	3,006
KB Insurance Co., Ltd.	Derivative assets	137,320	37,098
	Loans measured at amortized cost (gross amount)	18,390	17,958
	Allowances for credit losses	5	3
	Other assets	12,599	15,707
	Derivative liabilities	29,632	3,670
	Deposits	65,231	7,854
	Borrowings [7]	23,000	23,000
	Debentures	-	29,998
	Provisions	7	18
	Other liabilities [6]	18,631	17,757
KB Life Insurance Co., Ltd.(former Prudential Life Insurance Company of Korea Ltd.,)	Derivative assets	13,582	6,968
	Other assets	3,880	3,815
	Derivative liabilities	642	652
	Deposits	7,779	7,634
	Debentures	30,000	30,000
	Other liabilities	43,878	38,100
KB STAR REIT Co., Ltd.	Other assets	21	-
	Derivative liabilities	8,089	-
	Deposits	35,053	-
	Other liabilities	1	-
KB Hanbando BTL Private Special Asset Fund No.1	Other assets	26	29
KB AMP Infra Private Special Asset Fund No.1(FoFs)	Other assets	1	1
KB AMP Infra Private Special Asset Fund No.13(FoFs)	Other assets	2	1
KB Muni bond Private Securities Fund No.1 (USD)	Other assets	2	2
KB Global Private Real Estate Debt Fund No.1	Other assets	3	3
KB Global Private Real Estate Debt Fund No.11	Other assets	1	-
KB Global Private Real Estate Debt Fund No.15	Other assets	2	2
KB Global Private Real Estate Debt Fund No.17	Other assets	1	-
KB NA COMPASS Energy Private Special Asset Fund [1]	Other assets	-	1
KB Star Office Private Real Estate Master Fund No.3	Deposits	-	171
	Other liabilities	-	9

41.2 Details of significant outstanding balances of receivables and payables arising from transactions with related parties as of December 31, 2022 and 2021, are as follows: (cont'd)

(In millions of Korean won)		December 31, 2022	December 31, 2021
KB Star Office Private Real Estate Feeder Fund No.4	Loans measured at amortized cost (gross amount)	20,000	20,000
	Allowances for credit losses	4	3
	Other assets	13	11
	Deposits	215	532
	Other liabilities	4	1
KB Global Core Bond Securities Feeder Fund(Bond)	Derivative assets	-	7
	Other assets	2	4
	Derivative liabilities	-	6
KB New Renewable Energy Private Special Asset Fund No.1	Other assets	2	2
KB North America Private Real Estate Debt Fund No.1	Derivative assets	-	1,378
	Other assets	1	1
	Derivative liabilities	51	-
KB North America Private Real Estate Debt Fund No.3	Derivative assets	2,411	1,221
	Other assets	3	2
KB Europe Renewable Private Special Asset Fund No.2 (SOC-FoFs)	Other assets	1	1
KB Global Infrastructure Synergy Private Special Asset Fund	Other assets	1	1
KB BMO Senior Loan Private Special Asset Fund No.1(FOF)	Derivative assets	-	3,275
	Other assets	3	2
	Derivative liabilities	2,001	-
KB BMO Senior Loan Private Special Asset Fund No.2(USD)	Other assets	2	2
KB BMO Senior Loan Private Special Asset Fund No.4(USD)	Other assets	2	-
KB BMO Senior Loan Private Special Asset Fund No.5(FOF)	Other assets	3	-
KB New Renewable Green New Deal Private Special Asset No.2	Other assets	2	1
KB Sinansan Line Private Special Asset Fund(SOC)	Other assets	7	4
KB Korea Short Term Premium Private Securities No.19(USD)(Bond) [1]	Other assets	-	2
KB Korea Short Term Premium Private Securities No.21(USD)(Bond) [1]	Other assets	-	2
KB Korea Short Term Premium Private Securities No.22(USD)(Bond) [1]	Other assets	-	1
	Derivative liabilities	-	1,306
KB Korea Short Term Premium Private Securities No.23(USD)(Bond) [1]	Derivative assets	-	96
	Other assets	-	2
KB Korea Short Term Premium Private Securities Fund No.25(USD)(Bond)	Other assets	5	-
	Derivative liabilities	2,891	-

41.2 Details of significant outstanding balances of receivables and payables arising from transactions with related parties as of December 31, 2022 and 2021, are as follows: (cont'd)

(In millions of Korean won)		December 31, 2022	December 31, 2021
KB Korea Short Term Premium Private Securities Fund No.26(USD)(Bond)	Other assets	3	-
	Derivative liabilities	1,839	-
KB Korea Short Term Premium Private Securities Fund No.27(USD)(Bond)	Other assets	5	-
	Derivative liabilities	3,502	-
KB Korea Short Term Premium Private Securities Fund No.32(USD)(Bond)	Derivative assets	5,377	-
	Other assets	5	-
KB Korea Short Term Premium Private Securities Fund No.33(USD)(Bond)	Derivative assets	1,557	-
KB Multi Alpha Plus Private Fund No.1	Other assets	2	2
KB MCF Senior Loan Private Special Asset Fund No.3(FoFs)	Other assets	6	7
KB New Deal Innovation Fund	Other assets	1	-
KB Korea Infrastructure Credit Guarantee Private Special Asset No.1	Other assets	3	2
Hanwha Europe Credit Private Fund No.16 (FOF)	Derivative assets	-	9
	Derivative liabilities	744	119
KB Logistics Blind Private Real Estate Fund No.1	Loans measured at amortized cost (gross amount)	52,500	-
	Allowances for credit losses	2	-
	Other assets	374	2
KB Aircraft Private Special Asset Fund No.1	Other assets	2	2
	Derivative liabilities	5,096	3,835
KB Star ESG Prime Mid-Short Bond Securities Feeder Fund(Bond)	Other assets	1	1
KB GK Project Private Special Asset Fund No.3	Other assets	5	-
KB AMP Infra Note Private Special Asset Fund No.14	Other assets	1	-
	Derivative liabilities	479	-
KB Duke Private Special Asset Fund	Other assets	1	-
KB Star Reits Private Real Estate Feeder Fund No.1	Other assets	2	-
KB Star Reits Private Real Estate Feeder Fund No.2	Other assets	4	-
HSBC Senior UK Direct Lending Fund 2020 RAIF SICAV-S.A.	Other assets	1	-
NB Private Debt Fund IV LUX (B) SCSP	Other assets	1	-

41.2 Details of significant outstanding balances of receivables and payables arising from transactions with related parties as of December 31, 2022 and 2021, are as follows: (cont'd)

(In millions of Korean won)		December 31, 2022	December 31, 2021
Associates			
Korea Credit Bureau Co., Ltd.	Deposits	27,889	10,200
Incheon Bridge Co., Ltd.	Financial assets at fair value through profit or loss	32,948	37,382
	Loans measured at amortized cost (gross amount)	95,200	114,100
	Allowances for credit losses	8	25
	Other assets	615	423
	Deposits	48,639	35,487
	Provisions	7	18
	Other liabilities	446	99
Jungdo Co., Ltd.	Deposits	4	4
Dae-A Leisure Co., Ltd.	Deposits	154	17
Iwon Alloy Co., Ltd.	Deposits	1	-
Computerlife Co., Ltd.	Deposits	3	-
Skydigital Inc.	Deposits	10	85
Jo Yang Industrial Co., Ltd.	Deposits	-	1
TMAPMOBILITY CO.,LTD.	Deposits	30,000	-
	Other liabilities	76	-
KB High-Tech Company Investment Fund	Deposits	688	1,504
Aju Good Technology Venture Fund	Deposits	7,222	6,286
	Other liabilities	73	10
KB-KDBC Pre-IPO New Technology Business Investment Fund	Deposits	317	904
KB Digital Innovation & Growth New Technology Business Investment Fund	Deposits	674	2,088
KB-Brain KOSDAQ Scale-up New Technology Business Investment Fund	Deposits	1,526	1,524
	Other liabilities	1	-
KB Global Platform Fund	Deposits	19,655	26,823
	Other liabilities	12	5
WJ Private Equity Fund No.1	Other assets	2	2
	Deposits	221	260
KB Bio Global Expansion Private Equity Fund No.1	Deposits	1,400	-
	Other liabilities	9	-
KB Digital Platform Fund	Deposits	15,000	-
	Other liabilities	2	-

41.2 Details of significant outstanding balances of receivables and payables arising from transactions with related parties as of December 31, 2022 and 2021, are as follows: (cont'd)

(In millions of Korean won)		December 31, 2022	December 31, 2021
Associate of Parent			
KB Star Office Private Real Estate Investment Trust No.1 [1]	Deposits	-	2,578
Star-Lord General Investors Private Real Estate Investment Company No.10	Loans measured at amortized cost (gross amount)	149,294	-
	Allowances for credit losses	1	-
	Other assets	3,208	-
Associates of Parent's subsidiaries			
SY Auto Capital Co., Ltd.	Deposits	10	17
RAND Bio Science Co., Ltd.	Deposits	3	443
Food Factory Co., Ltd.	Loans measured at amortized cost (gross amount)	3,337	3,545
	Allowances for credit losses	4	4
	Other assets	4	2
	Deposits	664	839
	Other liabilities	1	6
Acts Co., Ltd. [1]	Deposits	-	154
Paycoms Co., Ltd.	Deposits	1	1
Big Dipper Co., Ltd.	Deposits	19	-
Spark Biopharma Inc.	Deposits	17,534	6,015
	Other liabilities	91	3
Wyatt Corp.	Deposits	1	1
UPRISE, Inc.	Deposits	27	4,001
CellinCells Co., Ltd.	Deposits	37	38
Channel Corporation	Deposits	3,000	-
	Other liabilities	21	-
COSES GT Co., Ltd.	Loans measured at amortized cost (gross amount)	500	500
	Allowances for credit losses	4	2
	Other assets	2	1
	Deposits	1,213	1,939
KB No.17 Special Purpose Acquisition Company [1]	Deposits	-	1,687
	Other liabilities	-	12
KB No.18 Special Purpose Acquisition Company [1]	Deposits	-	2,077
	Other liabilities	-	12
KB No.19 Special Purpose Acquisition Company [1]	Deposits	-	1,013
	Other liabilities	-	5
KB No.20 Special Purpose Acquisition Company [1]	Deposits	-	1,681
	Other liabilities	-	3

41.2 Details of significant outstanding balances of receivables and payables arising from transactions with related parties as of December 31, 2022 and 2021, are as follows: (cont'd)

(In millions of Korean won)		December 31, 2022	December 31, 2021
KB No.21 Special Purpose Acquisition Company	Deposits	2,263	-
	Other liabilities	29	-
KB No.22 Special Purpose Acquisition Company	Deposits	1,948	-
KB No.23 Special Purpose Acquisition Company	Deposits	2,205	-
	Other liabilities	22	-
KB No.24 Special Purpose Acquisition Company	Deposits	9,983	-
	Other liabilities	1	-
SwatchOn Inc. [1]	Deposits	-	686
Gomi corporation Inc.	Loans measured at amortized cost (gross amount)	2,200	2,200
	Allowances for credit losses	15	12
	Other assets	5	4
	Deposits	915	3,188
	Other liabilities	1	1
S&E bio Co., Ltd.	Deposits	6,419	263
	Other liabilities	1	-
4N Inc.	Deposits	5	39
Contents First Inc.	Loans measured at amortized cost (gross amount)	10,017	-
	Allowances for credit losses	1	-
	Other assets	2	-
	Deposits	5,010	12,650
	Other liabilities	21	57
December & Company Inc.	Deposits	1	1
GENINUS Inc. [1]	Deposits	-	34,415
	Other liabilities	-	2
Mantisco Co., Ltd.	Deposits	623	386
Pin Therapeutics Inc.	Deposits	6,033	-
	Other liabilities	18	-
G1 Playground Co., Ltd.	Deposits	-	354
SuperNGine Co., Ltd.	Deposits	17	944
Desilo Inc.	Loans measured at amortized cost (gross amount)	300	301
	Allowances for credit losses	2	2
	Deposits	1	168
Turing Co., Ltd.	Deposits	2,788	1,054
IGGYMOB Co., Ltd.	Deposits	254	2,938
ZIPDOC Inc.	Deposits	915	-

41.2 Details of significant outstanding balances of receivables and payables arising from transactions with related parties as of December 31, 2022 and 2021, are as follows: (cont'd)

(In millions of Korean won)		December 31, 2022	December 31, 2021
TeamSparta Inc.	Deposits	12,502	-
	Other liabilities	6	-
Chabot Mobility Co., Ltd.	Deposits	86	-
Wemade Connect Co., Ltd.	Deposits	10,370	-
	Other liabilities	28	-
Nextrade Co., Ltd.	Deposits	56,202	-
	Other liabilities	263	-
KB Pre IPO Secondary Venture Fund No.1 [1]	Deposits	-	103
Key management personnel	Loans measured at amortized cost (gross amount)	4,391	3,252
	Allowances for credit losses	2	2
	Other assets	6	3
	Deposits	11,974	11,757
	Provisions	1	1
	Other liabilities	284	255
Others			
Retirement pension	Other assets	778	369
	Other liabilities	10,141	5,014

[1] Excluded from the Group's related party as of December 31, 2022.

[2] Non-controlling interests classified as liabilities include ₩ 1,919 million and ₩ 3,089 million as of December 31, 2022 and 2021, respectively.

[3] Non-controlling interests classified as liabilities include ₩ 1,077 million and ₩ 986 million as of December 31, 2022 and 2021, respectively.

[4] Non-controlling interests classified as liabilities include ₩ 1,919 million and ₩ 3,085 million as of December 31, 2022 and 2021, respectively.

[5] Non-controlling interests classified as liabilities include ₩ 14,978 million and ₩ 20,355 million as of December 31, 2022 and 2021, respectively.

[6] Non-controlling interests classified as liabilities include ₩ 5,385 million and ₩ 4,931 million as of December 31, 2022 and 2021, respectively.

[7] This is the carrying amount of liabilities held through a subsidiary, a company specialized in asset-backed securitization, and the related underlying assets after deducting allowance for credit losses is ₩ 22,931 million. The carrying amount of the asset and liability is determined as a reasonable approximation of its fair value.

41.3 Details of right-of-use assets and lease liabilities with related parties as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)		December 31, 2022	December 31, 2021
Parent's subsidiaries			
KB Securities Co., Ltd.	Right-of-use assets	21,927	26,565
	Lease liabilities	26,825	31,814
KB Kookmin Card Co., Ltd.	Right-of-use assets	108	200
	Lease liabilities	29	53
KB Insurance Co., Ltd.	Right-of-use assets	-	3,797
	Lease liabilities	-	3,963
KB Life Insurance Co., Ltd.(former Prudential Life Insurance Company of Korea Ltd.,)	Right-of-use assets	6,971	9,168
	Lease liabilities	7,021	9,042
Associate of Parent			
Star-Lord General Investors Private Real Estate Investment Company No.10	Right-of-use assets	3,563	-
	Lease liabilities	3,707	-

41.4 Notional amount of derivative assets and liabilities arising from transactions with related parties as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)		December 31, 2022	December 31, 2021
Parent's subsidiaries			
KB Securities Co., Ltd.	Notional amount of derivative financial instruments	2,820,272	2,360,006
KB Life Insurance Co., Ltd.	Notional amount of derivative financial instruments	57,629	163,227
KB Kookmin Card Co., Ltd.	Notional amount of derivative financial instruments	126,730	30,000
KB Insurance Co., Ltd.	Notional amount of derivative financial instruments	2,192,657	1,356,044
KB Life Insurance Co., Ltd.(former Prudential Life Insurance Company of Korea Ltd.,)	Notional amount of derivative financial instruments	258,928	407,653
KB STAR REIT Co., Ltd.	Notional amount of derivative financial instruments	420,280	-
KB Global Core Bond Securities Feeder Fund(Bond)	Notional amount of derivative financial instruments	-	25,796

41.4 Notional amount of derivative assets and liabilities arising from transactions with related parties as of December 31, 2022 and 2021, are as follows: (cont'd)

(In millions of Korean won)		December 31, 2022	December 31, 2021
KB North America Private Real Estate Debt Fund No.1	Notional amount of derivative financial instruments	31,683	29,638
KB North America Private Real Estate Debt Fund No.3	Notional amount of derivative financial instruments	104,552	293,411
KB BMO Senior Loan Private Special Asset Fund No.1(FOF)	Notional amount of derivative financial instruments	38,112	60,822
KB Korea Short Term Premium Private Securities No.22(USD)(Bond) *	Notional amount of derivative financial instruments	-	23,941
KB Korea Short Term Premium Private Securities No.23(USD)(Bond) *	Notional amount of derivative financial instruments	-	82,985
KB Korea Short Term Premium Private Securities Fund No.25(USD)(Bond)	Notional amount of derivative financial instruments	51,554	-
KB Korea Short Term Premium Private Securities Fund No.26(USD)(Bond)	Notional amount of derivative financial instruments	38,653	-
KB Korea Short Term Premium Private Securities Fund No.27(USD)(Bond)	Notional amount of derivative financial instruments	64,632	-
KB Korea Short Term Premium Private Securities Fund No.32(USD)(Bond)	Notional amount of derivative financial instruments	103,538	-
KB Korea Short Term Premium Private Securities Fund No.33(USD)(Bond)	Notional amount of derivative financial instruments	54,494	-
Hanwha Europe Credit Private Fund No.16 (FOF)	Notional amount of derivative financial instruments	35,081	15,254
KB Aircraft Private Special Asset Fund No.1	Notional amount of derivative financial instruments	123,949	136,328
KB ASF Infra Private Special Asset Fund(FoFs)	Notional amount of derivative financial instruments	6,011	-

* Excluded from the Group's related party as of December 31, 2022.

41.5 Details of significant lending transactions with related parties for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)	2022 [1]				
	Beginning	**Loan**	**Collection**	**Others**	**Ending**
Parent's subsidiaries					
KB Securities Co., Ltd.	124,527	1,035,932	1,003,576	(14,961)	141,922
KB Insurance Co., Ltd.	17,958	475	3	(40)	18,390
KB Kookmin Card Co., Ltd.	71,130	270,676	147,431	3,272	197,647
KB Capital Co., Ltd.	71,130	9,708	41,709	6,063	45,192
KB Star Office Private Real Estate Feeder Fund No.4	20,000	-	-	-	20,000
KB Logistics Blind Private Real Estate Fund No.1	-	52,500	-	-	52,500
Associates					
Incheon Bridge Co., Ltd.	151,482	-	18,900	(4,434)	128,148
Associate of Parent					
Star-Lord General Investors Private Real Estate Investment Company No.10	-	150,000	-	(706)	149,294
Associates of Parent's subsidiaries					
Food Factory Co., Ltd.	3,545	1,500	1,707	(1)	3,337
COSES GT Co., Ltd.	500	-	-	-	500
Gomi corporation Inc.	2,200	-	-	-	2,200
Desilo Inc.	301	-	-	(1)	300
Contents First Inc.	-	10,000	-	17	10,017
Key management personnel [2]	3,252	1,041	2,038	2,136	4,391

(In millions of Korean won)	2021 [1]				
	Beginning	**Loan**	**Collection**	**Others**	**Ending**
Parent's subsidiaries					
KB Securities Co., Ltd.	97,803	829,086	807,840	5,478	124,527
KB Insurance Co., Ltd.	-	18,200	300	58	17,958
KB Kookmin Card Co., Ltd.	39,930	86,033	41,551	-13,282	71,130
KB Capital Co., Ltd.	54,400	11,441	-	5,289	71,130
KB Star Office Private Real Estate Feeder Fund No.4	20,000	-	-	-	20,000
Associates					
Incheon Bridge Co., Ltd.	171,756	-	18,900	(1,374)	151,482
Associates of Parent's subsidiaries					
Food Factory Co., Ltd.	3,193	388	37	1	3,545
UPRISE, Inc.	500	-	500	-	-
COSES GT Co., Ltd.	500	-	-	-	500
Gomi corporation Inc.	-	2,200	-	-	2,200
Desilo Inc.	-	300	-	1	301
Key management personnel [2]	4,599	2,432	1,752	(2,027)	3,252

[1] Transactions between related parties, such as settlements arising from operating activities and daylight overdraft to be repaid on the day of handling, are excluded.
[2] Includes loan transactions that occurred before they became related parties.

41.6 Details of significant borrowing transactions with related parties for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)

		2022				
		Beginning	Borrowing	Repayment	Others [1]	Ending
Parent						
KB Financial Group Inc.	Deposits	518,076	950,000	950,000	(287,020)	231,056
Parent's subsidiaries						
KB Securities Co., Ltd.	Deposits	535,130	109,580	75,000	293,904	863,614
KB Asset Management Co., Ltd.	Deposits	13,206	-	-	12,744	25,950
KB Real Estate Trust Co., Ltd.	Deposits	103,329	-	-	(54,729)	48,600
KB Investment Co., Ltd.	Deposits	100,338	195,000	203,000	(11,274)	81,064
KB Credit Information Co., Ltd.	Deposits	4,536	5,599	1,425	4,720	13,430
KB Data System Co., Ltd.	Deposits	17,999	10,714	12,744	4,955	20,924
KB Life Insurance Co., Ltd.	Deposits	2,608	-	-	(1,820)	788
KB Kookmin Card Co., Ltd.	Deposits	81,641	22,000	26,742	33,353	110,252
	Borrowings	3,492	22,000	22,000	202	3,694
KB Capital Co., Ltd.	Deposits	219,312	-	-	489,206	708,518
KB Insurance Co., Ltd.	Deposits	7,854	1,537	1,828	57,668	65,231
	Borrowings	23,000	-	-	-	23,000
	Debentures	29,998	-	30,000	2	-
KB Life Insurance Co., Ltd.(former Prudential Life Insurance Company of Korea Ltd.,)	Deposits	7,634	-	-	145	7,779
	Debentures	30,000	-	-	-	30,000
KB Star Office Private Real Estate Master Fund No.3	Deposits	171	-	171	-	-
KB Star Office Private Real Estate Feeder Fund No.4	Deposits	532	-	318	1	215
KB STAR REIT Co., Ltd.	Deposits	-	-	-	35,053	35,053
Associates						
Korea Credit Bureau Co., Ltd.	Deposits	10,200	-	-	17,689	27,889
Incheon Bridge Co., Ltd.	Deposits	35,487	29,217	15,000	(1,065)	48,639
Jungdo Co., Ltd.	Deposits	4	-	-	-	4
Dae-A Leisure Co., Ltd.	Deposits	17	-	-	137	154
Iwon Alloy Co., Ltd.	Deposits	-	-	-	1	1
Computerlife Co., Ltd.	Deposits	-	-	-	3	3
Skydigital Inc.	Deposits	85	-	-	(75)	10
Jo Yang Industrial Co., Ltd.	Deposits	1	-	-	(1)	-
KB High-Tech Company Investment Fund	Deposits	1,504	-	-	(816)	688
Aju Good Technology Venture Fund	Deposits	6,286	6,577	3,840	(1,801)	7,222
KB-KDBC Pre-IPO New Technology Business Investment Fund	Deposits	904	-	-	(587)	317
KB Digital Innovation & Growth New Technology Business Investment Fund	Deposits	2,088	-	-	(1,414)	674

41.6 Details of significant borrowing transactions with related parties for the years ended December 31, 2022 and 2021, are as follows: (cont'd)

(In millions of Korean won)		2022				
		Beginning	**Borrowing**	**Repayment**	**Others** [1]	**Ending**
KB-Brain KOSDAQ Scale-up New Technology Business Investment Fund	Deposits	1,524	-	-	2	1,526
KB Global Platform Fund	Deposits	26,823	-	-	(7,168)	19,655
WJ Private Equity Fund No.1	Deposits	260	-	-	(39)	221
TMAPMOBILITY CO.,LTD.	Deposits	-	80,000	50,000	-	30,000
KB Bio Global Expansion Private Equity Fund No.1	Deposits	-	1,400	-	-	1,400
KB Global Platform Fund	Deposits	-	59,000	44,000	-	15,000
Associate of Parent						
KB Star Office Private Real Estate Investment Trust No.1 [2]	Deposits	2,578	-	2,578	-	-
Associates of Parent's subsidiaries						
SY Auto Capital Co., Ltd.	Deposits	17	-	-	(7)	10
RAND Bio Science Co., Ltd.	Deposits	443	-	-	(440)	3
Food Factory Co., Ltd.	Deposits	839	511	1,018	332	664
Acts Co., Ltd. [2]	Deposits	154	-	-	(154)	-
Paycoms Co., Ltd.	Deposits	1	-	-	-	1
Big Dipper Co., Ltd.	Deposits	-	300	300	19	19
Spark Biopharma Inc.	Deposits	6,015	41,165	27,539	(2,107)	17,534
Wyatt Corp.	Deposits	1	-	-	-	1
UPRISE, Inc.	Deposits	4,001	-	-	(3,974)	27
CellinCells Co., Ltd.	Deposits	38	-	-	(1)	37
COSES GT Co., Ltd.	Deposits	1,939	-	-	(726)	1,213
KB No.17 Special Purpose Acquisition Company [2]	Deposits	1,687	-	1,546	(141)	-
KB No.18 Special Purpose Acquisition Company [2]	Deposits	2,077	-	2,016	(61)	-
KB No.19 Special Purpose Acquisition Company [2]	Deposits	1,013	-	1,000	(13)	-
KB No.20 Special Purpose Acquisition Company [2]	Deposits	1,681	-	1,534	(147)	-
KB No.21 Special Purpose Acquisition Company	Deposits	-	2,000	-	263	2,263
KB No.22 Special Purpose Acquisition Company	Deposits	-	-	-	1,948	1,948
KB No.23 Special Purpose Acquisition Company	Deposits	-	2,133	-	72	2,205
SwatchOn Inc. [2]	Deposits	686	-	-	(686)	-
Gomi corporation Inc.	Deposits	3,188	-	-	(2,273)	915
S&E bio Co., Ltd.	Deposits	263	50	-	6,106	6,419
4N Inc.	Deposits	39	-	-	(34)	5

41.6 Details of significant borrowing transactions with related parties for the years ended December 31, 2022 and 2021, are as follows: (cont'd)

(In millions of Korean won)

		2022				
		Beginning	**Borrowing**	**Repayment**	**Others** [1]	**Ending**
Contents First Inc.	Deposits	12,650	10,000	16,000	(1,640)	5,010
December & Company Inc.	Deposits	1	-	-	-	1
GENINUS Inc. [2]	Deposits	34,415	-	-	(34,415)	-
Mantisco Co., Ltd.	Deposits	386	-	-	237	623
Pin Therapeutics Inc.	Deposits	-	21,000	16,200	1,233	6,033
G1 Playground Co., Ltd.	Deposits	354	-	-	(354)	-
SuperNGine Co., Ltd.	Deposits	944	-	-	(927)	17
Desilo Inc.	Deposits	168	-	-	(167)	1
Turing Co., Ltd.	Deposits	1,054	-	-	1,734	2,788
IGGYMOB Co., Ltd.	Deposits	2,938	-	-	(2,684)	254
KB Pre IPO Secondary Venture Fund No.1 [2]	Deposits	103	-	-	(103)	-
ZIPDOC Inc.	Deposits	-	-	-	915	915
TeamSparta Inc.	Deposits	-	9,000	4,000	7,502	12,502
Chabot Mobility Co., Ltd.	Deposits	-	-	-	86	86
Wemade Connect Co., Ltd.	Deposits	-	11,010	3,267	2,627	10,370
Wise Asset Management Co., Ltd	Deposits	-	6	6	-	-
Channel Corporation	Deposits	-	6,000	3,000	-	3,000
KB No.24 Special Purpose Acquisition Company Co., Ltd.	Deposits	-	-	-	9,983	9,983
Nextrade Co., Ltd.	Deposits	-	56,200	-	2	56,202
Key management personnel [3]	Deposits	11,757	14,214	12,345	(1,652)	11,974

41.6 Details of significant borrowing transactions with related parties for the years ended December 31, 2022 and 2021, are as follows: (cont'd)

(In millions of Korean won)

		2021				
		Beginning	Borrowing	Repayment	Others [1]	Ending
Parent						
KB Financial Group Inc.	Deposits	23,084	200,000	200,000	494,992	518,076
Parent's subsidiaries						
KB Securities Co., Ltd.	Deposits	464,584	75,000	157,117	152,663	535,130
KB Asset Management Co., Ltd.	Deposits	6,915	-	-	6,291	13,206
KB Real Estate Trust Co., Ltd.	Deposits	71,261	-	-	32,068	103,329
KB Investment Co., Ltd.	Deposits	93,970	236,000	234,000	4,368	100,338
KB Credit Information Co., Ltd.	Deposits	5,340	2,231	2,025	(1,010)	4,536
KB Data System Co., Ltd.	Deposits	17,561	11,744	12,500	1,194	17,999
KB Life Insurance Co., Ltd.	Deposits	2,085	-	-	523	2,608
KB Kookmin Card Co., Ltd.	Deposits	92,490	27,574	25,500	(12,923)	81,641
	Borrowings	-	3,492	-	-	3,492
KB Capital Co., Ltd.	Deposits	190,331	-	-	28,981	219,312
KB Insurance Co., Ltd.	Deposits	3,365	3,266	-	1,223	7,854
	Borrowings	-	23,000	-	-	23,000
	Debentures	29,994	-	-	4	29,998
KB Life Insurance Co., Ltd.(former Prudential Life Insurance Company of Korea Ltd.,)	Deposits	303	-	-	7,331	7,634
	Debentures	30,000	-	-	-	30,000
KB Star Office Private Real Estate Master Fund No.3	Deposits	171	-	-	-	171
KB Star Office Private Real Estate Feeder Fund No.4	Deposits	532	-	-	-	532
Associates						
Korea Credit Bureau Co., Ltd.	Deposits	19,982	-	1,000	(8,782)	10,200
Incheon Bridge Co., Ltd.	Deposits	39,520	15,000	20,000	967	35,487
Jungdo Co., Ltd.	Deposits	4	-	-	-	4
Dae-A Leisure Co., Ltd.	Deposits	636	-	479	(140)	17
Skydigital Inc.	Deposits	15	-	-	70	85
Jo Yang Industrial Co., Ltd.	Deposits	2	-	-	(1)	1
KB High-Tech Company Investment Fund	Deposits	12,695	-	-	(11,191)	1,504
Aju Good Technology Venture Fund	Deposits	3,093	3,840	1,442	795	6,286
KB-KDBC Pre-IPO New Technology Business Investment Fund	Deposits	923	-	-	(19)	904
KB Digital Innovation & Growth New Technology Business Investment Fund	Deposits	1,801	-	-	287	2,088
KB-Brain KOSDAQ Scale-up New Technology Business Investment Fund	Deposits	8,097	-	-	(6,573)	1,524
KB Global Platform Fund	Deposits	20,197	-	-	6,626	26,823
Neomio Corp. [2]	Deposits	535	-	-	(535)	-
WJ Private Equity Fund No.1	Deposits	349	-	-	(89)	260

41.6 Details of significant borrowing transactions with related parties for the years ended December 31, 2022 and 2021, are as follows: (cont'd)

(In millions of Korean won)		2021				
		Beginning	**Borrowing**	**Repayment**	**Others [1]**	**Ending**
Associate of Parent					-	
KB Star Office Private Real Estate Investment Trust No.1 [2]	Deposits	4,255	-	1,770	93	2,578
Associates of Parent's subsidiaries						
SY Auto Capital Co., Ltd.	Deposits	6	-	-	11	17
KB No.17 Special Purpose Acquisition Company[2]	Deposits	1,711	1,546	1,525	(45)	1,687
KB No.18 Special Purpose Acquisition Company[2]	Deposits	2,101	2,016	2,063	23	2,077
KB No.19 Special Purpose Acquisition Company[2]	Deposits	1,053	1,000	1,000	(40)	1,013
KB No.20 Special Purpose Acquisition Company[2]	Deposits	1,716	1,534	1,522	(47)	1,681
RAND Bio Science Co., Ltd.	Deposits	693	-	400	150	443
Food Factory Co., Ltd.	Deposits	1,555	507	500	(723)	839
Acts Co., Ltd. [2]	Deposits	18	-	-	136	154
Paycoms Co., Ltd.	Deposits	1	-	-	-	1
Big Dipper Co., Ltd.	Deposits	1	-	-	(1)	-
Wyatt Corp.	Deposits	1	-	-	-	1
Stratio, Inc.	Deposits	13	-	-	(13)	-
UPRISE, Inc.	Deposits	11	-	-	3,990	4,001
CellinCells Co., Ltd.	Deposits	260	-	-	(222)	38
COSES GT Co., Ltd.	Deposits	292	-	-	1,647	1,939
SwatchOn Inc. [2]	Deposits	3,947	200	3,501	40	686
Gomi corporation Inc.	Deposits	37	-	-	3,151	3,188
S&E bio Co., Ltd.	Deposits	1,142	-	-	(879)	263
KB Pre IPO Secondary Venture Fund No.1[2]	Deposits	629	-	-	(526)	103
4N Inc.	Deposits	76	-	-	(37)	39
Contents First Inc.	Deposits	1,823	20,000	11,000	1,827	12,650
December & Company Inc.	Deposits	1	-	-	-	1
GENINUS Inc. [2]	Deposits	13,630	-	5,000	25,785	34,415
Mantisco Co., Ltd.	Deposits	-	-	-	386	386
Spark Biopharma Inc.	Deposits	-	1,000	3,000	8,015	6,015
G1 Playground Co., Ltd.	Deposits	-	-	-	354	354
SuperNGine Co., Ltd.	Deposits	-	-	-	944	944
Desilo Inc.	Deposits	-	-	-	168	168
Turing Co., Ltd.	Deposits	-	-	-	1,054	1,054
IGGYMOB Co., Ltd.	Deposits	-	-	-	2,938	2,938
Key management personnel [3]	Deposits	11,023	9,974	9,568	328	11,757

[1] Transactions between related parties, such as settlements arising from operating activities and deposits, are expressed in net amount.

[2] Excluded from the Group's related party as of December 31, 2022.

[3] Includes borrowing transactions that occurred before they became related parties.

41.7 Details of significant investment and withdrawal transactions with related parties for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)	2022	
	Equity investment and others	Withdrawal and others
Parent's subsidiaries		
KB Hanbando BTL Private Special Asset Fund No.1	-	19,510
KB Hope Sharing BTL Private Special Asset Fund	-	1,416
KB Intellectual Property Fund	-	180
KB Star Office Private Real Estate Master Fund No.3	-	3,276
KB Star Office Private Real Estate Feeder Fund No.4	-	2,412
KB Global Core Bond Securities Feeder Fund(Bond)	-	42,737
KB New Renewable Energy Private Special Asset Fund No.1	3,492	1,794
KB Mezzanine Private Securities Fund No.3	-	16,240
KB Wise Star Jongno Tower Real Estate Master Fund *	-	112,639
Koreit BN Private Equity Fund	-	2,440
KB Europe Renewable Private Special Asset Fund No.2 (SOC-FoFs)	2,452	2,746
KB BMO Senior Loan Private Special Asset Fund No.2(USD)	-	2,092
KB Korea Short Term Premium Private Securities No.19(USD)(Bond) *	-	23,985
KB Korea Short Term Premium Private Securities No.21(USD)(Bond) *	-	36,102
KB Korea Short Term Premium Private Securities No.22(USD)(Bond) *	-	24,433
KB Korea Short Term Premium Private Securities No.23(USD)(Bond) *	-	85,433
KB Korea Short Term Premium Private Securities Fund No.25(USD)(Bond)	47,672	-
KB Korea Short Term Premium Private Securities Fund No.26(USD)(Bond)	35,910	-
KB Korea Short Term Premium Private Securities Fund No.27(USD)(Bond)	59,980	-
KB Korea Short Term Premium Private Securities Fund No.28(USD)(Bond) *	95,368	108,180
KB Sinansan Line Private Special Asset Fund(SOC)	31,808	2,490
KB New Renewable Green New Deal Private Special Asset No.2	22,350	1,447
KB Multi Alpha Plus Private Fund No.1	-	400
KB MCF Senior Loan Private Special Asset Fund No.3(FoFs)	20,703	1,959
KB New Deal Infra Private Special Asset Fund	10,199	77
KB Logistics Blind Private Real Estate Fund No.1	25,812	1,463
KB Star ESG Prime Mid-Short Bond Securities Feeder Fund(Bond)	50,000	48,800
KB GK Project Private Special Asset Fund No.3	-	89,410
KB BMO Senior Loan Private Special Asset Fund No.4(USD)	38,828	404
KB Core Blind Private Real Estate Fund No.2	5,107	-
KB Star Reits Private Real Estate Feeder Fund No.2	65,000	-
KB KBSTAR US Short-Term IG Corporate Bond ETF	20,000	-
KB Korea Short Term Premium Private Securities Fund No.32	107,312	-
KB KBSTAR Nov 2023 Term Credit ETF	180,581	-
KB Korea Short Term Premium Private Securities Fund No.33(USD)(Bond)	52,816	-
KB Korea Short Term Premium Private Securities Fund No.34(USD)(Bond)	63,420	-

41.7 Details of significant investment and withdrawal transactions with related parties for the years ended December 31, 2022 and 2021, are as follows: (cont'd)

(In millions of Korean won)	2022	
	Equity investment and others	**Withdrawal and others**
Associates		
Future Planning KB Start-up Creation Fund	-	1,700
KB High-Tech Company Investment Fund	-	1,300
Aju Good Technology Venture Fund	-	5,400
KB-KDBC Pre-IPO New Technology Business Investment Fund	-	2,600
KB-TS Technology Venture Private Equity Fund	-	2,430
KB-Brain KOSDAQ Scale-up New Technology Business Investment Fund	-	6,400
KB SPROTT Renewable Private Equity Fund No.1	9,748	-
KB Global Platform Fund	8,000	6,150
KB Smart Scale Up Fund	12,000	-
KB-KTB Technology Venture Fund	6,000	-
KB Digital Platform Fund	14,000	-
KB-SOLIDUS Healthcare Investment Fund	6,000	-
KB New Deal Innovation Fund	9,600	-
TMAPMOBILITY CO.,LTD.	200,000	-
KB Prime Digital Platform Fund	2,600	-
KB Scale Up Fund Ⅱ	4,500	-
Associate of Parent		
KB Star Office Private Real Estate Investment Trust No.1 *	-	42,118
Balhae Infrastructure Company	-	21,177
Associate of Parent's subsidiaries		
KB-Stonebridge Secondary Private Equity Fund	2,497	2,409
KB-NAU Special Situation Corporate Restructuring Private Equity Fund	440	2,044
KB Co-Investment Private Equity Fund No.1	6,320	-
KB-NP Green ESG New Technology Venture Capital Fund	2,805	-

41.7 Details of significant investment and withdrawal transactions with related parties for the years ended December 31, 2022 and 2021, are as follows: (cont'd)

(In millions of Korean won)

	2021	
	Equity investment and others	Withdrawal and others
Parent's subsidiaries		
PT KB DATA SYSTEMS INDONESIA	145	-
KB Hanbando BTL Private Special Asset Fund No.1	-	20,448
KB Hope Sharing BTL Private Special Asset Fund	-	1,647
KB Intellectual Property Fund	-	476
KB Senior Loan Private Fund No.1 *	-	5,844
KB Star Office Private Real Estate Master Fund No.3	-	3,569
KB Star Office Private Real Estate Feeder Fund No.4	-	2,474
KB Global Core Bond Securities Feeder Fund(Bond)	-	22,134
KB New Renewable Energy Private Special Asset Fund No.1	-	1,793
KB Mezzanine Private Securities Fund No.3	22,235	42,562
KB Wise Star Jongno Tower Real Estate Master Fund *	-	2,093
Koreit BN Private Equity Fund	-	898
KB Europe Renewable Private Special Asset Fund No.2 (SOC-FoFs)	1,896	-
KB BMO Senior Loan Private Special Asset Fund No.2(USD)	6,727	1,657
KB Korea Short Term Premium Private Securities No.15(USD)(Bond) *	-	23,660
KB Korea Short Term Premium Private Securities No.17(USD)(Bond) *	-	71,240
KB Korea Short Term Premium Private Securities No.19(USD)(Bond) *	22,088	-
KB Korea Short Term Premium Private Securities No.21(USD)(Bond) *	33,213	-
KB Korea Short Term Premium Private Securities No.22(USD)(Bond) *	22,556	-
KB Korea Short Term Premium Private Securities No.23(USD)(Bond) *	71,112	-
KB Sinansan Line Private Special Asset Fund(SOC)	29,156	2,757
KB New Renewable Green New Deal Private Special Asset No.2	12,349	124
KB Multi Alpha Plus Private Fund No.1	10,000	-
KB MCF Senior Loan Private Special Asset Fund No.3(FoFs)	33,147	-
KB New Deal Infra Private Special Asset Fund	408	-
KB Logistics Blind Private Real Estate Fund No.1	31,111	1
KB Star ESG Prime Mid-Short Bond Securities Feeder Fund(Bond)	49,000	-
KB Global Commerce Private Equity Investment Fund	7,000	-

41.7 Details of significant investment and withdrawal transactions with related parties for the years ended December 31, 2022 and 2021, are as follows: (cont'd)

(In millions of Korean won)

	2021	
	Equity investment and others	Withdrawal and others
Associates		
Korea Credit Bureau Co., Ltd.	-	90
Balhae Infrastructure Company	279	9,584
KB GwS Private Securities Investment Trust *	-	147,785
KoFC POSCO Hanwha KB Shared Growth Private Equity Fund No.2 *	-	9,488
Future Planning KB Start-up Creation Fund	-	2,800
KB High-Tech Company Investment Fund	-	11,450
Aju Good Technology Venture Fund	-	4,769
KB-KDBC Pre-IPO New Technology Business Investment Fund	-	2,400
KB-TS Technology Venture Private Equity Fund	1,650	2,880
KB Digital Innovation & Growth New Technology Business Investment Fund	1,125	-
KB-Brain KOSDAQ Scale-up New Technology Business Investment Fund	5,000	5,400
KB Global Platform Fund	13,500	-
KB-UTC Inno-Tech Venture Fund	3,390	750
KB Pre-IPO New Technology Business Investment Fund No.2	7,500	-
KB Smart Scale Up Fund	27,000	-
KB Bio Global Expansion Private Equity Fund No.1	10,000	-
KB-KTB Technology Venture Fund	3,000	-
KB Digital Platform Fund	12,600	-
KB-SOLIDUS Healthcare Investment Fund	600	-
KB New Deal Innovation Fund	4,000	-
Associate of Parent		
KB Star Office Private Real Estate Investment Trust No.1 *	-	1,246
Associate of Parent's subsidiaries		
KB-Stonebridge Secondary Private Equity Fund	7,576	9,039
KB-NAU Special Situation Corporate Restructuring Private Equity Fund	2,564	-

* Excluded from the Group's related party as of December 31, 2022.

41.8 Acceptances and guarantees and unused commitments provided to related parties as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)		December 31, 2022	December 31, 2021
Parent's subsidiaries			
KB Securities Co., Ltd.	Loan commitments in Korean won	140,000	140,000
KB Investment Co., Ltd.	Loss sharing agreements	1,000	1,000
KB Life Insurance Co., Ltd.	Loan commitments in Korean won	100,000	-
KB Kookmin Card Co., Ltd.	Loan commitments in Korean won	820,000	820,000
	Other commitments in Korean won	1,700,000	1,300,000
	Other commitments in foreign currency	44,515	-
KB Capital Co., Ltd.	Other commitments in foreign currency	40,381	13,041
KB Insurance Co., Ltd.	Loan commitments in Korean won	20,528	21,000
KB New Renewable Energy Private Special Asset Fund No.1	Purchase of securities	3,010	6,502
KB Mezzanine Private Securities Fund No.3	Purchase of securities	8,006	8,006
KB Europe Renewable Private Special Asset Fund No.2 (SOC-FoFs)	Purchase of securities	1,968	4,343
KB Global Infra Private Special Asset Fund No.5	Purchase of securities	24,999	24,999
KB Global Infra Private Special Asset Fund No.6	Purchase of securities	24,999	24,999
KB BMO Senior Loan Private Special Asset Fund No.2(USD)	Purchase of securities	29	27
KB New Renewable Green New Deal Private Special Asset No.2	Purchase of securities	5,301	27,651
KB Sinansan Line Private Special Asset Fund(SOC)	Purchase of securities	200,988	232,796
KB MCF Senior Loan Private Special Asset Fund No.3(FoFs)	Purchase of securities	3,554	14,287
KB New Deal Infra Private Special Asset Fund	Purchase of securities	7,492	17,692
KB Logistics Blind Private Real Estate Fund No.1	Purchase of securities	-	68,889
KB GK Project Private Special Asset Fund No.3	Purchase of securities	23	29
KB Core Blind Private Real Estate Fund No.2	Purchase of securities	94,893	-

41.8 Acceptances and guarantees and unused commitments provided to related parties as of December 31, 2022 and 2021, are as follows: (cont'd)

(In millions of Korean won)		December 31, 2022	December 31, 2021
Associates			
Incheon Bridge Co., Ltd.	Loan commitments in Korean won	20,000	20,000
KB-TS Technology Venture Private Equity Fund	Purchase of securities	-	330
KB SPROTT Renewable Private Equity Fund No.1	Purchase of securities	5,140	14,887
KB Global Platform Fund	Purchase of securities	-	8,000
All Together Korea Fund No.2	Purchase of securities	990,000	-
KB Smart Scale Up Fund	Purchase of securities	7,000	19,000
KB Scale Up Fund Ⅱ	Purchase of securities	25,500	-
KB-KTB Technology Venture Fund	Purchase of securities	6,000	12,000
KB Digital Platform Fund	Purchase of securities	113,400	127,400
KB-SOLIDUS Healthcare Investment Fund	Purchase of securities	23,400	29,400
KB New Deal Innovation Fund	Purchase of securities	6,400	16,000
KB Prime Digital Platform Fund	Purchase of securities	10,400	-
Associates of Parent Company			
Balhae Infrastructure Company	Purchase of securities	6,154	6,154
Associates of Parent's subsidiaries			
KB-Stonebridge Secondary Private Equity Fund	Purchase of securities	691	3,188
KB-NAU Special Situation Corporate Restructuring Private Equity Fund	Purchase of securities	5,096	5,536
KB Co-Investment Private Equity Fund No.1	Purchase of securities	13,680	20,000
KB-Badgers Future Mobility ESG Fund No.1	Purchase of securities	19,050	-
KB-NP Green ESG New Technology Venture Capital Fund	Purchase of securities	12,195	-
Key management personnel	Loan commitments in Korean won	833	808

41.9 Acceptances and guarantees and unused commitments provided by related parties as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)		December 31, 2022	December 31, 2021
Parent's subsidiaries			
KB Investment Co., Ltd.	Loss sharing agreements	7,008	7,561
KB Real Estate Trust Co., Ltd.	Purchase of securities	19	19
KB Securities Co., Ltd.	Purchase of securities	19	19
KB Life Insurance Co., Ltd.	Purchase of securities	95	104
KB Insurance Co., Ltd.	Purchase of securities	-	9
KB Asset Management Co., Ltd.	Purchase of securities	-	2
KB Kookmin Card Co., Ltd.	Loan commitment in Korean won	82,354	88,283

41.10 Details of compensation to key management personnel for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)	2022			
	Short-term employee benefits	Post-employment benefits	Share-based payments	Total
Registered directors (executive)	1,963	44	1,034	3,041
Registered directors (non-executive)	420	-	-	420
Non-registered directors	9,801	344	7,563	17,708
	12,184	388	8,597	21,169

(In millions of Korean won)	2021			
	Short-term employee benefits	Post-employment benefits	Share-based payments	Total
Registered directors (executive)	1,898	84	2,670	4,652
Registered directors (non-executive)	395	-	-	395
Non-registered directors	7,042	405	7,131	14,578
	9,335	489	9,801	19,625

41.11 Major types of transactions between the Group and the related parties include deposit taking transactions, loan transactions such as general purpose loans, corporate purchase loans, B2B loans, etc., settlements of funds arising from overseas remittance, providing credit line through the acceptance of letter of credit issued by the Bank, and overdraft accounts arising from net settlement agreement between the Bank and KB Kookmin Card Co., Ltd.

41.12 Details of collateral provided to related parties as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)		December 31, 2022		December 31, 2021	
	Assets pledged *	Carrying amount	Collateralized amount	Carrying amount	Collateralized amount
Parent's subsidiaries					
KB Securities Co., Ltd.	Securities	62,209	62,000	54,143	54,000
KB Life Insurance Co., Ltd.	Securities	25,425	25,000	25,813	25,000
KB Insurance Co., Ltd.	Securities	47,745	50,000	49,982	50,000

* Collaterals related to lease contracts arising from operating activities between related parties are excluded.

41.13 Details of collateral provided by related parties as of December 31, 2022 and 2021, are as follows:

(In millions of Korean won)	Assets held as collateral [1]	December 31, 2022	December 31, 2021
Parent's subsidiaries			
KB Securities Co., Ltd.	Time deposits / Beneficiary right certificate	167,000	167,000
	Securities	129,196	25,135
	Real estate [2]	-	12,000
KB Life Insurance Co., Ltd.	Securities	120,000	10,000
KB Kookmin Card Co., Ltd.	Time deposits	22,000	22,000
KB Insurance Co., Ltd.	Securities	250,000	90,000
	Real estate	24,570	24,570
KB Credit Information Co., Ltd.	Time deposits and others	2,228	2,054
KB Life Insurance Co., Ltd.(former Prudential Life Insurance Company of Korea Ltd.,)	Securities	18,159	20,008
KB Star Office Private Real Estate Feeder Fund No.4	Real estate	24,000	24,000
KB Logistics Blind Private Real Estate Fund No.1	Real estate	63,000	-
Key management personnel	Time deposits and others	457	745
	Real estate	5,165	3,818

[1] Collaterals related to lease contracts arising from operating activities between related parties are excluded.
[2] Related to KB Wise Star Jongno Tower Real Estate Master Fund, a subsidiary of KB Securities Co., Ltd.

As of December 31, 2022, Incheon Bridge Co., Ltd., a related party, provides fund management account, civil engineering works insurance, and management and operations rights as senior collateral amounting to ₩ 611,000 million to the project financing group consisting of the Bank and 5 other institutions, and as subordinated collateral amounting to ₩ 384,800 million to subordinated debt holders consisting of the Bank 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 Bank and 5 other institutions.

41.14 The amounts of debt securities and others purchased through KB securities Co., Ltd. are ₩ 7,341,904 million and ₩ 9,642,170 million for the years ended December 31, 2022 and 2021, respectively, and the amounts of debt securities and others sold through KB securities Co., Ltd. are ₩ 3,791,778 million and ₩ 9,005,607 million for the years ended December 31, 2022 and 2021, respectively. In addition, KB Securities Co., Ltd. acquired ₩ 50,000 million and ₩ 185,000 million of debentures issued by the Bank through underwriting for the years ended December 31, 2022 and 2021, respectively.

41.15 The amounts of intangible assets and others purchased from KB Data System Co., Ltd. are ₩ 42,947 million and ₩ 24,420 million for the years ended December 31, 2022 and 2021, respectively.

41.16 The Bank has entered into CLS (Continuous Linked Settlement) service agreement with KB Securities Co., Ltd. and accordingly the Bank is able to provide intraday liquidity of USD 500 million on the condition of repayment on the day of payment.

41.17 The Bank and KB Kookmin Card Co., Ltd. are jointly and severally liable for the liabilities of the Bank before the spin-off date.

42. Approval of Issuance of the Consolidated Financial Statements

The issuance of the Group's consolidated financial statements as of and for the year ended December 31, 2022, was approved by the board of directors on February 6, 2023.

KPMG Samjong Accounting Corp.

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Independent Auditors' Report

To the Shareholder and Board of Directors
Kookmin Bank

Opinion

We have audited the consolidated financial statements of Kookmin Bank and its subsidiaries (collectively the "Group"), which comprise the statements of financial position as of December 31, 2021 and 2020, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

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

Basis for Opinion

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

Emphasis of Matter

The following matter may be helpful to the readers in their understanding of the consolidated financial statements.

As described in note 37.6 (b) to the consolidated financial statements, the proliferation of COVID-19 has had a negative influence on the global economy, which may have a greater impact on expected credit losses and potential impairment of assets in a particular portfolio, and it could negatively affect the profit generation capability of the Group. Our opinion is not modified in respect of this matter.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

Seoul, Korea
March 10, 2022 KPMG Samjong Accounting Corp.

This report is effective as of March 10, 2022, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying consolidated financial statements and notes thereto. Accordingly, the readers of the audit report should understand that the above audit report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

Kookmin Bank and Subsidiaries

Consolidated Statements of Financial Position

December 31, 2021 and 2020

(In millions of Korean won)	Notes	December 31, 2021	December 31, 2020
Assets			
Cash and due from financial institutions	4,6,7,36	₩ 25,164,991	₩ 19,972,269
Financial assets at fair value through profit or loss	4,6,8,12	18,834,364	16,042,357
Derivative financial assets	4,6,9	2,965,626	4,456,668
Loans measured at amortized cost	4,6,8,10,11	361,144,701	327,332,495
Financial investments	4,6,8,12	63,744,909	58,286,482
Investments in associates	13	390,957	441,325
Property and equipment	8,14	3,933,943	4,041,894
Investment property	14	325,065	318,101
Intangible assets	15	1,028,494	962,654
Current income tax assets	32	61,314	47,847
Deferred income tax assets	16,32	149,869	58,339
Assets held for sale	17	237,318	197,727
Other assets	4,6,18	5,583,347	6,285,956
Total assets		₩ 483,564,898	₩ 438,444,114
Liabilities			
Financial liabilities at fair value through profit or loss	4,6	₩ 112,698	₩ 141,277
Derivative financial liabilities	4,6,9	2,749,412	4,282,364
Deposits	4,6,19	363,141,416	330,352,491
Borrowings	4,6,20	32,523,161	26,870,831
Debentures	4,6,21	29,718,734	26,969,584
Provisions	22	426,867	388,014
Net defined benefit liabilities	23	155,284	165,402
Current income tax liabilities	32	57,281	37,481
Deferred income tax liabilities	16,32	701,561	346,850
Other liabilities	4,6,24,30	21,089,571	18,481,746
Total liabilities		450,675,985	408,036,040
Equity			
Capital stock	25	2,021,896	2,021,896
Hybrid securities	25	574,523	574,523
Capital surplus	25	5,025,335	4,808,482
Accumulated other comprehensive income	25,34	1,395,156	494,445
Retained earnings	25,33,34	23,660,721	22,243,552
(Provision of regulatory reserve for credit losses			
December 31, 2021 : ₩ 2,534,401 million			
December 31, 2020 : ₩ 2,441,875 million)			
(Amounts estimated to be appropriated			
December 31, 2021 : ₩ 380,761 million			
December 31, 2020 : ₩ 92,526 million)			
Equity attributable to the shareholder of Kookmin Bank		32,677,631	30,142,898
Non-controlling interests		211,282	265,176
Total equity		32,888,913	30,408,074
Total liabilities and equity		₩ 483,564,898	₩ 438,444,114

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

Kookmin Bank and Subsidiaries

Consolidated Statements of Comprehensive Income

Years Ended December 31, 2021 and 2020

(In millions of Korean won)	Notes	2021	2020
Interest income		₩ 10,674,361	₩ 10,456,165
Interest income from financial instruments at fair value through other comprehensive income and amortized cost		10,515,589	10,265,173
Interest income from financial instruments at fair value through profit or loss		158,772	190,992
Interest expense		(2,945,885)	(3,701,399)
Net interest income	26	7,728,476	6,754,766
Fee and commission income		1,586,944	1,449,687
Fee and commission expense		(399,063)	(381,765)
Net fee and commission income	27	1,187,881	1,067,922
Net gains on financial instrument at fair value through profit or loss	28	342,834	244,183
Net other operating expenses	29	(819,739)	(230,206)
General and administrative expenses	14,15,23,30,40	(4,402,731)	(4,201,346)
Operating income before provision for credit losses		4,036,721	3,635,319
Provision for credit losses	7,11,12,18,22	(522,728)	(484,182)
Net operating income		3,513,993	3,151,137
Share of profit (loss) of associates	13	57,156	(48,158)
Net other non-operating income (expenses)	31	(79,605)	28,844
Net non-operating expenses		(22,449)	(19,314)
Profit before income tax expense		3,491,544	3,131,823
Income tax expense	32	(953,515)	(812,304)
Profit for the period		2,538,029	2,319,519
(Adjusted profit after provision of regulatory reserve for credit losses December 31, 2021 : ₩ 2,210,003 million December 31, 2020 : ₩ 2,205,669 million)	25		
Items that will not be reclassified to profit or loss:			
Remeasurements of net defined benefit liabilities	23	(71,615)	(4,166)
Gains on equity securities at fair value through other comprehensive income		873,707	666,641
Items that may be subsequently reclassified to profit or loss:			
Currency translation differences		208,480	(154,972)
Gains (losses) on debt securities at fair value through other comprehensive income		(274,010)	30,750
Share of other comprehensive income (loss) of associates		165	(6,978)
Gains (losses) on hedging instruments of net investments in foreign operations	9	(54,409)	61,329
Gains (losses) on cash flow hedging instruments	9	9,984	(6,382)
Other comprehensive income for the period, net of tax	34	692,302	586,222
Total comprehensive income for the period		₩ 3,230,331	₩ 2,905,741
Profit attributable to:			
Shareholder of Kookmin Bank		₩ 2,590,764	₩ 2,298,195
Non-controlling interests		(52,735)	21,324
		₩ 2,538,029	₩ 2,319,519
Total comprehensive income for the period attributable to:			
Shareholder of Kookmin Bank		₩ 3,265,921	₩ 2,905,953
Non-controlling interests		(35,590)	(212)
		₩ 3,230,331	₩ 2,905,741

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

Kookmin Bank and Subsidiaries
Consolidated Statements of Changes in Equity
Years Ended December 31, 2021 and 2020

(In millions of Korean won)	Attributable to the shareholder of the Parent Company					Non-controlling interests	Total equity
	Capital stock	Hybrid securities	Capital surplus	Accumulated other comprehensive income	Retained earnings		
Balance as of January 1, 2020	₩ 2,021,896	₩ 574,523	₩ 5,219,704	₩ 123,334	₩ 21,064,776	₩ -	₩ 29,004,233
Comprehensive income for the period							
Profit for the period	-	-	-	-	2,298,195	21,324	2,319,519
Remeasurements of net defined benefit liabilities	-	-	-	(4,111)	-	(55)	(4,166)
Gains on equity securities at fair value through other comprehensive income	-	-	-	429,994	236,647	-	666,641
Currency translation differences	-	-	-	(134,469)	-	(20,503)	(154,972)
Gains (losses) on debt securities at fair value through other comprehensive income	-	-	-	31,728	-	(978)	30,750
Share of other comprehensive loss of associates	-	-	-	(6,978)	-	-	(6,978)
Gains on hedging instruments of net investments in foreign operations	-	-	-	61,329	-	-	61,329
Losses on cash flow hedging instruments	-	-	-	(6,382)	-	-	(6,382)
Total comprehensive income for the period	-	-	-	371,111	2,534,842	(212)	2,905,741
Transactions with the shareholder							
Dividends	-	-	-	-	(731,926)	-	(731,926)
Interim dividends	-	-	-	-	(598,481)	-	(598,481)
Dividends on hybrid securities	-	-	-	-	(25,659)	-	(25,659)
Transactions with non-controlling interests	-	-	(411,222)	-	-	265,388	(145,834)
Total transactions with the shareholder	-	-	(411,222)	-	(1,356,066)	265,388	(1,501,900)
Balance as of December 31, 2020	₩ 2,021,896	₩ 574,523	₩ 4,808,482	₩ 494,445	₩ 22,243,552	₩ 265,176	₩ 30,408,074
Balance as of January 1, 2021	₩ 2,021,896	₩ 574,523	₩ 4,808,482	₩ 494,445	₩ 22,243,552	₩ 265,176	₩ 30,408,074
Comprehensive income for the period							
Profit for the period	-	-	-	-	2,590,764	(52,735)	2,538,029
Remeasurements of net defined benefit liabilities	-	-	-	(72,054)	-	439	(71,615)
Gains (losses) on equity securities at fair value through	-	-	-	1,105,217	(231,510)	-	873,707
Currency translation differences	-	-	-	192,705	-	15,775	208,480
Gains (losses) on debt securities at fair value through other comprehensive income	-	-	-	(274,941)	-	931	(274,010)
Share of other comprehensive income of associates	-	-	-	165	-	-	165
Losses on hedging instruments of net investments in foreign operations	-	-	-	(54,409)	-	-	(54,409)
Gains on cash flow hedging instruments	-	-	-	9,984	-	-	9,984
Total comprehensive income for the period	-	-	-	906,667	2,359,254	(35,590)	3,230,331
Transactions with the shareholder							
Dividends	-	-	-	-	(917,941)	-	(917,941)
Dividends on hybrid securities	-	-	-	-	(24,144)	-	(24,144)
Transactions with non-controlling interests	-	-	216,853	(5,956)	-	(18,304)	192,593
Total transactions with the shareholder	-	-	216,853	(5,956)	(942,085)	(18,304)	(749,492)
Balance as of December 31, 2021	₩ 2,021,896	₩ 574,523	₩ 5,025,335	₩ 1,395,156	₩ 23,660,721	₩ 211,282	₩ 32,888,913

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

Kookmin Bank and Subsidiaries
Consolidated Statements of Cash Flows
Years Ended December 31, 2021 and 2020

(In millions of Korean won)	Notes	2021	2020
Cash flows from operating activities			
Profit for the period		₩ 2,538,029	₩ 2,319,519
Adjustment for non-cash items			
Net gains on financial instruments at fair value through profit or loss		(161,792)	(217,768)
Net losses on derivative financial instrument for hedging purposes		13,132	8,168
Adjustment of fair value of derivative financial instruments		-	(3,198)
Provision for credit losses		523,010	484,257
Net gains on financial investments		(12,736)	(179,941)
Share of loss (profit) of associates		(57,156)	48,157
Depreciation and amortization expense		537,628	569,721
Other net losses (gains) on property and equipment/intangible assets		18,731	(77,011)
Share-based payment		27,995	13,364
Post-employment benefits		158,512	159,393
Net interest income		405,793	559,070
Losses on foreign currency translation		(89,447)	(155,831)
Other expenses (income)		45,514	(14,318)
		1,409,184	1,194,063
Changes in operating assets and liabilities			
Financial assets at fair value through profit or loss		(1,629,702)	(1,405,459)
Derivative financial instrument		71,935	42,804
Loans measured at amortized cost		(32,510,459)	(28,338,718)
Current income tax assets		(4,308)	(24,211)
Deferred income tax assets		(90,423)	(58,957)
Other assets		(4,234,411)	(3,478,528)
Financial liabilities at fair value through profit or loss		(34,193)	49,648
Deposits		31,129,121	23,689,107
Deferred income tax liabilities		165,924	(174,090)
Other liabilities		3,221,530	(1,139,460)
		(3,914,986)	(10,837,864)
Net cash inflow (outflow) from operating activities		32,227	(7,324,282)
Cash flows from investing activities			
Net cash flows from derivative financial instrument for hedging purposes		9,575	8,983
Disposal of financial assets at fair value through profit or loss		6,019,093	6,729,781
Acquisition of financial assets at fair value through profit or loss		(6,993,541)	(7,477,327)
Disposal of financial investments		42,261,739	72,170,571
Acquisition of financial investments		(46,589,385)	(76,954,130)
Disposal of investments in associates		197,396	187,181
Acquisition of investments in associates		(89,644)	(200,023)
Disposal of property and equipment		9,050	1,913
Acquisition of property and equipment		(198,681)	(340,477)
Disposal of investment property		1,581	267,836
Acquisition of investment property		-	(125)
Disposal of intangible assets		1,834	4,260
Acquisition of intangible assets		(92,474)	(77,960)
Net cash flows from changes in ownership of subsidiaries		80,451	(388,621)
Others		(23,269)	33,219
Net cash outflow from investing activities		(5,406,275)	(6,034,919)
Cash flows from financing activities			
Net cash flows from derivative financial instrument for hedging purposes		5,870	(16,182)
Increase in borrowings		4,743,115	6,332,405
Increase in debentures		20,014,042	19,952,932
Decrease in debentures		(17,598,345)	(11,653,980)
Payment of dividends		(917,941)	(1,330,407)
Increase (decrease) in other payables to trust accounts		(509,106)	2,326,495
Cash outflow from consolidated equtiy transactions		(188,419)	-
Others		(257,954)	(60,866)
Net cash inflow from financing activities		5,291,262	15,550,397
Effect of exchange rate changes on cash and cash equivalents		275,678	(266,209)
Net increase in cash and cash equivalents		192,892	1,924,987
Cash and cash equivalents at the beginning of the period	36	6,804,299	4,879,312
Cash and cash equivalents at the end of the period	36	₩ 6,997,191	₩ 6,804,299

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

1. Reporting Entity

Kookmin Bank (the "Bank") was incorporated in 1963 under the Citizens National Bank Act to provide banking services to the general public and to small and medium-sized enterprises. Pursuant to the Repeal Act of the Citizens National Bank Act, effective January 5, 1995, the Bank's status changed to a financial institution which operates under the Banking Act and Commercial Act.

The Bank merged with Korea Long Term Credit Bank on December 31, 1998, and with its subsidiaries, Daegu, Busan, Jeonnam Kookmin Mutual Savings & Finance Co., Ltd., on August 22, 1999. Pursuant to the directive from the Financial Services Commission related to the Structural Improvement of the Financial Industry Act, the Bank acquired certain assets, including performing loans, and assumed most of the liabilities of Daedong Bank on June 29, 1998. Also, the Bank completed the merger with Housing and Commercial Bank ("H&CB") on October 31, 2001, and merged with Kookmin Credit Card Co., Ltd., a majority-owned subsidiary, on September 30, 2003. Meanwhile, the Bank spun off its credit card business segment on February 28, 2011, and KB Kookmin Card Co., Ltd. became a subsidiary of KB Financial Group Inc.

The Bank listed its shares on the Stock Market Division of the Korea Exchange ("KRX") in September 1994. As a result of the merger with H&CB, the shareholders of the former Kookmin Bank and H&CB received new common shares of the Bank which were relisted on the KRX on November 9, 2001. In addition, H&CB listed its American Depositary Shares ("ADS") on the New York Stock Exchange ("NYSE") on October 3, 2000, prior to the merger. Following the merger with H&CB, the Bank listed its ADS on the NYSE on November 1, 2001. The Bank became a wholly owned subsidiary of KB Financial Group Inc. through a comprehensive stock transfer on September 29, 2008. Subsequently, the Bank's shares and its ADS, each listed on the KRX and the NYSE, were delisted on October 10, 2008 and September 26, 2008, respectively. As of December 31, 2021, the Bank's paid-in capital is ₩ 2,021,896 million.

The Bank engages in the banking business in accordance with the Banking Act, trust business in accordance with the Financial Investment Services and Capital Markets Act, mobile virtual network business in accordance with Special Act on Support for Financial Innovation, and other relevant businesses. As of December 31, 2021, the Bank operates its Seoul headquarters and 914 domestic branches, and eight overseas branches (excluding six subsidiaries and one office).

2. Basis of Preparation

2.1 Application of Korean IFRS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- Issuance of Korean IFRS No.1117 Insurance Contracts

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

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

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

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

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

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

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

- Annual improvements to Korean IFRS 2018-2020

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

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

2.2 Measurement Basis

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

2.3 Functional and Presentation Currency

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

2.4 Critical Accounting Estimates

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

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

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

2.4.1 Income taxes

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

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

2.4.2 Fair value of financial instruments

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

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

2.4.3 Allowances and provisions for credit losses

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

2.4.4 Net defined benefit liability

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

2.4.5 Impairment of goodwill

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

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

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

3. Significant Accounting Policies

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

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 Bank and to the non-controlling interests, if any. Total comprehensive income is attributed to the owners of the Bank 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.

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

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.

Investments in associates 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 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' accounting policies conform to those of the Group when the associates' financial statements are used by the Group in applying the equity method.

If the Group's share of losses of associates 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 associates.

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

3.1.3 Structured entity

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

3.1.4 Funds management

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

3.1.5 Intragroup transactions

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

3.2 Foreign Currency

3.2.1 Foreign currency transactions

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

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

3.2.2 Foreign operations

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

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

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.

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.

The Group’s Fair Value Evaluation Committee, which consists of the risk management department, trading department and accounting department, reviews the appropriateness of internally developed valuation models, and approves the selection and changing of the external valuation institution and other considerations related to fair value measurement. The results of regular verification of the internally developed valuation models are reported to the Market Risk Management Subcommittee.

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

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

3.3.3 Derecognition

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

3.3.3.1 Derecognition of financial assets

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

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

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

3.3.3.2 Derecognition of financial liabilities

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

3.3.4 Offsetting

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

3.4 Cash and Due from Financial Institutions

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

3.5 Non-derivative Financial Assets

3.5.1 Financial assets at fair value through profit or loss

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

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

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

3.5.2 Financial assets at fair value through other comprehensive income

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

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

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

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

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

3.5.3 Financial assets at amortized cost

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

3.6 Expected Credit Losses of Financial Assets (Debt Instruments)

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

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

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

- General approach: for financial assets and unused loan commitments not subject to the below approach
- 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.

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

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 Group has derived a correlation between the time series data of 11 years or more and the key macroeconomic variables and calculates the expected credit losses by reflecting the results of the correlation on the risk component.

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

Key macroeconomic variables	Correlation between the major macroeconomic variables and the credit risk
Domestic GDP growth rate	(-)
Composite stock index	(-)
Rate of change of construction investment	(-)
Rate of change of housing transaction price index	(-)
Interest rate spread	(+)
Private consumption growth rate	(-)

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

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

3.6.2 Measuring expected credit losses on financial assets at amortized cost

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

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

3.6.2.1 Individual assessment of impairment

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

3.6.2.2 Collective assessment of impairment

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

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

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

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

3.7 Derivative Financial Instruments

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

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

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

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

3.7.1 Derivative financial instruments held for trading

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

3.7.2 Derivative financial instruments for fair value hedges

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

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

3.7.3 Derivative financial instruments for cash flow hedges

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

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

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

3.7.5 Risk management strategy

Interest rate risk arises from changes in fair value resulting from changes in the discount rate of fixed rate financial instruments, and changes in cash flows resulting from changes in the nominal interest rate of floating rate financial instruments. Foreign currency risk arises from the net investment in a foreign operation, whose functional currency differs from the Group's functional currency.

While the Group hedges the interest rate risk in its entirety, the Group hedges the foreign currency risk only the proportional part of the notional amount.

At inception of the hedge relationship, the Group reviews the hedge effectiveness; and periodically reviews the effectiveness in order to confirm that economic relationship between the hedged item and the hedging instrument exists. The requirement that an economic relationship exists means that the hedging instrument and the hedged item have values that generally move in the opposite direction due to the same risk, which is the hedged risk. The Group designates the exposure of hedged item opposite to the exposure of hedging instruments in order to meet economic relationship requirement.

The Group designates hedge relationship at one-on-one ratio between the nominal amount of hedging instrument and to the nominal amount of hedged item.

Hedge ineffectiveness could arise because of differences in the underlying parameters (acquisition date, credit risk or liquidity and others) or other differences between the hedging instrument and the hedged item that the Group accepts in order to achieve a cost-effective hedging relationship.

The Group avoids the cash flow variability of its floating rate debt securities by using interest rate swaps. Both are linked to the same interest rate; however, the paid amount of the floating rate may be set on different dates. Even if the variability of interest rate related cash flows (as a risk factor) is designated as a hedged item, the difference in set-up dates creates a hedge ineffectiveness.

The Group avoids the variability of fair values of its fixed rate debt securities by using interest rate swaps. The calculating method of the number of the dates for paying fixed-rate interest amount can be different between hedging instruments and hedged items. Even if the variability of the fair value due to the benchmark interest rate (as a risk factor) are designated as a hedged item, the difference in calculating method of the number of the dates creates a hedge ineffectiveness.

3.7.6 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.

3.7.7 Day one gains or losses

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

3.8 Property and Equipment

3.8.1 Recognition and measurement

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

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

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

3.8.2 Depreciation

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

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

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

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

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

3.9 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	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	5 years
Software	Straight-line	4 ~ 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.

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.

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.

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 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.

3.15 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*.

3.16 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.

3.16.1 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.

3.16.2 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.

3.16.3 Compound financial instruments

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

3.17 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.

3.17.1 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.

3.17.2 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.

3.17.2.1 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.

3.17.2.2 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.

3.17.2.3 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.

3.17.3 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)

3.17.4 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.

3.18 Employee Compensation and Benefits

3.18.1 Post-employment benefits

3.18.1.1 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.

3.18.1.2 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 a qualified actuary 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.

3.18.2 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.

3.18.3 Share-based payment

The Group provides its executives and employees with stock grants and mileage stock programs. When stock grants are exercised, the Group can either select to distribute shares of KB Financial Group Inc., the Parent Company or compensate in cash based on the share price. When mileage stock is exercised, the Group pays the amount equivalent to share price of KB Financial Group Inc. in cash.

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, 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.

3.18.4 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.

3.19 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.

3.19.1 Current income tax

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

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

3.19.2 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 and associates, 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.

3.19.3 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.

3.20 Transactions with the Trust Accounts

The Group accounts for trust assets separately from its own assets in accordance with the Financial Investment Services and Capital Markets Act. The borrowings from trust accounts represent transfer of funds in trust accounts into banking accounts. Such borrowings from trust accounts are recorded as receivables from the banking accounts in the trust accounts and as borrowings from trust accounts in the banking accounts. The Group earns trust fees from the trust accounts for its management of trust assets and operations. The reserves for future profits and losses are set up in the trust accounts for profits and losses related to those trust funds with a guarantee of the principal or of the principal and a certain minimum rate of return in accordance with the relevant laws and regulations applicable to trust operations. The reserves are used to provide for the losses on such trust funds and, if the losses incurred are in excess of the reserves, the excess losses are compensation paid as a loss on trust management in other operating expenses and the trust accounts recognize the corresponding compensation as compensation from banking accounts.

3.21 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). The Group applies the exemption of the standard for one time lease of real estate (for training purpose) and leases of low-value assets (underlying assets less than ₩ 5 million or USD 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 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.

3.22 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 each business group through increased risk transparency, spread of risk management culture, prevention of risk transfer between risk types, and preemptive response to rapidly changing financial environments. Credit risk, market risk, liquidity risk, and operational risk are recognized as the Group's significant risks and measured and managed by quantifying them in the form of internal capital or Value at Risk ("VaR") using statistical methods.

4.1.2 Risk management organization

4.1.2.1 Risk Management Committee

The Risk Management Committee, as the ultimate decision-making body, approves 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, and reviewing the level of risk and the status of risk management activities.

4.1.2.2 Risk Management Council

The Risk Management Council deliberates on and resolves matters delegated by the Risk Management Committee and discusses the details of risk management of the Group.

4.1.2.3 Risk Management Subcommittees

The Risk Management Subcommittee implements decisions made by the Risk Management Council and makes practical decisions regarding the implementation of risk management policies and procedures.

- Credit Risk Management Subcommittee
  The Credit Risk Management Subcommittee conducts deliberation and resolution on new approval of non-standard and compound instruments with embedded credit risks, review of credit risks for new products with credit risks, and establishment of exposure limits by industry.

- Market Risk Management Subcommittee
  The Market Risk Management Subcommittee conducts deliberation and resolution on market risk-related matters, such as setting limits on market risk and approving detailed investment standards for new standard, non-standard and compound products.

- Operational Risk Management Subcommittee
  The Operational Risk Management Subcommittee reviews the issues that have a significant effect on the Group's operational risk such as establishment, amendment and abolition of major system, process and others.

- Trust & Fund Customer Asset Risk Management Subcommittee
  The Trust & Fund Customer Asset Risk Management Subcommittee reviews the issues that have a significant effect on the trust & fund customer asset risk management such as setting limits on trust & fund customer assets.

4.1.2.4 Risk Management Group

The Risk Management Group manages detailed risk management policies, procedures, and business processes.

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. The Group defines default as the definition applied to the calculation of Capital Adequacy Ratio under the new Basel Accord (Basel III).

4.2.2 Credit risk management

The Group measures the expected loss and internal capital for the assets subject to credit risk management, including on-balance and off-balance assets, and uses them as management indicators. The Group allocates and manages credit risk internal capital limits.

In addition, to prevent excessive concentration of exposures by borrower and industry, the total exposure limit at the Group level is introduced, applied, and managed to control the credit concentration risk.

All of the Group'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 the Group’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, the Group 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.

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, Retail Customer Group and SME/SOHO Customer Group are in charge of loan policy, loan system, credit rating, credit analysis, follow-up management, and corporate restructuring. The Risk Management Group is responsible for establishing policies on credit risk management, measuring and limiting internal capital of credit risk, setting credit limits, credit review, and verification of credit rating models.

4.2.3 Maximum exposure to credit risk

The Group's maximum exposures to credit risk without consideration of collateral values in relation to financial instruments other than equity securities as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)	December 31, 2021	December 31, 2020
Financial assets		
Due from financial institutions [1]	22,520,401	17,085,898
Financial assets at fair value through profit or loss:		
Securities measured at fair value through profit or loss	18,513,088	15,707,842
Loans measured at fair value through profit or loss	93,930	38,756
Due from financial institutions measured at fair value through profit or loss	113,622	89,965
Derivatives	2,965,626	4,456,668
Loans measured at amortized cost [1]	361,144,701	327,332,495
Financial investments:		
Securities measured at fair value through other comprehensive income	38,140,906	39,960,675
Securities measured at amortized cost [1]	22,164,594	15,588,413
Loans measured at fair value through other comprehensive income	269,609	234,780
Other financial assets [1]	5,277,227	5,986,686
	471,203,704	426,482,178
Off-balance sheet items [2]		
Acceptances and guarantees contracts	10,212,730	8,560,896
Financial guarantee contracts	6,021,250	4,354,919
Commitments	97,135,905	91,738,296
	113,369,885	104,654,111
	584,573,589	531,136,289

[1] After netting of allowance
[2] For details of related provisions, see Note 22.

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

4.2.4.1 Credit risk exposure

Credit qualities of loans as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021					
	12-month expected credit losses	Lifetime expected credit losses		Credit impaired approach	Not applying expected credit losses	Total
		Non-impaired	Impaired			
Loans measured at amortized cost *						
Corporate						
Grade 1	103,439,876	4,787,901	3,583	-	-	108,231,360
Grade 2	62,433,823	7,488,667	4,321	-	-	69,926,811
Grade 3	4,622,781	2,794,294	2,489	-	-	7,419,564
Grade 4	479,723	1,025,557	7,548	-	-	1,512,828
Grade 5	12,851	351,420	2,082,350	-	-	2,446,621
	170,989,054	16,447,839	2,100,291	-	-	189,537,184
Retail						
Grade 1	157,931,555	4,297,133	10,972	-	-	162,239,660
Grade 2	4,174,715	4,066,176	12,202	-	-	8,253,093
Grade 3	762,603	1,128,603	8,161	-	-	1,899,367
Grade 4	38,566	140,041	3,134	-	-	181,741
Grade 5	494,814	305,052	605,210	-	-	1,405,076
	163,402,253	9,937,005	639,679	-	-	173,978,937
Credit card						
Grade 1	-	-	-	-	-	-
Grade 2	32,376	-	-	-	-	32,376
Grade 3	935	-	-	-	-	935
Grade 4	-	-	-	-	-	-
Grade 5	-	-	22,209	-	-	22,209
	33,311	-	22,209	-	-	55,520
	334,424,618	26,384,844	2,762,179	-	-	363,571,641
Loans measured at fair value through other comprehensive income						
Corporate						
Grade 1	189,872	-	-	-	-	189,872
Grade 2	79,737	-	-	-	-	79,737
Grade 3	-	-	-	-	-	-
Grade 4	-	-	-	-	-	-
Grade 5	-	-	-	-	-	-
	269,609	-	-	-	-	269,609
	269,609	-	-	-	-	269,609
	334,694,227	26,384,844	2,762,179	-	-	363,841,250

(In millions of Korean won)

	December 31, 2020					
	12-month expected credit losses	Lifetime expected credit losses		Credit impaired approach	Not applying expected credit losses	Total
		Non-impaired	Impaired			
Loans measured at amortized cost *						
Corporate						
Grade 1	85,802,797	4,470,806	6,545	-	-	90,280,148
Grade 2	58,494,076	6,777,700	1,119	-	-	65,272,895
Grade 3	2,228,426	2,436,658	3,042	-	-	4,668,126
Grade 4	487,038	1,003,942	7,878	-	-	1,498,858
Grade 5	17,941	384,014	2,101,014	-	-	2,502,969
	147,030,278	15,073,120	2,119,598	-	-	164,222,996
Retail						
Grade 1	151,410,177	3,439,344	5,987	-	-	154,855,508
Grade 2	3,947,198	3,913,432	6,160	-	-	7,866,790
Grade 3	230,361	1,157,224	6,971	-	-	1,394,556
Grade 4	19,077	124,562	3,269	-	-	146,908
Grade 5	25,369	400,181	546,039	-	-	971,589
	155,632,182	9,034,743	568,426	-	-	165,235,351
Credit card						
Grade 1	-	-	-	-	-	-
Grade 2	37,053	-	-	-	-	37,053
Grade 3	1,467	-	-	-	-	1,467
Grade 4	-	-	-	-	-	-
Grade 5	-	-	22,439	-	-	22,439
	38,520	-	22,439	-	-	60,959
	302,700,980	24,107,863	2,710,463	-	-	329,519,306
Loans measured at fair value through other comprehensive income						
Corporate						
Grade 1	176,840	-	-	-	-	176,840
Grade 2	57,940	-	-	-	-	57,940
Grade 3	-	-	-	-	-	-
Grade 4	-	-	-	-	-	-
Grade 5	-	-	-	-	-	-
	234,780	-	-	-	-	234,780
	234,780	-	-	-	-	234,780
	302,935,760	24,107,863	2,710,463	-	-	329,754,086

* Before netting of allowance

Credit qualities of loans graded according to internal credit ratings as of December 31, 2021 and 2020, are as follows:

	Corporate	Retail
Grade 1	AAA ~ BBB+	1 ~ 5 grade
Grade 2	BBB ~ BB	6 ~ 8 grade
Grade 3	BB- ~ B	9 ~ 10 grade
Grade 4	B- ~ CCC	11 grade
Grade 5	CC or under	12 grade or under

4.2.4.2 Credit risk mitigation by collateral

Quantification of the extent to which collateral and other credit enhancements mitigate credit risk of loans as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021					
	12-month expected credit losses	Lifetime expected credit losses		Credit impaired approach	Not applying expected credit losses	Total
		Non-impaired	Impaired			
Guarantees	89,847,133	6,586,809	391,042	-	-	96,824,984
Deposits and savings	1,606,882	98,380	75,674	-	-	1,780,936
Property and equipment	4,364,540	327,722	279,961	-	-	4,972,223
Real estate	177,948,425	13,477,437	1,953,759	-	-	193,379,621
	273,766,980	20,490,348	2,700,436	-	-	296,957,764

(In millions of Korean won)

	December 31, 2020					
	12-month expected credit losses	Lifetime expected credit losses		Credit impaired approach	Not applying expected credit losses	Total
		Non-impaired	Impaired			
Guarantees	78,510,868	5,708,138	184,422	-	-	84,403,428
Deposits and savings	1,424,757	149,745	64,355	-	-	1,638,857
Property and equipment	3,883,931	471,313	71,021	-	-	4,426,265
Real estate	166,812,667	12,453,807	1,792,642	-	-	181,059,116
	250,632,223	18,783,003	2,112,440	-	-	271,527,666

4.2.5 Credit risk of securities

Credit qualities of securities exposed to credit risk other than equity securities among financial investments as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021					
	12-month expected credit losses	Lifetime expected credit losses		Credit impaired approach	Not applying expected credit losses	Total
		Non-impaired	Impaired			
Securities measured at amortized cost *						
Grade 1	21,219,056	-	-	-	-	21,219,056
Grade 2	935,607	-	-	-	-	935,607
Grade 3	5,588	7,641	-	-	-	13,229
Grade 4	-	-	-	-	-	-
Grade 5	-	-	-	-	-	-
	22,160,251	7,641	-	-	-	22,167,892
Securities measured at fair value through other comprehensive income						
Grade 1	35,690,767	-	-	-	-	35,690,767
Grade 2	2,377,924	-	-	-	-	2,377,924
Grade 3	29,108	3,973	-	-	-	33,081
Grade 4	39,134	-	-	-	-	39,134
Grade 5	-	-	-	-	-	-
	38,136,933	3,973	-	-	-	38,140,906
	60,297,184	11,614	-	-	-	60,308,798

(In millions of Korean won)

	December 31, 2020					
	12-month expected credit losses	Lifetime expected credit losses		Credit impaired approach	Not applying expected credit losses	Total
		Non-impaired	Impaired			
Securities measured at amortized cost *						
Grade 1	15,076,443	-	-	-	-	15,076,443
Grade 2	468,773	-	-	-	-	468,773
Grade 3	38,454	7,061	-	-	-	45,515
Grade 4	-	-	-	-	-	-
Grade 5	-	-	-	-	-	-
	15,583,670	7,061	-	-	-	15,590,731
Securities measured at fair value through other comprehensive income						
Grade 1	38,289,525	-	-	-	-	38,289,525
Grade 2	1,584,293	-	-	-	-	1,584,293
Grade 3	79,336	-	-	-	-	79,336
Grade 4	7,521	-	-	-	-	7,521
Grade 5	-	-	-	-	-	-
	39,960,675	-	-	-	-	39,960,675
	55,544,345	7,061	-	-	-	55,551,406

* Before netting of allowance

Credit qualities of securities other than equity securities, according to the credit ratings by external credit rating agencies as of December 31, 2021 and 2020, are as follows:

Credit quality	Domestic			Foreign		
	KIS	NICE P&I	FnPricing Inc.	S&P	Fitch-IBCA	Moody's
Grade 1	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-	BBB- to BBB+	BBB- to BBB+	Baa3 to Baa1
Grade 3	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-	B+ to BB-	B+ to BB-	B1 to Ba3
Grade 5	BB- or under	BB- or under	BB- or under	B or under	B or under	B2 or under

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

4.2.6 Credit risk of due from financial institutions

Credit qualities of due from financial institutions as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021				
	12-month expected credit losses	Lifetime expected credit losses		Credit impaired approach	Total
		Non-impaired	Impaired		
Due from financial institutions measured at amortized cost *					
Grade 1	20,705,356	-	-	-	20,705,356
Grade 2	1,305,500	-	-	-	1,305,500
Grade 3	61,177	-	-	-	61,177
Grade 4	439,511	-	-	-	439,511
Grade 5	10,984	-	-	-	10,984
	22,522,528	-	-	-	22,522,528

(In millions of Korean won)

	December 31, 2020				
	12-month expected credit losses	Lifetime expected credit losses		Credit impaired approach	Total
		Non-impaired	Impaired		
Due from financial institutions measured at amortized cost *					
Grade 1	15,802,294	-	-	-	15,802,294
Grade 2	334,207	-	-	-	334,207
Grade 3	445,732	13,099	-	-	458,831
Grade 4	479,143	-	-	-	479,143
Grade 5	13,520	-	282	-	13,802
	17,074,896	13,099	282	-	17,088,277

* Before netting of allowance

The classification criteria of the credit qualities of due from financial institutions as of December 31, 2021 and 2020, are the same as the criteria for securities other than equity securities.

4.2.7 Credit risk mitigation of derivative financial instruments

Quantification of the extent to which collateral mitigates credit risk of derivative financial instruments as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)	December 31, 2021	December 31, 2020
Deposits, savings, securities, and others	424,731	1,264,017

4.2.8 Credit risk concentration analysis

4.2.8.1 Classifications of loans by country as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021						
	Retail	Corporate *	Credit card	Total	%	Allowances	Carrying amount
Korea	170,760,822	168,733,575	-	339,494,397	93.28	(1,459,209)	338,035,188
Japan	86	1,082,456	-	1,082,542	0.30	(2,332)	1,080,210
United States	-	3,313,100	-	3,313,100	0.91	(25,289)	3,287,811
China	34,982	6,743,756	-	6,778,738	1.86	(34,315)	6,744,423
Cambodia	1,748,349	3,115,992	-	4,864,341	1.34	(66,155)	4,798,186
Indonesia	1,249,822	3,710,586	55,520	5,015,928	1.38	(821,707)	4,194,221
Others	184,876	3,201,258	-	3,386,134	0.93	(17,933)	3,368,201
	173,978,937	189,900,723	55,520	363,935,180	100.00	(2,426,940)	361,508,240

(In millions of Korean won)

	December 31, 2020						
	Retail	Corporate *	Credit card	Total	%	Allowances	Carrying amount
Korea	162,521,943	149,253,281	-	311,775,224	94.55	(1,362,777)	310,412,447
Japan	94	960,604	-	960,698	0.29	(1,258)	959,440
United States	-	1,690,540	-	1,690,540	0.51	(19,011)	1,671,529
China	-	4,518,737	-	4,518,737	1.37	(20,485)	4,498,252
Cambodia	1,302,850	2,272,777	-	3,575,627	1.08	(84,713)	3,490,914
Indonesia	1,221,257	3,636,434	60,959	4,918,650	1.49	(689,408)	4,229,242
Others	189,207	2,164,159	-	2,353,366	0.71	(9,159)	2,344,207
	165,235,351	164,496,532	60,959	329,792,842	100.00	(2,186,811)	327,606,031

* Expected credit losses of loans measured at fair value through other comprehensive income as of December 31, 2021 and 2020, are ₩ 675 million and ₩ 395 million, respectively.

4.2.8.2 Classifications of corporate loans by industry as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)	December 31, 2021			
	Loans *	%	Allowances	Carrying amount
Financial institutions	18,037,439	9.50	(13,657)	18,023,782
Manufacturing	48,190,687	25.38	(502,209)	47,688,478
Service	80,868,551	42.58	(387,437)	80,481,114
Wholesale and retail	26,108,596	13.75	(246,687)	25,861,909
Construction	4,387,199	2.31	(202,627)	4,184,572
Public sector	1,832,305	0.96	(94,668)	1,737,637
Others	10,475,946	5.52	(289,934)	10,186,012
	189,900,723	100.00	(1,737,219)	188,163,504

(In millions of Korean won)	December 31, 2020			
	Loans *	%	Allowances	Carrying amount
Financial institutions	12,807,603	7.78	(7,802)	12,799,801
Manufacturing	45,229,743	27.49	(467,605)	44,762,138
Service	71,466,009	43.45	(349,419)	71,116,590
Wholesale and retail	22,414,994	13.63	(234,360)	22,180,634
Construction	3,609,505	2.19	(164,845)	3,444,660
Public sector	1,358,422	0.83	(74,717)	1,283,705
Others	7,610,256	4.63	(266,134)	7,344,122
	164,496,532	100.00	(1,564,882)	162,931,650

* Expected credit losses of loans measured at fair value through other comprehensive income as of December 31, 2021 and 2020, are ₩ 675 million and ₩ 395 million, respectively.

4.2.8.3 Classifications of retail loans and credit card receivables as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)	December 31, 2021			
	Loans	%	Allowances	Carrying amount
Housing loan	93,249,089	53.58	(68,753)	93,180,336
General loan	80,729,848	46.39	(600,372)	80,129,476
Credit card	55,520	0.03	(20,596)	34,924
	174,034,457	100.00	(689,721)	173,344,736

(In millions of Korean won)	December 31, 2020			
	Loans	%	Allowances	Carrying amount
Housing loan	86,848,079	52.54	(59,059)	86,789,020
General loan	78,387,272	47.42	(559,772)	77,827,500
Credit card	60,959	0.04	(3,098)	57,861
	165,296,310	100.00	(621,929)	164,674,381

4.2.8.4 Classifications of domestic mortgage loans as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)	December 31, 2021			
	Loans *	%	Allowances	Carrying amount
Group1	16,780,623	17.13	(10,465)	16,770,158
Group2	39,583,150	40.41	(10,375)	39,572,775
Group3	31,772,074	32.43	(9,957)	31,762,117
Group4	9,677,419	9.88	(6,517)	9,670,902
Group5	140,182	0.14	(273)	139,909
Group6	10,328	0.01	(87)	10,241
	97,963,776	100.00	(37,674)	97,926,102

(In millions of Korean won)	December 31, 2020			
	Loans *	%	Allowances	Carrying amount
Group1	13,721,317	14.22	(8,252)	13,713,065
Group2	26,749,535	27.74	(6,001)	26,743,534
Group3	35,831,558	37.16	(9,458)	35,822,100
Group4	19,706,942	20.44	(13,319)	19,693,623
Group5	401,295	0.42	(1,413)	399,882
Group6	15,962	0.02	(147)	15,815
	96,426,609	100.00	(38,590)	96,388,019

* Retail loans for general purpose with the real estate as collateral are included.

	Ranges
Group1	LTV 0% to less than 20%
Group2	LTV 20% to less than 40%
Group3	LTV 40% to less than 60%
Group4	LTV 60% to less than 80%
Group5	LTV 80% to less than 100%
Group6	LTV over 100%

* LTV: Loan to Value ratio

4.2.8.5 Classifications of due from financial institutions, securities other than equity securities, and derivative financial assets by industry as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)	December 31, 2021			
	Amount	%	**Allowances**	**Carrying amount**
Due from financial institutions measured at amortized cost				
Finance and insurance	22,522,528	100.00	(2,127)	22,520,401
	22,522,528	100.00	(2,127)	22,520,401
Securities measured at fair value through profit or loss				
Government and government funded institutions	3,367,648	18.19	-	3,367,648
Finance and insurance [1]	12,336,217	66.64	-	12,336,217
Others	2,809,223	15.17	-	2,809,223
	18,513,088	100.00	-	18,513,088
Derivative financial assets				
Government and government funded institutions	6,985	0.24	-	6,985
Finance and insurance [1]	2,810,005	94.75	-	2,810,005
Others	148,636	5.01	-	148,636
	2,965,626	100.00	-	2,965,626
Securities measured at fair value through other comprehensive income [2]				
Government and government funded institutions	13,553,504	35.54	-	13,553,504
Finance and insurance	19,463,563	51.03	-	19,463,563
Others	5,123,839	13.43	-	5,123,839
	38,140,906	100.00	-	38,140,906
Securities measured at amortized cost				
Government and government funded institutions	12,402,272	55.95	-	12,402,272
Finance and insurance	9,552,417	43.09	(3,075)	9,549,342
Others	213,203	0.96	(223)	212,980
	22,167,892	100.00	(3,298)	22,164,594
	104,310,040		(5,425)	104,304,615

(In millions of Korean won)

	December 31, 2020			
	Amount	%	Allowances	Carrying amount
Due from financial institutions measured at amortized cost				
Finance and insurance	17,088,277	100.00	(2,379)	17,085,898
	17,088,277	100.00	(2,379)	17,085,898
Securities measured at fair value through profit or loss				
Government and government funded institutions	3,856,785	24.55	-	3,856,785
Finance and insurance [1]	10,382,964	66.10	-	10,382,964
Others	1,468,093	9.35	-	1,468,093
	15,707,842	100.00	-	15,707,842
Derivative financial assets				
Government and government funded institutions	44,670	1.00	-	44,670
Finance and insurance [1]	3,829,897	85.94	-	3,829,897
Others	582,101	13.06	-	582,101
	4,456,668	100.00	-	4,456,668
Securities measured at fair value through other comprehensive income [2]				
Government and government funded institutions	14,625,964	36.60	-	14,625,964
Finance and insurance	21,175,736	52.99	-	21,175,736
Others	4,158,975	10.41	-	4,158,975
	39,960,675	100.00	-	39,960,675
Securities measured at amortized cost				
Government and government funded institutions	5,162,860	33.11	-	5,162,860
Finance and insurance	10,378,899	66.57	(2,300)	10,376,599
Others	48,972	0.32	(18)	48,954
	15,590,731	100.00	(2,318)	15,588,413
	92,804,193		(4,697)	92,799,496

[1] Collective investment securities (including transactions with collective investment schemes) are classified as finance and insurance.

[2] Expected credit losses of securities measured at fair value through other comprehensive income as of December 31, 2021 and 2020, are ₩ 8,223 million and ₩ 4,312 million, respectively.

4.2.8.6 Classifications of due from financial institutions, securities other than equity securities, and derivative financial assets by country as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)	December 31, 2021			
	Amount	%	**Allowances**	**Carrying amount**
Due from financial institutions measured at amortized cost				
Korea	16,666,513	74.00	-	16,666,513
United States	2,381,704	10.57	(39)	2,381,665
Others	3,474,311	15.43	(2,088)	3,472,223
	22,522,528	100.00	(2,127)	22,520,401
Securities measured at fair value through profit or loss				
Korea	16,289,547	87.99	-	16,289,547
United States	1,246,236	6.73	-	1,246,236
Others	977,305	5.28	-	977,305
	18,513,088	100.00	-	18,513,088
Derivative financial assets				
Korea	1,060,073	35.75	-	1,060,073
United States	707,545	23.86	-	707,545
France	370,787	12.50	-	370,787
Others	827,221	27.89	-	827,221
	2,965,626	100.00	-	2,965,626
Securities measured at fair value through other comprehensive income *				
Korea	34,298,370	89.93	-	34,298,370
United States	556,810	1.46	-	556,810
Others	3,285,726	8.61	-	3,285,726
	38,140,906	100.00	-	38,140,906
Securities measured at amortized cost				
Korea	21,250,543	95.86	(2,803)	21,247,740
United States	76,812	0.35	(106)	76,706
United Kingdom	157,558	0.71	(141)	157,417
Others	682,979	3.08	(248)	682,731
	22,167,892	100.00	(3,298)	22,164,594
	104,310,040		(5,425)	104,304,615

(In millions of Korean won)

	December 31, 2020			
	Amount	%	Allowances	Carrying amount
Due from financial institutions measured at amortized cost				
Korea	12,131,470	70.99	-	12,131,470
United States	1,952,700	11.43	(282)	1,952,418
Others	3,004,107	17.58	(2,097)	3,002,010
	17,088,277	100.00	(2,379)	17,085,898
Securities measured at fair value through profit or loss				
Korea	13,886,018	88.40	-	13,886,018
United States	1,132,332	7.21	-	1,132,332
Others	689,492	4.39	-	689,492
	15,707,842	100.00	-	15,707,842
Derivative financial assets				
Korea	2,120,424	47.58	-	2,120,424
United States	612,878	13.75	-	612,878
France	399,942	8.97	-	399,942
Others	1,323,424	29.70	-	1,323,424
	4,456,668	100.00	-	4,456,668
Securities measured at fair value through other comprehensive income *				
Korea	37,158,763	92.99	-	37,158,763
United States	223,750	0.56	-	223,750
Others	2,578,162	6.45	-	2,578,162
	39,960,675	100.00	-	39,960,675
Securities measured at amortized cost				
Korea	14,757,644	94.66	(2,015)	14,755,629
United States	5,473	0.04	(4)	5,469
United Kingdom	272,511	1.75	(103)	272,408
Others	555,103	3.55	(196)	554,907
	15,590,731	100.00	(2,318)	15,588,413
	92,804,193		(4,697)	92,799,496

* Expected credit loss of securities measured at fair value through other comprehensive income as of December 31, 2021 and 2020, are ₩ 8,223 million and ₩ 4,312 million, respectively.

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 comprehensive risk management policies and Asset Liability Management ("ALM") 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 establishes a liquidity risk management strategy, including objectives of liquidity risk management, management policies, and internal control systems, and obtains a resolution from the Risk Management Committee. The Risk Management Committee establishes the Risk Management Council for efficient risk management to supervise the establishment and implementation of policies according to risk management strategies.

The Group calculates and manages Liquidity Coverage Ratio ("LCR"), Net Stable Funding Ratio ("NSFR"), liquidity ratio, maturity mismatch ratio and liquidity stress testing result for all transactions and off-balance transactions, 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 and 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 of floating-rate liabilities are calculated on the assumption that the current interest rate is the same until maturity.

4.3.3.1 Remaining contractual maturity of financial liabilities other than derivatives held for cash flow hedge, and off-balance sheet items as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)	December 31, 2021						
	On demand	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Financial liabilities							
Financial liabilities at fair value through profit or loss [1]	112,698	-	-	-	-	-	112,698
Derivatives held for trading [1]	2,706,941	-	-	-	-	-	2,706,941
Derivatives held for hedging [2]	-	2,291	5,996	6,589	15,213	1,423	31,512
Deposits [3]	197,481,610	16,451,640	30,892,560	109,842,440	9,940,768	1,412,235	366,021,253
Borrowings	55,250	9,790,484	4,454,109	10,242,437	7,335,764	901,063	32,779,107
Debentures	14,528	1,163,009	3,233,191	12,576,806	9,468,210	4,769,756	31,225,500
Lease liabilities	139	15,672	29,838	113,617	215,641	18,616	393,523
Other financial liabilities	-	16,929,504	1,486	119,647	47,631	-	17,098,268
	200,371,166	44,352,600	38,617,180	132,901,536	27,023,227	7,103,093	450,368,802
Off-balance sheet items							
Commitments [5]	97,135,905	-	-	-	-	-	97,135,905
Acceptances and guarantees contracts	10,212,730	-	-	-	-	-	10,212,730
Financial guarantee contracts [6]	6,021,250	-	-	-	-	-	6,021,250
	113,369,885	-	-	-	-	-	113,369,885

(In millions of Korean won)	December 31, 2020						
	On demand	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Financial liabilities							
Financial liabilities at fair value through profit or loss [1]	141,277	-	-	-	-	-	141,277
Derivatives held for trading [1]	4,215,097	-	-	-	-	-	4,215,097
Derivatives held for hedging [2]	-	2,807	3,556	14,545	32,981	109	53,998
Deposits [3]	175,037,700	17,146,967	28,299,527	98,963,384	11,965,747	1,825,797	333,239,122
Borrowings	47,502	8,899,500	3,586,809	7,380,706	6,360,442	836,792	27,111,751
Debentures	17,783	1,184,565	4,136,912	7,550,002	11,299,725	4,038,300	28,227,287
Lease liabilities	205	16,362	29,955	111,734	214,008	27,970	400,234
Other financial liabilities [4]	-	13,611,041	1,075	124,707	50,993	1,060	13,788,876
	179,459,564	40,861,242	36,057,834	114,145,078	29,923,896	6,730,028	407,177,642
Off-balance sheet items							
Commitments [5]	91,738,296	-	-	-	-	-	91,738,296
Acceptances and guarantees contracts	8,560,896	-	-	-	-	-	8,560,896
Financial guarantee contracts [6]	4,354,919	-	-	-	-	-	4,354,919
	104,654,111	-	-	-	-	-	104,654,111

[1] Financial liabilities 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 derivative instruments 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] Other financial liabilities of ₩ 380,447 million from shareholders' agreement related to business combination as of December 31, 2020, are not managed by contractual maturity.

[5] Unused lines of credit within commitments are included in the 'On demand' category because payments can be requested at any time.

[6] Cash flows under financial guarantee contracts are classified based on the earliest period that the contract can be executed.

4.3.3.2 Contractual cash flows of derivatives held for cash flow hedge as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)	December 31, 2021					
	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Cash flow to be received of net-settled derivatives	601	427	2,989	-	-	4,017
Cash flow to be paid of net-settled derivatives	313	2,437	3,238	110	-	6,098

(In millions of Korean won)	December 31, 2020					
	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Cash flow to be received of net-settled derivatives	69	91	350	30	-	540
Cash flow to be paid of net-settled derivatives	124	3,673	7,406	4,043	-	15,246

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 ALM risk management guidelines for non-trading positions. The entire process is carried out through the approval by the Risk Management Council and the Risk Management Committee of the Group.

The Group's 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.

The Asset-Liability Management Committee ("ALCO") determines interest rate and commission operating standards and ALM operation policies and enacts and revises relevant guidelines. The Risk Management Council monitors the establishment and enforcement of ALM risk management policies and enacts and revises ALM risk management guidelines. Interest rate risk limits are set based on future asset and liability positions and expected interest rate volatility, which reflect annual business plans. The ALM Department and the Risk Management Department regularly measure and monitor interest rate risk and report the status and limit of interest rate risk including changes in Economic Value of Equity ("△EVE"), changes in Net Interest Income ("△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.

The Group 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, the Group 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. The Group 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 on the Group 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, includes interest rate position and stock position held for short-term trading profit. The Group also includes and manages all foreign currency positions in our trading positions. The trading position subject to market risk management is the trading position defined in "Trading Policy and Guidelines" and the basic requirements for the trading position are as follows:

- The target position has no restrictions on the sale, and the daily fair value assessment should be made, and the embedded significant risk can be hedged in the market.
- The trading position classification criteria should be clearly defined in the Trading Policy and Guidelines, and the trading position should be managed by a separate trading department.
- The target position must be operated according to the documented trading strategy and the management of position limit must be carried out.
- The specialized dealer or operating department shall have the authority to execute the transaction without prior approval from the Risk Management Department, etc. within the predetermined limits of the target position.
- The target positions should be periodically reported to management for risk management of the Group.

4.4.3.2 Observation method of market risk arising from trading positions

The Group measures market risk by calculating VaR through the market risk management system for all trading positions. Generally, the Group manages market risk arising from trading positions at the portfolio level. In addition, the Group controls and manages the risk of derivative financial instrument transactions in accordance with the Financial Supervisory Service regulations and guidelines.

4.4.3.3 VaR

(a) VaR

The Group uses the risk-based valuation method (VaR) to measure the market risk of the trading position.

The Group uses the 10-day VaR, which represents the maximum amount of possible loss of 10 business days based on the historical simulation model of the full valuation method. The distribution of value changes in the portfolio is estimated based on data from the past 250 business days, and 10-day VaR is calculated by the difference between the value of the portfolio at a 99% confidence level of distribution of value changes in the portfolio and the current market value.

VaR is a commonly used market risk measurement technique. However, this approach has some limitations. VaR estimates possible losses under a certain confidence level based on historical market change data. However, since past market changes cannot reflect all future conditions and circumstances, the timing and magnitude of actual losses may vary depending on assumptions in the calculation process. If one day or ten days of the holding period which is generally used for the normal period of liquidating the position, is not sufficient or too long, the VaR result may underestimate or overestimate the potential loss.

When the Group measures market risk for trading position, it uses an internal model (VaR) for general risk and a standard method for individual risks. Standard method is used if the internal model is not authorized for certain market risk. Therefore, disclosed market risk VaR does not reflect the market risk for individual risks and for some positions.

(b) Back-Testing

To verify the appropriateness of the VaR model, back-testing is performed by comparing actual and hypothetical gains and losses with the VaR calculation results.

(c) Stress Testing

The Group carries out stress testing of the trading and available-for-sale portfolio to reflect changes in individual risk factors such as interest rate, stock price, foreign exchange rate, and implied volatility of options that have a significant impact on portfolio value in a crisis. The Group carries out stress testing through historical and hypothetical scenarios. This stress testing is carried out at least once a quarter.

VaR at a 99% confidence level of interest rate risk, stock price risk, and currency risk for trading positions with a ten-day holding period, excluding Stressed VaR, for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)	**2021**			
	Average	**Minimum**	**Maximum**	**December 31, 2021**
Interest rate risk	20,051	6,372	55,670	16,534
Stock price risk	9,067	4,537	24,824	5,513
Currency risk	27,886	17,820	49,264	21,522
Diversification effect				(13,039)
Total VaR	40,915	15,986	115,347	30,530

(In millions of Korean won)	2020			
	Average	**Minimum**	**Maximum**	**December 31, 2020**
Interest rate risk	59,147	9,588	105,983	50,795
Stock price risk	15,379	3,787	24,821	24,821
Currency risk	36,281	5,302	67,766	49,338
Diversification effect				(7,320)
Total VaR	105,428	14,225	158,798	117,634

The required equity capital using the standard method related to the positions which are not measured by VaR as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)	**December 31, 2021**	**December 31, 2020**
Interest rate risk	25,432	40,290
Stock price risk	6	7,088
Currency risk	46,173	23,938
	71,611	71,316

4.4.3.4 Details of risk factors

(a) Interest rate risk

Interest rate risk for trading positions usually arises from debt securities denominated in Korean won. The Group's trading strategy is to gain short-term trading gains from interest rate fluctuations. The Group manages interest rate risk associated with trading portfolios using VaR and sensitivity analysis (Price Value of a Basis Point: PVBP).

(b) Stock price risk

Stock price risk arises mainly from stock positions held by principal guaranteed trust and derivatives linked to stocks positions in the Capital Markets Department. This stock price risk is managed through VaR, sensitivity limits, 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 and the Chinese Yuan. The Group also manages net foreign exchange exposures across trading and non-trading portfolios by setting a net foreign currency exposure limit at the same time setting a loss limit.

4.4.4 Non-trading position (Interest Rate Risk of Banking Book ("IRRBB"))

4.4.4.1 Definition of IRRBB

IRRBB is a change in equity and earnings due to the changes in value of interest-sensitive assets and liabilities, etc., and is measured by △EVE and △NII.

4.4.4.2 The Bank's overall interest rate risk management and mitigation strategy

The Risk Management Committee approves policies, procedures and limits for managing interest rate risk, and the management department regularly reports on interest rate risk levels of △EVE and △NII against the set limit, changes in market conditions, and others. In order to measure the sensitivity of the economic value and earnings to changes in interest rates, the Bank calculates monthly interest rate gap and duration gap for assets and liabilities. In addition, the management department conducts an interest rate risk crisis analysis at least once a quarter assuming abnormal interest rate fluctuations and reports the results to the Risk Management Council. Independent internal and external audit department regularly check the process of identifying, measuring and monitoring interest rate risk. 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.

4.4.4.3 Main modeling assumption used for the Bank's interest rate risk measurement system for internal management

The Bank separately calculates △EVE for internal management of interest rate risk, assuming a historical-simulation based on interest rate volatility during the past financial crisis (FY2008-FY2009), distribution of assets/liabilities portfolio, and 27 interest rate gaps considering management strategy.

4.4.4.4 The Bank's interest rate risk hedging methodology and related accounting

The Bank hedges interest rate risk through back-to-back interest rate swap transactions, which are the same as interest payment cash flows. The Bank officially documents and manages the risk management strategy for hedge accounting, risk management objectives, hedging relationship, and assessment method for hedge effectiveness.

4.4.4.5 Main assumptions used for calculating △EVE, △NII

The Bank calculates interest rate risk, including all cash flow of interest-sensitive assets and liabilities, and off-balance sheet items in the banking book. △EVE assumes a run-off balance sheet where the existing bank account positions are amortized and not replaced by new businesses. In addition, the contractual interest rate, including commercial margins and other spread components, is applied to generate cash flows. When discounting cash flow, △EVE is calculated by applying risk-free interest rate that do not include commercial margins and other spread components.

△NII assumes a constant balance sheet where maturing or repricing cash flows during the target management period are replaced by new cash flows with identical features. The interest rate risk is calculated for the interest rate shock scenario by adding up only if the risk is a loss for each currency. After classifying into retail/transactional, retail/non-transactional, and wholesale according to customers and regular transactions, the average repricing maturity of non-maturity deposits is determined by taking into account proportion of core deposits and cap on average maturity of core deposits for each category. 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. The prepayment rate of fixed rate loans and term deposit redemption ratio are estimated by dividing the amount of prepayment amount and redemption amount during the previous month by the balance at the end of the previous month, respectively.

4.4.4.6 △EVE and △NII

The Bank calculates △EVE by applying six interest rate shock and stress scenarios, and △NII is calculated by applying parallel shock up and parallel shock down scenarios. Results as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)	December 31, 2021		December 31, 2020	
	△EVE	△NII	△EVE	△NII
Scenario 1 (Parallel shock up)	936,965	564,771	544,087	415,339
Scenario 2 (Parallel shock down)	-	-	-	-
Scenario 3 (Short rates down and long rates up)	273,951		245,337	
Scenario 4 (Short rates up and long rates down)	311,497		423,673	
Scenario 5 (Short rates shock up)	568,246		466,220	
Scenario 6 (Short rates shock down)	345,987		480,246	
Maximum out of six scenarios	936,965	564,771	544,087	415,339
Basic capital	30,491,173		28,234,310	

4.4.5 Financial assets and liabilities denominated in foreign currencies

Details of financial instruments denominated in foreign currencies and translated into Korean won as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)	December 31, 2021						
	USD	JPY	EUR	GBP	CNY	Others	Total
Financial assets							
Cash and due from financial institutions	5,663,272	335,167	211,344	50,876	489,219	1,005,355	7,755,233
Financial assets at fair value through profit or loss	2,157,251	-	326,279	-	-	143,386	2,626,916
Derivatives held for trading	148,078	-	-	-	5,549	821	154,448
Derivatives held for hedging	82,062	-	-	-	-	90	82,152
Loans measured at amortized cost	26,281,961	583,537	1,546,316	234,612	1,774,589	5,642,904	36,063,919
Financial assets at fair value through other comprehensive income	5,490,476	5,152	121,573	6,273	536,747	351,873	6,512,094
Financial assets at amortized cost	706,511	-	-	-	48,435	448,750	1,203,696
Other financial assets	1,416,785	36,398	95,892	6,874	48,406	115,705	1,720,060
	41,946,396	960,254	2,301,404	298,635	2,902,945	7,708,884	56,118,518
Financial liabilities							
Derivatives held for trading	193,160	71	71	-	18,224	1,223	212,749
Derivatives held for hedging	42,470	-	-	-	-	-	42,470
Deposits	20,794,853	847,257	1,835,384	106,321	1,935,261	5,361,049	30,880,125
Borrowings	14,112,294	456,029	304,678	190,436	-	1,412,587	16,476,024
Debentures	6,026,995	-	1,338,391	-	102,443	435,515	7,903,344
Other financial liabilities	1,611,665	23,141	138,497	15,037	74,403	155,868	2,018,611
	42,781,437	1,326,498	3,617,021	311,794	2,130,331	7,366,242	57,533,323
Off-balance sheet items	16,739,153	353	186,938	800	250,239	524,708	17,702,191

(In millions of Korean won)	December 31, 2020						
	USD	JPY	EUR	GBP	CNY	Others	Total
Financial assets							
Cash and due from financial institutions	3,765,956	528,056	211,266	57,386	815,865	819,591	6,198,120
Financial assets at fair value through profit or loss	1,494,702	449	198,613	627	-	87,780	1,782,171
Derivatives held for trading	190,110	-	-	-	4,344	203	194,657
Derivatives held for hedging	112,431	-	-	-	-	-	112,431
Loans measured at amortized cost	18,055,973	550,793	1,097,069	221,880	1,617,715	5,222,701	26,766,131
Financial assets at fair value through other comprehensive income	4,353,660	5,271	9,438	-	342,804	203,469	4,914,642
Financial assets at amortized cost	317,662	-	-	-	108,594	408,590	834,846
Other financial assets	1,776,965	49,660	200,083	5,504	103,064	272,851	2,408,127
	30,067,459	1,134,229	1,716,469	285,397	2,992,386	7,015,185	43,211,125
Financial liabilities							
Derivatives held for trading	334,938	65	109	-	42,023	8,733	385,868
Derivatives held for hedging	66,305	-	-	-	-	-	66,305
Deposits	15,927,312	923,353	917,479	66,372	1,750,298	4,305,293	23,890,107
Borrowings	9,241,832	485,618	321,705	218,578	439	1,231,359	11,499,531
Debentures	4,798,724	-	666,873	-	-	308,675	5,774,272
Other financial liabilities	2,625,818	38,752	93,949	9,491	34,716	195,272	2,997,998
	32,994,929	1,447,788	2,000,115	294,441	1,827,476	6,049,332	44,614,081
Off-balance sheet items	13,295,571	32,200	254,222	741	253,472	575,914	14,412,120

4.4.6 Risk management according to interest rate benchmark reform

Details of financial instruments that have not been converted to alternative interest rate benchmark as of December 31, 2021, are as follows:

(In millions of Korean won)	December 31, 2021	
	Exposure amount *	
	USD LIBOR	Others
Measured at fair value (non-derivative):		
Financial investments at fair value through other comprehensive income	231,702	-
Measured at amortized cost:		
Loans	3,726,542	55,800
Borrowings and debentures	513,069	-
Others:		
Derivative financial instruments	1,126,930	-

* Financial instruments to be expired before transition to alternative interest rate benchmark are excluded, and non-derivative financial instruments are the carrying amount and others are the nominal amount.

4.5 Operational Risk

4.5.1 Concept

The Group defines operational risk as loss risk arising from improper or incorrect internal procedures, personnel, systems or external events and includes financial and non-financial risks.

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 Group established a Business Continuity Planning (BCP) to carry out continuous work in emergency situations and established alternative facilities. The Group conducts simulation training for headquarters and IT departments to check the business continuity framework.

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 4.5%, Tier 1 Capital ratio of 6.0%, and Total Capital ratio of 8.0%) as of December 31, 2021. Capital Conservation Buffer of 2.5% and Capital Requirement of Domestic Systemically Important Bank (D-SIB) of 1.0% are additionally applied. Therefore, the Group is required to maintain a capital adequacy ratio including a minimum capital adequacy ratio and additional capital requirements (Common Equity Tier 1 Capital ratio of 8.0% (December 31, 2020: 8.0%), Tier 1 Capital ratio of 9.5% (December 31, 2020: 9.5%), and Total Capital ratio of 11.5% (December 31, 2020: 11.5%)).

The Group's capital is classified into three categories in accordance with the Detailed Regulations on Supervision of Banking Business 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 Banking Business, and others.

The risk-weighted assets are the magnitude of assets that reflect the risk that the Group has to bear, including risks inherent in all assets, errors in the operation of internal processes, and risk of loss that may arise from external events. The Group calculates risk-weighted assets by each risk (credit risk, market risk, and operational risk) based on the Detailed Regulations on Supervision of Banking Business and uses them to calculate capital adequacy ratio. The Group complied with external capital adequacy requirements as of December 31, 2021 and 2020.

Apart from the capital adequacy ratio, the Group evaluates and manages capital adequacy through 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. The internal capital for capital adequacy assessment is calculated by adding the results of a stress test and other additional capital requirements to the internal capital calculated for each individual risk.

The Risk Management Committee of the Group determines the risk appetite of the Group, allocates internal capital by risk type and business group, and each business group operates 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, the Group's capital adequacy management is carried out through review and approval by the Risk Management Committee in advance.

Details of the Group's capital adequacy ratio in accordance with Basel III requirements as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)	**December 31, 2021**	**December 31, 2020**
Total Capital:	35,572,367	32,554,705
Tier 1 Capital	30,491,173	28,234,310
Common Equity Tier 1 Capital	29,916,650	27,659,787
Additional Tier 1 Capital	574,523	574,523
Tier 2 Capital	5,081,194	4,320,395
Risk-Weighted Assets:	203,569,325	183,148,273
Credit risk [1]	181,149,126	160,817,395
Market risk [2]	10,833,390	11,372,840
Operational risk [3]	11,586,809	10,958,038
Total Capital ratio (%):	17.47	17.78
Tier 1 Capital ratio (%)	14.98	15.42
Common Equity Tier 1 Capital ratio (%)	14.70	15.10

[1] Credit risk weighted assets are measured using the Internal Rating-Based Method and Standard Method.
[2] Market risk weighted assets are measured using the Internal Model-Based Method and Standard Method.
[3] Operational risk weighted assets are measured using the Advanced Measurement Method.

5. Segment Information

5.1 Overall Segment Information and Business Segments

The Group is organized into Corporate Banking, Retail Banking and Other Activities. These segments are based on the nature of the products and services provided, the type or class of customer, and the Group's management organization.

- Corporate banking: The activities within this segment include providing credit, deposit products, and other related financial services to large, small and medium-sized enterprises and SOHOs and foreign subsidiaries-related works.
- Retail banking: The activities within this segment include providing credit, deposit products, and other related financial services to individuals and households.
- Other activities: The activities within this segment include trading activities in securities and derivatives, funding, trust, and other activities.

Financial information by business segment as of and for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)	2021				
	Corporate banking	**Retail banking**	**Others**	**Consolidation adjustments**	**Total**
Net operating revenues from external customers	3,719,822	2,958,198	1,761,432	-	8,439,452
Intersegment net operating revenues (expenses)	(95,647)	-	65,492	30,155	-
	3,624,175	2,958,198	1,826,924	30,155	8,439,452
Net interest income	3,802,477	3,541,539	388,970	(4,510)	7,728,476
Interest income	5,317,800	4,437,930	943,600	(24,969)	10,674,361
Interest expense	(1,515,323)	(896,391)	(554,630)	20,459	(2,945,885)
Net fee and commission income	390,619	392,060	414,798	(9,596)	1,187,881
Fee and commission income	534,749	535,530	549,265	(32,600)	1,586,944
Fee and commission expense	(144,130)	(143,470)	(134,467)	23,004	(399,063)
Net gains on financial instruments at fair value through profit or loss	29,407	-	316,537	(3,110)	342,834
Net other operating income (expenses)	(598,328)	(975,401)	706,619	47,371	(819,739)
General and administrative expenses	(1,831,948)	(2,036,855)	(535,382)	1,454	(4,402,731)
Operating income before provision for credit losses	1,792,227	921,343	1,291,542	31,609	4,036,721
Provision for credit losses	(392,956)	(125,876)	(4,294)	398	(522,728)
Net operating income	1,399,271	795,467	1,287,248	32,007	3,513,993
Share of profit of associates	-	-	57,156	-	57,156
Net other non-operating expenses	(9,237)	-	(52,812)	(17,556)	(79,605)
Segment profit before income tax expense	1,390,034	795,467	1,291,592	14,451	3,491,544
Income tax expense	(368,577)	(218,753)	(317,138)	(49,047)	(953,515)
Profit for the year	1,021,457	576,714	974,454	(34,596)	2,538,029
Profit attributable to the shareholder of the Bank	1,022,699	576,714	974,454	16,897	2,590,764
Loss attributable to non-controlling interests	(1,242)	-	-	(51,493)	(52,735)
Total assets *	189,310,448	169,513,344	131,447,842	(6,706,736)	483,564,898
Total liabilities *	197,834,530	180,815,013	75,034,139	(3,007,697)	450,675,985

(In millions of Korean won)

	2020				
	Corporate banking	Retail banking	Others	Consolidation adjustments	Total
Net operating revenues from external customers	2,930,827	2,918,826	1,987,012	-	7,836,665
Intersegment net operating revenues (expenses)	80,973	-	50,516	(131,489)	-
	3,011,800	2,918,826	2,037,528	(131,489)	7,836,665
Net interest income	3,238,002	3,178,280	344,078	(5,594)	6,754,766
Interest income	4,899,943	4,519,579	1,062,698	(26,055)	10,456,165
Interest expense	(1,661,941)	(1,341,299)	(718,620)	20,461	(3,701,399)
Net fee and commission income	363,459	406,603	323,135	(25,275)	1,067,922
Fee and commission income	480,190	529,178	468,101	(27,782)	1,449,687
Fee and commission expense	(116,731)	(122,575)	(144,966)	2,507	(381,765)
Net gains (losses) on financial instruments at fair value through profit or loss	(52,493)	-	408,464	(111,788)	244,183
Net other operating income (expenses)	(537,168)	(666,057)	961,851	11,168	(230,206)
General and administrative expenses	(1,555,090)	(2,072,515)	(574,073)	332	(4,201,346)
Operating income before provision for credit losses	1,456,710	846,311	1,463,455	(131,157)	3,635,319
Provision for credit losses	(204,302)	(264,943)	(15,267)	330	(484,182)
Net operating income	1,252,408	581,368	1,448,188	(130,827)	3,151,137
Share of loss of associates	-	-	(48,158)	-	(48,158)
Net other non-operating income	5,490	-	82,731	(59,377)	28,844
Segment profit before income tax expense	1,257,898	581,368	1,482,761	(190,204)	3,131,823
Income tax expense	(339,728)	(159,876)	(347,199)	34,499	(812,304)
Profit for the year	918,170	421,492	1,135,562	(155,705)	2,319,519
Profit attributable to the shareholder of the Bank	917,955	421,492	1,135,562	(176,814)	2,298,195
Profit attributable to non-controlling interests	215	-	-	21,109	21,324
Total assets *	164,323,181	161,330,053	119,529,291	(6,738,411)	438,444,114
Total liabilities *	167,236,387	176,571,944	66,577,810	(2,350,101)	408,036,040

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

5.2 Services and Geographical Segments

5.2.1 Services information

Net operating revenues from external customers by service for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)	**2021**	**2020**
Corporate banking service	3,719,822	2,930,827
Retail banking service	2,958,198	2,918,826
Others	1,761,432	1,987,012
	8,439,452	7,836,665

5.2.2 Geographical information

Geographical net operating revenues from external customers for the years ended December 31, 2021 and 2020, and major non-current assets as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)	**Net operating revenues from external customers**		**Major non-current assets**	
	2021	**2020**	**December 31, 2021**	**December 31, 2020**
Domestic	7,768,786	7,416,339	4,385,855	4,462,857
United States	37,332	3,071	7,009	8,206
New Zealand	12,857	3,554	1,932	2,385
China	110,251	67,064	19,320	12,230
Japan	17,482	7,933	2,019	2,607
Myanmar	5,140	6,646	2,993	4,309
Vietnam	10,185	38,983	2,132	2,167
Cambodia	390,383	238,045	29,545	28,709
United Kingdom	23,571	27,092	885	1,250
Indonesia	57,635	13,995	360,556	360,202
India	5,830	13,943	839	1,155
Consolidation adjustments	-	-	474,417	436,572
	8,439,452	7,836,665	5,287,502	5,322,649

6. Financial Assets and Financial Liabilities

6.1 Classification and Fair Value of Financial Instruments

6.1.1 Carrying amount and fair value of financial assets and liabilities by category as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)	December 31, 2021		December 31, 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash and due from financial institutions	25,164,991	25,164,936	19,972,269	19,974,488
Financial assets at fair value through profit or loss:	18,834,364	18,834,364	16,042,357	16,042,357
Debt securities	18,513,088	18,513,088	15,707,842	15,707,842
Equity securities	113,724	113,724	205,794	205,794
Loans	93,930	93,930	38,756	38,756
Others	113,622	113,622	89,965	89,965
Derivatives held for trading	2,835,202	2,835,202	4,291,829	4,291,829
Derivatives held for hedging	130,424	130,424	164,839	164,839
Loans measured at amortized cost	361,144,701	361,047,763	327,332,495	328,145,460
Financial assets at fair value through other comprehensive income:	41,580,315	41,580,315	42,698,069	42,698,069
Debt securities	38,140,906	38,140,906	39,960,675	39,960,675
Equity securities	3,169,800	3,169,800	2,502,614	2,502,614
Loans	269,609	269,609	234,780	234,780
Securities measured at amortized cost	22,164,594	21,880,536	15,588,413	15,655,381
Other financial assets	5,277,227	5,277,227	5,986,686	5,986,686
	477,131,818	476,750,767	432,076,957	432,959,109
Financial liabilities				
Financial liabilities at fair value through profit or loss	112,698	112,698	141,277	141,277
Derivatives held for trading	2,706,941	2,706,941	4,215,097	4,215,097
Derivatives held for hedging	42,471	42,471	67,267	67,267
Deposits	363,141,416	363,049,803	330,352,491	330,601,366
Borrowings	32,523,161	32,447,493	26,870,831	26,878,476
Debentures	29,718,734	29,780,948	26,969,584	27,131,418
Other financial liabilities	19,715,198	19,715,198	16,976,326	16,976,326
	447,960,619	447,855,552	405,592,873	406,011,227

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.

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 **Due from financial institutions and deposits indexed to gold price**	Fair value of securities and others that are traded in an active market and due from financial institutions and deposits indexed to gold price 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, MonteCarlo Simulation, Free Cash Flow to Equity Model, Comparable Company Analysis, Dividend Discount Model, and Net Asset Value Method.
Loans	Fair value of loans is determined using DCF Model and independent external professional valuation institutions. Fair value measured by DCF Model is determined by discounting the expected cash flows, which are contractual cash flows adjusted by the expected prepayment rate, at an appropriate discount rate.
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 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, and Tree Model or valuation results from independent external professional valuation institutions. For OTC derivatives, the credit risk of counterparty and the Group's own credit risk are applied through credit valuation adjustment method.
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 (DCF Model) of external professional valuation institutions, which are calculated using market inputs.

Other financial assets and other financial liabilities	Carrying amount is a reasonable approximation of fair value because other financial assets and other financial liabilities are temporary accounts used for other various transactions and their maturities are relatively short or not defined.

6.1.2 Fair value hierarchy

The Group believes that valuation techniques used for measuring the fair value of financial instruments are reasonable and that the fair value recognized in the consolidated statement of financial position is appropriate. However, the fair value of the financial instruments recognized in the consolidated statement of financial position may be different if other valuation techniques or assumptions are used. Additionally, as there are a variety of valuation techniques and assumptions used in measuring fair value, it may be difficult to reasonably compare the fair value with that of other financial institutions.

The Group classifies and discloses fair value of the financial instruments into the three fair value levels as follows:

Level 1: The fair values are based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: The fair values are based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: The fair values are based on unobservable inputs for the asset or liability.

The fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. If an observable input requires an adjustment using an unobservable input and that adjustment results in a significantly higher or lower fair value measurement, the resulting measurement would be categorized within Level 3 of the fair value hierarchy.

6.1.2.1 Fair value hierarchy of financial assets and liabilities at fair value in the consolidated statements of financial position

Fair value hierarchy of financial assets and liabilities at fair value in the consolidated statements of financial position as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)	December 31, 2021			
	Fair value hierarchy			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value through profit or loss:	4,085,766	11,434,023	3,314,575	18,834,364
Debt securities	3,910,659	11,434,023	3,168,406	18,513,088
Equity securities	61,485	-	52,239	113,724
Loans	-	-	93,930	93,930
Others	113,622	-	-	113,622
Derivatives held for trading	-	2,835,141	61	2,835,202
Derivatives held for hedging	-	130,424	-	130,424
Financial assets at fair value through other comprehensive income:	11,823,832	28,907,384	849,099	41,580,315
Debt securities	9,503,131	28,637,775	-	38,140,906
Equity securities	2,320,701	-	849,099	3,169,800
Loans	-	269,609	-	269,609
	15,909,598	43,306,972	4,163,735	63,380,305
Financial liabilities				
Financial liabilities at fair value through profit or loss	112,698	-	-	112,698
Derivatives held for trading	-	2,706,549	392	2,706,941
Derivatives held for hedging	-	42,471	-	42,471
	112,698	2,749,020	392	2,862,110

(In millions of Korean won)	December 31, 2020			
	Fair value hierarchy			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value through profit or loss:	4,587,921	9,182,082	2,272,354	16,042,357
Debt securities	4,344,334	9,182,082	2,181,426	15,707,842
Equity securities	153,622	-	52,172	205,794
Loans	-	-	38,756	38,756
Others	89,965	-	-	89,965
Derivatives held for trading	-	4,291,785	44	4,291,829
Derivatives held for hedging	-	164,839	-	164,839
Financial assets at fair value through other comprehensive income:	9,918,763	30,861,326	1,917,980	42,698,069
Debt securities	9,334,129	30,626,546	-	39,960,675
Equity securities	584,634	-	1,917,980	2,502,614
Loans	-	234,780	-	234,780
	14,506,684	44,500,032	4,190,378	63,197,094
Financial liabilities				
Financial liabilities at fair value through profit or loss	141,277	-	-	141,277
Derivatives held for trading	-	4,214,990	107	4,215,097
Derivatives held for hedging	-	67,267	-	67,267
	141,277	4,282,257	107	4,423,641

Valuation techniques and inputs of financial assets and liabilities classified as Level 2 and measured at fair value in the consolidated statements of financial position as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)	December 31, 2021		
	Fair value	**Valuation techniques**	**Inputs**
Financial assets			
Financial assets at fair value through profit or loss:	11,434,023		
Debt securities	11,434,023	DCF Model, MonteCarlo Simulation, Net Asset Value Method	Discount rate, interest rate, prices of underlying assets (debt securities, stocks, etc.)
Derivatives held for trading	2,835,141	DCF Model, Closed Form, FDM	Discount rate, volatility, foreign exchange rate, stock price, and others
Derivatives held for hedging	130,424	DCF Model, Closed Form, FDM	Discount rate, volatility, foreign exchange rate, and others
Financial assets at fair value through other comprehensive income:	28,907,384		
Debt securities	28,637,775	DCF Model	Discount rate
Loans	269,609	DCF Model	Discount rate
	43,306,972		
Financial liabilities			
Derivatives held for trading	2,706,549	DCF Model, Closed Form, FDM	Discount rate, volatility, foreign exchange rate, stock price, and others
Derivatives held for hedging	42,471	DCF Model, Closed Form, FDM	Discount rate, volatility, foreign exchange rate, and others
	2,749,020		

(In millions of Korean won)	December 31, 2020		
	Fair value	**Valuation techniques**	**Inputs**
Financial assets			
Financial assets at fair value through profit or loss:	9,182,082		
Debt securities	9,182,082	DCF Model, MonteCarlo Simulation, Net Asset Value Method	Discount rate, interest rate, prices of underlying assets (debt securities, stocks, etc.)
Derivatives held for trading	4,291,785	DCF Model, Closed Form, FDM	Discount rate, volatility, foreign exchange rate, stock price, and others
Derivatives held for hedging	164,839	DCF Model, Closed Form, FDM	Discount rate, volatility, foreign exchange rate, and others
Financial assets at fair value through other comprehensive income:	30,861,326		
Debt securities	30,626,546	DCF Model	Discount rate
Loans	234,780	DCF Model	Discount rate
	44,500,032		
Financial liabilities			
Derivatives held for trading	4,214,990	DCF Model, Closed Form, FDM	Discount rate, volatility, foreign exchange rate, stock price, and others
Derivatives held for hedging	67,267	DCF Model, Closed Form, FDM	Discount rate, volatility, foreign exchange rate, and others
	4,282,257		

6.1.2.2 Fair value hierarchy of financial assets and liabilities whose fair value is disclosed

Fair value hierarchy of financial assets and liabilities whose fair value is disclosed as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)	December 31, 2021			
	Fair value hierarchy			
	Level 1	Level 2	Level 3	Total
Financial assets				
Cash and due from financial institutions [1]	2,644,591	20,973,023	1,547,322	25,164,936
Loans measured at amortized cost	-	-	361,047,763	361,047,763
Securities measured at amortized cost	2,712,403	19,168,133	-	21,880,536
Other financial assets [2]	-	-	5,277,227	5,277,227
	5,356,994	40,141,156	367,872,312	413,370,462
Financial liabilities				
Deposits [1]	-	197,274,176	165,775,627	363,049,803
Borrowings [1]	-	2,146	32,445,347	32,447,493
Debentures	-	29,780,948	-	29,780,948
Other financial liabilities [2]	-	-	19,715,198	19,715,198
	-	227,057,270	217,936,172	444,993,442

(In millions of Korean won)	December 31, 2020			
	Fair value hierarchy			
	Level 1	Level 2	Level 3	Total
Financial assets				
Cash and due from financial institutions [1]	2,884,215	15,878,268	1,212,005	19,974,488
Loans measured at amortized cost	-	-	328,145,460	328,145,460
Securities measured at amortized cost	4,125,052	11,530,329	-	15,655,381
Other financial assets [2]	-	-	5,986,686	5,986,686
	7,009,267	27,408,597	335,344,151	369,762,015
Financial liabilities				
Deposits [1]	-	174,488,438	156,112,928	330,601,366
Borrowings [1]	-	295	26,878,181	26,878,476
Debentures	-	27,131,418	-	27,131,418
Other financial liabilities [2]	-	-	16,976,326	16,976,326
	-	201,620,151	199,967,435	401,587,586

[1] The amounts included in Level 2 are the carrying amounts which are reasonable approximations of fair value.
[2] Other financial assets and other financial liabilities included in Level 3 are the carrying amounts which are reasonable approximations of fair value.

For financial assets and liabilities whose carrying amount is a reasonable approximation of fair value, valuation techniques and inputs are not disclosed.

Valuation techniques and inputs of financial assets and liabilities classified as Level 2, and whose fair value is disclosed as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)	December 31, 2021		
	Fair value	Valuation techniques	Inputs
Financial assets			
Securities measured at amortized cost	19,168,133	DCF Model, MonteCarlo Simulation	Discount rate, interest rate
Financial liabilities			
Debentures	29,780,948	DCF Model	Discount rate

(In millions of Korean won)	December 31, 2020		
	Fair value	Valuation techniques	Inputs
Financial assets			
Securities measured at amortized cost	11,530,329	DCF Model, MonteCarlo Simulation	Discount rate, interest rate
Financial liabilities			
Debentures	27,131,418	DCF Model	Discount rate

Valuation techniques and inputs of financial assets and liabilities classified as Level 3, and whose fair value is disclosed as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021			
	Fair value	Valuation techniques	Inputs	Unobservable inputs
Financial assets				
Cash and due from financial institutions	1,547,322	DCF Model	Credit spread, other spread, interest rate	Credit spread, other spread
Loans measured at amortized cost	361,047,763	DCF Model	Credit spread, other spread, prepayment rate, interest rate	Credit spread, other spread, prepayment rate
	362,595,085			
Financial liabilities				
Deposits	165,775,627	DCF Model	Other spread, prepayment rate, interest rate	Other spread, prepayment rate
Borrowings	32,445,347	DCF Model	Other spread, interest rate	Other spread
	198,220,974			

(In millions of Korean won)

	December 31, 2020			
	Fair value	**Valuation techniques**	**Inputs**	**Unobservable inputs**
Financial assets				
Cash and due from financial institutions	1,212,005	DCF Model	Credit spread, other spread, interest rate	Credit spread, other spread
Loans measured at amortized cost	328,145,460	DCF Model	Credit spread, other spread, prepayment rate, interest rate	Credit spread, other spread, prepayment rate
	329,357,465			
Financial liabilities				
Deposits	156,112,928	DCF Model	Other spread, prepayment rate, interest rate	Other spread, prepayment rate
Borrowings	26,878,181	DCF Model	Other spread, interest rate	Other spread
	182,991,109			

6.2 Disclosure of Fair Value Hierarchy Level 3

6.2.1 Valuation policy and process of Level 3 fair value

The Group uses external, independent and qualified valuation service in addition to internal valuation models to determine the fair value of financial instruments at the end of every reporting period.

If the changes in situation and events which cause transfers between the fair value hierarchy level for a financial asset or liability occur, the Group’s policy is to recognize such transfers as having occurred at the beginning of the reporting period.

6.2.2 Changes in fair value (Level 3) measured using valuation technique based on unobservable inputs in the market

6.2.2.1 Changes in financial instruments classified as Level 3 of the fair value hierarchy for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	2021				
	Financial assets at fair value through profit or loss		Financial investments	Net derivative financial instruments	
	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	Derivatives held for trading	Derivatives held for hedging
Beginning	2,233,598	38,756	1,917,980	(63)	-
Total gains or losses:					
- Profit or loss	120,852	(431)	-	(203)	-
- Other comprehensive loss	-	-	(139,455)	-	-
Purchases	1,354,851	55,605	23,507	2	-
Sales	(488,656)	-	(484)	(67)	-
Transfers out of Level 3	-	-	(952,449)	-	-
Ending	3,220,645	93,930	849,099	(331)	-

(In millions of Korean won)

	2020				
	Financial assets at fair value through profit or loss		Financial investments	Net derivative financial instruments	
	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	Derivatives held for trading	Derivatives held for hedging
Beginning	1,897,487	188,133	1,041,246	(416)	-
Total gains or losses:					
- Profit or loss	62,611	627	-	171	-
- Other comprehensive income	-	-	784,051	-	-
Purchases	703,320	-	92,699	3	-
Sales	(429,820)	(150,004)	(16)	-	-
Transfers into Level 3	-	-	-	179	-
Ending	2,233,598	38,756	1,917,980	(63)	-

6.2.2.2 In relation to changes in financial instruments classified as Level 3 of the fair value hierarchy, total gains or losses recognized in profit or loss for the period, and total gains or losses recognized in profit or loss from financial instruments held at the end of the reporting period for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)	2021		
	Net gains on financial instruments at fair value through profit or loss	**Other operating income**	**Net interest income**
Total gains recognized in profit or loss for the period	102,758	17,460	-
Total gains recognized in profit or loss from financial instruments held at the end of the reporting period	132,034	16,989	-

(In millions of Korean won)	2020		
	Net gains on financial instruments at fair value through profit or loss	**Other operating expenses**	**Net interest income**
Total gains (losses) recognized in profit or loss for the period	79,025	(15,616)	-
Total gains (losses) recognized in profit or loss from financial instruments held at the end of the reporting period	74,955	(15,616)	-

6.2.3 Sensitivity analysis of changes in unobservable inputs

6.2.3.1 Information about fair value measurements using unobservable inputs as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021					
	Fair value	**Valuation techniques**	**Inputs**	**Unobservable inputs**	**Range of unobservable inputs (%)**	**Relationship of unobservable inputs to fair value**
Financial assets						
Financial assets at fair value through profit or loss:						
Debt securities	3,168,406	MonteCarlo Simulation, Net Asset Value Method, DCF Model, Tree Model	Price of underlying asset, interest rate, dividend yield, discount rate, liquidation value, rate of real estate sale price fluctuation, stock price, volatility of stock price	Discount rate	8.17 ~ 21.37	Lower the discount rate, higher the fair value
				Liquidation value	0.00	Higher the liquidation value, higher the fair value
				Rate of real estate sale price fluctuation	0.00	Higher the real estate sale price, higher the fair value
				Volatility of stock price	18.87 ~ 19.48	Higher the volatility, higher the fair value fluctuation
Equity securities	52,239	DCF Model, Comparable Company Analysis, Risk Adjusted Discount Rate Method	Growth rate, discount rate	Growth rate	0.00 ~ 1.00	Higher the growth rate, higher the fair value
				Discount rate	10.76 ~ 22.79	Lower the discount rate, higher the fair value
Loans	93,930	DCF Model	Discount rate	Discount rate	8.21	Lower the discount rate, higher the fair value
Derivatives held for trading:						
Stock and index	61	Tree Model	Price of underlying asset, volatility of underlying asset	Volatility of underlying asset	17.00 ~ 25.49	Higher the volatility, higher the fair value fluctuation
Financial assets at fair value through other comprehensive income:						
Equity securities	849,099	DCF Model, Comparable Company Analysis, Risk Adjusted Discount Rate Method, Tree Model	Growth rate, discount rate, stock price, volatility of stock price	Growth rate	0.00 ~ 1.00	Higher the growth rate, higher the fair value
				Discount rate	10.42 ~ 18.02	Lower the discount rate, higher the fair value
				Volatility of stock price	23.36 ~ 25.49	Higher the volatility, higher the fair value fluctuation
	4,163,735					
Financial liabilities						
Derivatives held for trading:						
Others	392	DCF Model	Interest rate, discount rate	Discount rate	1.46 ~ 2.83	Higher the discount rate, lower the fair value
	392					

(In millions of Korean won)

	December 31, 2020					
	Fair value	Valuation techniques	Inputs	Unobservable inputs	Range of unobservable inputs (%)	Relationship of unobservable inputs to fair value
Financial assets						
Financial assets at fair value through profit or loss:						
Debt securities	2,181,426	MonteCarlo Simulation, Net Asset Value Method, DCF Model	Price of underlying asset, interest rate, dividend yield, volatilities and correlation of underlying asset, discount rate, liquidation value, rate of real estate sale price fluctuation	Volatilities of underlying asset	5.47 ~ 26.70	Higher the volatility, higher the fair value fluctuation
				Correlation of underlying asset	14.83~100.00	Higher the correlation, higher the fair value fluctuation
				Discount rate	8.63 ~ 21.37	Lower the discount rate, higher the fair value
				Liquidation value	0.00	Higher the liquidation value, higher the fair value
				Rate of real estate sale price fluctuation	0.00	Higher the real estate sale price, higher the fair value
Equity securities	52,172	DCF Model, Comparable Company Analysis, Risk Adjusted Discount Rate Method	Growth rate, discount rate	Growth rate	0.00	Higher the growth rate, higher the fair value
				Discount rate	7.64 ~ 18.67	Lower the discount rate, higher the fair value
Loans	38,756	DCF Model	Discount rate	Discount rate	7.86	Lower the discount rate, higher the fair value
Derivatives held for trading:						
Stock and index	44	Tree Model	Price of underlying asset, volatility of underlying asset	Volatility of underlying asset	22.11~26.24	Higher the volatility, higher the fair value fluctuation
Financial assets at fair value through other comprehensive income:						
Equity securities	1,917,980	DCF Model, Comparable Company Analysis, Risk Adjusted Discount Rate Method, Tree Model	Growth rate, discount rate, stock price, volatility of stock price	Growth rate	0.00	Higher the growth rate, higher the fair value
				Discount rate	9.90 ~ 19.67	Lower the discount rate, higher the fair value
				Volatility of stock price	22.11~24.16	Higher the volatility, higher the fair value fluctuation
	4,190,378					
Financial liabilities						
Derivatives held for trading:						
Others	107	DCF Model	Interest rate, discount rate	Discount rate	1.15 ~ 1.29	Higher the discount rate, lower the fair value
	107					

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 debt securities, loans, equity-related derivatives, currency-related derivatives, interest rate-related derivatives, and other derivatives whose fair value changes are recognized in profit or loss as well as equity securities 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, 2021 and 2020, are as follows:

(In millions of Korean won)	December 31, 2021			
	Profit or loss		Other comprehensive income or loss	
	Favorable changes	Unfavorable changes	Favorable changes	Unfavorable changes
Financial assets				
Financial assets at fair value through profit or loss:				
Debt securities [3, 5]	7,065	(7,001)	-	-
Equity securities [2, 5]	5,698	(4,328)	-	-
Loans [4]	3,062	(2,742)	-	-
Derivatives held for trading [1]	2	-	-	-
Financial assets at fair value through other comprehensive income:				
Equity securities [2, 5, 6]	-	-	87,021	(65,000)
	15,827	(14,071)	87,021	(65,000)
Financial liabilities				
Derivatives held for trading [1]	196	(204)	-	-
	196	(204)	-	-

(In millions of Korean won)

	December 31, 2020			
	Profit or loss		Other comprehensive income or loss	
	Favorable changes	Unfavorable changes	Favorable changes	Unfavorable changes
Financial assets				
Financial assets at fair value through profit or loss:				
Debt securities [3, 5]	8,051	(6,604)	-	-
Equity securities [2, 5]	8,112	(4,545)	-	-
Loans [4]	3,316	(2,952)	-	-
Derivatives held for trading [1]	8	(8)	-	-
Financial assets at fair value through other comprehensive income:				
Equity securities [2, 5, 6]	-	-	94,084	(55,297)
	19,487	(14,109)	94,084	(55,297)
Financial liabilities				
Derivatives held for trading [1]	3	(3)	-	-
	3	(3)	-	-

[1] For derivative financial instruments, changes in fair value are calculated by shifting principal unobservable input parameters such as price and the volatility of underlying asset by ± 10.

[2] For equity securities, changes in fair value are calculated by shifting principal unobservable input parameters such as discount rate (-1%p~1%p) and growth rate (0%p~0.5%p).

[3] 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 sale price fluctuation (-1%p~1%p), and for beneficiary certificates whose underlying assets are equity investments, changes in fair value are calculated by shifting liquidation value (-1%p~1%p) and discount rate (-1%p~1%p). There is no significant correlation among major unobservable inputs.

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

[5] The amounts of ₩ 3,175,985 million and ₩ 2,992,304 million of financial assets classified as level 3 as of December 31, 2021 and 2020, respectively, are excluded because it is practically impossible to analyze sensitivity of changes in unobservable inputs.

[6] For some equity securities, changes in fair value are calculated by shifting principal unobservable input parameters such as stock price and volatility of stock price by ±10%.

6.2.4 Day one gains or losses

When the Group measures the fair value of OTC derivatives using inputs that are not based on observable market data, there could be a difference between the transaction price and the amount determined using that valuation technique. In these circumstances, the fair value of financial instruments is recognized as the transaction price, and the difference is not recognized in profit or loss but deferred and amortized using the straight-line method over the life of the financial instrument. When the fair value of the financial instruments is subsequently determined using observable market inputs, the remaining deferred amount is recognized in profit or loss.

Changes in deferred day one gains or losses for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)	**2021**	**2020**
Balance at the beginning of the year (A)	(637)	(1,778)
New transactions (B)	(10,032)	-
Amounts recognized in profit or loss (C=a+b)	1,950	1,141
a. Amortization	1,950	1,141
b. Settlement	-	-
Balance at the end of the year (A+B+C)	(8,719)	(637)

6.3 Carrying Amount of Financial Instruments by Category

Financial assets and liabilities are measured at fair value or amortized cost. Carrying amount of financial assets and liabilities by category as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021					
	Financial instruments at fair value through profit or loss	**Financial instruments at fair value through other comprehensive income**	**Financial instruments designated at fair value through other comprehensive income**	**Financial instruments at amortized cost**	**Derivatives held for hedging**	**Total**
Financial assets						
Cash and due from financial institutions	-	-	-	25,164,991	-	25,164,991
Financial assets at fair value through profit or loss	18,834,364	-	-	-	-	18,834,364
Derivative financial assets	2,835,202	-	-	-	130,424	2,965,626
Loans measured at amortized cost	-	-	-	361,144,701	-	361,144,701
Financial investments	-	38,410,515	3,169,800	22,164,594	-	63,744,909
Other financial assets	-	-	-	5,277,227	-	5,277,227
	21,669,566	38,410,515	3,169,800	413,751,513	130,424	477,131,818

(In millions of Korean won)

	December 31, 2021			
	Financial instruments 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	112,698	-	-	112,698
Derivative financial liabilities	2,706,941	-	42,471	2,749,412
Deposits	-	363,141,416	-	363,141,416
Borrowings	-	32,523,161	-	32,523,161
Debentures	-	29,718,734	-	29,718,734
Other financial liabilities	-	19,715,198	-	19,715,198
	2,819,639	445,098,509	42,471	447,960,619

(In millions of Korean won)

	December 31, 2020					
	Financial instruments at fair value through profit or loss	Financial instruments at fair value through other comprehensive income	Financial instruments designated at fair value through other comprehensive income	Financial instruments at amortized cost	Derivatives held for hedging	Total
Financial assets						
Cash and due from financial institutions	-	-	-	19,972,269	-	19,972,269
Financial assets at fair value through profit or loss	16,042,357	-	-	-	-	16,042,357
Derivative financial assets	4,291,829	-	-	-	164,839	4,456,668
Loans measured at amortized cost	-	-	-	327,332,495	-	327,332,495
Financial investments	-	40,195,455	2,502,614	15,588,413	-	58,286,482
Other financial assets	-	-	-	5,986,686	-	5,986,686
	20,334,186	40,195,455	2,502,614	368,879,863	164,839	432,076,957

(In millions of Korean won)

	December 31, 2020			
	Financial instruments 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	141,277	-	-	141,277
Derivative financial liabilities	4,215,097	-	67,267	4,282,364
Deposits	-	330,352,491	-	330,352,491
Borrowings	-	26,870,831	-	26,870,831
Debentures	-	26,969,584	-	26,969,584
Other financial liabilities	-	16,976,326	-	16,976,326
	4,356,374	401,169,232	67,267	405,592,873

6.4 Transfer of Financial Assets

6.4.1 Transferred financial assets that are derecognized in their entirety

The Group transferred loans and other financial assets to companies specialized in asset-backed securitization and derecognized them from the consolidated financial statement, while the maximum exposure to loss (carrying amount) from its continuing involvement and fair value of its continuing involvement of the derecognized financial assets as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021			
	Type of continuing involvement	**Classification of financial instruments**	**Carrying amount of continuing involvement**	**Fair value of continuing involvement**
Discovery 2nd Securitization Specialty Co., Ltd.	Subordinated bond	Financial assets at fair value through profit or loss	5,189	5,189
AP 4D ABS Ltd.	Subordinated bond	Financial assets at fair value through profit or loss	5,463	5,463
			10,652	10,652

(In millions of Korean won)

	December 31, 2020			
	Type of continuing involvement	**Classification of financial instruments**	**Carrying amount of continuing involvement**	**Fair value of continuing involvement**
Discovery 2nd Securitization Specialty Co., Ltd.	Subordinated bond	Financial assets at fair value through profit or loss	5,190	5,190
FK 1411 ABS Ltd.	Subordinated bond	Financial assets at fair value through profit or loss	1,062	1,062
AP 3B ABS Ltd.	Subordinated bond	Financial assets at fair value through profit or loss	646	646
AP 4D ABS Ltd.	Subordinated bond	Financial assets at fair value through profit or loss	6,304	6,304
			13,202	13,202

6.4.2 Bonds sold under repurchase agreements and loaned securities

The Group continues to recognize the financial assets related to bonds sold under repurchase agreements and securities lending transactions in the consolidated statement of financial position since those transactions are not qualified for derecognition even though the Group transfers the financial assets. Bonds sold under repurchase agreements are sold on the condition that they will be repurchased at a fixed price and loaned securities will be returned at the expiration of the loan period. Thus, the Group retains substantially all the risks and rewards of ownership of the financial assets.

The carrying amount of transferred assets and related liabilities as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)	December 31, 2021	
	Carrying amount of transferred assets	**Carrying amount of related liabilities**
Bonds sold under repurchase agreements	860,565	832,352
Loaned securities:		
Government and public bonds	49,816	-
	910,381	832,352

(In millions of Korean won)	December 31, 2020	
	Carrying amount of transferred assets	**Carrying amount of related liabilities**
Bonds sold under repurchase agreements	1,354,289	1,313,483
Loaned securities:		
Government and public bonds	741,804	-
	2,096,093	1,313,483

6.4.3 Purchase commitments of securitized debentures

The Group provided additional credit enhancement, such as purchase commitments, for the underlying assets of subsidiaries established for asset-backed securitization. Details of carrying amounts of the underlying assets and the associated liabilities as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)		**December 31, 2021**	**December 31, 2020**
Underlying assets	Financial assets at fair value through profit or loss	119,710	75,605
	Loans measured at amortized cost *	2,357,972	1,909,540
		2,477,682	1,985,145
Associated liabilities	Debentures	2,476,072	1,983,840

* 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. As the Group has the legal right of offset and settles in net amount, domestic exchange settlement debits and domestic exchange settlement credits are recognized in its net settlement balance in the consolidated statement of financial position. Other financial instruments such as account receivables and account payables related to listed securities, and derivatives or OTC derivatives settled by the central clearing house are also recognized in its net settlement balance in the consolidated statement of financial position as the Group has the legal right of offset and settles in net amount.

6.5.1 Details of financial assets subject to enforceable master netting agreements or similar arrangements as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021					
		Gross liabilities offset	Net amount in the statement of financial position	Non-offsetting amount		
	Gross assets			Financial instruments	Cash collateral	Net amount
Derivatives held for trading	2,835,141	-	2,835,141	(1,810,195)	(5)	1,155,365
Derivatives held for hedging	130,424	-	130,424			
Unsettled spot exchange receivable	2,353,879	-	2,353,879	(2,349,893)	-	3,986
Bonds purchased under repurchase agreements	5,508,594	-	5,508,594	(5,508,594)	-	-
Domestic exchange settlement debits	43,372,672	(42,383,120)	989,552	-	-	989,552
Other financial instruments	20,728	(20,377)	351	-	-	351
	54,221,438	(42,403,497)	11,817,941	(9,668,682)	(5)	2,149,254

(In millions of Korean won)

	December 31, 2020					
		Gross liabilities offset	Net amount in the statement of financial position	Non-offsetting amount		
	Gross assets			Financial instruments	Cash collateral	Net amount
Derivatives held for trading	4,173,489	-	4,173,489	(3,175,203)	(274)	1,162,851
Derivatives held for hedging	164,839	-	164,839			
Unsettled spot exchange receivable	3,104,233	-	3,104,233	(3,102,431)	-	1,802
Bonds purchased under repurchase agreements	2,808,380	-	2,808,380	(2,808,380)	-	-
Domestic exchange settlement debits	37,442,464	(36,726,449)	716,015	-	-	716,015
Other financial instruments	20,093	(19,757)	336	-	-	336
	47,713,498	(36,746,206)	10,967,292	(9,086,014)	(274)	1,881,004

6.5.2 Details of financial liabilities subject to enforceable master netting agreements or similar arrangements as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021					
				Non-offsetting amount		
	Gross liabilities	Gross assets offset	Net amount in the statement of financial position	Financial instruments	Cash collateral	Net amount
Derivatives held for trading	2,706,548	-	2,706,548			
Derivatives held for hedging	42,471	-	42,471	(2,019,139)	-	729,880
Unsettled spot exchange payable	2,352,736	-	2,352,736	(2,349,893)	-	2,843
Bonds sold under repurchase agreements *	832,352	-	832,352	(832,352)	-	-
Domestic exchange settlement credits	47,504,809	(42,383,120)	5,121,689	(5,121,689)	-	-
Other financial instruments	23,363	(20,377)	2,986	-	-	2,986
	53,462,279	(42,403,497)	11,058,782	(10,323,073)	-	735,709

(In millions of Korean won)

	December 31, 2020					
				Non-offsetting amount		
	Gross liabilities	Gross assets offset	Net amount in the statement of financial position	Financial instruments	Cash collateral	Net amount
Derivatives held for trading	4,148,295	-	4,148,295			
Derivatives held for hedging	67,267	-	67,267	(2,395,773)	-	1,819,789
Unsettled spot exchange payable	3,103,095	-	3,103,095	(3,102,431)	-	664
Bonds sold under repurchase agreements *	1,363,543	-	1,363,543	(1,363,543)	-	-
Domestic exchange settlement credits	37,659,778	(36,726,449)	933,329	(933,329)	-	-
Other financial instruments	22,824	(19,757)	3,067	-	-	3,067
	46,364,802	(36,746,206)	9,618,596	(7,795,076)	-	1,823,520

* Includes bonds sold under repurchase agreements to customers.

7. Due from Financial Institutions

7.1 Details of due from financial institutions as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)		Financial institutions	Interest rate (%)	December 31, 2021	December 31, 2020
Due from financial institutions in Korean won	Due from the Bank of Korea	The Bank of Korea	0.00~0.97	15,317,033	11,242,803
	Due from banks	Hana Bank and others	0.00~2.21	159,059	259,339
	Due from others	Korea Securities Finance Corporation and others	0.00~1.98	20,732	14,050
				15,496,824	11,516,192
Due from financial institutions in foreign currencies	Due from banks in foreign currencies	The Bank of Korea and others	0.00~4.00	6,252,882	4,161,788
	Time deposits in foreign currencies	Bank of Communications Co., Ltd. New York Branch and others	0.30~5.75	389,320	630,156
	Due from others	Societe Generale (Paris) and others	0.00~4.50	383,502	780,141
				7,025,704	5,572,085
				22,522,528	17,088,277

* Before netting of allowance

7.2 Details of restricted due from financial institutions as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)		Financial institutions	December 31, 2021	December 31, 2020	Reasons of restriction
Due from financial institutions in Korean won	Due from the Bank of Korea	The Bank of Korea	15,317,033	11,242,803	Bank of Korea Act
	Due from others	NH Investment & Securities Co., Ltd. and others	20,733	14,050	Derivatives margin account
			15,337,766	11,256,853	
Due from financial institutions in foreign currencies	Due from banks in foreign currencies	Bank of Indonesia and others	2,262,610	1,097,674	Indonesian law and others
	Time deposits in foreign currencies	Bank of Communications Co., Ltd.	59,275	38,080	New York State Banking Law
	Due from others	Societe Generale (Paris) and others	206,074	380,432	Derivatives margin account
			2,527,959	1,516,186	
			17,865,725	12,773,039	

* Before netting of allowance

7.3 Changes in allowances for credit losses of due from financial institutions for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)	2021		
	12-month expected credit losses	Lifetime expected credit losses	
		Non-impaired	Impaired
Beginning	2,063	34	282
Transfer between stages	-	-	-
Provision (reversal) for credit losses	7	(35)	(282)
Others (exchange differences, etc.)	57	1	-
Ending	2,127	-	-

(In millions of Korean won)	2020		
	12-month expected credit losses	Lifetime expected credit losses	
		Non-impaired	Impaired
Beginning	2,502	1,186	360
Transfer between stages	-	-	-
Reversal of credit losses	(598)	(1,127)	-
Business combination	138	-	-
Others (exchange differences, etc.)	21	(25)	(78)
Ending	2,063	34	282

8. Assets Pledged as Collateral

8.1 Details of assets pledged as collateral as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)		December 31, 2021	
Assets pledged	**Pledgee**	**Carrying amount**	**Reasons of pledge**
Securities measured at fair value through profit or loss	The Korea Exchange and others	267,505	Repurchase agreements
	Samsung Futures and others	9,889	Derivatives transactions
	Others	94,265	Others
		371,659	
Securities measured at fair value through other comprehensive income	CITI Bank	57,693	Repurchase agreements
	The Bank of Korea	2,843,426	Borrowings from the Bank of Korea
		1,249,049	Settlement risk of the Bank of Korea
	JP Morgan Chase Bank and others	590,321	Derivatives transactions
	Others	34,757	Others
		4,775,246	
Securities measured at amortized cost	Meritz Securities and others	494,974	Repurchase agreements
	The Bank of Korea	4,847,855	Borrowings from the Bank of Korea
		3,948,622	Settlement risk of the Bank of Korea
	KB Securities Co., Ltd. and others	133,860	Derivatives transactions
	KB Insurance Co., Ltd. and others	121,880	Others
		9,547,191	
Loans	Others	9,659,575	Covered bond and others
Building / Land	Hanwha Life Insurance Co., Ltd. and others	227,414	Others
		24,581,085	

(In millions of Korean won)

		December 31, 2020	
Assets pledged	**Pledgee**	**Carrying amount**	**Reasons of pledge**
Securities measured at fair value through profit or loss	The Korea Exchange and others	210,171	Repurchase agreements
	Korea Securities Finance Corporation	52,842	Securities borrowing transactions
	Samsung Futures and others	11,225	Derivatives transactions
		274,238	
Securities measured at fair value through other comprehensive income	CITI Bank	149,633	Repurchase agreements
	The Bank of Korea	2,837,453	Borrowings from the Bank of Korea
		1,610,691	Settlement risk of the Bank of Korea
	JP Morgan Chase Bank and others	156,300	Derivatives transactions
	Others	4,036	Others
		4,758,113	
Securities measured at amortized cost	Meritz Securities and others	1,030,078	Repurchase agreements
	The Bank of Korea	4,295,149	Borrowings from the Bank of Korea
		3,677,922	Settlement risk of the Bank of Korea
	KB Securities Co., Ltd. and others	126,199	Derivatives transactions
	KB Insurance Co., Ltd. and others	151,796	Others
		9,281,144	
Mortgage loans	Others	10,699,720	Covered bond
Building / Land	Hanwha Life Insurance Co., Ltd. and others	228,995	Others
		25,242,210	

8.2 Fair value of collateral available to sell or repledge, and collateral sold or repledged, regardless of debtor's default as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021	
	Fair value of collateral held	**Fair value of collateral sold or repledged**
Securities	5,963,678	-

(In millions of Korean won)

	December 31, 2020	
	Fair value of collateral held	**Fair value of collateral sold or repledged**
Securities	2,969,616	-

9. Derivative Financial Instruments and Hedge Accounting

The Group engages in derivative trading activities to hedge the interest rate risk and currency risk arising from the Group's own assets and liabilities. In particular, the Group applies fair value hedge accounting using interest rate swaps to hedge the risk of changes in fair value due to the changes in interest rate of structured debentures in Korean won, debentures, structured deposits in foreign currencies, and debt securities at fair value through other comprehensive income. Also, the Group applies cash flow hedge accounting using interest rate swaps to hedge the risk of changes in cash flows of debentures in foreign currencies, borrowings in foreign currencies, and group of loans measured at amortized cost. In addition, the Group applies net investments in foreign operations hedge accounting by designating debentures in foreign currencies and spot components of the currency forward as hedging instruments to hedge the currency risk of net investments in foreign operations.

9.1 Details of derivative financial instruments held for trading as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021			December 31, 2020		
	Notional Amount	Assets	Liabilities	Notional amount	Assets	Liabilities
Interest rate						
Forwards	738,589	24,928	296	90,000	3,355	-
Futures [1]	1,863,050	-	-	1,407,684	-	-
Swaps [2]	198,819,031	301,070	312,076	179,047,629	496,723	574,710
Options	11,657,000	172,060	195,666	13,779,000	246,707	297,442
	213,077,670	498,058	508,038	194,324,313	746,785	872,152
Currency						
Forwards	95,717,113	1,217,979	854,539	73,702,576	1,608,997	1,954,137
Futures [1]	-	-	-	27,381	-	-
Swaps	65,641,211	1,111,462	1,330,595	49,901,150	1,902,582	1,360,689
Options	2,051,034	7,643	13,376	2,377,775	33,421	28,012
	163,409,358	2,337,084	2,198,510	126,008,882	3,545,000	3,342,838
Stock and index						
Futures [1]	-	-	-	5,583	-	-
Options	355	17	-	664	44	-
	355	17	-	6,247	44	-
Credit						
Swaps	13,423	-	-	-	-	-
	13,423	-	-	-	-	-
Others	94,300	43	393	74,300	-	107
	376,595,106	2,835,202	2,706,941	320,413,742	4,291,829	4,215,097

[1] Gains or losses arising from daily mark-to-market futures are reflected in the margin accounts.

[2] Notional amounts of ₩ 158,974,418 million and ₩ 146,576,830 million as of December 31, 2021 and 2020, respectively, were traded through the central clearing house.

9.2 Average price conditions of future nominal cash flows by type of hedge accounting as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)	December 31, 2021						
	1 year	2 years	3 years	4 years	5 years	Over 5 years	Total
Fair value hedge							
Nominal amount of the hedging instrument	1,044,669	1,171,185	701,102	2,153,038	1,420,914	2,419,231	8,910,139
Average price condition (%), (CD and LIBOR)	0.94	1.23	1.04	1.16	1.06	1.39	1.18
Cash flow hedge							
Nominal amount of the hedging instrument	2,843,325	414,925	-	-	-	-	3,258,250
Average price condition (%), (CD and LIBOR)	0.93	0.76	-	-	-	-	0.91

(In millions of Korean won)	December 31, 2020						
	1 year	2 years	3 years	4 years	5 years	Over 5 years	Total
Fair value hedge							
Nominal amount of the hedging instrument	3,255,568	956,315	479,405	620,788	1,462,964	2,442,691	9,217,731
Average price condition (%), (CD and LIBOR)	0.76	0.80	1.00	1.07	1.21	1.14	0.97
Cash flow hedge							
Nominal amount of the hedging instrument	1,718,480	489,600	54,400	-	-	-	2,262,480
Average price condition (%), (CD and LIBOR)	0.72	1.17	0.96	-	-	-	0.82
Hedge of net investments in foreign operations							
Nominal amount of the hedging instrument	165,050	-	-	-	-	-	165,050
Average price condition (KRW/USD)	1,124.25	-	-	-	-	-	1,124.25

9.3 Fair Value Hedge

9.3.1 Details of fair value hedged items as of December 31, 2021 and 2020 and changes in fair value for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)		December 31, 2021				2021
		Carrying amount		Accumulated amount of hedge adjustments		Changes in fair value
		Assets	Liabilities	Assets	Liabilities	
Interest rate	Debt securities in Korean won	1,627,228	-	(20,272)	-	(21,071)
	Debt securities in foreign currencies	3,567,662	-	(12,505)	-	(71,246)
	Deposits in foreign currencies	-	93,521	-	(1,319)	3,222
	Debentures in Korean won	-	2,470,123	-	(79,877)	70,308
	Debentures in foreign currencies	-	1,154,178	-	27,953	45,132
		5,194,890	3,717,822	(32,777)	(53,243)	26,345

(In millions of Korean won)		December 31, 2020				2020
		Carrying amount		Accumulated amount of hedge adjustments		Changes in fair value
		Assets	Liabilities	Assets	Liabilities	
Interest rate	Debt securities in Korean won	1,001,957	-	5,888	-	402
	Debt securities in foreign currencies	2,712,980	-	62,922	-	42,382
	Deposits in foreign currencies	-	121,768	-	2,088	(4,491)
	Debentures in Korean won	-	3,623,161	-	(6,839)	27,909
	Debentures in foreign currencies	-	1,985,333	-	81,333	(37,438)
		3,714,937	5,730,262	68,810	76,582	28,764

9.3.2 Details of derivative instruments designated as fair value hedge as of December 31, 2021 and 2020 and changes in fair value for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)	December 31, 2021			2021
	Notional amount	Assets	Liabilities	Changes in fair value
Interest rate				
Swaps	8,910,139	127,290	38,253	(33,228)

(In millions of Korean won)	December 31, 2020			2020
	Notional amount	Assets	Liabilities	Changes in fair value
Interest rate				
Swaps	9,217,731	158,914	51,841	(23,023)

9.3.3 Details of hedge ineffectiveness recognized in profit or loss on derivative instruments designated as fair value hedge for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	2021	2020
Interest rate	(6,883)	5,742

9.3.4 Gains or losses on fair value hedging instruments and hedged items attributable to the hedged risk for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)	2021	2020
Losses on hedging instruments	(12,657)	(8,214)
Gains on hedged items attributable to the hedged risk	13,056	13,811
	399	5,597

9.4 Cash Flow Hedge

9.4.1 Details of cash flow hedged items as of December 31, 2021 and 2020 and changes in fair value for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	Cash flow hedge reserve		Changes in fair value	
	December 31, 2021	December 31, 2020	2021	2020
Interest rate risk	(11,306)	(10,073)	(89)	10,701

9.4.2 Details of derivative instruments designated as cash flow hedge as of December 31, 2021 and 2020 and changes in fair value for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)	December 31, 2021			2021
	Notional amount	Assets	Liabilities	Changes in fair value
Interest rate				
Swaps	3,258,250	3,134	4,218	11,555

(In millions of Korean won)	December 31, 2020			2020
	Notional amount	Assets	Liabilities	Changes in fair value
Interest rate				
Swaps	2,262,480	125	15,426	(10,492)

9.4.3 Gains or losses on cash flow hedging instruments and hedged items attributable to the hedged risk for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)	2021	2020
Gains (losses) on hedging instruments:	11,555	(10,492)
Effective portion of gains (losses) on cash flow hedging instruments (recognized in other comprehensive income or loss)	11,468	(10,553)
Ineffective portion of gains (losses) on cash flow hedging instruments (recognized in profit or loss)	87	61

9.4.4 Amounts recognized in other comprehensive income (loss) and reclassified from equity to profit or loss related to derivative instruments designated as cash allow hedge for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)	2021	2020
Other comprehensive income (loss)	11,468	(10,553)
Reclassification to profit or loss	2,303	1,750
Income tax effect	(3,787)	2,421
	9,984	(6,382)

9.4.5 As of December 31, 2021, the hedged items subject to cash flow hedge are exposed to the risk of changes in cash flows until August 11, 2023.

9.5 Hedge of Net Investments in Foreign Operations

9.5.1 Details of net investments in foreign operations hedged items as of December 31, 2021 and 2020 and changes in fair value for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	Foreign currency translation reserve		Changes in fair value	
	December 31, 2021	December 31, 2020	2021	2020
Currency risk	(30,306)	24,103	80,235	(84,600)

9.5.2 Details of financial instruments designated as hedge of net investments in foreign operations as of December 31, 2021 and 2020 and changes in fair value for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)	December 31, 2021			2021
	Notional amount	Assets	Liabilities	Changes in fair value
Currency forwards	-	-	-	-
Debentures in foreign currencies	1,273,227	-	1,273,227	(80,235)
	1,273,227	-	1,273,227	(80,235)

(In millions of Korean won)	December 31, 2020			2020
	Notional amount	Assets	Liabilities	Changes in fair value
Currency forwards	165,050	5,800	-	10,237
Debentures in foreign currencies	842,112	-	842,112	74,363
	1,007,162	5,800	842,112	84,600

9.5.3 Fair value of non-derivative financial instruments designated as hedge of net investments in foreign operations as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)	December 31, 2021	December 31, 2020
Debentures in foreign currencies	1,275,291	852,570

9.5.4 Gains or losses on net investments in foreign operations hedging instruments and hedged items attributable to the hedged risk for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)	2021	2020
Gains (losses) on hedging instruments:	(80,235)	84,600
Effective portion of gains (losses) on hedge of net investments in foreign operations (recognized in other comprehensive income or loss)	(80,235)	84,600
Ineffective portion of gains (losses) on hedge of net investments in foreign operations (recognized in profit or loss)	-	-

9.5.5 Effective portion of gains or losses on net investments in foreign operations hedging instruments recognized in other comprehensive income (loss) for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)	2021	2020
Other comprehensive income (loss)	(80,241)	84,592
Reclassification to profit or loss	5,195	-
Income tax effect	20,637	(23,263)
	(54,409)	61,329

9.6 Interest Rate Benchmark Reform

The USD LIBOR interest rate will be replaced by the Secured Overnight Financing Rate ("SOFR") based on actual transactions. In the case of KRW, the Korean government bond/monetary stabilization bond RP rate has been finally decided as the Risk-Free Reference Rate ("RFR") and will replace the Certificate of Deposit ("CD") rate in the mid to long-term. Within the corresponding hedging relationship of related significant interest rate benchmark, the Group assumed that the spread to be changed on the RFR basis including SOFR would be similar to that included in the interest rate swap used as a hedging instrument, and no other changes were assumed.

Details of the Group's exposure to hedging relationships related to the interest rate benchmark reform as of December 31, 2021, are as follows:

(In millions of Korean won and millions of US dollars)

		December 31, 2021		
Interest rate benchmark	**Currency**	**Carrying amount of non-derivative assets**	**Carrying amount of non-derivative liabilities**	**Notional amount of hedging instruments**
CD#3M	KRW	3,123,388	2,470,123	5,690,000
USD#LIBOR#3M	USD	2,695	2,154	4,836
USD#LIBOR#6M	USD	224	-	225

10. Loans Measured at Amortized Cost

10.1 Details of loans as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)	**December 31, 2021**	**December 31, 2020**
Loans	363,049,216	328,978,696
Deferred loan origination fees and costs	522,425	540,610
Less: Allowances for credit losses	(2,426,940)	(2,186,811)
	361,144,701	327,332,495

10.2 Details of loans to banks as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)	**December 31, 2021**	**December 31, 2020**
Loans	8,325,177	5,577,728
Less: Allowances for credit losses	(443)	(683)
	8,324,734	5,577,045

10.3 Details of loan types and customer types of loans to customers other than banks as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)	December 31, 2021			
	Retail	**Corporate**	**Credit card**	**Total**
Loans in Korean won	170,760,821	148,957,704	-	319,718,525
Loans in foreign currencies	3,218,116	20,267,749	-	23,485,865
Domestic import usance bills	-	3,311,142	-	3,311,142
Off-shore funding loans	-	1,135,753	-	1,135,753
Call loans	-	902,301	-	902,301
Bills bought in Korean won	-	2,209	-	2,209
Bills bought in foreign currencies	-	2,001,046	-	2,001,046
Guarantee payments under acceptances and guarantees	-	20,773	-	20,773
Credit card receivables in foreign currencies	-	-	55,520	55,520
Bonds purchased under repurchase agreements	-	4,408,594	-	4,408,594
Privately placed bonds	-	204,736	-	204,736
	173,978,937	181,212,007	55,520	355,246,464
Proportion (%)	48.97	51.01	0.02	100.00
Less: Allowances for credit losses	(669,125)	(1,736,776)	(20,596)	(2,426,497)
	173,309,812	179,475,231	34,924	352,819,967

(In millions of Korean won)	December 31, 2020			
	Retail	**Corporate**	**Credit card**	**Total**
Loans in Korean won	162,521,943	133,263,466	-	295,785,409
Loans in foreign currencies	2,713,408	15,442,088	-	18,155,496
Domestic import usance bills	-	2,152,059	-	2,152,059
Off-shore funding loans	-	1,258,137	-	1,258,137
Call loans	-	1,582,251	-	1,582,251
Bills bought in Korean won	-	1,620	-	1,620
Bills bought in foreign currencies	-	1,739,262	-	1,739,262
Guarantee payments under acceptances and guarantees	-	8,011	-	8,011
Credit card receivables in foreign currencies	-	-	60,959	60,959
Bonds purchased under repurchase agreements	-	2,468,380	-	2,468,380
Privately placed bonds	-	729,994	-	729,994
	165,235,351	158,645,268	60,959	323,941,578
Proportion (%)	51.01	48.97	0.02	100.00
Less: Allowances for credit losses	(618,831)	(1,564,199)	(3,098)	(2,186,128)
	164,616,520	157,081,069	57,861	321,755,450

10.4 Changes in deferred loan origination fees and costs for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)	2021				
	Beginning	**Increase**	**Decrease**	**Others**	**Ending**
Deferred loan origination costs					
Loans in Korean won	590,064	327,891	(334,478)	-	583,477
Others	569	51	(451)	(1)	168
	590,633	327,942	(334,929)	(1)	583,645
Deferred loan origination fees					
Loans in Korean won	6,998	5,479	(2,400)	(1)	10,076
Loans in foreign currencies and others	43,025	31,216	(26,717)	3,620	51,144
	50,023	36,695	(29,117)	3,619	61,220
	540,610	291,247	(305,812)	(3,620)	522,425

(In millions of Korean won)	2020					
	Beginning	**Increase**	**Decrease**	**Business combination**	**Others**	**Ending**
Deferred loan origination costs						
Loans in Korean won	573,297	408,691	(391,924)	-	-	590,064
Others	914	417	(761)	-	(1)	569
	574,211	409,108	(392,685)	-	(1)	590,633
Deferred loan origination fees						
Loans in Korean won	6,135	3,812	(2,949)	-	-	6,998
Loans in foreign currencies and others	4,135	18,259	(23,388)	48,117	(4,098)	43,025
	10,270	22,071	(26,337)	48,117	(4,098)	50,023
	563,941	387,037	(366,348)	(48,117)	4,097	540,610

11. Allowances for Credit Losses

11.1 Changes in allowances for credit losses of loans for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	2021											
	Retail				Corporate				Credit card			
	12-month expected credit losses	Lifetime expected credit losses		Credit impaired approach	12-month expected credit losses	Lifetime expected credit losses		Credit impaired approach	12-month expected credit losses	Lifetime expected credit losses		Credit impaired approach
		Non-impaired	Impaired			Non-impaired	Impaired			Non-impaired	Impaired	
Beginning	270,545	177,665	170,621	-	333,135	388,522	843,225	-	74	-	3,024	-
Transfer between stages:												
Transfer to 12-month expected credit losses	118,301	(113,470)	(4,831)	-	133,653	(71,680)	(61,973)	-	7	-	(7)	-
Transfer to lifetime expected credit losses (non-impaired)	(91,250)	100,691	(9,441)	-	(71,169)	91,380	(20,211)	-	-	-	-	-
Transfer to lifetime expected credit losses (impaired)	(4,370)	(42,616)	46,986	-	(2,894)	(41,657)	44,551	-	-	-	-	-
Write-offs	-	12	(230,859)	-	-	(3)	(237,343)	-	-	-	(18,924)	-
Sales	(1,100)	(33)	(975)	-	(5)	-	(15,662)	-	-	-	-	-
Provision (reversal) for credit losses [1, 2]	6,837	51,691	221,946	-	(35,521)	87,382	334,073	-	955	-	35,003	-
Others (exchange differences, etc.)	70	519	2,186	-	9,101	674	29,641	-	42	-	422	-
Ending [3]	299,033	174,459	195,633	-	366,300	454,618	916,301	-	1,078	-	19,518	-

(In millions of Korean won)

	2020											
	Retail				Corporate				Credit card			
	12-month expected credit losses	Lifetime expected credit losses		Credit impaired approach	12-month expected credit losses	Lifetime expected credit losses		Credit impaired approach	12-month expected credit losses	Lifetime expected credit losses		Credit impaired approach
		Non-impaired	Impaired			Non-impaired	Impaired			Non-impaired	Impaired	
Beginning	179,286	176,857	118,428	-	194,520	260,784	406,086	-	-	-	-	-
Transfer between stages:												
Transfer to 12-month expected credit losses	117,689	(116,781)	(908)	-	114,049	(106,046)	(8,003)	-	14	-	(14)	-
Transfer to lifetime expected credit losses (non-impaired)	(85,474)	168,863	(83,389)	-	(55,506)	145,541	(90,035)	-	-	-	-	-
Transfer to lifetime expected credit losses (impaired)	(1,513)	(123,252)	124,765	-	(3,254)	(48,710)	51,964	-	(6)	-	6	-
Write-offs	-	(5)	(326,840)	-	-	(1)	(320,375)	-	-	-	(1,746)	-
Sales	(1,540)	(19)	(1,106)	-	(9)	-	(21,005)	-	-	-	-	-
Provision (reversal) for credit losses [1, 2]	17,730	64,548	296,963	-	(11,787)	114,375	175,556	-	(23)	-	394	-
Business combination	46,413	7,821	46,413	-	99,824	24,303	668,426	-	89	-	4,409	-
Others (exchange differences, etc.)	(2,046)	(367)	(3,705)	-	(4,702)	(1,724)	(19,389)	-	-	-	(25)	-
Ending [3]	270,545	177,665	170,621	-	333,135	388,522	843,225	-	74	-	3,024	-

[1] Provision (reversal) for credit losses in the consolidated statements of comprehensive income also includes provision (reversal) for credit losses of unused commitments, acceptances and guarantees (Note 22.2), provision (reversal) for credit losses of financial guarantee contracts (Note 22.4), provision (reversal) for credit losses of other financial assets (Note 18.2), provision (reversal) for credit losses of due from financial institutions (Note 7.3) and provision (reversal) for credit losses of debt securities (Note 12.5).

[2] Includes ₩ 230,758 million and ₩ 230,447 million of collections from written-off loans for the years ended December 31, 2021 and 2020, respectively.

[3] Includes additional allowances of ₩ 50,360 million and ₩ 43,777 million for industries and borrowers which are highly affected by COVID-19 and ₩ 17,801 million and ₩ 19,494 million due to expanding the scope of the loans subject to lifetime expected credit losses (non-impaired) as of December 31, 2021 and 2020, respectively. Includes additional allowances of ₩ 18,625 million due to expanding the scope of the loans subject to individual assessment as of December 31, 2020.

The Group manages the written-off loans that their legal extinctive prescriptions have not been completed, and that have not been collected. The balances of those loans are ₩ 7,939,987 million and ₩ 8,254,890 million as of December 31, 2021 and 2020, respectively.

11.2 Changes in gross carrying amount of loans for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	2021			
	12-month expected credit losses	Lifetime expected credit losses		Credit impaired approach
		Non-impaired	Impaired	
Beginning	302,701,700	24,106,892	2,710,714	-
Transfer between stages:				
Transfer to 12-month expected credit losses	30,120,605	(29,694,039)	(426,566)	-
Transfer to lifetime expected credit losses (non-impaired)	(34,694,281)	35,139,427	(445,146)	-
Transfer to lifetime expected credit losses (impaired)	(520,253)	(1,373,673)	1,893,926	-
Write-offs	-	10	(487,127)	-
Sales	(2,755,184)	(7,780)	(136,052)	-
Net increase (decrease) (execution, repayment, and others)	39,572,031	(1,785,994)	(347,569)	-
Ending	334,424,618	26,384,843	2,762,180	-

(In millions of Korean won)

	2020			
	12-month expected credit losses	Lifetime expected credit losses		Credit impaired approach
		Non-impaired	Impaired	
Beginning	274,457,085	19,198,678	1,211,631	-
Transfer between stages:				
Transfer to 12-month expected credit losses	25,096,700	(24,979,358)	(117,342)	-
Transfer to lifetime expected credit losses (non-impaired)	(31,612,866)	32,727,302	(1,114,436)	-
Transfer to lifetime expected credit losses (impaired)	(399,136)	(2,155,447)	2,554,583	-
Write-offs	-	(6)	(648,961)	-
Sales	(4,323,388)	(17,860)	(198,254)	-
Business combination	6,105,441	546,313	1,696,366	-
Net increase (decrease) (execution, repayment, and others)	33,377,864	(1,212,730)	(672,873)	-
Ending	302,701,700	24,106,892	2,710,714	-

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

12.1 Details of financial assets at fair value through profit or loss and financial investments as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)	December 31, 2021	December 31, 2020
Financial assets at fair value through profit or loss		
Debt securities:		
Government and public bonds	2,690,148	3,131,473
Financial bonds	7,710,531	6,884,798
Corporate bonds	1,804,306	1,716,852
Asset-backed securities	197,865	210,686
Beneficiary certificates	4,634,210	2,999,772
Investment funds	378,712	303,157
Derivative-linked securities	-	85,021
Other debt securities	1,097,316	376,083
Equity securities:		
Stocks	113,724	205,794
Loans:		
Other loans	93,930	38,756
Others:		
Financial instruments indexed to the price of gold	113,622	89,965
	18,834,364	16,042,357
Financial investments		
Financial assets at fair value through other comprehensive income		
Debt securities:		
Government and public bonds	6,147,357	5,952,887
Financial bonds	18,681,163	19,622,246
Corporate bonds	12,529,985	12,832,053
Asset-backed securities	782,401	1,553,489
Equity securities:		
Stocks	3,144,131	2,466,553
Equity investments	25,669	36,061
Loans:		
Privately placed bonds	269,609	234,780
	41,580,315	42,698,069
Financial assets at amortized cost		
Debt securities:		
Government and public bonds	5,742,284	2,182,128
Financial bonds	3,376,623	5,188,916
Corporate bonds	6,358,169	2,592,834
Asset-backed securities	6,659,710	5,596,461
Other debt securities	31,106	30,392
Less: Allowances for credit losses	(3,298)	(2,318)
	22,164,594	15,588,413
	63,744,909	58,286,482

12.2 Dividend income from equity securities designated at fair value through other comprehensive income for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)		2021		2020	
		From the equity securities derecognized	From the equity securities held	From the equity securities derecognized	From the equity securities held
Stocks	Listed	7,106	300	7,000	11,843
	Unlisted	372	10,148	-	10,706
Equity investments		-	-	-	285
		7,478	10,448	7,000	22,834

12.3 Derecognized equity securities measured at fair value through other comprehensive income for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)		2021		2020	
		Disposal price *	Accumulated other comprehensive loss as of disposal date	Disposal price *	Accumulated other comprehensive income as of disposal date
Stocks	Listed	575,288	(319,162)	516,883	326,394
	Unlisted	458	(162)	13	13
Equity investments		-	-	3	3
		575,746	(319,324)	516,899	326,410

* The stocks were disposed of according to the stock price increase and joint sale resolution.

12.4 Provision (reversal) for credit losses of financial investments for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)	2021		
	Provision	Reversal	Total
Financial assets at fair value through other comprehensive income	6,190	(384)	5,806
Securities measured at amortized cost	1,628	(662)	966
	7,818	(1,046)	6,772

(In millions of Korean won)	2020		
	Provision	Reversal	Total
Financial assets at fair value through other comprehensive income	3,289	(540)	2,749
Securities measured at amortized cost	1,713	(636)	1,077
	5,002	(1,176)	3,826

12.5 Changes in allowances for credit losses of financial investments for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	2021		
	12-month expected credit losses	Lifetime expected credit losses	
		Non-impaired	Impaired
Beginning	6,986	39	-
Transfer between stages:			
Transfer to 12-month expected credit losses	-	-	-
Transfer to lifetime expected credit losses	-	-	-
Sales	(1,567)	(4)	-
Provision (reversal) for credit losses	6,784	(12)	-
Others (exchange differences, etc.)	(34)	4	-
Ending	12,169	27	-

(In millions of Korean won)

	2020		
	12-month expected credit losses	Lifetime expected credit losses	
		Non-impaired	Impaired
Beginning	3,821	-	-
Transfer between stages:			
Transfer to 12-month expected credit losses	-	-	-
Transfer to lifetime expected credit losses	-	-	-
Sales	(589)	-	-
Provision for credit losses	3,787	39	-
Others (exchange differences, etc.)	(33)	-	-
Ending	6,986	39	-

13. Investments in Associates

13.1 Details of investments in associates as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021					
	Ownership (%)	Acquisition cost	Share of net asset amount	Carrying amount	Industry	Location
Korea Credit Bureau Co., Ltd. [1]	9.00	4,500	4,497	4,497	Credit information	Korea
Balhae Infrastructure Company [1]	12.61	105,923	99,785	99,785	Investment finance	Korea
Incheon Bridge Co., Ltd. [1]	14.99	9,159	(19,481)	-	Operation of highways and related facilities	Korea
KB SPROTT Renewable Private Equity Fund No.1	30.00	4,613	3,726	3,726	Investment finance	Korea
KB Digital Innovation & Growth New Technology Business Investment Fund	45.00	4,500	4,098	4,098	Discovery of and investment in promising FinTech-business venture	Korea
KB Digital Platform Fund	46.67	12,600	12,599	12,599	Digital platform and Tech-based investment in promising companies	Korea
Future Planning KB Start-up Creation Fund	50.00	3,900	10,275	10,275	Investment finance	Korea
KB High-tech Company Investment Fund	50.00	1,500	10,493	10,493	Investment finance	Korea
Aju Good Technology Venture Fund	38.47	12,344	22,926	22,921	Investment finance	Korea
KB-KDBC Pre-IPO New Technology Business Investment Fund	33.33	4,400	5,895	5,895	Investment finance	Korea
KB-TS Technology Venture Private Equity Fund	30.00	7,650	9,015	9,015	Investment finance	Korea
KB Intellectual Property Fund No.2	37.50	15,000	13,838	14,588	Investment finance	Korea
KB Digital Innovation Investment Fund Limited Partnership	25.74	35,000	35,517	35,517	Investment finance	Korea
KB-Brain KOSDAQ Scale-up New Technology Business Investment Fund	21.28	13,000	14,834	14,834	Investment finance	Korea
KB Global Platform Fund	22.73	42,000	49,946	49,946	Investment finance	Korea
KB-UTC Inno-Tech Venture Fund	29.53	14,250	13,982	13,982	Investment finance	Korea
WJ Private Equity Fund No.1	26.95	10,000	9,604	9,604	Investment finance	Korea
KB-KDBC Pre-IPO New Technology Business Investment Fund No.2	28.57	10,000	9,571	9,571	Investment finance	Korea
KB Smart Scale Up Fund	25.00	31,000	31,217	31,217	Investment finance	Korea
KB Bio Global Expansion Private Equity Fund No.1	26.32	10,000	9,978	9,978	Investment finance	Korea
KB-KTB Technology Venture Fund	27.27	3,000	2,975	2,975	Investment finance	Korea
KB-SOLIDUS Healthcare Investment Fund	29.41	600	600	600	Investment finance	Korea
KB New Deal Innovation Fund	20.00	4,000	3,991	3,991	Investment finance	Korea
All Together Korea Fund No.2 [2]	99.99	10,000	10,070	10,070	Asset management	Korea
Shinla Construction Co., Ltd. [3]	20.17	-	(551)	-	Specialty construction	Korea
Terra Corporation [3]	24.06	-	2	-	Manufacture of fabricated and processed metal products	Korea
MJT&I Corp. [3]	22.89	-	(881)	-	Wholesale of other merchandise	Korea

Jungdong Steel Co., Ltd. [3]	42.65	-	(433)	-	Wholesale of primary metal	Korea
DSMETAL Co., Ltd. [3]	26.49	-	(100)	-	Manufacture of metal door, windows, shutter and relevant products	Korea
Shinhwa Underwear Co., Ltd. [3]	26.05	-	(41)	198	Manufacture of underwear and sleepwear	Korea
Jaeyang Industry Co., Ltd. [3]	20.86	-	(552)	-	Manufacture of luggage and other protective cases	Korea
Kendae Co., Ltd. [3]	41.01	-	(252)	98	Screen printing	Korea
Jinseung Tech Co., Ltd. [3]	30.04	-	(206)	-	Manufacture of other general-purpose machinery	Korea
Dongjo Co., Ltd. [3]	29.29	-	712	21	Wholesale of agricultural and forestry machinery and equipment	Korea
Korea NM Tech Co., Ltd. [3]	22.41	-	552	-	Manufacture of motor vehicles, trailers and semitrailers	Korea
Jungdo Co., Ltd. [3]	25.34	-	1,105	-	Office, commercial and institutional building construction	Korea
Dae-A Leisure Co., Ltd. [3]	49.36	-	833	-	Earth works	Korea
Chongil Machine & Tools Co., Ltd. [3]	20.40	-	(171)	-	Wholesale of machinery and equipment	Korea
Imt Technology Co., Ltd. [3]	25.29	-	25	6	Computer Peripherals Distribution	Korea
Iwon Alloy Co., Ltd. [3]	23.20	-	394	-	Manufacture of smelting, refining and alloys	Korea
Carlife Co., Ltd. [3]	24.39	-	(62)	13	Publishing of magazines and periodicals (publishing industry)	Korea
Computerlife Co., Ltd. [3]	25.41	-	(137)	44	Publishing of magazines and periodicals (publishing industry)	Korea
Skydigital Inc. [3]	20.40	-	(316)	-	Manufacture of multimedia and video devices	Korea
Jo Yang Industrial Co., Ltd. [3]	22.77	-	(29)	-	Manufacture of special glass	Korea
Il-Kwang Electronic Materials Co., Ltd. [3]	29.06	-	(557)	-	Manufacture of electronic parts	Korea
So-Myung Recycling Co., Ltd. [3]	20.23	-	215	31	Manufacture of nonferrous metal	Korea
IDTECK Co., Ltd. [3]	20.54	-	(208)	-	Other manufacturing of wireless telecommunications equipment	Korea
PIP System Co., Ltd. [3]	20.72	-	27	-	Print equipment	Korea
Gwang Myung Paper Co., Ltd. [3]	20.54	-	84	-	Wholesale of luggage and other protective cases	Korea
D-Partner [3]	20.94	-	816	369	Backlight film	Korea
Inter Shipping Co., Ltd. [3]	42.09	-	(17)	-	Sea freight water transport	Korea
Chunsung-meat Co., Ltd. [3]	26.74	-	270	-	Wholesale of meat	Korea
DS Fashionbiz Co., Ltd. [3]	47.64	-	(1)	-	Manufacture of textiles	Korea
		368,939	370,472	390,957		

(In millions of Korean won)

	December 31, 2020					
	Ownership (%)	Acquisition cost	Share of net asset amount	Carrying amount	Industry	Location
Korea Credit Bureau Co., Ltd. [1]	9.00	4,500	7,153	7,153	Credit information	Korea
Balhae Infrastructure Company [1]	12.61	106,107	106,625	106,625	Investment finance	Korea
KB GwS Private Securities Investment Trust	20.93	89,124	111,772	111,772	Investment finance	Korea
Incheon Bridge Co., Ltd. [1]	14.99	9,159	(18,100)	-	Operation of highways and related facilities	Korea
KB SPROTT Renewable Private Equity Fund No.1	30.00	4,613	4,020	4,020	Investment finance	Korea
KB Digital Innovation & Growth New Technology Business Investment Fund	45.00	3,375	3,051	3,051	Discovery of and investment in promising FinTech-business venture	Korea
Future Planning KB Start-up Creation Fund	50.00	6,700	12,324	12,324	Investment finance	Korea
KoFC POSCO Hanwha KB Shared Growth Private Equity Fund No.2	20.00	7,792	7,876	7,876	Investment finance	Korea
KB High-tech Company Investment Fund	50.00	4,800	19,962	19,962	Investment finance	Korea
Aju Good Technology Venture Fund	38.47	17,113	21,353	21,348	Investment finance	Korea
KB-KDBC Pre-IPO New Technology Business Investment Fund	33.33	6,800	8,021	8,021	Investment finance	Korea
KB-TS Technology Venture Private Equity Fund	30.00	8,880	9,445	9,445	Investment finance	Korea
KB Intellectual Property Fund No.2	37.50	15,000	14,367	15,000	Investment finance	Korea
KB Digital Innovation Investment Fund Limited Partnership	25.74	35,000	32,999	34,749	Investment finance	Korea
KB-Brain KOSDAQ Scale-up New Technology Business Investment Fund	21.28	13,400	13,756	13,756	Investment finance	Korea
KB Global Platform Fund	22.73	28,500	25,507	28,007	Investment finance	Korea
KB-UTC Inno-Tech Venture Fund	29.53	11,610	11,332	11,332	Investment finance	Korea
WJ Private Equity Fund No.1	26.95	10,000	9,711	9,711	Investment finance	Korea
KB-KDBC Pre-IPO New Technology Business Investment Fund No.2	28.57	2,500	2,493	2,493	Investment finance	Korea
KB Smart Scale Up Fund	25.00	4,000	3,993	3,993	Investment finance	Korea
All Together Korea Fund No.2 [2]	99.99	10,000	10,023	10,023	Asset management	Korea
Shinla Construction Co., Ltd. [3]	20.17	-	(551)	-	Specialty construction	Korea
Terra Corporation [3]	24.06	-	2	-	Manufacture of fabricated and processed metal products	Korea
MJT&I Corp. [3]	22.89	-	(615)	113	Wholesale of other merchandise	Korea
Jungdong Steel Co., Ltd. [3]	42.65	-	(433)	-	Wholesale of primary metal	Korea
DSMETAL Co., Ltd. [3]	26.49	-	(62)	-	Manufacture of metal door, windows, shutter and relevant products	Korea
Shinhwa Underwear Co., Ltd. [3]	26.05	-	(18)	222	Manufacture of underwear and sleepwear	Korea
DPAPS Co., Ltd. [3]	38.62	-	(19)	-	Wholesale of paper	Korea
Jaeyang Industry Co., Ltd. [3]	20.86	-	(552)	-	Manufacture of luggage and	Korea

					other protective cases	
Kendae Co., Ltd. [3]	41.01	-	(252)	98	Screen printing	Korea
Jinseung Tech Co., Ltd. [3]	30.04	-	(194)	-	Manufacture of other general-purpose machinery	Korea
Dongjo Co., Ltd. [3]	29.29	-	709	18	Wholesale of agricultural and forestry machinery and equipment	Korea
Korea NM Tech Co., Ltd. [3]	22.41	-	552	-	Manufacture of motor vehicles, trailers and semitrailers	Korea
Jungdo Co., Ltd. [3]	25.34	-	1,342	-	Office, commercial and institutional building construction	Korea
Dae-A Leisure Co., Ltd. [3]	49.36	-	1,184	149	Earth works	Korea
Chongil Machine & Tools Co., Ltd. [3]	20.40	-	(126)	-	Wholesale of machinery and equipment	Korea
Imt Technology Co., Ltd. [3]	25.29	-	16	-	Computer Peripherals Distribution	Korea
Iwon Alloy Co., Ltd. [3]	23.20	-	394	-	Manufacture of smelting, refining and alloys	Korea
Carlife Co., Ltd. [3]	24.39	-	(64)	11	Publishing of magazines and periodicals (publishing industry)	Korea
Computerlife Co., Ltd. [3]	25.41	-	(132)	48	Publishing of magazines and periodicals (publishing industry)	Korea
Skydigital Inc. [3]	20.40	-	(248)	-	Manufacture of multimedia and video devices	Korea
Jo Yang Industrial Co., Ltd. [3]	22.77	-	(21)	-	Manufacture of special glass	Korea
Il-Kwang Electronic Materials Co., Ltd. [3]	29.06	-	(398)	-	Manufacture of electronic parts	Korea
So-Myung Recycling Co., Ltd. [3]	20.23	-	189	5	Manufacture of nonferrous metal	Korea
IDTECK Co., Ltd. [3]	32.80	-	(280)	-	Other manufacturing of wireless telecommunications equipment	Korea
PIP System Co., Ltd. [3]	20.72	-	27	-	Print equipment	Korea
Neomio Corp. [3]	21.34	-	(69)	-	Wholesale of household packing	Korea
Gwang Myung Paper Co., Ltd. [3]	20.54	-	84	-	Wholesale of luggage and other protective cases	Korea
D-Partner [3]	20.94	-	447	-	Backlight film	Korea
		398,973	418,595	441,325		

[1] As of December 31, 2021 and 2020, the Group can exercise significant influence on the decision-making processes of the associate's financial and business policies through participation in governing bodies.

[2] As of December 31, 2021 and 2020, the Group participates in the investment management committee but cannot exercise control.

[3] The investment in associates was reclassified from financial assets at fair value through other comprehensive income due to termination of rehabilitation procedures.

Although the Group holds 20% or more of the ownership in several investment trusts including KB Hanbando BTL Private Special Asset Fund No.1, those investment trusts are excluded from associates because the Group's influence on those trusts is limited according to the trust agreement. In addition, the Group holds 20% or more of its ownership in Orient shipyard Co., Ltd. and seven other companies, but those companies are excluded from associates, because the Group's influence on those companies is limited due to the status of those companies such as bankruptcy and rehabilitation proceedings.

13.2 Condensed financial information, adjustments to the carrying amount, and dividend from major investments in associates as of and for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021 *						
	Total assets	**Total liabilities**	**Paid-in capital**	**Equity**	**Share of net asset amount**	**Unrealized gains (losses) and others**	**Carrying amount**
Korea Credit Bureau Co., Ltd.	128,297	78,328	10,000	49,969	4,497	-	4,497
Balhae Infrastructure Company	853,961	62,336	840,323	791,625	99,785	-	99,785
Incheon Bridge Co., Ltd.	560,570	690,530	61,096	(129,960)	(19,481)	19,481	-
KB SPROTT Renewable Private Equity Fund No.1	13,886	1,467	15,376	12,419	3,726	-	3,726
KB Digital Innovation & Growth New Technology Business Investment Fund	9,107	-	10,000	9,107	4,098	-	4,098
KB Digital Platform Fund	27,000	2	27,000	26,998	12,599	-	12,599
Future Planning KB Start-up Creation Fund	23,058	2,508	7,800	20,550	10,275	-	10,275
KB High-tech Company Investment Fund	23,722	2,736	3,000	20,986	10,493	-	10,493
Aju Good Technology Venture Fund	64,303	4,703	32,100	59,600	22,926	(5)	22,921
KB-KDBC Pre-IPO New Technology Business Investment Fund	18,069	385	13,200	17,684	5,895	-	5,895
KB-TS Technology Venture Private Equity Fund	35,280	5,229	25,500	30,051	9,015	-	9,015
KB Intellectual Property Fund No.2	38,307	1,406	40,000	36,901	13,838	750	14,588
KB Digital Innovation Investment Fund Limited Partnership	138,678	667	136,000	138,011	35,517	-	35,517
KB-Brain KOSDAQ Scale-up New Technology Business Investment Fund	69,943	221	61,100	69,722	14,834	-	14,834
KB Global Platform Fund	222,749	2,987	184,800	219,762	49,946	-	49,946
KB-UTC Inno-Tech Venture Fund	47,848	497	48,260	47,351	13,982	-	13,982
WJ Private Equity Fund No.1	35,799	170	37,100	35,629	9,604	-	9,604
KB-KDBC Pre-IPO New Technology Business Investment Fund No.2	33,499	-	35,000	33,499	9,571	-	9,571

KB Smart Scale Up Fund	124,924	55	124,000	124,869	31,217	-	31,217
KB Bio Global Expansion Private Equity Fund No.1	38,031	115	38,000	37,916	9,978	-	9,978
KB-KTB Technology Venture Fund	11,008	101	11,000	10,907	2,975	-	2,975
KB-SOLIDUS Healthcare Investment Fund	2,040	-	2,040	2,040	600	-	600
KB New Deal Innovation Fund	20,006	52	20,000	19,954	3,991	-	3,991
All Together Korea Fund No.2	10,072	1	10,001	10,071	10,070	-	10,070

(In millions of Korean won)

	2021 *				
	Operating revenue	**Net profit (loss)**	**Other comprehensive income**	**Total comprehensive income (loss)**	**Dividends**
Korea Credit Bureau Co., Ltd.	128,150	(27,327)	-	(27,327)	90
Balhae Infrastructure Company	97,833	19,559	-	19,559	9,121
Incheon Bridge Co., Ltd.	84,068	(16,219)	-	(16,219)	-
KB SPROTT Renewable Private Equity Fund No.1	-	(983)	-	(983)	-
KB Digital Innovation & Growth New Technology Business Investment Fund	3	(174)	-	(174)	-
KB Digital Platform Fund	-	(2)	-	(2)	-
Future Planning KB Start-up Creation Fund	1,941	1,502	-	1,502	-
KB High-tech Company Investment Fund	8,372	3,962	-	3,962	8,150
Aju Good Technology Venture Fund	22,486	15,407	-	15,407	-
KB-KDBC Pre-IPO New Technology Business Investment Fund	530	120	-	120	-
KB-TS Technology Venture Private Equity Fund	2,094	(1,151)	-	(1,151)	-
KB Intellectual Property Fund No.2	1,102	(1,411)	-	(1,411)	-
KB Digital Innovation Investment Fund Limited Partnership	19,411	9,786	-	9,786	-
KB-Brain KOSDAQ Scale-up New Technology Business Investment Fund	14,244	8,495	-	8,495	-
KB Global Platform Fund	61,830	48,130	-	48,130	-
KB-UTC Inno-Tech Venture Fund	1,080	32	-	32	-
WJ Private Equity Fund No.1	291	(398)	-	(398)	-
KB-KDBC Pre-IPO New Technology Business Investment Fund No.2	716	(808)	(667)	(1,475)	-
KB Smart Scale Up Fund	4,221	897	-	897	-
KB Bio Global Expansion Private Equity Fund No.1	91	(84)	-	(84)	-
KB-KTB Technology Venture Fund	8	(93)	-	(93)	-
KB New Deal Innovation Fund	6	(46)	-	(46)	-
All Together Korea Fund No.2	53	47	-	47	-

(In millions of Korean won)

	December 31, 2020 *						
	Total assets	Total liabilities	Paid-in capital	Equity	Share of net asset amount	Unrealized gains (losses) and others	Carrying amount
Korea Credit Bureau Co., Ltd.	117,077	37,599	10,000	79,478	7,153	-	7,153
Balhae Infrastructure Company	847,758	1,870	841,784	845,888	106,625	-	106,625
KB GwS Private Securities Investment Trust	534,764	741	425,814	534,023	111,772	-	111,772
Incheon Bridge Co., Ltd.	579,387	700,134	61,096	(120,747)	(18,100)	18,100	-
KB SPROTT Renewable Private Equity Fund No.1	13,896	497	15,376	13,399	4,020	-	4,020
KB Digital Innovation & Growth New Technology Business Investment Fund	6,782	1	7,500	6,781	3,051	-	3,051
Future Planning KB Start-up Creation Fund	27,224	2,576	13,400	24,648	12,324	-	12,324
KoFC POSCO Hanwha KB Shared Growth Private Equity Fund No.2	42,585	3,205	38,960	39,380	7,876	-	7,876
KB High-tech Company Investment Fund	40,597	673	9,600	39,924	19,962	-	19,962
Aju Good Technology Venture Fund	57,776	2,265	44,500	55,511	21,353	(5)	21,348
KB-KDBC Pre-IPO New Technology Business Investment Fund	24,655	592	20,400	24,063	8,021	-	8,021
KB-TS Technology Venture Private Equity Fund	34,972	3,490	29,600	31,482	9,445	-	9,445
KB Intellectual Property Fund No.2	38,926	614	40,000	38,312	14,367	633	15,000
KB Digital Innovation Investment Fund Limited Partnership	130,952	2,728	136,000	128,224	32,999	1,750	34,749
KB-Brain KOSDAQ Scale-up New Technology Business Investment Fund	64,968	313	62,980	64,655	13,756	-	13,756
KB Global Platform Fund	115,243	3,011	125,400	112,232	25,507	2,500	28,007
KB-UTC Inno-Tech Venture Fund	38,585	206	39,319	38,379	11,332	-	11,332
WJ Private Equity Fund No.1	36,197	170	37,100	36,027	9,711	-	9,711
KB-KDBC Pre-IPO New Technology Business Investment Fund No.2	8,724	-	8,750	8,724	2,493	-	2,493
KB Smart Scale Up Fund	16,000	29	16,000	15,971	3,993	-	3,993
All Together Korea Fund No.2	10,025	1	10,001	10,024	10,023	-	10,023

(In millions of Korean won)

	2020 *				
	Operating revenue	Net profit (loss)	Other comprehensive income	Total comprehensive income (loss)	Dividends
Korea Credit Bureau Co., Ltd.	107,810	13,391	-	13,391	90
Balhae Infrastructure Company	63,781	89,757	-	89,757	6,973
KB GwS Private Securities Investment Trust	48,501	47,520	-	47,520	7,453
Incheon Bridge Co., Ltd.	70,345	(23,200)	-	(23,200)	-
KB SPROTT Renewable Private Equity Fund No.1	1	(991)	-	(991)	-
KB Digital Innovation & Growth New Technology Business Investment Fund	4	(250)	21	(229)	-
Future Planning KB Start-up Creation Fund	4,765	1,006	-	1,006	-
KoFC POSCO Hanwha KB Shared Growth Private Equity Fund No.2	1,629	626	-	626	-
KB High-tech Company Investment Fund	8,183	3,216	-	3,216	5,000
Aju Good Technology Venture Fund	8,685	2,815	-	2,815	-
KB-KDBC Pre-IPO New Technology Business Investment Fund	5,151	4,421	-	4,421	-
KB-TS Technology Venture Private Equity Fund	5,342	4,051	-	4,051	-
KB Intellectual Property Fund No.2	970	(392)	-	(392)	-
KB Digital Innovation Investment Fund Limited Partnership	4,376	(4,553)	-	(4,553)	-
KB-Brain KOSDAQ Scale-up New Technology Business Investment Fund	5,257	3,013	-	3,013	-
KB Global Platform Fund	57	(9,995)	-	(9,995)	-
KB-UTC Inno-Tech Venture Fund	-	(866)	-	(866)	-
WJ Private Equity Fund No.1	2	(1,073)	-	(1,073)	-
KB-KDBC Pre-IPO New Technology Business Investment Fund No.2	1	(26)	-	(26)	-
KB Smart Scale Up Fund	1	(28)	-	(28)	-
All Together Korea Fund No.2	187	150	-	150	-

* The condensed financial information of the associates 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 for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	2021						
	Beginning	Acquisition and others	Disposal and others	Dividends	Gains (losses) on equity-method accounting	Other comprehen-sive income (loss)	Ending
Korea Credit Bureau Co., Ltd.	7,153	-	-	(90)	(2,566)	-	4,497
Balhae Infrastructure Company	106,625	279	(463)	(9,121)	2,465	-	99,785
KB GwS Private Securities Investment Trust	111,772	-	(111,772)	-	-	-	-
Incheon Bridge Co., Ltd.	-	-	-	-	-	-	-
KB SPROTT Renewable Private Equity Fund No.1	4,020	-	-	-	(294)	-	3,726
KB Digital Innovation & Growth New Technology Business Investment Fund	3,051	1,125	-	-	(78)	-	4,098
KB Digital Platform Fund	-	12,600	-	-	(1)	-	12,599
Future Planning KB Start-up Creation Fund	12,324	-	(2,800)	-	751	-	10,275
KoFC POSCO Hanwha KB Shared Growth Private Equity Fund No.2	7,876	-	(7,780)	(1,696)	1,600	-	-
KB High-tech Company Investment Fund	19,962	-	(3,300)	(8,150)	1,981	-	10,493
Aju Good Technology Venture Fund	21,348	-	(4,769)	-	6,342	-	22,921
KB-KDBC Pre-IPO New Technology Business Investment Fund	8,021	-	(2,400)	-	274	-	5,895
KB-TS Technology Venture Private Equity Fund	9,445	1,650	(2,880)	-	800	-	9,015
KB Intellectual Property Fund No.2	15,000	-	-	-	(412)	-	14,588
KB Digital Innovation Investment Fund Limited Partnership	34,749	-	-	-	768	-	35,517
KB-Brain KOSDAQ Scale-up New Technology Business Investment Fund	13,756	5,000	(5,400)	-	1,478	-	14,834
KB Global Platform Fund	28,007	13,500	-	-	8,439	-	49,946
KB-UTC Inno-Tech Venture Fund	11,332	3,390	(750)	-	10	-	13,982
WJ Private Equity Fund No.1	9,711	-	-	-	(107)	-	9,604
KB-KDBC Pre-IPO New Technology Business Investment Fund No.2	2,493	7,500	-	-	(231)	(191)	9,571
KB Smart Scale Up Fund	3,993	27,000	-	-	224	-	31,217
KB Bio Global Expansion Private Equity Fund No.1	-	10,000	-	-	(22)	-	9,978
KB-KTB Technology Venture Fund	-	3,000	-	-	(25)	-	2,975
KB-SOLIDUS Healthcare Investment Fund	-	600	-	-	-	-	600

KB New Deal Innovation Fund	-	4,000	-	-	(9)	-	3,991
All Together Korea Fund No.2	10,023	-	-	-	47	-	10,070
Shinla Construction Co., Ltd.	-	-	-	-	-	-	-
Terra Corporation	-	-	-	-	-	-	-
MJT&I Corp.	113	-	-	-	(113)	-	-
Jungdong Steel Co., Ltd.	-	-	-	-	-	-	-
DSMETAL Co., Ltd.	-	-	-	-	-	-	-
Shinhwa Underwear Co., Ltd.	222	-	-	-	(24)	-	198
DPAPS Co., Ltd.	-	-	-	-	-	-	-
Jaeyang Industry Co., Ltd.	-	-	-	-	-	-	-
Kendae Co., Ltd.	98	-	-	-	-	-	98
Jinseung Tech Co., Ltd.	-	-	-	-	-	-	-
Dongjo Co., Ltd.	18	-	-	-	3	-	21
Korea NM Tech Co., Ltd.	-	-	-	-	-	-	-
Jungdo Co., Ltd.	-	-	-	-	-	-	-
Dae-A Leisure Co., Ltd.	149	-	-	-	(149)	-	-
Chongil Machine & Tools Co., Ltd.	-	-	-	-	-	-	-
Imt Technology Co., Ltd.	-	-	-	-	6	-	6
Iwon Alloy Co., Ltd.	-	-	-	-	-	-	-
Carlife Co., Ltd.	11	-	-	-	2	-	13
Computerlife Co., Ltd.	48	-	-	-	(4)	-	44
Skydigital Inc.	-	-	-	-	-	-	-
Jo Yang Industrial Co., Ltd.	-	-	-	-	-	-	-
Il-Kwang Electronic Materials Co., Ltd.	-	-	-	-	-	-	-
So-Myung Recycling Co., Ltd.	5	-	-	-	26	-	31
IDTECK Co., Ltd.	-	-	-	-	-	-	-
PIP System Co., Ltd.	-	-	-	-	-	-	-
Neomio Corp.	-	-	-	-	-	-	-
Gwang Myung Paper Co., Ltd.	-	-	-	-	-	-	-
D-Partner	-	-	-	-	(49)	418	369
Inter Shipping Co., Ltd.	-	-	-	-	-	-	-
Chunsung-meat Co., Ltd.	-	-	-	-	-	-	-
DS Fashionbiz Co., Ltd.	-	-	-	-	-	-	-
	441,325	89,644	(142,314)	(19,057)	21,132	227	390,957

(In millions of Korean won)

2020

	Beginning	Acquisition and others	Disposal and others	Dividends	Gains (losses) on equity-method accounting	Other comprehen-sive income (loss)	Ending
Korea Credit Bureau Co., Ltd.	5,991	-	-	(90)	1,252	-	7,153
Balhae Infrastructure Company	101,390	894	-	(6,973)	11,314	-	106,625
KB GwS Private Securities Investment Trust	108,026	-	-	(7,453)	11,199	-	111,772
Incheon Bridge Co., Ltd.	-	-	-	-	-	-	-
KB SPROTT Renewable Private Equity Fund No.1	1,031	3,286	-	-	(297)	-	4,020
KB Digital Innovation & Growth New Technology Business Investment Fund	2,030	1,125	-	-	(113)	9	3,051
KB12-1 Venture Investment Partnership	53,535	-	(16,024)	(38,578)	1,067	-	-

Future Planning KB Start-up Creation Fund	15,021	-	(3,200)	-	503	-	12,324
KoFC POSCO Hanwha KB Shared Growth Private Equity Fund No.2	10,892	-	(2,584)	-	(432)	-	7,876
KB High-tech Company Investment Fund	31,904	-	(8,550)	(5,000)	1,608	-	19,962
Aju Good Technology Venture Fund	23,016	-	(2,885)	-	1,217	-	21,348
KB-KDBC Pre-IPO New Technology Business Investment Fund	9,494	-	(3,200)	-	1,727	-	8,021
KB-TS Technology Venture Private Equity Fund	10,570	1,200	(2,940)	-	615	-	9,445
KB Intellectual Property Fund No.2	8,514	6,000	-	-	486	-	15,000
KB Digital Innovation Investment Fund Limited Partnership	31,371	2,800	-	-	578	-	34,749
KB-Brain KOSDAQ Scale-up New Technology Business Investment Fund	10,252	4,000	(1,600)	-	1,104	-	13,756
KB Global Platform Fund	18,779	9,000	-	-	228	-	28,007
KB-UTC Inno-Tech Venture Fund	278	11,310	-	-	(256)	-	11,332
WJ Private Equity Fund No.1	-	10,000	-	-	(289)	-	9,711
KB-KDBC Pre-IPO New Technology Business Investment Fund No.2	-	2,500	-	-	(7)	-	2,493
KB Smart Scale Up Fund	-	4,000	-	-	(7)	-	3,993
All Together Korea Fund No.2	-	100,000	(90,000)	-	150	(127)	10,023
Shinla Construction Co., Ltd.	-	-	-	-	-	-	-
Terra Corporation	-	-	-	-	-	-	-
MJT&I Corp.	116	-	-	-	(3)	-	113
Jungdong Steel Co., Ltd.	-	-	-	-	-	-	-
DSMETAL Co., Ltd.	-	-	-	-	-	-	-
Shinhwa Underwear Co., Ltd.	256	-	-	-	(34)	-	222
DPAPS Co., Ltd.	-	-	-	-	-	-	-
Jaeyang Industry Co., Ltd.	-	-	-	-	-	-	-
Kendae Co., Ltd.	98	-	-	-	-	-	98
Jinseung Tech Co., Ltd.	-	-	-	-	-	-	-
Dongjo Co., Ltd.	115	-	-	-	(97)	-	18
Korea NM Tech Co., Ltd.	-	-	-	-	-	-	-
Jungdo Co., Ltd.	-	-	-	-	-	-	-
Dae-A Leisure Co., Ltd.	578	-	-	-	(731)	302	149
Chongil Machine & Tools Co., Ltd.	-	-	-	-	-	-	-
Imt Technology Co., Ltd.	3	-	-	-	(3)	-	-
Iwon Alloy Co., Ltd.	-	-	-	-	-	-	-
Carlife Co., Ltd.	-	-	-	-	11	-	11
Computerlife Co., Ltd.	69	-	(29)	-	8	-	48
Skydigital Inc.	-	-	-	-	-	-	-
Jo Yang Industrial Co., Ltd.	-	-	-	-	-	-	-
Il-Kwang Electronic Materials Co., Ltd.	-	-	-	-	-	-	-
So-Myung Recycling Co., Ltd.	-	-	-	-	(50)	55	5
IDTECK Co., Ltd.	-	-	-	-	-	-	-

Seyoon Development Company	-	-	-	-	-	-	-
PIP System Co., Ltd.	-	-	-	-	-	-	-
Neomio Corp.	-	-	-	-	-	-	-
Gwang Myung Paper Co., Ltd.	-	-	-	-	-	-	-
D-Partner	-	-	-	-	-	-	-
PT Bank KB Bukopin Tbk *	121,382	43,909	(54,069)	-	(107,258)	(3,964)	-
	564,711	200,024	(185,081)	(58,094)	(76,510)	(3,725)	441,325

* The investment was reclassified from associates to subsidiaries during the year ended December 31, 2020 due to additional share purchase.

13.4 Unrecognized share of losses of investments in associates and joint ventures due to the discontinuation of recognizing share of losses, for the years ended December 31, 2021 and 2020, and accumulated amount of unrecognized losses as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)	**Unrecognized losses for the period**		**Accumulated unrecognized losses**	
	2021	**2020**	**December 31, 2021**	**December 31, 2020**
Incheon Bridge Co., Ltd.	1,381	3,354	19,481	18,100
Shinla Construction Co., Ltd.	-	-	183	183
Terra Corporation	-	-	14	14
MJT&I Corp.	152	-	152	-
Jungdong Steel Co., Ltd.	-	-	487	487
DSMETAL Co., Ltd.	38	-	103	65
Jaeyang Industry Co., Ltd.	-	-	30	30
Jinseung Tech Co., Ltd.	12	-	33	21
Korea NM Tech Co., Ltd.	(1)	-	28	28
Jungdo Co., Ltd.	237	150	547	310
Dae-A Leisure Co., Ltd.	202		202	
Chongil Machine & Tools Co., Ltd.	45	-	64	19
Imt Technology Co., Ltd.	(3)	3	-	3
Skydigital Inc.	68	-	173	106
Jo Yang Industrial Co., Ltd.	8	96	104	96
Il-Kwang Electronic Materials Co., Ltd.	160	-	160	-
IDTECK Co., Ltd.	(72)	216	144	216
DPAPS Co., Ltd.	-	19	-	358
Inter Shipping Co., Ltd.	117	-	117	-
	2,344	3,838	22,022	20,036

14. Property and Equipment, and Investment Properties

14.1 Property and Equipment

14.1.1 Details of property and equipment as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)	December 31, 2021			
	Acquisition cost	Accumulated depreciation	Accumulated impairment losses	Carrying amount
Land	2,063,213	-	(4)	2,063,209
Buildings	1,784,823	(559,430)	(5,747)	1,219,646
Leasehold improvements	869,957	(806,283)	-	63,674
Equipment and vehicles	1,396,243	(1,228,189)	-	168,054
Construction in-progress	28,226	-	-	28,226
Right-of-use assets	957,169	(566,035)	-	391,134
	7,099,631	(3,159,937)	(5,751)	3,933,943

(In millions of Korean won)	December 31, 2020			
	Acquisition cost	Accumulated depreciation	Accumulated impairment losses	Carrying amount
Land	2,082,890	-	(1,018)	2,081,872
Buildings	1,784,421	(529,020)	(5,859)	1,249,542
Leasehold improvements	830,140	(760,926)	-	69,214
Equipment and vehicles	1,363,077	(1,172,235)	-	190,842
Construction in-progress	34,275	-	-	34,275
Right-of-use assets	824,242	(408,093)	-	416,149
	6,919,045	(2,870,274)	(6,877)	4,041,894

14.1.2 Changes in property and equipment for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	2021						
	Beginning	Acquisition	Transfer [2]	Disposal	Depreciation	Others	Ending
Land	2,081,872	1,106	(42,175)	(731)	-	23,137	2,063,209
Buildings	1,249,542	1,237	12,248	(3,869)	(45,465)	5,953	1,219,646
Leasehold Improvements	69,214	1,841	39,453	(736)	(46,774)	676	63,674
Equipment and vehicles	190,842	87,034	2,743	(981)	(114,625)	3,041	168,054
Construction in-progress	34,275	107,463	(92,288)	(8,435)	-	(12,789)	28,226
Right-of-use assets [1]	416,149	489,810	-	(306,818)	(214,738)	6,731	391,134
	4,041,894	688,491	(80,019)	(321,570)	(421,602)	26,749	3,933,943

(In millions of Korean won)

	2020							
	Beginning	Acquisition	Transfer [2]	Disposal	Depreciation	Business combination	Others	Ending
Land	1,984,352	6,361	(77,272)	-	-	171,526	(3,095)	2,081,872
Buildings	996,330	41,662	199,578	(227)	(38,224)	51,325	(902)	1,249,542
Leasehold improvements	91,199	1,170	35,140	(383)	(60,362)	2,780	(330)	69,214
Equipment and vehicles	261,726	71,083	3,147	(1,833)	(156,181)	13,600	(700)	190,842
Construction in-progress	85,953	220,202	(291,247)	-	-	19,999	(632)	34,275
Right-of-use assets [1]	364,814	389,952	-	(190,817)	(215,206)	45,438	21,968	416,149
	3,784,374	730,430	(130,654)	(193,260)	(469,973)	304,668	16,309	4,041,894

[1] Effect of change in the lease term is reflected in acquisition and disposal based on gross amount.
[2] Includes transfers with investment properties and assets held for sale.

14.1.3 Changes in accumulated impairment losses of property and equipment for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	2021				
	Beginning	Impairment	Reversal	Others	Ending
Accumulated impairment losses of property and equipment	(6,877)	-	-	1,126	(5,751)

(In millions of Korean won)

	2020				
	Beginning	Impairment	Reversal	Others	Ending
Accumulated impairment losses of property and equipment	(6,877)	(12)	-	12	(6,877)

14.2 Investment Properties

14.2.1 Details of investment properties as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021		
	Acquisition cost	Accumulated depreciation	Carrying amount
Land	222,648	-	222,648
Buildings	112,377	(9,960)	102,417
	335,025	(9,960)	325,065

(In millions of Korean won)

	December 31, 2020		
	Acquisition cost	Accumulated depreciation	Carrying amount
Land	218,157	-	218,157
Buildings	107,982	(8,038)	99,944
	326,139	(8,038)	318,101

14.2.2 Valuation techniques and inputs used to measure the fair value of investment properties as of December 31, 2021, are as follows:

(In millions of Korean won)

	December 31, 2021		
	Fair value	**Valuation techniques**	**Inputs**
Land and buildings	150,299	Cost approach method	- Price per square meter - Replacement cost
	232,950	Income approach method	- Discount rate - Capitalization rate - Vacancy rate

Fair value of investment properties amounts to ₩ 383,249 million and ₩ 345,600 million as of December 31, 2021 and 2020, respectively. Investment properties are measured by qualified independent appraisers with recent experience in valuing similar properties in the same area. In addition, all investment properties are classified as Level 3 in accordance with fair value hierarchy in Note 6.1.2.

Rental income from above investment properties amounts to ₩ 4,477 million and ₩ 24,640 million for the years ended December 31, 2021 and 2020, respectively.

14.2.3 Changes in investment properties for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	2021					
	Beginning	**Acquisition**	**Transfer**	**Disposal**	**Depreciation**	**Ending**
Land	218,157	-	4,491	-	-	222,648
Buildings	99,944	-	3,664	-	(1,191)	102,417
	318,101	-	8,155	-	(1,191)	325,065

(In millions of Korean won)

	2020					
	Beginning	**Acquisition**	**Transfer**	**Disposal**	**Depreciation**	**Ending**
Land	328,587	125	22,390	(132,945)	-	218,157
Buildings	147,381	-	29,034	(72,794)	(3,677)	99,944
	475,968	125	51,424	(205,739)	(3,677)	318,101

15. Intangible Assets

15.1 Details of intangible assets as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)	December 31, 2021				
	Acquisition cost	Accumulated amortization	Accumulated impairment losses	Others	Carrying amount
Goodwill	552,652	-	(1,202)	(11,745)	539,705
Other intangible assets	1,579,448	(1,075,514)	(15,145)	-	488,789
	2,132,100	(1,075,514)	(16,347)	(11,745)	1,028,494

(In millions of Korean won)	December 31, 2020				
	Acquisition cost	Accumulated amortization	Accumulated impairment losses	Others	Carrying amount
Goodwill	552,652	-	(1,202)	(49,590)	501,860
Other intangible assets	1,392,929	(921,920)	(10,215)	-	460,794
	1,945,581	(921,920)	(11,417)	(49,590)	962,654

15.2 Details of goodwill as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)	December 31, 2021		December 31, 2020	
	Acquisition cost	Carrying amount *	Acquisition cost	Carrying amount *
PT Bank KB Bukopin Tbk	89,220	85,893	89,220	80,002
PRASAC Microfinance Institution Plc.	396,942	388,524	396,942	356,570
Housing & Commercial Bank	65,288	65,288	65,288	65,288
Kookmin Bank Cambodia Plc.	1,202	-	1,202	-
	552,652	539,705	552,652	501,860

* Includes the effect of exchange differences.

15.3 Changes in accumulated impairment losses of goodwill for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)	2021			
	Beginning	Impairment	Others	Ending
Accumulated impairment losses of goodwill	(1,202)	-	-	(1,202)

(In millions of Korean won)	2020			
	Beginning	Impairment	Others	Ending
Accumulated impairment losses of goodwill	(1,202)	-	-	(1,202)

15.4 Details of goodwill allocation to cash-generating units and related information for impairment testing as of December 31, 2021 are as follows:

(In millions of Korean won)	December 31, 2021				
	Retail banking	Corporate banking	PT Bank KB Bukopin Tbk	PRASAC Microfinance Institution Plc.	Total
Carrying amounts *	49,315	15,973	86,100	388,327	539,715
Recoverable amount exceeding carrying amount	5,767,992	2,004,756	175,872	247,992	8,196,612
Discount rate (%)	18.57	18.96	17.30	23.02	
Permanent growth rate (%)	1.00	1.00	3.00	3.00	

* The carrying amount of goodwill at the time of the 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. The Group recognized goodwill amounting to ₩ 65,288 million arising from the merger of Housing & Commercial Bank, the amounts of ₩ 49,315 million and ₩ 15,973 million were allocated to the retail banking and corporate banking, respectively. The Group acquired a 70% stake in PRASAC Microfinance Institution Plc. with the acquisition date of April 10, 2020, and the goodwill recognized due to the business combination is ₩ 388,524 million as of December 31, 2021. The Group acquired a 67% stake in PT Bank KB Bukopin Tbk with the acquisition date of September 2, 2020, and the goodwill recognized due to the business combination is ₩ 85,893 million as of December 31, 2021. 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. The future cash flows of retail banking and corporate banking after the projection period are estimated on the assumption that the future cash flows will increase by 1.0% per year. 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 future cash flows of PRASAC Microfinance Institution Plc. and PT Bank KB Bukopin Tbk after five years are estimated on the assumption that the future cash flows will increase by 3.0% per year. The key assumptions used for the estimation of the future cash flows are the GDP growth rate and the market size of Cambodia and Indonesia, and the recent growth rate of PRASAC Microfinance Institution Plc. and PT Bank KB Bukopin Tbk. The discount rate is a pre-tax rate that reflects assumptions regarding risk-free interest rate, market risk premium, and the risks specific to the cash-generating unit.

15.5 Details of intangible assets other than goodwill as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021			
	Acquisition cost	Accumulated amortization	Accumulated impairment losses	Carrying amount
Industrial property rights	2,187	(1,963)	-	224
Software	1,247,629	(916,777)	-	330,852
Other intangible assets	294,505	(125,257)	(15,145)	154,103
Right-of-use assets	35,127	(31,517)	-	3,610
	1,579,448	(1,075,514)	(15,145)	488,789

(In millions of Korean won)

	December 31, 2020			
	Acquisition cost	Accumulated amortization	Accumulated impairment losses	Carrying amount
Industrial property rights	2,048	(1,814)	-	234
Software	1,117,984	(804,558)	-	313,426
Other intangible assets	237,770	(85,038)	(10,215)	142,517
Right-of-use assets	35,127	(30,510)	-	4,617
	1,392,929	(921,920)	(10,215)	460,794

15.6 Changes in intangible assets other than goodwill for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	2021					
	Beginning	Acquisition	Disposal	Amortization	Others	Ending
Industrial property rights	234	107	-	(117)	-	224
Software	313,426	129,684	-	(114,225)	1,967	330,852
Other intangible assets	142,517	50,524	(1,834)	(38,236)	1,132	154,103
Right-of-use assets	4,617	-	-	(1,007)	-	3,610
	460,794	180,315	(1,834)	(153,585)	3,099	488,789

(In millions of Korean won)

	2020							
	Beginning	Acquisition	Transfer	Disposal	Amortization	Business combination	Others	Ending
Industrial property rights	293	50	-	-	(109)	-	-	234
Software	133,977	247,665	185	(3,135)	(70,733)	5,422	45	313,426
Other intangible assets	59,534	18,892	-	(1,125)	(20,207)	95,484	(10,061)	142,517
Right-of-use assets	9,639	-	-	-	(5,022)	-	-	4,617
	203,443	266,607	185	(4,260)	(96,071)	100,906	(10,016)	460,794

15.7 Changes in accumulated impairment losses of other intangible assets for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)	2021				
	Beginning	**Impairment**	**Reversal**	**Others**	**Ending**
Accumulated impairment losses of other intangible assets	(10,215)	(4,971)	-	41	(15,145)

(In millions of Korean won)	2020				
	Beginning	**Impairment**	**Reversal**	**Others**	**Ending**
Accumulated impairment losses of other intangible assets	(2,166)	(8,145)	55	41	(10,215)

16. Deferred Income Tax Assets and Liabilities

16.1 Details of deferred income tax assets and liabilities as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)	December 31, 2021		
	Assets	**Liabilities**	**Net amount**
Other provisions	77,907	-	77,907
Impairment losses of property and equipment	7,446	-	7,446
Share-based payments	15,687	-	15,687
Provisions for acceptances and guarantees	33,091	-	33,091
Gains or losses on valuation of derivatives	-	(74,111)	(74,111)
Present value discount	-	(142)	(142)
Gains or losses on fair value hedge	-	(14,642)	(14,642)
Accrued interest	-	(42,882)	(42,882)
Deferred loan origination fees and costs	8,596	(138,398)	(129,802)
Gains or losses on revaluation	-	(277,471)	(277,471)
Investments in subsidiaries and others	32,602	(138,609)	(106,007)
Gains or losses on valuation of security investment	-	(501,409)	(501,409)
Defined benefit liabilities	472,722	-	472,722
Accrued expenses	148,726	-	148,726
Retirement insurance expense	-	(441,633)	(441,633)
Adjustments to the prepaid contributions	-	(29,273)	(29,273)
Others	434,703	(124,602)	310,101
	1,231,480	(1,783,172)	(551,692)
Offsetting of deferred income tax assets and liabilities	(1,081,611)	1,081,611	-
	149,869	(701,561)	(551,692)

(In millions of Korean won)	December 31, 2020		
	Assets	**Liabilities**	**Net amount**
Other provisions	78,327	-	78,327
Impairment losses of property and equipment	2,241	-	2,241
Share-based payments	11,650	-	11,650
Provisions for acceptances and guarantees	17,047	-	17,047
Gains or losses on valuation of derivatives	-	(92,328)	(92,328)
Present value discount	-	(14)	(14)
Gains or losses on fair value hedge	21,060	-	21,060
Accrued interest	-	(35,020)	(35,020)
Deferred loan origination fees and costs	6,674	(140,265)	(133,591)
Gains or losses on revaluation	-	(277,471)	(277,471)
Investments in subsidiaries and others	32,979	(102,655)	(69,676)
Gains or losses on valuation of security investment	-	(265,941)	(265,941)
Defined benefit liabilities	445,114	-	445,114
Accrued expenses	210,481	-	210,481
Retirement insurance expense	-	(402,227)	(402,227)
Adjustments to the prepaid contributions	-	(28,261)	(28,261)
Others	344,298	(114,200)	230,098
	1,169,871	(1,458,382)	(288,511)
Offsetting of deferred income tax assets and liabilities	(1,111,532)	1,111,532	-
	58,339	(346,850)	(288,511)

16.2 Unrecognized Deferred Income Tax Assets

16.2.1 No deferred income tax assets have been recognized for the deductible temporary differences of ₩ 327,040 million and ₩ 188,609 million associated with investments in subsidiaries and others as of December 31, 2021 and 2020, because it is not probable that these temporary differences will reverse in the foreseeable future.

16.2.2 No deferred income tax assets have been recognized for the deductible temporary differences of ₩ 39,821 million and ₩ 23,826 million associated with others as of December 31, 2021 and 2020 due to the uncertainty that these temporary differences will be realized in the future.

16.3 Unrecognized Deferred Income Tax Liabilities

16.3.1 No deferred income tax liabilities have been recognized for the taxable temporary differences of ₩ 313,586 million and ₩ 221,773 million associated with investments in subsidiaries and others as of December 31, 2021 and 2020, 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.

16.3.2 No deferred income tax liabilities have been recognized as of December 31, 2021 and 2020 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.

16.4 Changes in cumulative temporary differences for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)	2021			
	Beginning	**Decrease**	**Increase**	**Ending**
Deductible temporary differences				
Gains or losses on fair value hedge	76,583	76,583	-	-
Other provisions	284,825	283,770	282,244	283,299
Impairment losses of property and equipment	8,148	4,362	23,290	27,076
Deferred loan origination fees and costs	24,270	11,722	18,708	31,256
Share-based payments	42,361	42,361	57,042	57,042
Provisions for acceptances and guarantees	61,984	61,984	120,332	120,332
Investments in subsidiaries and others	308,534	180,735	317,796	445,595
Defined benefit liabilities	1,618,597	182,536	282,929	1,718,990
Accrued expenses	765,387	765,387	540,823	540,823
Others	1,201,141	509,685	559,178	1,250,634
	4,391,830	2,119,125	2,202,342	4,475,047
Unrecognized deferred income tax assets				
Investments in subsidiaries and others	188,609			327,040
Others	23,826			39,821
	4,179,395			4,108,186
Tax rate (%)	27.50			27.50
	1,149,334			1,129,751
Tax loss carryforwards and tax credit	20,537	-	81,192	101,729
Total deferred income tax assets	1,169,871			1,231,480
Taxable temporary differences				
Gains or losses on fair value hedge	-	-	(53,243)	(53,243)
Accrued interest	(127,345)	(111,820)	(140,411)	(155,936)
Deferred loan origination fees and costs	(510,055)	(510,055)	(503,266)	(503,266)
Gains or losses on valuation of derivatives	(335,740)	(335,740)	(269,493)	(269,493)
Present value discount	(49)	(49)	(517)	(517)
Goodwill arising from the merger	(65,288)	-	-	(65,288)
Gains or losses on revaluation	(1,008,984)	-	-	(1,008,984)
Investments in subsidiaries and others	(595,065)	(116,061)	(338,614)	(817,618)
Gains or losses on valuation of security investment	(967,057)	(967,057)	(1,823,307)	(1,823,307)
Retirement insurance expense	(1,462,643)	(178,936)	(322,233)	(1,605,940)
Adjustments to the prepaid contributions	(102,768)	(102,768)	(106,446)	(106,446)
Others	(415,278)	(340,613)	(378,433)	(453,098)
	(5,590,272)	(2,663,099)	(3,935,963)	(6,863,136)
Unrecognized deferred income tax liabilities				
Goodwill arising from the merger	(65,288)			(65,288)
Investments in subsidiaries and others	(221,773)			(313,586)
	(5,303,211)			(6,484,262)
Tax rate (%)	27.50			27.50
Total deferred income tax liabilities	(1,458,382)			(1,783,172)

(In millions of Korean won)

	2020				
	Beginning	Business combination	Decrease	Increase	Ending
Deductible temporary differences					
Gains or losses on fair value hedge	44,085	-	44,085	76,583	76,583
Other provisions	219,069	3,995	221,208	282,969	284,825
Impairment losses of property and equipment	9,659	-	9,659	8,148	8,148
Deferred loan origination fees and costs	-	35,863	13,169	1,576	24,270
Share-based payments	44,049	-	44,049	42,361	42,361
Provisions for acceptances and guarantees	76,214	-	76,214	61,984	61,984
Investments in subsidiaries and others	122,292	-	24,965	211,207	308,534
Defined benefit liabilities	1,537,455	15,620	120,513	186,035	1,618,597
Accrued expenses	629,175	-	629,175	765,387	765,387
Others	929,781	105,927	440,676	606,109	1,201,141
	3,611,779	161,405	1,623,713	2,242,359	4,391,830
Unrecognized deferred income tax assets					
Investments in subsidiaries and others	7,716				188,609
Others	19,388				23,826
	3,584,675				4,179,395
Tax rate (%)	27.50				27.50
	985,786				1,149,334
Tax loss carryforwards and tax credit	-	18,804	-	1,733	20,537
Total deferred income tax assets	985,786				1,169,871
Taxable temporary differences					
Accrued interest	(178,107)	-	(171,025)	(120,263)	(127,345)
Deferred loan origination fees and costs	(495,193)	-	(495,193)	(510,055)	(510,055)
Gains or losses on valuation of derivatives	(217,552)	-	(217,552)	(335,740)	(335,740)
Present value discount	(429)	-	(429)	(49)	(49)
Goodwill arising from the merger	(65,288)	-	-	-	(65,288)
Gains or losses on revaluation	(1,040,976)	-	(31,992)	-	(1,008,984)
Investments in subsidiaries and others	(355,275)	-	(39,160)	(278,950)	(595,065)
Gains or losses on valuation of security investment	(365,092)	-	(365,092)	(967,057)	(967,057)
Retirement insurance expense	(1,364,727)	-	(120,512)	(218,428)	(1,462,643)
Adjustments to the prepaid contributions	(83,262)	-	(83,262)	(102,768)	(102,768)
Others	(413,510)	(1,613)	(344,050)	(344,205)	(415,278)
	(4,579,411)	(1,613)	(1,868,267)	(2,877,515)	(5,590,272)
Unrecognized deferred income tax liabilities					
Goodwill arising from the merger	(65,288)				(65,288)
Investments in subsidiaries and others	(33,487)				(221,773)
	(4,480,636)				(5,303,211)
Tax rate (%)	27.50				27.50
Total deferred income tax liabilities	(1,232,175)				(1,458,382)

17. Assets Held for Sale

17.1 Details of assets held for sale as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)	December 31, 2021			
	Acquisition cost *	Accumulated impairment losses	Carrying amount	Fair value less costs to sell
Land held for sale	115,099	(16,528)	98,571	135,192
Buildings held for sale	170,892	(36,923)	133,969	149,569
Other assets held for sale	10,142	(5,364)	4,778	4,778
	296,133	(58,815)	237,318	289,539

(In millions of Korean won)	December 31, 2020			
	Acquisition cost *	Accumulated impairment losses	Carrying amount	Fair value less costs to sell
Land held for sale	80,740	(16,169)	64,571	68,321
Buildings held for sale	152,426	(24,887)	127,539	134,247
Other assets held for sale	10,676	(5,059)	5,617	5,801
	243,842	(46,115)	197,727	208,369

* 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.

17.2 Valuation techniques and inputs used to measure the fair value of assets held for sale as of December 31, 2021 are as follows:

(In millions of Korean won)

	December 31, 2021				
	Fair value	Valuation techniques [1]	Unobservable inputs [2]	Estimated range of unobservable inputs (%)	Effect of unobservable inputs to fair value
Land and buildings	289,539	Market comparison approach model and others	Adjustment index	0.68 ~ 1.95	Fair value increases as the adjustment index rises

[1] The appraisal value is adjusted by the adjustment ratio in the event the public sale is unsuccessful.
[2] Adjustment index is calculated using the time factor correction or 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.

17.3 Changes in accumulated impairment losses of assets held for sale for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	2021				
	Beginning	Provision	Reversal	Others	Ending
Accumulated impairment losses of assets held for sale	(46,115)	(15,490)	-	2,790	(58,815)

(In millions of Korean won)

	2020					
	Beginning	Provision	Reversal	Business combination	Others	Ending
Accumulated impairment losses of assets held for sale	(2,782)	(11,593)	-	(45,433)	13,693	(46,115)

17.4 As of December 31, 2021, assets held for sale consist of 16 real estates of closed offices and 861 foreclosure assets on loans of PT Bank KB Bukopin Tbk, which were determined to sell by management, but not yet sold as of December 31, 2021. Negotiation with buyers is in process for the one closed office and the remaining 876 assets are also being actively marketed.

18. Other Assets

18.1 Details of other assets as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)	December 31, 2021	December 31, 2020
Other financial assets		
Other receivables	2,451,049	3,497,333
Accrued income	950,095	852,353
Guarantee deposits	872,225	930,748
Domestic exchange settlement debits	989,551	716,015
Others	32,009	10,330
Less: Allowances for credit losses	(16,305)	(18,476)
Present value discount	(1,397)	(1,617)
	5,277,227	5,986,686
Other non-financial assets		
Other receivables	310	192
Prepaid expenses	195,109	199,227
Guarantee deposits	2,703	3,165
Prepayments	28,856	25,770
Others	87,729	80,781
Less: Allowances for credit losses	(8,587)	(9,865)
	306,120	299,270
	5,583,347	6,285,956

18.2 Changes in allowances for credit losses of other assets for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)	2021		
	Other financial assets	Other non-financial assets	Total
Beginning	18,476	9,865	28,341
Provision (reversal)	1,663	(379)	1,284
Write-offs	(5,213)	(2,762)	(7,975)
Others	1,379	1,863	3,242
Ending	16,305	8,587	24,892

(In millions of Korean won)	2020		
	Other financial assets	Other non-financial assets	Total
Beginning	11,461	16,528	27,989
Provision	2,422	1,733	4,155
Write-offs	(3,123)	(8,458)	(11,581)
Business combination	5,241	59	5,300
Others	2,475	3	2,478
Ending	18,476	9,865	28,341

19. Deposits

Details of deposits as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)	December 31, 2021	December 31, 2020
Demand deposits		
Demand deposits in Korean won	174,210,942	155,897,006
Demand deposits in foreign currencies	15,192,711	12,011,549
	189,403,653	167,908,555
Time deposits		
Time deposits in Korean won	153,934,550	148,096,454
Time deposits in foreign currencies	15,688,844	11,876,470
Fair value adjustments of fair value hedged time deposits in foreign currencies	(1,319)	2,088
	169,622,075	159,975,012
Certificates of deposits	4,115,688	2,468,924
	363,141,416	330,352,491

20. Borrowings

20.1 Details of borrowings as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)	December 31, 2021	December 31, 2020
General borrowings	30,051,040	24,662,850
Bonds sold under repurchase agreements and others	834,455	1,318,049
Call money	1,637,666	889,932
	32,523,161	26,870,831

20.2 Details of general borrowings as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)		Lenders	Annual interest rate (%)	December 31, 2021	December 31, 2020
Borrowings in Korean won	Borrowings from the Bank of Korea	The Bank of Korea	0.25	7,131,019	6,463,267
	Borrowings from the government	SEMAS and others	0.00~2.70	2,683,056	2,675,568
	Borrowings from non-banking financial institutions	The Korea Development Bank	0.20~1.45	432,310	446,502
	Other borrowings	The Korea Development Bank and others	0.00~4.90	5,460,862	4,854,745
				15,707,247	14,440,082
Borrowings in foreign currencies	Due to banks	Hana Bank and others	-	2,143	292
	Borrowings from banks	Central Bank of Uzbekistan and others	0.00~13.50	12,364,349	9,197,047
	Borrowings from other financial institutions	The Export-Import Bank of Korea and others	0.60~1.36	24,867	23,827
	Other borrowings	Standard Chartered Bank and others	-	1,952,434	1,001,602
				14,343,793	10,222,768
				30,051,040	24,662,850

20.3 Details of bonds sold under repurchase agreements and others as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)	Lenders	Annual interest rate (%)	December 31, 2021	December 31, 2020
Bonds sold under repurchase agreements	Individuals, groups, and corporations	0.42~9.75	832,353	1,313,483
Bills sold	Counter sale	0.20~2.00	2,102	4,566
			834,455	1,318,049

20.4 Details of call money as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	Lenders	Annual interest rate (%)	December 31, 2021	December 31, 2020
Call money in Korean won	Mitsui Sumitomo Bank Seoul	-	-	220,000
Call money in foreign currencies	Bank CIMB Niaga and others	0.00~4.25	1,637,666	669,932
			1,637,666	889,932

21. Debentures

21.1 Details of debentures as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)	Annual interest rate (%)	December 31, 2021	December 31, 2020
Debentures in Korean won			
Structured debentures	5.65~8.62	30,910	31,960
Subordinated fixed rate debentures	2.02~7.86	5,292,957	4,464,407
Fixed rate debentures	0.79~13.70	11,276,086	14,823,854
Floating rate debentures	1.24~1.39	5,310,000	1,890,000
		21,909,953	21,210,221
Fair value adjustments of fair value hedged debentures in Korean won		(79,877)	(6,839)
Less: Discount on debentures in Korean won		(14,685)	(8,070)
		21,815,391	21,195,312
Debentures in foreign currencies			
Floating rate debentures	0.37~1.46	1,948,962	1,353,472
Fixed rate debentures	0.05~12.00	5,949,105	4,359,842
		7,898,067	5,713,314
Fair value adjustments of fair value hedged debentures in foreign currencies		27,952	81,333
Less: Discount on debentures in foreign currencies		(22,676)	(20,375)
		7,903,343	5,774,272
		29,718,734	26,969,584

21.2 Changes in debentures based on par value for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	2021				
	Beginning	**Issue**	**Repayment**	**Others**	**Ending**
Debentures in Korean won					
Structured debentures	31,960	-	(1,050)	-	30,910
Subordinated fixed rate debentures	4,464,407	830,000	(1,450)	-	5,292,957
Fixed rate debentures	14,823,854	10,592,620	(14,140,388)	-	11,276,086
Floating rate debentures	1,890,000	5,310,000	(1,890,000)	-	5,310,000
	21,210,221	16,732,620	(16,032,888)	-	21,909,953
Debentures in foreign currencies					
Floating rate debentures	1,353,472	810,920	(350,235)	134,805	1,948,962
Fixed rate debentures	4,359,842	2,489,034	(1,134,987)	235,216	5,949,105
	5,713,314	3,299,954	(1,485,222)	370,021	7,898,067
	26,923,535	20,032,574	(17,518,110)	370,021	29,808,020

(In millions of Korean won)

	2020					
	Beginning	**Issue**	**Repayment**	**Business combination**	**Others**	**Ending**
Debentures in Korean won						
Structured debentures	33,310	-	(1,350)	-	-	31,960
Subordinated fixed rate debentures	3,416,590	1,750,000	(702,183)	-	-	4,464,407
Fixed rate debentures	10,787,614	13,528,640	(9,492,400)	-	-	14,823,854
Floating rate debentures	300,000	1,890,000	(300,000)	-	-	1,890,000
	14,537,514	17,168,640	(10,495,933)	-	-	21,210,221
Debentures in foreign currencies						
Floating rate debentures	1,301,367	493,753	(371,742)	-	(69,906)	1,353,472
Fixed rate debentures	2,857,545	2,313,792	(786,305)	231,804	(256,994)	4,359,842
	4,158,912	2,807,545	(1,158,047)	231,804	(326,900)	5,713,314
	18,696,426	19,976,185	(11,653,980)	231,804	(326,900)	26,923,535

22. Provisions

22.1 Details of provisions as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)	**December 31, 2021**	**December 31, 2020**
Provisions for credit losses of unused loan commitments	147,765	159,828
Provisions for credit losses of acceptances and guarantees	121,148	62,356
Provisions for restoration costs	128,407	131,674
Others	29,547	34,156
	426,867	388,014

22.2 Changes in provisions for credit losses of unused loan commitments, and acceptances and guarantees for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	2021					
	Provisions for credit losses of unused loan commitments			Provisions for credit losses of acceptances and guarantees		
	12-month expected credit losses	Lifetime expected credit losses		12-month expected credit losses	Lifetime expected credit losses	
		Non-impaired	Impaired		Non-impaired	Impaired
Beginning	81,709	78,119	-	33,190	14,838	14,328
Transfer between stages:						
Transfer to 12-month expected credit losses	24,978	(24,976)	(2)	3,958	(203)	(3,755)
Transfer to lifetime expected credit losses	(14,468)	14,587	(119)	(3,973)	3,982	(9)
Impairment	(131)	(355)	486	(10)	(85)	95
Provision (reversal) for credit losses	1,046	(14,198)	(365)	(7,482)	64,178	711
Others (exchange differences, etc.)	1,049	405	-	1,758	(540)	167
Ending *	94,183	53,582	-	27,441	82,170	11,537

(In millions of Korean won)

	2020					
	Provisions for credit losses of unused loan commitments			Provisions for credit losses of acceptances and guarantees		
	12-month expected credit losses	Lifetime expected credit losses		12-month expected credit losses	Lifetime expected credit losses	
		Non-impaired	Impaired		Non-impaired	Impaired
Beginning	61,085	34,670	-	23,881	35,588	16,787
Transfer between stages:						
Transfer to 12-month expected credit losses	7,728	(7,723)	(5)	194	(191)	(3)
Transfer to lifetime expected credit losses	(7,186)	9,414	(2,228)	(486)	486	-
Impairment	(32)	(2,937)	2,969	(5)	(461)	466
Provision (reversal) for credit losses	20,304	45,393	(736)	9,583	(20,390)	(2,734)
Business combination	330	2	-	618	-	-
Others (exchange differences, etc.)	(520)	(700)	-	(595)	(194)	(188)
Ending *	81,709	78,119	-	33,190	14,838	14,328

* Includes additional provisions of ₩ 15,664 million and ₩ 14,974 million for industries and borrowers which are highly affected by COVID-19 and ₩ 6,441 million and ₩ 20,673 million due to expanding the scope of the loans subject to lifetime expected credit losses (non-impaired) as of December 31, 2021 and 2020, respectively.

22.3 Changes in provisions for restoration costs for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)	2021	2020
Beginning	131,674	106,269
Provision	5,879	8,434
Reversal	(1,016)	(1,153)
Used	(12,541)	(7,102)
Unwinding of discount	1,369	2,111
Effect of changes in discount rate	3,042	23,115
Ending	128,407	131,674

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.

22.4 Changes in other provisions for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	2021					
	Membership rewards program	Dormant accounts	Litigations	Financial guarantee contracts	Others	Total
Beginning	35	3,008	9,969	6,347	14,797	34,156
Provision (reversal)	77	3,429	24	(896)	(4,289)	(1,655)
Used and others	(69)	(3,375)	126	(166)	530	(2,954)
Ending	43	3,062	10,119	5,285	11,038	29,547

(In millions of Korean won)

	2020					
	Membership rewards program	Dormant accounts	Litigations	Financial guarantee contracts	Others	Total
Beginning	53	3,578	10,662	5,411	13,156	32,860
Provision (reversal)	55	2,579	(3,002)	931	2,005	2,568
Used and others	(73)	(3,149)	(55)	5	(364)	(3,636)
Business combination	-	-	2,364	-	-	2,364
Ending	35	3,008	9,969	6,347	14,797	34,156

23. Net Defined Benefit Liabilities

23.1 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 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.

23.2 Changes in net defined benefit liabilities for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)	**2021**		
	Present value of defined benefit obligation	**Fair value of plan assets**	**Net defined benefit liabilities**
Beginning	1,748,770	(1,583,368)	165,402
Current service cost	155,506	-	155,506
Interest expense (income)	34,075	(31,069)	3,006
Remeasurements:			
Actuarial gains and losses by experience adjustments	5,180	-	5,180
Actuarial gains and losses by changes in demographic assumptions	7,330	-	7,330
Actuarial gains and losses by changes in financial assumptions	81,928	-	81,928
Return on plan assets (excluding amounts included in interest income)	-	5,363	5,363
Contributions by the Group	-	(264,600)	(264,600)
Payments from plans (benefit payments)	(178,937)	178,937	-
Payments from the Group	(6,578)	-	(6,578)
Transfer in	3,602	(3,067)	535
Transfer out	(5,183)	5,183	-
Effect of exchange differences	2,212	-	2,212
Ending	1,847,905	(1,692,621)	155,284

(In millions of Korean won)	2020		
	Present value of defined benefit obligation	**Fair value of plan assets**	**Net defined benefit liabilities**
Beginning	1,669,963	(1,490,853)	179,110
Current service cost	155,819	-	155,819
Interest expense (income)	32,956	(29,382)	3,574
Remeasurements:			
Actuarial gains and losses by experience adjustments	1,289	-	1,289
Actuarial gains and losses by changes in demographic assumptions	-	-	-
Actuarial gains and losses by changes in financial assumptions	-	-	-
Return on plan assets (excluding amounts included in interest income)	-	4,230	4,230
Contributions by the Group	-	(187,900)	(187,900)
Payments from plans (benefit payments)	(120,513)	120,513	-
Payments from the Group	(6,209)	-	(6,209)
Transfer in	4,318	(3,696)	622
Transfer out	(3,720)	3,720	-
Effect of exchange differences	(274)	-	(274)
Business combination	15,141	-	15,141
Ending	1,748,770	(1,583,368)	165,402

23.3 Details of net defined benefit liabilities as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)	**December 31, 2021**	**December 31, 2020**
Present value of defined benefit obligation	1,847,905	1,748,770
Fair value of plan assets	(1,692,621)	(1,583,368)
Net defined benefit liabilities	155,284	165,402

23.4 Details of remeasurements of net defined benefit liabilities recognized in other comprehensive income (loss) for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)	**2021**	**2020**
Remeasurements:		
Actuarial losses arising from experience adjustments	(5,180)	(1,289)
Actuarial losses arising from changes in demographic assumptions	(7,330)	-
Actuarial losses arising from changes in financial assumptions	(81,928)	-
Return on plan assets (excluding amounts included in interest income)	(5,363)	(4,230)
Income tax effect	28,201	1,518
Effect of exchange differences	(15)	(165)
Remeasurements after income tax expense	(71,615)	(4,166)

23.5 Details of fair value of plan assets as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021		
	Assets quoted in an active market	Assets not quoted in an active market	Total
Time deposits	-	1,374,281	1,374,281
Others	-	318,340	318,340
	-	1,692,621	1,692,621

(In millions of Korean won)

	December 31, 2020		
	Assets quoted in an active market	Assets not quoted in an active market	Total
Time deposits	-	1,433,077	1,433,077
Others	-	150,291	150,291
	-	1,583,368	1,583,368

23.6 Details of significant actuarial assumptions used as of December 31, 2021 and 2020, are as follows:

	December 31, 2021	December 31, 2020
Discount rate (%)	2.60	2.00
Salary increase rate (%)	0.00~5.04	3.75
Turnover rate (%)	1.00~20.00	1.00

Mortality assumptions are based on the experience-based mortality table issued by Korea Insurance Development Institute in 2019.

23.7 Results of sensitivity analysis of significant actuarial assumptions as of December 31, 2021, are as follows:

		Effect on defined benefit obligation	
	Changes in assumptions	Increase in assumptions	Decrease in assumptions
Discount rate	0.5%p	4.37% decrease	4.71% increase
Salary increase rate	0.5%p	4.36% increase	4.10% decrease
Turnover rate	0.5%p	0.30% decrease	0.31% 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.

23.8 Expected maturity analysis of undiscounted pension benefit payments as of December 31, 2021, are as follows:

(In millions of Korean won)

	Up to 1 year	1~2 years	2~5 years	5~10 years	Over 10 years	Total
Pension benefits	47,391	122,390	488,652	1,083,601	4,054,621	5,796,655

The weighted average duration of the defined benefit obligation is 9.41 and 8.65 years as of December 31, 2021 and 2020, respectively.

23.9 Reasonable estimation of expected contribution to plan assets for the next annual reporting period after December 31, 2021 is ₩ 164,000 million.

24. Other Liabilities

Details of other liabilities as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)	December 31, 2021	December 31, 2020
Other financial liabilities		
Other payables	2,756,641	3,866,318
Prepaid card and debit card payables	1,237	1,079
Accrued expenses	2,178,928	2,390,334
Financial guarantee contracts liabilities	50,390	45,817
Deposits for letter of guarantees and others	387,082	456,536
Domestic exchange settlement credits	5,121,689	933,330
Foreign exchange settlement credits	169,264	134,678
Due to trust accounts	7,033,849	7,542,955
Liabilities incurred from agency relationships	739,276	765,844
Account for agency business	423,798	400,507
Lease liabilities	375,472	380,629
Others	477,572	58,299
	19,715,198	16,976,326
Other non-financial liabilities		
Other payables	660,409	858,865
Unearned revenue	70,111	55,830
Accrued expenses	489,686	414,683
Withholding taxes	118,308	120,816
Others	35,859	55,226
	1,374,373	1,505,420
	21,089,571	18,481,746

25. Equity

25.1 Capital Stock

Details of capital stock as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won and in number of shares)	Ordinary shares	
	December 31, 2021	December 31, 2020
Type of share	Ordinary share	Ordinary share
Number of authorized shares	1,000,000,000	1,000,000,000
Par value per share *(In Korean won)*	5,000	5,000
Number of issued shares	404,379,116	404,379,116
Capital stock	2,021,896	2,021,896

25.2 Hybrid Security

Details of hybrid security classified as equity as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)	**Issuance date**	**Maturity**	**Interest rate (%)**	**December 31, 2021**	**December 31, 2020**
Amortized Conditional Capital Securities	July 2, 2019	Permanent	4.35	574,523	574,523

Above hybrid securities are early redeemable by the Group after 5 years from the issuance date and each interest payment date thereafter.

25.3 Capital Surplus

Details of capital surplus as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)	**December 31, 2021**	**December 31, 2020**
Paid-in capital in excess of par value	4,604,417	4,604,417
Gains on business combination	397,669	397,669
Revaluation reserve	177,229	177,229
Other capital surplus	(153,980)	(370,833)
	5,025,335	4,808,482

25.4 Accumulated Other Comprehensive Income

Details of accumulated other comprehensive income as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)	**December 31, 2021**	**December 31, 2020**
Remeasurements of net defined benefit liabilities	(292,232)	(220,178)
Currency translation differences	68,224	(118,526)
Gains (losses) on debt securities measured at fair value through other comprehensive income	(186,463)	88,478
Gains on equity securities measured at fair value through other comprehensive income	1,838,548	733,332
Share of other comprehensive loss of associates	(2,526)	(2,691)
Losses on cash flow hedging instruments	(89)	(10,073)
Gains (losses) on hedging instruments of net investments in foreign operations	(30,306)	24,103
	1,395,156	494,445

25.5 Retained Earnings

25.5.1 Details of retained earnings as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)	December 31, 2021	December 31, 2020
Legal reserves	2,043,729	2,042,675
Regulatory reserve for credit losses	2,534,401	2,441,875
Voluntary reserves	16,742,471	15,809,196
Unappropriated retained earnings	2,340,120	1,949,806
	23,660,721	22,243,552

With respect to the allocation of net profit earned in a fiscal term, the Bank 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 40 of the Banking Act. This reserve is not available for the payment of cash dividends, but may be transferred to capital stock, or used to reduce accumulated deficit. The Bank is reserving other reserves (legal reserves) in accordance with local laws and regulations of overseas branches.

25.5.2 Regulatory reserve for credit losses

Measurement and disclosure of regulatory reserve for credit losses are required in accordance with Articles 29.1 through 29.2 of Regulations on Supervision of Banking Business.

25.5.2.1 Details of regulatory reserve for credit losses as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)	December 31, 2021	December 31, 2020
Regulatory reserve for credit losses attributable to:		
Shareholder of the Bank	2,915,162	2,534,401
Non-controlling interests	60,265	34,138
	2,975,427	2,568,539

25.5.2.2 Regulatory reserve for credit losses estimated to be appropriated and adjusted profit after provision of regulatory reserve for credit losses for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)	2021	2020
Regulatory reserve for credit losses estimated to be appropriated	380,761	92,526
Adjusted profit after provision of regulatory reserve for credit losses *	2,210,003	2,205,669

* 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 shareholder of the Bank.

26. Net Interest Income

Details of interest income, interest expense, and net interest income for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)	2021	2020
Interest income		
Securities measured at fair value through profit or loss	158,057	189,396
Loans measured at fair value through profit or loss	715	1,596
Securities measured at fair value through other comprehensive income	454,561	500,582
Loans measured at fair value through other comprehensive income	3,003	6,161
Due from financial institutions measured at amortized cost	25,466	36,880
Securities measured at amortized cost	307,447	284,277
Loans measured at amortized cost	9,487,206	9,246,075
Others	237,906	191,198
	10,674,361	10,456,165
Interest expense		
Deposits	2,179,196	2,885,914
Borrowings	251,523	307,561
Debentures	453,761	445,350
Others	61,405	62,574
	2,945,885	3,701,399
Net interest income	7,728,476	6,754,766

Interest income recognized on impaired loans is ₩ 17,926 million and ₩ 22,173 million for the years ended December 31, 2021 and 2020, respectively.

27. Net Fee and Commission Income

Details of fee and commission income, fee and commission expense, and net fee and commission income for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)	2021	2020
Fee and commission income		
Banking activity fees	188,079	196,196
Lending activity fees	73,500	85,547
Credit card related fees	2,106	1,083
Debit card related fees	568	497
Agent activity fees	286,286	320,912
Trust and other fiduciary fees	307,632	233,595
Acceptances and guarantees fees	46,597	46,904
Foreign currency related fees	128,945	111,294
Securities agency fees	146,989	153,481
Other business account commission on consignment	39,178	40,461
Others	367,064	259,717
	1,586,944	1,449,687
Fee and commission expense		
Trading activity related fees *	13,092	12,939
Lending activity fees	47,861	41,105
Credit card related fees	31,298	28,108
Outsourcing related fees	104,214	108,521
Foreign currency related fees	17,101	21,198
Management fees of written-off loans	16,392	15,597
Contributions to external institutions	23,574	24,016
Others	145,531	130,281
	399,063	381,765
Net fee and commission income	1,187,881	1,067,922

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

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

Net gains or losses on financial instruments at fair value through profit or loss include dividend income, gains or losses arising from changes in fair value, and gains or losses arising from sales and redemptions.

Details of net gains or losses on financial instruments at fair value through profit or loss for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)	2021	2020
Gains on financial instruments at fair value through profit or loss		
Financial assets at fair value through profit or loss:		
Debt securities	387,421	351,761
Equity securities	50,392	63,524
	437,813	415,285
Derivatives held for trading:		
Interest rate	3,506,695	1,594,891
Currency	7,102,646	7,625,271
Stock or stock index	675	1,556
Others	1,433	1,464
	10,611,449	9,223,182
Financial liabilities at fair value through profit or loss	1,345	291
Other financial instruments	6,754	689
	11,057,361	9,639,447
Losses on financial instruments at fair value through profit or loss		
Financial assets at fair value through profit or loss:		
Debt securities	276,727	100,190
Equity securities	30,068	23,524
	306,795	123,714
Derivatives held for trading:		
Interest rate	3,415,836	1,678,151
Currency	6,982,145	7,589,724
Stock or stock index	16	2,858
Credit	70	-
Others	2,212	285
	10,400,279	9,271,018
Financial liabilities at fair value through profit or loss	613	416
Other financial instruments	6,840	116
	10,714,527	9,395,264
Net gains on financial instruments at fair value through profit or loss	342,834	244,183

29. Net Other Operating Income and Expenses

Details of other operating income and expenses for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)	2021	2020
Other operating income		
Gains on financial assets at fair value through other comprehensive income:		
Gains on redemption of securities measured at fair value through other comprehensive income	2	279
Gains on disposal of securities measured at fair value through other comprehensive income	98,920	188,535
Gains on financial assets at amortized cost:		
Gains on sale of loans measured at amortized cost	42,020	93,643
Gains on redemption of securities measured at amortized cost	126	-
Gains on foreign exchange transactions	2,683,228	2,458,399
Dividend income	17,926	29,834
Others	376,107	203,829
	3,218,329	2,974,519
Other operating expenses		
Losses on financial assets at fair value through other comprehensive income:		
Losses on redemption of securities measured at fair value through other comprehensive income	2,172	247
Losses on disposal of securities measured at fair value through other comprehensive income	97,993	7,309
Losses on financial assets at amortized cost:		
Losses on sale of loans measured at amortized cost	3,560	10,278
Losses on redemption of securities measured at amortized cost	6	-
Losses on disposal of securities measured at amortized cost	2	-
Losses on foreign exchange transactions	2,676,760	2,094,443
Deposit insurance fee	466,999	449,076
Credit guarantee fund fee	263,297	242,216
Others	527,279	401,156
	4,038,068	3,204,725
Net other operating expenses	(819,739)	(230,206)

30. General and Administrative Expenses

30.1 Details of general and administrative expenses for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)	2021	2020
Expenses related to employee		
Employee benefits - salaries	1,705,537	1,605,098
Employee benefits - welfare	655,731	658,347
Post-employment benefits - defined benefit plans	158,512	159,393
Post-employment benefits - defined contribution plans	12,111	9,807
Termination benefits	266,541	302,118
Share-based payments	27,995	13,364
	2,826,427	2,748,127
Depreciation and amortization	537,628	569,721
Other general and administrative expenses		
Rental expense	70,078	66,070
Tax and dues	130,523	134,033
Communication	37,246	30,893
Electricity and utilities	30,586	25,825
Publication	7,078	7,848
Repairs and maintenance	36,806	17,392
Vehicle	11,903	9,791
Travel	3,738	2,776
Training	23,667	18,059
Service fees	175,579	134,421
Supplies	21,355	25,214
Electronic data processing expenses	175,307	161,562
Others	314,810	249,614
	1,038,676	883,498
	4,402,731	4,201,346

30.2 Share-based Payments

30.2.1 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.

30.2.1.1 Details of stock grants linked to long-term performance as of December 31, 2021, are as follows:

(In number of shares)

Stock grants	Grant date	Number of granted shares [1]	Vesting conditions [2]
Series 76	Apr. 1, 2019	5,765	Services fulfillment, Total Shareholder Return (TSR) 30~50%, and Company and work performance 50~70%
Series 77	May 27, 2019	4,396	Services fulfillment, TSR 30~50%, and Company and work performance 50~70%
Series 78	Nov. 21, 2019	36,443	Services fulfillment, TSR 30%, and EPS and Asset Quality 70%
Series 79	Jan. 1, 2020	223,517	Services fulfillment, TSR 0~50%, and Company and work performance 50~100%
Series 80	Mar. 1, 2020	7,943	Services fulfillment, TSR 30~50%, and Company and work performance 50~70%
Series 81	Jan. 1, 2021	234,366	Services fulfillment, TSR 0~30%, and Company and work performance 70~100%
Series 82	Mar. 1, 2021	18,202	Services fulfillment, TSR 0~30%, and Company and work performance 70~100%
Series 83	Apr. 1, 2021	7,871	Services fulfillment, TSR 0~30%, and Company and work performance 70~100%
Series 84	May 27, 2021	4,032	Services fulfillment, TSR 0~30%, and Company and work performance 70~100%
Deferred grant in 2015		760	Satisfied
Deferred grant in 2016		12,671	Satisfied
Deferred grant in 2017		9,763	Satisfied
Deferred grant in 2018		33,916	Satisfied
Deferred grant in 2019		66,067	Satisfied
Deferred grant in 2020		80,634	Satisfied
		746,346	

[1] Granted shares represent the total number of shares initially granted to executives and employees who have residual shares as of December 31, 2021 (Deferred grants are residual shares vested as of December 31, 2021).

[2] Executives and employees were given the right of choice about the timing of the deferred payment (after the date of retirement), payment ratio, and payment period. Accordingly, a certain percentage of the granted shares is deferred for up to five years after the date of retirement after the deferred grant has been confirmed.

30.2.1.2 Details of stock grants linked to short-term performance as of December 31, 2021, are as follows:

(In number of shares)

Stock grants *	Grant date	Estimated number of vested shares	Vesting conditions
Stock granted in 2015	Jan. 1, 2015	5,019	Satisfied
Stock granted in 2016	Jan. 1, 2016	12,867	Satisfied
Stock granted in 2017	Jan. 1, 2017	3,862	Satisfied
Stock granted in 2018	Jan. 1, 2018	38,067	Satisfied
Stock granted in 2019	Jan. 1, 2019	83,778	Satisfied
Stock granted in 2020	Jan. 1, 2020	135,336	Satisfied
Stock granted in 2021	Jan. 1, 2021	109,561	Proportion to service period

* 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.

30.2.1.3 Stock grants are measured at fair value using the MonteCarlo simulation model and assumptions used in measuring the fair value as of December 31, 2021, are as follows:

(In Korean won)

	Expected exercise period(years)	Risk-free rate (%)	Fair value (market performance condition)	Fair value (non-market performance condition)
Series 76	0.00~3.00	1.35%	50,023~56,379	50,023~56,379
Series 77	0.00~3.00	1.35%	50,023~56,379	50,023~56,379
Series 78	0.00~3.00	1.35%	49,885~56,223	50,023~56,379
Series 79	0.00~3.00	1.35%	50,023~56,379	50,023~56,379
Series 80	0.16~4.00	1.35%	48,344~53,308	48,344~53,308
Series 81	1.00~4.00	1.35%	48,344~56,379	48,344~56,379
Series 82	1.16~5.00	1.35%	46,800~51,523	46,800~51,523
Series 83	1.25~5.00	1.35%	46,800~51,523	46,800~51,523
Series 84	1.40~5.00	1.35%	46,800~51,523	46,800~51,523
Grant deferred in 2015	-	1.35%	-	56,379~56,379
Grant deferred in 2016	0.00~2.00	1.35%	-	47,153~56,379
Grant deferred in 2017	0.00~2.00	1.35%	-	51,523~56,379
Grant deferred in 2018	0.00~2.00	1.35%	-	51,523~56,379
Grant deferred in 2019	0.00~1.00	1.35%	-	45,096~56,379
Grant deferred in 2020	0.00~2.00	1.35%	-	51,523~56,379
Stock granted in 2015	0.00~2.00	1.35%	-	47,153~56,379
Stock granted in 2016	0.00~3.00	1.35%	-	47,153~56,379
Stock granted in 2017	0.00~2.00	1.35%	-	51,523~56,379
Stock granted in 2018	0.00~2.00	1.35%	-	51,523~56,379
Stock granted in 2019	0.00~1.00	1.35%	-	53,308~56,379
Stock granted in 2020	0.00~2.00	1.35%	-	51,523~56,379
Stock granted in 2021	0.46~3.00	1.35%	-	50,023~54,229

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.

30.2.1.4 The accrued expenses for share-based payments related to stock grants are ₩ 53,577 million and ₩ 39,499 million as of December 31, 2021 and 2020, respectively, and the compensation costs amounting to ₩ 27,995 million and ₩ 13,364 million were recognized for the years ended December 31, 2021 and 2020, respectively.

30.2.2 Mileage stock

30.2.2.1 Details of mileage stock as of December 31, 2021, are as follows:

(In number of shares)

Grant date	Number of granted shares [1]	Expected exercise period (years) [2]	Remaining shares
Stock granted in 2019			
Jan. 11, 2019	26,580	0.00~0.03	14,907
Apr. 1, 2019	167	0.00~0.25	73
Apr. 18, 2019	105	0.00~0.29	45
Apr. 22, 2019	33	0.00~0.30	17
Jul. 1, 2019	109	0.00~0.50	87
Aug. 29, 2019	39	0.00~0.66	35
Sep. 2, 2019	50	0.00~0.67	28
Nov. 1, 2019	119	0.00~0.83	71
Nov. 8, 2019	14	0.00~0.85	6
Dec. 5, 2019	56	0.00~0.93	43
Dec. 6, 2019	84	0.00~0.93	82
Dec. 31, 2019	87	0.00~1.00	65
Stock granted in 2020			
Jan. 18, 2020	28,645	0.00~1.05	19,435
May 12, 2020	46	0.00~1.36	44
Jun. 30, 2020	206	0.00~1.50	206
Aug. 26, 2020	40	0.00~1.65	40
Oct. 29, 2020	160	0.00~1.83	160
Nov. 6, 2020	45	0.00~1.85	37
Nov. 30, 2020	35	0.00~1.92	34
Dec. 2, 2020	57	0.00~1.92	53
Dec. 4, 2020	154	0.00~1.93	141
Dec. 30, 2020	88	0.00~2.00	86
Stock granted in 2021			
Jan. 15, 2021	28,156	0.00~2.04	26,708
Apr. 5, 2021	89	0.00~2.26	89
Jul. 1, 2021	54	0.00~2.50	54
Jul. 2, 2021	11	0.00~2.50	11
Jul. 27, 2021	70	0.00~2.57	70
Nov. 1, 2021	71	0.00~2.84	71
Nov. 16, 2021	53	0.00~2.88	53
Dec. 3, 2021	91	0.00~2.92	91
Dec. 6, 2021	87	0.00~2.93	87
Dec. 30, 2021	76	0.00~3.00	76
	85,677		63,005

[1] Mileage stock is exercisable for two years after one year from the grant date at the closing price of the end of the previous month. However, mileage stock can be exercised at the closing price of the end of the previous month on the date of occurrence of retirement or transfer despite a one-year grace period.

[2] Assessed based on the stock price as of December 31, 2021. These shares are vested immediately at grant date.

30.2.2.2 The accrued expenses for share-based payments related to mileage stock are ₩ 3,465 million and ₩ 2,862 million as of December 31, 2021 and 2020, respectively. The compensation costs amounting to ₩ 2,116 million and ₩ 1,086 million were recognized as expenses for the years ended December 31, 2021 and 2020, respectively.

31. Net Other Non-Operating Income and Expenses

Details of other non-operating income and expenses for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)	2021	2020
Other non-operating income		
Gains on disposal of property and equipment and assets held for sale	11,478	97,905
Rental income	19,238	36,463
Others	29,443	25,133
	60,159	159,501
Other non-operating expenses		
Losses on disposal of property and equipment and assets held for sale	10,522	2,198
Donation	75,909	88,987
Restoration costs	2,743	2,413
Others	50,590	37,059
	139,764	130,657
Net other non-operating income (expenses)	(79,605)	28,844

32. Income Tax Expense

32.1 Details of income tax expense for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)	**2021**	**2020**
Income tax payable		
Current income tax expense	895,895	1,034,430
Adjustments of income tax of prior years recognized in current tax	5,331	(19,390)
	901,226	1,015,040
Changes in deferred income tax assets and liabilities	263,181	93,480
Income tax expense of overseas branches	20,920	15,795
Income tax recognized directly in equity:		
Net gains or losses on equity instruments at fair value through other comprehensive income	(419,220)	(163,101)
Net gains or losses on debt instruments at fair value through other comprehensive income	106,811	(13,227)
Currency translation differences	(9,166)	10,516
Remeasurements of net defined benefit liabilities	28,201	1,518
Gains or losses on hedging instruments of net investments in foreign operations	20,637	(23,263)
Gains or losses on cash flow hedging instruments	(3,787)	2,421
Share of other comprehensive income or loss of associates	(63)	2,647
	(276,587)	(182,489)
Reclassification from AOCI to retained earnings due to sale of equity securities measured at fair value through other comprehensive income	87,814	(89,763)
Consolidated tax return effect	(45,308)	(39,238)
Others	2,269	(521)
Income tax expense	953,515	812,304

32.2 Analysis of the relationship between net profit before income tax expense and income tax expense for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)	**2021**	**2020**
Profit before income tax expense	3,491,544	3,131,823
Income tax at the applicable tax rate *	949,814	850,890
Non-taxable income	(14,491)	(10,318)
Non-deductible expenses	11,539	6,960
Tax credit and tax exemption	-	(1,197)
Temporary difference for which no deferred tax is recognized	21,967	21,066
Income tax refund for tax of prior years	(17,187)	(27,913)
Income tax expense of overseas branches	20,920	15,795
Tax effect of investments in subsidiaries	20,942	(1,804)
Foreign subsidiary tax rate difference effect	(842)	(8,727)
Consolidated tax return effect	(45,309)	(39,238)
Others	6,162	6,790
Income tax expense	953,515	812,304
Income tax expense/Profit before income tax (%)	27.31	25.94

* Applicable income tax rate for ₩ 200 million and below is 11%, for over ₩ 200 million to ₩ 20 billion is 22%, for over ₩ 20 billion to ₩ 300 billion is 24.2% and for over ₩ 300 billion is 27.5% for the years ended December 31, 2021 and 2020.

32.3 Details of current tax liabilities (income tax payables) and current tax assets (income tax refund receivables) before offsetting as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)	**December 31, 2021**	**December 31, 2020**
Tax payables after offsetting [1, 2]	480,218	604,763
Adjustment on consolidated tax payable and others [3]	(45,308)	(39,238)
Consolidated tax return accounts payables [4]	(377,629)	(528,044)
Current tax payable	57,281	37,481

[1] Current tax assets of ₩ 44,942 million and ₩ 36,462 million due to uncertain tax position and current tax assets of ₩ 16,372 million and ₩ 11,385 million for overseas branches were excluded, which does not qualify for offsetting as of December 31, 2021 and 2020, respectively.

[2] Includes income tax payable of ₩ 57,281 million and ₩ 37,481 million under current tax liabilities, which are not to be offset against any income tax refund receivables, such as those of overseas branches as of December 31, 2021 and 2020, respectively.

[3] Tax expense reduced due to the adoption of consolidated tax return was recognized as tax benefit.

[4] The amount of income tax payable is reclassified as accounts payable, not to the tax authority, but to KB Financial Group Inc. due to the adoption of consolidated tax return.

33. Dividends

The annual dividends to the shareholder of the Bank for the year ended December 31, 2021, amounting to ₩ 1,031,167 million (₩ 2,550 per share) is to be proposed at the general shareholder's meeting scheduled for March 24, 2022. The Group's consolidated financial statements as of and for the year ended December 31, 2021, do not reflect this dividend payable.

34. Accumulated Other Comprehensive Income (Loss)

Changes in accumulated other comprehensive income (loss) for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	2021					
	Beginning	Changes (excluding reclassification)	Reclassification to profit or loss	Tax effect	Transfer to retained earnings	Ending
Remeasurements of net defined benefit liabilities	(220,178)	(100,255)	-	28,201	-	(292,232)
Currency translation differences	(118,526)	193,922	1,994	(9,166)	-	68,224
Gains on (losses) debt securities measured at fair value through other comprehensive income	88,478	(385,466)	3,714	106,811	-	(186,463)
Gains on equity securities measured at fair value through other comprehensive income	733,332	1,205,112	-	(419,220)	319,324	1,838,548
Share of other comprehensive loss of associates	(2,691)	228	-	(63)	-	(2,526)
Losses on cash flow hedging instruments	(10,073)	11,468	2,303	(3,787)	-	(89)
Gains (losses) on hedging instruments of net investments in foreign operations	24,103	(80,241)	5,195	20,637	-	(30,306)
	494,445	844,768	13,206	(276,587)	319,324	1,395,156

(In millions of Korean won)

	2020					
	Beginning	Changes (excluding reclassification)	Reclassification to profit or loss	Tax effect	Transfer to retained earnings	Ending
Remeasurements of net defined benefit liabilities	(216,067)	(5,629)	-	1,518	-	(220,178)
Currency translation differences	15,943	(144,985)	-	10,516	-	(118,526)
Gains on debt securities measured at fair value through other comprehensive income	56,750	129,688	(84,733)	(13,227)	-	88,478
Gains on equity securities measured at fair value through other comprehensive income	303,338	919,505	-	(163,101)	(326,410)	733,332
Share of other comprehensive income (loss) of associates	4,287	(3,725)	(5,900)	2,647	-	(2,691)
Losses on cash flow hedging instruments	(3,691)	(10,553)	1,750	2,421	-	(10,073)
Gains (losses) on hedging instruments of net investments in foreign operations	(37,226)	84,592	-	(23,263)	-	24,103
	123,334	968,893	(88,883)	(182,489)	(326,410)	494,445

35. Trust Accounts

35.1 Financial information of the trust accounts the Group manages, as of and for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	Total assets		Operating revenues	
	December 31, 2021	December 31, 2020	2021	2020
Consolidated	4,372,406	4,460,439	92,012	138,422
Unconsolidated (non-guaranteed)	68,491,476	54,197,612	2,002,166	1,872,611
	72,863,882	58,658,051	2,094,178	2,011,033

* Financial information of the trust accounts has been prepared in accordance with the Statement of Korea Accounting Standard No.5004, *Trust Accounts*, and enforcement regulations of the Financial Investment Services under the Financial Investment Services and Capital Markets Act.

35.2 Significant receivables and payables related to the Group's trust accounts as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)		December 31, 2021	December 31, 2020
Trust segment	**Receivables**		
	Accrued trust fees	30,288	43,590
	Other accrued income	23,848	21,898
		54,136	65,488
	Payables		
	Due to trust accounts	1,019,236	2,428,780
	Accrued interest on due to trust accounts	3,949	5,088
	Deposits	485,126	284,971
	Accrued interest on deposits	1,735	811
		1,510,046	2,719,650
Custody segment	**Receivables**		
	Accrued trust fees	7,689	6,453
	Payables		
	Due to trust accounts	6,014,613	5,114,175
	Accrued interest on due to trust accounts	3,599	1,124
		6,018,212	5,115,299

35.3 Significant revenues and expenses related to the Group's trust accounts for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)		2021	2020
Trust segment	**Revenues**		
	Fees and commissions from trust accounts	270,977	200,718
	Management fees and commissions from retirement pension	28,387	22,238
	Commissions from early termination in trust accounts	36	45
		299,400	223,001
	Expenses		
	Interest expenses on due to trust accounts	11,150	10,663
	Interest expenses on deposits	4,868	4,013
		16,018	14,676
Custody segment	**Revenues**		
	Fees and commissions from trust accounts	36,656	32,878
	Expenses		
	Interest expenses on due to trust accounts	20,470	19,969

36. Statement of Cash Flows

36.1 Details of cash and cash equivalents as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)	December 31, 2021	December 31, 2020
Cash	2,494,543	2,558,591
Checks issued by other banks	150,047	327,780
Due from the Bank of Korea	16,038,651	11,649,551
Due from other financial institutions	6,481,750	5,436,347
	25,164,991	19,972,269
Deduction:		
Restricted due from financial institutions	(17,865,725)	(12,773,039)
Due from financial institutions with original maturities over three months	(302,075)	(394,931)
	(18,167,800)	(13,167,970)
	6,997,191	6,804,299

36.2 Significant non-cash transactions for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)	2021	2020
Write-offs of loans	484,243	648,967
Changes in accumulated other comprehensive income from valuation of debt securities measured at fair value through other comprehensive income	(274,941)	31,728
Changes in accumulated other comprehensive income from valuation of equity securities measured at fair value through other comprehensive income	1,105,217	429,994
Changes in accumulated other comprehensive income from valuation of investments in associates	165	(6,978)
Changes in financial investments due to debt-for-equity swap	327	13,820

36.3 Cash inflows and outflows from income tax, interest, and dividends for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)	Activities	2021	2020
Income tax paid	Operating	1,043,878	836,703
Interest received	Operating	10,843,378	10,812,128
Interest paid	Operating	3,169,577	4,258,011
Dividends received	Operating	170,449	105,098
Dividends paid	Financing	917,941	1,330,407
Interest (dividends) paid on hybrid securities	Financing	24,144	25,658

36.4 Changes in liabilities arising from financing activities for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	2021							
	Derivatives held for hedging *	Borrowings	Debentures	Due to trust accounts	Lease liabilities	Deposits for letter of guarantees	Other payables	Total
Beginning	(142,840)	26,870,831	26,969,584	7,542,955	380,629	456,536	419,308	62,497,003
Cash flow	5,870	4,743,115	2,415,697	(509,106)	(162,954)	(71,326)	(373,592)	6,047,704
New lease and termination	-	-	-	-	147,470	-	-	147,470
Exchange differences	-	909,325	370,021	-	-	-	33,516	1,312,862
Changes in fair values	41,762	-	(126,419)	-	-	-	-	(84,657)
Changes from business combination	-	-	-	-	-	-	51,377	51,377
Other changes from non-cash transactions	7,083	(110)	89,851	-	10,327	1,872	(22,494)	86,529
Ending	(88,125)	32,523,161	29,718,734	7,033,849	375,472	387,082	108,115	70,058,288

(In millions of Korean won)

	2020							
	Derivatives held for hedging *	Borrowings	Debentures	Due to trust accounts	Lease liabilities	Deposits for letter of guarantees	Other payables	Total
Beginning	(114,590)	19,141,262	18,739,992	5,216,460	344,417	286,946	61,284	43,675,771
Cash flow	(16,202)	6,332,405	8,298,952	2,326,495	(163,382)	169,500	(31,122)	16,916,646
New lease and termination	-	-	-	-	158,859	-	-	158,859
Exchange differences	-	(479,481)	(324,374)	-	-	-	(45,273)	(849,128)
Changes in fair values	(36,017)	-	12,018	-	-	-	-	(23,999)
Changes from business combination	-	1,876,826	229,277	-	32,436	-	419,738	2,558,277
Other changes from non-cash transactions	23,969	(181)	13,719	-	8,299	90	14,681	60,577
Ending	(142,840)	26,870,831	26,969,584	7,542,955	380,629	456,536	419,308	62,497,003

* Derivatives held for hedging purposes are the net amount after offsetting liabilities and assets.

37. Contingent Liabilities and Commitments

37.1 Details of acceptances and guarantees as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)	December 31, 2021	December 31, 2020
Confirmed acceptances and guarantees		
Confirmed acceptances and guarantees in Korean won:		
Acceptances and guarantees for KB purchasing loan	136,914	144,457
Performance bond	3,476	3,476
Refund guarantees	27,811	27,811
Others	786,183	1,017,561
	954,384	1,193,305
Confirmed acceptances and guarantees in foreign currencies:		
Acceptances of letter of credit	523,037	221,422
Letter of guarantees	83,089	45,693
Bid bond	18,874	72,037
Performance bond	855,247	703,826
Refund guarantees	874,173	801,445
Others	2,518,394	3,084,067
	4,872,814	4,928,490
Financial guarantee contracts:		
Acceptances and guarantees for issuance of debenture	5,040	10,040
Acceptances and guarantees for mortgage	51,053	89,302
Overseas debt guarantees	428,108	410,470
International financing guarantees in foreign currencies	132,114	197,097
Other financial guarantees in Korean won	50,950	50,950
	667,265	757,859
	6,494,463	6,879,654
Unconfirmed acceptances and guarantees		
Guarantees of letter of credit	3,551,767	2,094,989
Refund guarantees	833,765	344,112
	4,385,532	2,439,101
	10,879,995	9,318,755

37.2 Credit qualities of acceptances and guarantees as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)	December 31, 2021			
		Lifetime expected credit losses		
	12-month expected credit losses	Non-impaired	Impaired	Total
Confirmed acceptances and guarantees *				
Grade 1	4,545,788	838	-	4,546,626
Grade 2	1,594,713	32,567	-	1,627,280
Grade 3	105,691	46,174	-	151,865
Grade 4	7,722	149,785	214	157,721
Grade 5	-	774	10,197	10,971
	6,253,914	230,138	10,411	6,494,463
Unconfirmed acceptances and guarantees *				
Grade 1	3,083,636	3,391	-	3,087,027
Grade 2	998,204	39,224	-	1,037,428
Grade 3	12,039	34,797	-	46,836
Grade 4	11,925	195,794	-	207,719
Grade 5	-	138	6,384	6,522
	4,105,804	273,344	6,384	4,385,532
	10,359,718	503,482	16,795	10,879,995

(In millions of Korean won)	December 31, 2020			
		Lifetime expected credit losses		
	12-month expected credit losses	Non-impaired	Impaired	Total
Confirmed acceptances and guarantees *				
Grade 1	4,377,798	1,119	-	4,378,917
Grade 2	2,281,423	47,438	-	2,328,861
Grade 3	27,588	85,321	-	112,909
Grade 4	14,925	33,440	501	48,866
Grade 5	-	453	9,648	10,101
	6,701,734	167,771	10,149	6,879,654
Unconfirmed acceptances and guarantees *				
Grade 1	1,422,528	771	-	1,423,299
Grade 2	912,209	28,506	-	940,715
Grade 3	11,399	23,069	-	34,468
Grade 4	2,369	29,934	-	32,303
Grade 5	-	589	7,727	8,316
	2,348,505	82,869	7,727	2,439,101
	9,050,239	250,640	17,876	9,318,755

* Applied same criteria as the credit qualities classification of loans.

37.3 Classifications of acceptances and guarantees by counterparty as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021			
	Confirmed guarantees	Unconfirmed guarantees	Total	Proportion (%)
Large companies	5,444,961	3,377,150	8,822,111	81.09
Small and medium-sized companies	820,327	657,073	1,477,400	13.58
Public sector and others	229,175	351,309	580,484	5.33
	6,494,463	4,385,532	10,879,995	100.00

(In millions of Korean won)

	December 31, 2020			
	Confirmed guarantees	Unconfirmed guarantees	Total	Proportion (%)
Large companies	5,549,971	1,770,235	7,320,206	78.55
Small and medium-sized companies	695,860	459,487	1,155,347	12.40
Public sector and others	633,823	209,379	843,202	9.05
	6,879,654	2,439,101	9,318,755	100.00

37.4 Classifications of acceptances and guarantees by industry as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

	December 31, 2021			
	Confirmed guarantees	Unconfirmed guarantees	Total	Proportion (%)
Financial institutions	398,801	10,114	408,915	3.76
Manufacturing	2,742,224	2,979,232	5,721,456	52.59
Service	676,440	38,920	715,360	6.58
Wholesale and retail	1,603,085	999,416	2,602,501	23.92
Construction	317,946	38,260	356,206	3.27
Public sector	28,257	99,841	128,098	1.18
Others	727,710	219,749	947,459	8.70
	6,494,463	4,385,532	10,879,995	100.00

(In millions of Korean won)

	December 31, 2020			
	Confirmed guarantees	Unconfirmed guarantees	Total	Proportion (%)
Financial institutions	644,915	5,870	650,785	6.98
Manufacturing	2,992,319	1,285,530	4,277,849	45.91
Service	920,352	89,457	1,009,809	10.84
Wholesale and retail	1,086,772	891,619	1,978,391	21.23
Construction	411,601	14,488	426,089	4.57
Public sector	104,925	103,285	208,210	2.23
Others	718,770	48,852	767,622	8.24
	6,879,654	2,439,101	9,318,755	100.00

37.5 Details of commitments as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)	December 31, 2021	December 31, 2020
Commitments		
Corporate loan commitments	44,763,099	39,529,706
Retail loan commitments	47,048,097	46,373,309
Other commitments in Korean won	1,300,000	1,300,000
Purchase of other securities	4,024,709	4,535,281
	97,135,905	91,738,296
Financial guarantee contracts		
Credit line	4,858,585	2,913,260
Purchase of securities	495,400	683,800
	5,353,985	3,597,060
	102,489,890	95,335,356

37.6 Other Matters (including litigation)

a) The Group has 61 pending lawsuits as a plaintiff (excluding simple lawsuits related to the collection or management of loans), with aggregate claims amount of ₩ 236,142 million, and details of pending lawsuits in which the Group is a defendant as of December 31, 2021, are as follows:

(In number of cases, in millions of Korean won)

Lawsuits	No. of cases	Amount	Description of the lawsuits	Status of the lawsuits
Request for a return of redemption amount	1	48,068	Kookmin Bank invested the assets entrusted by OO Asset Management and OO Investment Trust Management in the Fairfield Sentry Limited, and Fairfield Sentry Limited reinvested the assets in Bernard L. Madoff Investment Securities LLC managed by Bernard Madoff (Bernard L. Madoff Investment Securities LLC is in the liquidation process due to Ponzi scheme fraud-related losses). Bankruptcy trustee of Bernard L. Madoff Investment Securities LLC filed a lawsuit against Kookmin Bank seeking to return the amount of redemptions received by Kookmin Bank through Fairfield Sentry Limited.	Application for incineration by the defendant has been denied, and further proceedings are scheduled. [Related litigation is in progress at the New York Southern District Bankruptcy Court (10-3777) at the written complaint review stage]
Confirm the absence of debt	1	96,200	Galamat-Art LLP is a joint guarantor of the PF loan for the 'Kazakhstan Almaty City Complex Development Project' in which Kookmin Bank participated as a lender. OO Bank, the agent bank of the lending group, filed a provisional seizure and a lawsuit on the merits of the guarantee debt to the local court against Galamat-Art LLP. And Galamat-Art LLP filed a counterclaim against the lenders, including Kookmin Bank, to confirm the absence of debt denying the joint guarantee obligation.	Decision in the first trial on December 29, 2021. Won both lawsuits on the merits and counterclaim. Galamat-Art LLP lodged an appeal.
Others	116	166,744	Others (excluding simple lawsuits related to the collection or management of loans)	
	118	311,012		

b) The proliferation of COVID-19 has had a negative impact on the global economy, which may have an impact on the expected credit losses and potential impairment of assets in a particular portfolio, and it could negatively affect the revenue generation capability of the Group as follows:

– There is a possibility of uncertainty about the credit risk of a borrower that could be affected by COVID-19.
– Uncertainty may arise about forward-looking macroeconomic information related to expected credit losses.
– Korean won may depreciate against major foreign currencies. This may result in an increase in principal and interest payments on liabilities denominated in foreign currencies, and losses on foreign exchange transactions.
– A significant decrease in the fair value of the Group's investment in an entity that could be affected by COVID-19 pandemic can occur.

Meanwhile, the Group's accounting policy related to COVID-19 is described in Note 2.4 Critical accounting estimates and the impact on expected credit losses is described in Note 11.1 Changes in allowances for credit losses of loans and Note 22.2 Changes in provisions for credit losses of unused loan commitments, and acceptances and guarantees.

c) The Group has entered into an agreement with PT Bosowa Corporindo, a major shareholder of PT Bank KB Bukopin Tbk. Under this agreement, the Group and PT Bosowa Corporindo have a right of first refusal and a tag-along right. In addition, the Group can exercise its drag-along right for two years from the time three years have elapsed since the acquisition date (July 27, 2018) in certain cases, such as violation of the agreement between shareholders.

38. Subsidiaries

38.1 Details of subsidiaries as of December 31, 2021, are as follows:

Investor	Investee	Ownership (%)	Location	Industry
Kookmin Bank	Kookmin Bank Cambodia Plc.	100.00	Cambodia	Banking and foreign exchange transaction
Kookmin Bank	Kookmin Bank (China) Ltd.	100.00	China	Banking and foreign exchange transaction
Kookmin Bank	KB Microfinance Myanmar Co., Ltd.	100.00	Myanmar	Microfinance services
Kookmin Bank	KB Bank Myanmar Co., Ltd.	100.00	Myanmar	Banking and foreign exchange transaction
Kookmin Bank, Kookmin Bank Cambodia Plc.	PRASAC Microfinance Institution Plc.	100.00	Cambodia	Microfinance services
Kookmin Bank	PT Bank KB Bukopin Tbk	67.00	Indonesia	Banking and foreign exchange transaction
PT Bank KB Bukopin Tbk	PT Bank Syariah Bukopin	92.78	Indonesia	Banking
PT Bank KB Bukopin Tbk	PT Bukopin Finance	97.04	Indonesia	Installment financing
Kookmin Bank	Personal pension trust and 10 others [1]	0.00	Korea	Trust
Kookmin Bank	KBL Incheon 1st L.L.C. and 58 others [2]	0.00	Korea	Asset-backed securitization and others
Kookmin Bank	KB Wise Star Private Real Estate Feeder Fund No.1 [2]	86.00	Korea	Investment trust
Kookmin Bank	KB Haeorum Private Securities Fund No.83 (Bond) [2]	99.90	Korea	Investment trust
Kookmin Bank	Kiwoom Frontier Private Securities Fund No.10 (Bond) [2]	99.68	Korea	Investment trust
Kookmin Bank	Woori SafePlus Private Securities Fund S-8 [2]	90.91	Korea	Investment trust
Kookmin Bank	NH-Amundi Global Private Securities Investment Trust No.1 (USD) (Bond) [2]	99.86	Korea	Investment trust
Kookmin Bank	Meritz Private Real Estate Fund No.9-2 [2]	99.98	Korea	Investment trust
Kookmin Bank	AIP US Red Private Real Estate Trust No.10 [2]	99.97	Korea	Investment trust
Kookmin Bank	KB KBSTAR 3-Year Futures Inverse Securities ETF (Debt-Derivative) [2]	97.08	Korea	Investment trust
Kookmin Bank	KB Core Blind Private Real Estate Fund No.1 [2]	90.09	Korea	Investment trust
KB Core Blind Private Real Estate Fund No.1	KB Wise Star Real Estate Fund No.3 [2]	46.65	Korea	Investment trust
Kookmin Bank	KB Global Private Real Estate Debt Fund No.3 (USD) [2]	99.50	Korea	Investment trust
Kookmin Bank	Samsung Credit Value Plus Professional Investment Type Private Securities Fund (Bond) [2]	98.00	Korea	Investment trust
Kookmin Bank	KB Emerging Markets Dept Private Securities Fund(USD)(Bond) [2]	99.84	Korea	Investment trust
Kookmin Bank	Samsung SRA Private Real Estate Investment Trust No.28D [2]	99.50	Korea	Investment trust
Kookmin Bank	KIM Basic Private Securities Fund No.102 (Bond) [2]	99.80	Korea	Investment trust

Kookmin Bank	KB Global Private Real Estate Debt Fund No.10 [2]	99.83	Korea	Investment trust
Kookmin Bank	KB KBSTAR Active Korea Short Term Bond Market(AA-) ETF [2]	78.62	Korea	Investment trust
Kookmin Bank	KTB Global CREDebt No.52 [2]	99.44	Korea	Investment trust
Kookmin Bank	Hyundai Invest KKR Europe Real Estate No.1-3 [2]	98.60	Korea	Investment trust
Kookmin Bank	KBSTAR FKTB 5Y Duration Following ETF [2]	99.02	Korea	Investment trust
Kookmin Bank	NH-Amundi Private Securities Investment Trust S5(USD)(BOND) [2]	85.71	Korea	Investment trust
Kookmin Bank	Vestas Investors Private Real Estate Fund Investment Trust No.69-3 [2]	99.52	Korea	Investment trust

[1] The Group controls the trust because it has power to determine the management performance of the trust and is exposed to variable returns that absorb losses through the guarantees of payment of principal, or payment of principal and fixed rate of return.

[2] The Group controls these investees because it is significantly exposed to variable returns from the investees' performance and has ability to affect those returns through its power.

The Group holds more than half of the ownership interests of Koreit BN Private Equity Fund and four other investment trusts but does not have the power over relevant activities in accordance with agreements with trust and other shareholders, therefore these entities are not consolidated.

38.2 The condensed financial information of major subsidiaries as of and for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)	**December 31, 2021**			**2021**	
	Assets	**Liabilities**	**Equity**	**Operating revenue**	**Profit (loss) for the period**
Kookmin Bank Cambodia Plc.	559,442	440,502	118,940	28,032	11,694
Kookmin Bank (China) Ltd.	3,812,297	3,295,555	516,742	182,989	14,064
KB Microfinance Myanmar Co., Ltd.	16,549	3,507	13,042	6,020	(6,249)
PRASAC Microfinance Institution Plc.	5,128,845	4,329,971	798,874	796,169	205,342
PT Bank KB Bukopin Tbk	6,958,949	6,320,222	638,727	413,973	(272,526)
KB Bank Myanmar Co., Ltd.	242,396	8,409	233,987	480	(3,005)
Personal pension trust and 10 others	4,381,035	4,261,394	119,641	95,531	2,333

(In millions of Korean won)	**December 31, 2020**			**2020**	
	Assets	**Liabilities**	**Equity**	**Operating revenue**	**Profit (loss) for the period**
Kookmin Bank Int'l Ltd. (London) *	-	-	-	-	(4,587)
Kookmin Bank Cambodia Plc.	385,974	287,936	98,038	21,841	5,499
Kookmin Bank (China) Ltd.	3,323,048	2,874,258	448,790	167,781	13,967
KB Microfinance Myanmar Co., Ltd.	36,112	13,004	23,108	7,351	388
PRASAC Microfinance Institution Plc.	3,914,890	3,376,992	537,898	588,359	118,339
PT Bank KB Bukopin Tbk	5,841,168	5,530,648	310,520	106,358	(43,402)
KB Bank Myanmar Co., Ltd.	220,105	2,505	217,600	-	-
Personal pension trust and 10 others	4,483,007	4,365,699	117,308	138,481	2,841

* Liquidated during the year ended December 31, 2020.

38.3 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:

38.3.1 The Bank has provided capital commitments to consolidated investment funds.

(In millions of Korean won)	December 31, 2021	
	Capital commitments	**Unused amount**
KB Wise Star Private Real Estate Feeder Fund No.1	172,000	817
Meritz Private Real Estate Fund No.9-2	59,263	7,876
KB Core Blind Private Real Estate Fund No.1	100,000	175
KTB Global CREDebt No.52	59,275	19,542
Hyundai Invest KKR Europe Real Estate No.1-3	53,694	30,069
Vestas Investors Private Real Estate Fund Investment Trust No.69-3	75,872	56,882

38.3.2 The Bank has provided purchase commitment and credit line to consolidated structured entities. The purchase commitment guarantees that the Bank will purchase and pay any remaining commercial paper securities issued by consolidated structured entities. The credit line agreement requires the Bank to provide loans under certain conditions if there is a reason for suspension of issuance of commercial paper securities or if consolidated structured entities become insolvency due to other reasons.

(In millions of Korean won)	**December 31, 2021**
LOG the 3rd L.L.C.	24,300
KBL Incheon 1st L.L.C.	101,000
KB DTower 1st L.L.C.	50,494
KB INO 2nd L.L.C.	30,171
KB Happy 1st L.L.C.	50,187
KB Socio the 1st L.L.C.	30,272
KB Industry the 1st L.L.C.	10,200
KBST the 1st L.L.C.	30,174
KBH the 4th L.L.C.	18,200
Great Forest the 1st L.L.C.	16,200
KBC the 3rd L.L.C.	35,116
KBH the 6th L.L.C.	50,093
Beomuh Landmark the 2nd L.L.C.	57,600
KB Industry 2nd L.L.C.	10,200
KB Handok the 1st L.L.C.	30,121
KB Heracles the 1st L.L.C.	25,186
SLT Gamsam Co., Ltd.	13,200
K Plus the 1st L.L.C.	200,098
KB Hwaseong the 1st L.L.C.	13,100
KB Livv H 1st L.L.C.	30,075
KB Beomcheon Land 1st L.L.C.	14,300
Livv H 1st L.L.C.	50,129
KB Eagles 1st Co., Ltd.	30,075
KB Manchon Harrington Co., Ltd.	17,702
KB Livv I 1st Co., Ltd.	50,162

KB Cheongla Hill Co., Ltd.	60,356
KB Dong-in Central L.L.C.	20,080
KB Eagles 2nd Co., Ltd.	50,151
KBH Steal Co., Ltd.	150,185
KB Penta Co., Ltd.	27,287
KB Great Bear 1st L.L.C.	90,223
Ryan Mobility 1st L.L.C.	50,137
KB Chemical 1st Co., Ltd.	50,135
KB Eugene 1st Co., Ltd.	10,077
KB Harim 1st L.L.C.	30,098
KB Eagles 3rd Co., Ltd.	50,140
KB Winchest 1st Co., Ltd.	48,500
KB Dong-in Central 1st L.L.C.	17,200
LEP 2nd Co., Ltd.	70,000
KB River County L.L.C.	51,500
KB Buamsamjung 1st Co., Ltd.	50,323
KB Suchang 1st Co., Ltd.	41,800
KB LCC 2nd L.L.C.	45,410
Liiv H 2nd Co., Ltd.	30,037
KB Sungnae 1st L.L.C.	89,400
JT Capital 7th Asset Securitization Specialty Company	23,800
KB Landscape 1st L.L.C.	92,200
KB Pride 1st L.L.C.	35,950
KB Pride 2nd L.L.C.	45,182
KB Moonheung 1st Co., Ltd.	116
KB Gamil 1st Co., Ltd.	67,200
KB One West 1st Co., Ltd.	55,932
KB Cloud L.L.C.	100,854
K Gowoon Sekyo 1st Co., Ltd.	4,830
K Gowoon Sekyo 2nd Co., Ltd.	3,839

38.3.3 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.

38.4 Changes in Subsidiaries

KB Harim 1st L.L.C. and 27 other subsidiaries were newly included in the scope of consolidation, and KB Display 1st L.L.C. and 17 other subsidiaries were excluded from the scope of consolidation for the year ended December 31, 2021.

38.5 Net Cash Flow from Changes in Subsidiaries

The net cash inflows arising from acquisition of subsidiaries and net cash inflows arising from disposal of subsidiaries are amounting to ₩ 70,731 million and ₩ 9,720 million for the year ended December 31, 2021, respectively.

39. Unconsolidated Structured Entities

39.1 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
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
Structured financing	Granting PF loans to SOC and real estate Granting loans to ships/aircrafts SPC Project financing to M&A and others	Construction of SOC and real estate Building ships, construction and purchase of aircrafts M&A	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

39.2 Details of scale of unconsolidated structured entities and nature of the risks associated with the Group's interests in unconsolidated structured entities as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)	December 31, 2021			
	Asset-backed securitization	**Structured financing**	**Investment funds**	**Total**
Total assets of unconsolidated structured entities	99,788,024	52,936,733	135,096,320	287,821,077
Carrying amount in the financial statements				
Assets:				
Financial assets at fair value through profit or loss	167,915	39,047	3,555,696	3,762,658
Loans measured at amortized cost	41,068	5,098,265	-	5,139,333
Financial investments	7,471,873	-	-	7,471,873
Investments in associates	-	-	285,895	285,895
Other assets	-	423	2	425
	7,680,856	5,137,735	3,841,593	16,660,184
Liabilities:				
Deposits	330,592	650,834	86,185	1,067,611
Derivative financial liabilities	437	-	-	437
Other liabilities	2,532	3,030	15	5,577
	333,561	653,864	86,200	1,073,625
Maximum exposure				
Assets held *	7,680,856	5,137,735	3,841,593	16,660,184
Purchase and investment commitments	-	-	3,863,104	3,863,104
Acceptances and guarantees and unused line of credit	5,353,985	1,636,416	-	6,990,401
	13,034,841	6,774,151	7,704,697	27,513,689
Methods of determining the maximum exposure	Providing lines of credit / Purchase commitments/ Acceptances and guarantees and loan commitments	Loan commitments / Investment commitments / Purchase commitments and acceptances and guarantees	Investment commitments	

(In millions of Korean won)

	December 31, 2020			
	Asset-backed securitization	**Structured Financing**	**Investment funds**	**Total**
Total assets of unconsolidated structured entities	83,411,026	36,339,952	79,115,376	198,866,354
Carrying amount in the financial statements				
Assets:				
Financial assets at fair value through profit or loss	260,131	59,648	2,521,607	2,841,386
Derivative financial assets	1,579	-	-	1,579
Loans measured at amortized cost	105,096	2,727,511	-	2,832,607
Financial investments	7,180,970	-	-	7,180,970
Investments in associates	-	-	326,883	326,883
Other assets	-	545	2	547
	7,547,776	2,787,704	2,848,492	13,183,972
Liabilities:				
Deposits	344,221	612,022	57,277	1,013,520
Derivative financial liabilities	1,307	-	-	1,307
Other liabilities	1,997	7,457	5	9,459
	347,525	619,479	57,282	1,024,286
Maximum exposure				
Assets held *	7,547,776	2,787,704	2,848,492	13,183,972
Purchase and investment commitments	-	-	4,248,322	4,248,322
Acceptances and guarantees and unused line of credit	3,597,517	1,691,150	-	5,288,667
	11,145,293	4,478,854	7,096,814	22,720,961
Methods of determining the maximum exposure	Providing lines of credit / Purchase commitments/ Acceptances and guarantees and loan commitments	Loan commitments / Investment commitments / Purchase commitments and acceptances and guarantees	Investment commitments	

* 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.

40. Lease

40.1 The Group as a Lessee

40.1.1 Amounts recognized in the consolidated statements of financial position related to lease as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)	December 31, 2021	December 31, 2020
Right-of-use property and equipment: *		
Real estate	370,146	391,567
Vehicles	10,970	9,747
Others	10,018	14,835
	391,134	416,149
Right-of-use intangible assets *	3,610	4,617
	394,744	420,766
Lease liabilities *	375,472	380,629

* Included in property and equipment, intangible assets, and other liabilities.

40.1.2 Amounts recognized in the consolidated statements of comprehensive income related to lease for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)	2021	2020
Depreciation and amortization of right-of-use assets:		
Real estate	196,687	196,479
Vehicles	11,379	10,157
Others	6,672	8,570
Intangible asset	1,007	5,022
	215,745	220,228
Interest expenses on the lease liabilities	10,328	8,298
Expense relating to short-term lease	3,094	3,077
Expense relating to lease of low-value assets that are not short-term lease	3,060	2,325

Total cash outflows for lease for the years ended December 31, 2021 and 2020 are ₩ 169,108 million and ₩ 170,689 million, respectively.

40.2 The Group as an Operating Lessor

The future minimum lease payments to be received from the non-cancellable lease contracts as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)	December 31, 2021	December 31, 2020
Up to 1 year	20,081	20,057
1-5 years	33,211	43,404
Over 5 years	-	1,060
	53,292	64,521

41. Related Party Transactions

According to Korean IFRS No.1024, the Group includes the Parent, the Parent's subsidiaries, associates, associates of the Parent's subsidiaries, associates of the Parent, 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.

Key management personnel include the executives of the Parent Company and the executives (managing director and above) of the Bank, and companies where the executives and/or their close family members have control or joint control.

41.1 Details of significant profit or loss arising from transactions with related parties for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)		2021	2020
Parent			
KB Financial Group Inc.	Fee and commission income	7,440	7,183
	Other non-operating income	1,638	1,057
	Interest expense	1,708	410
	Other operating expenses	273	190
	General and administrative expenses	926	925
Parent's subsidiaries			
KB Securities Co., Ltd.	Interest income	2,897	2,054
	Fee and commission income	27,878	19,298
	Gains on financial instruments at fair value through profit or loss	92,627	43,739
	Other non-operating income	4,371	10,188
	Interest expense	2,020	2,874
	Fee and commission expense	785	666
	Losses on financial instruments at fair value through profit or loss	108,706	42,394
	Provision for credit losses	146	92
	General and administrative expenses	3,242	-
KB Asset Management Co., Ltd.	Fee and commission income	1,959	1,465
	Gains on financial instruments at fair value through profit or loss	178	-
	Other non-operating income	-	1
	Interest expense	43	59
	Fee and commission expense	1,703	1,571
	Losses on financial instruments at fair value through profit or loss	98	373
	General and administrative expenses	500	500
KB Real Estate Trust Co., Ltd.	Fee and commission income	268	232
	Other non-operating income	35	38
	Interest expense	119	207

	Fee and commission expense	1,806	2,406
KB Investment Co., Ltd.	Fee and commission income	126	48
	Interest expense	344	443
KB Credit Information Co., Ltd.	Fee and commission income	71	69
	Other non-operating income	143	216
	Interest expense	69	104
	Fee and commission expense	20,953	21,898
KB Data System Co., Ltd.	Fee and commission income	432	270
	Other non-operating income	182	149
	Interest expense	152	242
	Other operating expenses	349	-
	General and administrative expenses	60,374	54,869
KB Life Insurance Co., Ltd.	Fee and commission income	17,258	16,534
	Gains on financial instruments at fair value through profit or loss	8,154	4,292
	Other non-operating income	48	2,293
	Interest expense	11	795
	Fee and commission expense	956	1
	Losses on financial instruments at fair value through profit or loss	414	2,975
	Other non-operating expenses	-	2
	General and administrative expenses	888	950
KB Kookmin Card Co., Ltd.	Interest income	4,985	4,441
	Fee and commission income	167,764	190,987
	Gains on financial instruments at fair value through profit or loss	287	1,262
	Reversal of credit losses	6	-
	Other non-operating income	1,682	1,645
	Interest expense	937	1,003
	Fee and commission expense	1,222	1,255
	Losses on financial instruments at fair value through profit or loss	363	143
	Provision for credit losses	327	245
	General and administrative expenses	1,301	391
KB Savings Bank Co., Ltd.	Fee and commission income	984	1,125
	Other non-operating income	82	77
	Interest expense	16	11
	General and administrative expenses	6	-
KB Capital Co., Ltd.	Interest income	1,529	1,951
	Fee and commission income	2,900	2,767
	Reversal of credit losses	245	-
	Other non-operating income	155	191
	Interest expense	74	98
	Fee and commission expense	4	43
	Provision for credit losses	-	138
	General and administrative expenses	139	-

KB Insurance Co., Ltd.	Interest income	303	67
	Fee and commission income	26,351	24,467
	Gains on financial instruments at fair value through profit or loss	69,366	33,319
	Other non-operating income	1,842	1,287
	Interest expense	1,592	1,676
	Fee and commission expense	2,983	1,628
	Losses on financial instruments at fair value through profit or loss	1,333	37,871
	Other operating expenses	3	1
	Provision for credit losses	10	5
	Other non-operating expenses	11	-
	General and administrative expenses	13,590	10,283
Prudential Life Insurance Company of Korea Ltd.	Interest income	46	-
	Fee and commission income	103	20
	Gains on financial instruments at fair value through profit or loss	6,968	-
	Interest expense	3,736	1,165
	Fee and commission expense	4,374	-
	Losses on financial instruments at fair value through profit or loss	652	-
	General and administrative expenses	604	-
KB Hanbando BTL Private Special Asset Fund No.1	Fee and commission income	119	132
KB Senior Loan Private Fund No.1 *	Fee and commission income	1	3
KB AMP Infra Private Special Asset Fund No.1(FoFs)	Fee and commission income	9	11
KB Muni bond Private Securities Fund No.1 (USD)	Fee and commission income	11	12
KB Global Private Real Estate Debt Fund No.1	Fee and commission income	10	10
KB NA COMPASS Energy Private Special Asset Fund	Fee and commission income	7	8
KB Star Office Private Real Estate Master Fund No.3	Interest expense	3	55
KB Star Office Private Real Estate Feeder Fund No.4	Interest income	760	760
	Fee and commission income	37	36
	Interest expense	5	18
	Provision for credit losses	1	1
KB Global Core Bond Securities Feeder Fund(Bond)	Fee and commission income	45	87
	Gains on financial instruments at fair value through profit or loss	1,020	-
	Losses on financial instruments at fair value through profit or loss	280	-
KB Onkookmin Life Income 20 Feeder Fund (FoFs) C-F	Gains on financial instruments at fair value through profit or loss	266	-
	Losses on financial instruments at fair value through profit or loss	48	102

KB Onkookmin Life Income 40 Feeder Fund (FoFs) C-F	Gains on financial instruments at fair value through profit or loss	261	-
	Losses on financial instruments at fair value through profit or loss	41	190
KB New Renewable Energy Private Special Asset Fund No.1	Fee and commission income	8	6
KB North America Private Real Estate Debt Fund No.1	Fee and commission income	3	3
	Gains on financial instruments at fair value through profit or loss	2,502	1,814
	Losses on financial instruments at fair value through profit or loss	-	3,248
KB North America Private Real Estate Debt Fund No.3	Fee and commission income	10	10
	Gains on financial instruments at fair value through profit or loss	8,580	2,699
	Losses on financial instruments at fair value through profit or loss	536	8,044
KB Europe Renewable Private Special Asset Fund No.2 (SOC-FoFs)	Fee and commission income	4	2
KB Global Infrastructure Synergy Private Special Asset Fund	Fee and commission income	3	-
KB BMO Senior Loan Private Special Asset Fund No.1(FOF)	Fee and commission income	8	6
	Gains on financial instruments at fair value through profit or loss	5,722	-
	Losses on financial instruments at fair value through profit or loss	759	4,329
KB BMO Senior Loan Private Special Asset Fund No.2(USD)	Fee and commission income	8	5
KB Korea Short Term Premium Private Securities No.15(USD)(Bond) *	Fee and commission income	3	1
	Gains on financial instruments at fair value through profit or loss	-	1,452
	Losses on financial instruments at fair value through profit or loss	1,614	-
KB Korea Short Term Premium Private Securities No.17(USD)(Bond) *	Fee and commission income	10	2
	Gains on financial instruments at fair value through profit or loss	-	3,268
	Losses on financial instruments at fair value through profit or loss	6,153	-
KB Korea Short Term Premium Private Securities No.19(USD)(Bond)	Fee and commission income	4	-
KB Korea Short Term Premium Private Securities No.21(USD)(Bond)	Fee and commission income	5	-
KB New Renewable Green New Deal Private Special Asset No.2	Fee and commission income	2	-
KB Sinansan Line Private Special Asset Fund(SOC)	Fee and commission income	12	-
KB Global Private Real Estate Debt Fund No.11	Fee and commission income	1	-
KB Korea Short Term Premium Private Securities No.22(USD)(Bond)	Fee and commission income	3	-
	Losses on financial instruments at fair value through profit or loss	1,306	-
KB Multi Alpha Plus Private Fund No.1	Fee and commission income	6	-

KB MCF Senior Loan Private Special Asset Fund No.3(FoFs)	Fee and commission income	8	-
KB Korea Infrastructure Credit Guarantee Private Special Asset No.1	Fee and commission income	5	-
KB Wise Star Private Real Estate No.19	Fee and commission income	3	-
Hanwha Europe Credit Private Fund No.16 (FOF)	Gains on financial instruments at fair value through profit or loss	36	-
	Losses on financial instruments at fair value through profit or loss	175	-
KB AMP Infra Private Special Asset Fund No.13(FoFs)	Fee and commission income	1	-
KB Logistics Blind Private Real Estate Fund No.1	Fee and commission income	2	-
KB Aircraft Private Special Asset Fund No.1	Fee and commission income	4	-
	Losses on financial instruments at fair value through profit or loss	3,849	-
KB Star ESG Prime Mid-Short Bond Securities Feeder Fund(Bond)	Fee and commission income	5	-
KB Global Private Real Estate Debt Fund No.15	Fee and commission income	2	-
KB Korea Short Term Premium Private Securities No.23(USD)(Bond)	Fee and commission income	2	-
	Gains on financial instruments at fair value through profit or loss	96	-
KB AU Infigen Energy Private Special Asset Fund *	Fee and commission income	-	3
KB AU Infigen Energy Private Special Asset Fund No.2 *	Fee and commission income	-	5
KB Korea Short Term Premium Private Securities No.10(USD)(Bond) *	Fee and commission income	-	6
KB Wise Star Private Real Estate Feeder Fund No.12 *	Interest income	-	493
	Fee and commission income	-	1
Associates			
Korea Credit Bureau Co., Ltd.	Fee and commission income	36	4
	Interest expense	6	7
	Fee and commission expense	1,860	1,954
	Other operating expenses	11	1
Incheon Bridge Co., Ltd.	Interest income	4,069	4,345
	Fee and commission income	22	23
	Gains on financial instruments at fair value through profit or loss	-	899
	Reversal of credit losses	444	-
	Interest expense	158	334
	Fee and commission expense	6	6
	Losses on financial instruments at fair value through profit or loss	1,374	-
	Provision for credit losses	-	471
Dae-A Leisure Co., Ltd.	Interest expense	2	7
Skydigital Inc.	Fee and commission income	3	4
KB High-Tech Company Investment Fund	Interest expense	8	16
Aju Good Technology Venture Fund	Interest expense	27	18

KB-KDBC Pre-IPO New Technology Business Investment Fund	Interest expense	1	23
KB Digital Innovation & Growth New Technology Business Investment Fund	Interest expense	3	4
KB-Brain KOSDAQ Scale-up New Technology Business Investment Fund	Interest expense	17	40
KB Global Platform Fund	Interest expense	39	52
WJ Private Equity Fund No.1	Fee and commission income	7	5
KB12-1 Venture Investment Partnership *	Interest expense	-	13
Associate of Parent			
KB Star Office Private Real Estate Investment Trust No.1	Interest expense	5	61
Associates of Parent's subsidiaries			
SY Auto Capital Co., Ltd.	Interest income	-	3
	Fee and commission income	4	4
	Reversal of credit losses	-	17
	Interest expense	-	2
RAND Bio Science Co., Ltd.	Interest expense	-	11
Food Factory Co., Ltd.	Interest income	70	52
	Reversal of credit losses	6	-
	Interest expense	5	12
	Fee and commission expense	2	4
	Provision for credit losses	-	8
Acts Co., Ltd.	Interest income	-	1
Banksalad Co., Ltd.	Fee and commission income	36	36
Spark Biopharma Inc.	Interest expense	7	-
UPRISE, Inc.	Interest income	5	2
	Reversal of credit losses	1	-
	Interest expense	1	-
	Provision for credit losses	-	1
CellinCells Co., Ltd.	Interest expense	-	4
COSES GT Co., Ltd.	Interest income	18	6
	Reversal of credit losses	3	-
	Interest expense	1	-
	Provision for credit losses	-	4
KB No.17 Special Purpose Acquisition Company	Interest expense	14	25
KB No.18 Special Purpose Acquisition Company	Interest expense	20	31
KB No.19 Special Purpose Acquisition Company	Interest expense	9	13
KB No.20 Special Purpose Acquisition Company	Interest expense	15	25
SwatchOn Inc.	Fee and commission income	8	7
	Interest expense	10	47
Gomi corporation Inc.	Interest income	19	-
	Interest expense	1	-
	Provision for credit losses	13	-
S&E bio Co., Ltd.	Interest expense	1	1
Contents First Inc.	Interest expense	83	14
December & Company Inc.	Interest expense	-	1

GENINUS Inc.	Interest expense	29	70
Mantisco Co., Ltd.	Interest expense	1	-
SuperNGine Co., Ltd.	Interest expense	1	-
Desilo Inc.	Interest income	1	-
	Provision for credit losses	2	-
Turing Co., Ltd.	Interest expense	1	-
IGGYMOB Co., Ltd.	Interest expense	1	-
KB Pre IPO Secondary Venture Fund No.1	Interest expense	1	3
A-PRO Co., Ltd. *	Interest income	-	7
	Interest expense	-	1
	Provision for credit losses	-	1
BNF Corporation Ltd. *	Interest income	-	9
	Fee and commission income	-	2
	Provision for credit losses	-	8
Others			
Retirement pension	Fee and commission income	1,338	1,077
	Interest expense	9	3

* Excluded from the Group's related party as of December 31, 2021.

41.2 Details of significant outstanding balances of receivables and payables arising from transactions with related parties as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)		December 31, 2021	December 31, 2020
Parent			
KB Financial Group Inc.	Other assets	71	120
	Deposits	518,076	23,084
	Other liabilities	462,800	597,429
Parent's subsidiaries			
KB Securities Co., Ltd.	Cash and due from financial institutions	4,691	2,763
	Derivative assets	43,797	17,465
	Loans measured at amortized cost (gross amount)	124,527	97,803
	Allowances for credit losses	201	88
	Other assets	5,564	4,983
	Derivative liabilities	33,338	11,630
	Deposits	535,130	464,584
	Provisions	90	57
	Other liabilities [2]	29,920	27,906
KB Asset Management Co., Ltd.	Other assets	422	327
	Derivative liabilities	-	373
	Deposits	13,206	6,915
	Other liabilities [3]	1,304	1,310
KB Real Estate Trust Co., Ltd.	Other assets	3	3
	Deposits	103,329	71,261
	Other liabilities [4]	3,438	3,235
KB Investment Co., Ltd.	Deposits	100,338	93,970
	Other liabilities	42	97
KB Credit Information Co., Ltd.	Deposits	4,536	5,340
	Other liabilities	5,656	6,196
KB Data System Co., Ltd.	Other assets	215	390
	Deposits	17,999	17,561
	Other liabilities	6,150	4,539
KB Life Insurance Co., Ltd.	Derivative assets	5,387	90
	Other assets	1,519	1,436
	Derivative liabilities	168	2,682
	Deposits	2,608	2,085
	Other liabilities [5]	21,700	19,797
KB Kookmin Card Co., Ltd.	Derivative assets	55	418
	Loans measured at amortized cost (gross amount)	71,130	39,930
	Allowances for credit losses	86	30
	Other assets	22,043	14,473
	Deposits	81,641	92,490
	Borrowings	3,492	-
	Provisions	724	459
	Other liabilities	47,443	57,810
KB Savings Bank Co., Ltd.	Other liabilities	323	1,088

KB Capital Co., Ltd.	Loans measured at amortized cost (gross amount)	71,130	54,400
	Allowances for credit losses	156	277
	Other assets	365	324
	Deposits	219,312	190,331
	Provisions	45	143
	Other liabilities	3,006	2,521
KB Insurance Co., Ltd.	Derivative assets	37,098	4,832
	Loans measured at amortized cost (gross amount)	17,958	-
	Allowances for credit losses	3	-
	Other assets	15,707	14,354
	Derivative liabilities	3,670	29,491
	Deposits	7,854	3,365
	Borrowings [7]	23,000	-
	Debentures	29,998	29,994
	Provisions	18	11
	Other liabilities [6]	17,757	17,937
Prudential Life Insurance Company of Korea Ltd.	Derivative assets	6,968	-
	Other assets	3,815	-
	Derivative liabilities	652	-
	Deposits	7,634	303
	Debentures	30,000	30,000
	Other liabilities	38,100	32,537
KB Hanbando BTL Private Special Asset Fund No.1	Other assets	29	32
KB Senior Loan Private Fund No.1 [1]	Other assets	-	1
KB AMP Infra Private Special Asset Fund No.1(FoFs)	Other assets	1	1
KB Muni bond Private Securities Fund No.1 (USD)	Other assets	2	2
KB Global Private Real Estate Debt Fund No.1	Other assets	3	3
KB NA COMPASS Energy Private Special Asset Fund	Other assets	1	1
KB Star Office Private Real Estate Master Fund No.3	Deposits	171	171
	Other liabilities	9	6
KB Star Office Private Real Estate Feeder Fund No.4	Loans measured at amortized cost (gross amount)	20,000	20,000
	Allowances for credit losses	3	2
	Other assets	11	9
	Deposits	532	532
	Other liabilities	1	1
KB Global Core Bond Securities Feeder Fund(Bond)	Derivative assets	7	-
	Other assets	4	7
	Derivative liabilities	6	-
KB Onkookmin Life Income 20 Feeder Fund (FoFs) C-F	Derivative liabilities	-	39
KB Onkookmin Life Income 40 Feeder Fund (FoFs) C-F	Derivative liabilities	-	44

KB New Renewable Energy Private Special Asset Fund No.1	Other assets	2	2
KB North America Private Real Estate Debt Fund No.1	Derivative assets	1,378	-
	Other assets	1	1
	Derivative liabilities	-	3,248
KB North America Private Real Estate Debt Fund No.3	Derivative assets	1,221	-
	Other assets	2	2
	Derivative liabilities	-	8,044
KB Europe Renewable Private Special Asset Fund No.2 (SOC-FoFs)	Other assets	1	1
KB Global Infrastructure Synergy Private Special Asset Fund	Other assets	1	-
KB BMO Senior Loan Private Special Asset Fund No.1(FOF)	Derivative assets	3,275	-
	Other assets	2	2
	Derivative liabilities	-	4,327
KB BMO Senior Loan Private Special Asset Fund No.2(USD)	Other assets	2	2
KB Korea Short Term Premium Private Securities No.15(USD)(Bond) [1]	Derivative assets	-	1,452
	Other assets	-	1
KB Korea Short Term Premium Private Securities No.17(USD)(Bond) [1]	Derivative assets	-	3,268
	Other assets	-	2
KB Korea Short Term Premium Private Securities No.19(USD)(Bond)	Other assets	2	-
KB Korea Short Term Premium Private Securities No.21(USD)(Bond)	Other assets	2	-
KB New Renewable Green New Deal Private Special Asset No.2	Other assets	1	-
KB Sinansan Line Private Special Asset Fund(SOC)	Other assets	4	-
KB Korea Short Term Premium Private Securities No.22(USD)(Bond)	Other assets	1	-
	Derivative liabilities	1,306	-
KB Multi Alpha Plus Private Fund No.1	Other assets	2	-
KB MCF Senior Loan Private Special Asset Fund No.3(FoFs)	Other assets	7	-
KB Korea Infrastructure Credit Guarantee Private Special Asset No.1	Other assets	2	-
Hanwha Europe Credit Private Fund No.16 (FOF)	Derivative assets	9	-
	Derivative liabilities	119	-
KB AMP Infra Private Special Asset Fund No.13(FoFs)	Other assets	1	-
KB Logistics Blind Private Real Estate Fund No.1	Other assets	2	-
KB Aircraft Private Special Asset Fund No.1	Other assets	2	-
	Derivative liabilities	3,835	-
KB Star ESG Prime Mid-Short Bond Securities Feeder Fund(Bond)	Other assets	1	-
KB Global Private Real Estate Debt Fund No.15	Other assets	2	-
KB Korea Short Term Premium Private Securities No.23(USD)(Bond)	Derivative assets	96	-
	Other assets	2	-

Associates			
Korea Credit Bureau Co., Ltd.	Deposits	10,200	19,982
	Other liabilities	-	5
Incheon Bridge Co., Ltd.	Financial assets at fair value through profit or loss	37,382	38,756
	Loans measured at amortized cost (gross amount)	114,100	133,000
	Allowances for credit losses	25	202
	Other assets	423	545
	Deposits	35,487	39,520
	Provisions	18	286
	Other liabilities	99	199
Jungdo Co., Ltd.	Deposits	4	4
Dae-A Leisure Co., Ltd.	Deposits	17	636
	Other liabilities	-	21
Skydigital Inc.	Deposits	85	15
Jo Yang Industrial Co., Ltd.	Deposits	1	2
Neomio Corp. [1]	Deposits	-	535
KB High-Tech Company Investment Fund	Deposits	1,504	12,695
	Other liabilities	-	1
Aju Good Technology Venture Fund	Deposits	6,286	3,093
	Other liabilities	10	1
KB-KDBC Pre-IPO New Technology Business Investment Fund	Deposits	904	923
KB Digital Innovation & Growth New Technology Business Investment Fund	Deposits	2,088	1,801
KB-Brain KOSDAQ Scale-up New Technology Business Investment Fund	Deposits	1,524	8,097
	Other liabilities	-	1
KB Global Platform Fund	Deposits	26,823	20,197
	Other liabilities	5	2
WJ Private Equity Fund No.1	Other assets	2	2
	Deposits	260	349
Associate of Parent			
KB Star Office Private Real Estate Investment Trust No.1	Deposits	2,578	4,255
	Other liabilities	-	24
Associates of Parent's subsidiaries			
SY Auto Capital Co., Ltd.	Deposits	17	6
RAND Bio Science Co., Ltd.	Deposits	443	693
Food Factory Co., Ltd.	Loans measured at amortized cost (gross amount)	3,545	3,193
	Allowances for credit losses	4	8
	Other assets	2	3
	Deposits	839	1,555
	Provisions	-	2
	Other liabilities	6	9
Acts Co., Ltd.	Deposits	154	18
Paycoms Co., Ltd.	Deposits	1	1
Big Dipper Co., Ltd.	Deposits	-	1
Spark Biopharma Inc.	Deposits	6,015	-
	Other liabilities	3	-
Wyatt Corp.	Deposits	1	1

Stratio, Inc.	Deposits	-	13
UPRISE, Inc.	Loans measured at amortized cost (gross amount)	-	500
	Allowances for credit losses	-	1
	Deposits	4,001	11
CellinCells Co., Ltd.	Deposits	38	260
COSES GT Co., Ltd.	Loans measured at amortized cost (gross amount)	500	500
	Allowances for credit losses	2	4
	Other assets	1	1
	Deposits	1,939	292
KB No.17 Special Purpose Acquisition Company	Deposits	1,687	1,711
	Other liabilities	12	23
KB No.18 Special Purpose Acquisition Company	Deposits	2,077	2,101
	Other liabilities	12	19
KB No.19 Special Purpose Acquisition Company	Deposits	1,013	1,053
	Other liabilities	5	3
KB No.20 Special Purpose Acquisition Company	Deposits	1,681	1,716
	Other liabilities	3	1
SwatchOn Inc.	Deposits	686	3,947
	Other liabilities	-	40
Gomi corporation Inc.	Loans measured at amortized cost (gross amount)	2,200	-
	Allowances for credit losses	12	-
	Other assets	4	-
	Deposits	3,188	37
	Other liabilities	1	-
S&E bio Co., Ltd.	Deposits	263	1,142
4N Inc.	Deposits	39	76
Contents First Inc.	Deposits	12,650	1,823
	Other liabilities	57	7
December & Company Inc.	Deposits	1	1
GENINUS Inc.	Deposits	34,415	13,630
	Other liabilities	2	15
Mantisco Co., Ltd.	Deposits	386	-
G1 Playground Co., Ltd.	Deposits	354	-
SuperNGine Co., Ltd.	Deposits	944	-
Desilo Inc.	Loans measured at amortized cost (gross amount)	301	-
	Allowances for credit losses	2	-
	Deposits	168	-
Turing Co., Ltd.	Deposits	1,054	-
IGGYMOB Co., Ltd.	Deposits	2,938	-
KB Pre IPO Secondary Venture Fund No.1	Deposits	103	629
Key management personnel	Loans measured at amortized cost (gross amount)	3,252	4,599
	Allowances for credit losses	2	2
	Other assets	3	4
	Deposits	11,757	11,023
	Provisions	1	-
	Other liabilities	255	284

Others			
Retirement pension	Other assets	369	295
	Other liabilities	5,014	10,600

[1] Excluded from the Group's related party as of December 31, 2021.
[2] Non-controlling interests classified as liabilities include ₩ 3,089 million and ₩ 2,897 million as of December 31, 2021 and 2020, respectively.
[3] Non-controlling interests classified as liabilities include ₩ 986 million and ₩ 994 million as of December 31, 2021 and 2020, respectively.
[4] Non-controlling interests classified as liabilities include ₩ 3,085 million and ₩ 2,888 million as of December 31, 2021 and 2020, respectively.
[5] Non-controlling interests classified as liabilities include ₩ 20,355 million and ₩ 19,411 million as of December 31, 2021 and 2020, respectively.
[6] Non-controlling interests classified as liabilities include ₩ 4,931 million and ₩ 4,969 million as of December 31, 2021 and 2020, respectively.
[7] This is the carrying amount of liabilities held through a subsidiary, a company specialized in asset-backed securitization, and the related underlying assets after deducting allowance for credit losses is ₩ 22,920 million. The carrying amount of the asset and liability is determined as a reasonable approximation of its fair value.

41.3 Details of right-of-use assets and lease liabilities with related parties as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)		**December 31, 2021**	**December 31, 2020**
Parent's subsidiaries			
KB Securities Co., Ltd.	Right-of-use assets	26,565	30,567
	Lease liabilities	31,814	36,118
KB Kookmin Card Co., Ltd.	Right-of-use assets	200	77
	Lease liabilities	53	48
KB Insurance Co., Ltd.	Right-of-use assets	3,797	2,848
	Lease liabilities	3,963	3,152
Prudential Life Insurance Company of Korea Ltd.	Right-of-use assets	9,168	-
	Lease liabilities	9,042	-

41.4 Notional amount of derivative assets and liabilities arising from transactions with related parties as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)		December 31, 2021	December 31, 2020
Parent's subsidiaries			
KB Securities Co., Ltd.	Notional amount of derivative financial instruments	2,360,006	981,259
KB Asset Management Co., Ltd.	Notional amount of derivative financial instruments	-	22,297
KB Life Insurance Co., Ltd.	Notional amount of derivative financial instruments	163,227	54,892
KB Kookmin Card Co., Ltd.	Notional amount of derivative financial instruments	30,000	30,000
KB Insurance Co., Ltd.	Notional amount of derivative financial instruments	1,356,044	650,108
Prudential Life Insurance Company of Korea Ltd.	Notional amount of derivative financial instruments	407,653	-
KB Global Core Bond Securities Feeder Fund(Bond)	Notional amount of derivative financial instruments	25,796	-
KB Onkookmin Life Income 20 Feeder Fund (FoFs) C-F	Notional amount of derivative financial instruments	-	2,305
KB Onkookmin Life Income 40 Feeder Fund (FoFs) C-F	Notional amount of derivative financial instruments	-	2,617
KB North America Private Real Estate Debt Fund No.1	Notional amount of derivative financial instruments	29,638	27,200
KB North America Private Real Estate Debt Fund No.3	Notional amount of derivative financial instruments	293,411	89,760
KB BMO Senior Loan Private Special Asset Fund No.1(FOF)	Notional amount of derivative financial instruments	60,822	50,798
KB Korea Short Term Premium Private Securities No.15(USD)(Bond) *	Notional amount of derivative financial instruments	-	22,032
KB Korea Short Term Premium Private Securities No.17(USD)(Bond) *	Notional amount of derivative financial instruments	-	77,030
KB Korea Short Term Premium Private Securities No.22(USD)(Bond)	Notional amount of derivative financial instruments	23,941	-
Hanwha Europe Credit Private Fund No.16 (FOF)	Notional amount of derivative financial instruments	15,254	-
KB Aircraft Private Special Asset Fund No.1	Notional amount of derivative financial instruments	136,328	-
KB Korea Short Term Premium Private Securities No.23(USD)(Bond)	Notional amount of derivative financial instruments	82,985	-

* Excluded from the Group's related party as of December 31, 2021.

41.5 Details of significant lending transactions with related parties for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)	**2021** [1]				
	Beginning	**Loan**	**Collection**	**Others**	**Ending**
Parent's subsidiaries					
KB Securities Co., Ltd.	97,803	829,086	807,840	5,478	124,527
KB Insurance Co., Ltd.	-	18,200	300	58	17,958
KB Kookmin Card Co., Ltd.	39,930	86,033	41,551	(13,282)	71,130
KB Capital Co., Ltd.	54,400	11,441	-	5,289	71,130
KB Star Office Private Real Estate Feeder Fund No.4	20,000	-	-	-	20,000
Associates					
Incheon Bridge Co., Ltd.	171,756	-	18,900	(1,374)	151,482
Associates of Parent's subsidiaries					
Food Factory Co., Ltd.	3,193	388	37	1	3,545
UPRISE, Inc.	500	-	500	-	-
COSES GT Co., Ltd.	500	-	-	-	500
Gomi corporation Inc.	-	2,200	-	-	2,200
Desilo Inc.	-	300	-	1	301
Key management personnel [3]	4,599	2,432	1,752	(2,027)	3,252

(In millions of Korean won)	**2020** [1]				
	Beginning	**Loan**	**Collection**	**Others**	**Ending**
Parent's subsidiaries					
KB Securities Co., Ltd.	65,289	1,164,587	1,129,114	(2,959)	97,803
KB Kookmin Card Co., Ltd.	19,683	181,249	160,164	(838)	39,930
KB Capital Co., Ltd.	64,489	62,423	69,139	(3,373)	54,400
KB Star Office Private Real Estate Feeder Fund No.4	20,000	-	-	-	20,000
KB Wise Star Private Real Estate Feeder Fund No.12 [2]	-	34,000	-	(34,000)	-
Associates					
Incheon Bridge Co., Ltd.	185,557	-	14,700	899	171,756
Carlife Co., Ltd.	-	22	22	-	-
Associates of Parent's subsidiaries					
SY Auto Capital Co., Ltd.	1,900	11,250	13,150	-	-
Food Factory Co., Ltd.	1,987	1,225	20	1	3,193
A-PRO Co., Ltd. [2]	2,016	2,000	-	(4,016)	-
BNF Corporation Ltd. [2]	1,400	1,000	-	(2,400)	-
Acts Co., Ltd.	-	74	74	-	-
UPRISE, Inc.	-	500	-	-	500
COSES GT Co., Ltd.	-	500	-	-	500
Key management personnel [3]	3,423	3,276	3,422	1,322	4,599

[1] Transactions between related parties, such as settlements arising from operating activities and daylight overdraft to be repaid on the day of handling, are excluded.

[2] Excluded from the Group's related party as of December 31, 2021.

[3] Includes loan transactions that occurred before they became related parties.

41.6 Details of significant borrowing transactions with related parties for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

		2021				
		Beginning	Borrowing	Repayment	Others [1]	Ending
Parent						
KB Financial Group Inc.	Deposits	23,084	200,000	200,000	494,992	518,076
Parent's subsidiaries						
KB Securities Co., Ltd.	Deposits	464,584	75,000	157,117	152,663	535,130
KB Asset Management Co., Ltd.	Deposits	6,915	-	-	6,291	13,206
KB Real Estate Trust Co., Ltd.	Deposits	71,261	-	-	32,068	103,329
KB Investment Co., Ltd.	Deposits	93,970	236,000	234,000	4,368	100,338
KB Credit Information Co., Ltd.	Deposits	5,340	2,231	2,025	(1,010)	4,536
KB Data System Co., Ltd.	Deposits	17,561	11,744	12,500	1,194	17,999
KB Life Insurance Co., Ltd.	Deposits	2,085	-	-	523	2,608
KB Kookmin Card Co., Ltd.	Deposits	92,490	27,574	25,500	(12,923)	81,641
	Borrowing	-	3,492	-	-	3,492
KB Capital Co., Ltd.	Deposits	190,331	-	-	28,981	219,312
KB Insurance Co., Ltd.	Deposits	3,365	3,266	-	1,223	7,854
	Borrowings	-	23,000	-	-	23,000
	Debentures	29,994	-	-	4	29,998
Prudential Life Insurance Company of Korea Ltd.	Deposits	303	-	-	7,331	7,634
	Debentures	30,000	-	-	-	30,000
KB Star Office Private Real Estate Master Fund No.3	Deposits	171	-	-	-	171
KB Star Office Private Real Estate Feeder Fund No.4	Deposits	532	-	-	-	532
Associates						
Korea Credit Bureau Co., Ltd.	Deposits	19,982	-	1,000	(8,782)	10,200
Incheon Bridge Co., Ltd.	Deposits	39,520	15,000	20,000	967	35,487
Jungdo Co., Ltd.	Deposits	4	-	-	-	4
Dae-A Leisure Co., Ltd.	Deposits	636	-	479	(140)	17
Skydigital Inc.	Deposits	15	-	-	70	85
Jo Yang Industrial Co., Ltd.	Deposits	2	-	-	(1)	1
KB High-Tech Company Investment Fund	Deposits	12,695	-	-	(11,191)	1,504
Aju Good Technology Venture Fund	Deposits	3,093	3,840	1,442	795	6,286
KB-KDBC Pre-IPO New Technology Business Investment Fund	Deposits	923	-	-	(19)	904
KB Digital Innovation & Growth New Technology Business Investment Fund	Deposits	1,801	-	-	287	2,088
KB-Brain KOSDAQ Scale-up New Technology Business Investment Fund	Deposits	8,097	-	-	(6,573)	1,524
KB Global Platform Fund	Deposits	20,197	-	-	6,626	26,823
Neomio Corp. [2]	Deposits	535	-	-	(535)	-
WJ Private Equity Fund No.1	Deposits	349	-	-	(89)	260

Associate of Parent						
KB Star Office Private Real Estate Investment Trust No.1	Deposits	4,255	-	1,770	93	2,578
Associates of Parent's subsidiaries						
SY Auto Capital Co., Ltd.	Deposits	6	-	-	11	17
KB No.17 Special Purpose Acquisition Company	Deposits	1,711	1,546	1,525	(45)	1,687
KB No.18 Special Purpose Acquisition Company	Deposits	2,101	2,016	2,063	23	2,077
KB No.19 Special Purpose Acquisition Company	Deposits	1,053	1,000	1,000	(40)	1,013
KB No.20 Special Purpose Acquisition Company	Deposits	1,716	1,534	1,522	(47)	1,681
RAND Bio Science Co., Ltd.	Deposits	693	-	400	150	443
Food Factory Co., Ltd.	Deposits	1,555	507	500	(723)	839
Acts Co., Ltd.	Deposits	18	-	-	136	154
Paycoms Co., Ltd.	Deposits	1	-	-	-	1
Big Dipper Co., Ltd.	Deposits	1	-	-	(1)	-
Wyatt Corp.	Deposits	1	-	-	-	1
Stratio, Inc.	Deposits	13	-	-	(13)	-
UPRISE, Inc.	Deposits	11	-	-	3,990	4,001
CellinCells Co., Ltd.	Deposits	260	-	-	(222)	38
COSES GT Co., Ltd.	Deposits	292	-	-	1,647	1,939
SwatchOn Inc.	Deposits	3,947	200	3,501	40	686
Gomi corporation Inc.	Deposits	37	-	-	3,151	3,188
S&E bio Co., Ltd.	Deposits	1,142	-	-	(879)	263
KB Pre IPO Secondary Venture Fund No.1	Deposits	629	-	-	(526)	103
4N Inc.	Deposits	76	-	-	(37)	39
Contents First Inc.	Deposits	1,823	20,000	11,000	1,827	12,650
December & Company Inc.	Deposits	1	-	-	-	1
GENINUS Inc.	Deposits	13,630	-	5,000	25,785	34,415
Mantisco Co., Ltd.	Deposits	-	-	-	386	386
Spark Biopharma Inc.	Deposits	-	1,000	3,000	8,015	6,015
G1 Playground Co., Ltd.	Deposits	-	-	-	354	354
SuperNGine Co., Ltd.	Deposits	-	-	-	944	944
Desilo Inc.	Deposits	-	-	-	168	168
Turing Co., Ltd.	Deposits	-	-	-	1,054	1,054
IGGYMOB Co., Ltd.	Deposits	-	-	-	2,938	2,938
Key management personnel [3]	Deposits	11,023	9,974	9,568	328	11,757

(In millions of Korean won)

		2020				
		Beginning	Borrowing	Repayment	Others [1]	Ending
Parent						
KB Financial Group Inc.	Deposits	18,537	-	-	4,547	23,084
Parent's subsidiaries						
KB Securities Co., Ltd.	Deposits	423,053	75,000	97,720	64,251	464,584
KB Asset Management Co., Ltd.	Deposits	6,929	-	-	(14)	6,915
KB Real Estate Trust Co., Ltd.	Deposits	49,708	-	-	21,553	71,261
KB Investment Co., Ltd.	Deposits	62,686	258,000	230,000	3,284	93,970
KB Credit Information Co., Ltd.	Deposits	4,047	647	410	1,056	5,340
KB Data System Co., Ltd.	Deposits	21,642	11,500	16,500	919	17,561
KB Life Insurance Co., Ltd.	Deposits	571	-	-	1,514	2,085
	Borrowings	25,000	-	-	(25,000)	-
KB Kookmin Card Co., Ltd.	Deposits	74,800	25,500	22,000	14,190	92,490
KB Capital Co., Ltd.	Deposits	126,878	-	-	63,453	190,331
KB Insurance Co., Ltd.	Deposits	5,485	-	-	(2,120)	3,365
	Borrowings	20,000	-	-	(20,000)	-
	Debentures	29,991	-	-	3	29,994
Prudential Life Insurance Company of Korea Ltd.	Deposits	-	-	-	303	303
	Debentures	-	-	-	30,000	30,000
KB Star Office Private Real Estate Master Fund No.3	Deposits	7,364	-	7,193	-	171
KB Star Office Private Real Estate Feeder Fund No.4	Deposits	1,983	-	1,451	-	532
Associates						
Korea Credit Bureau Co., Ltd.	Deposits	17,966	1,000	-	1,016	19,982
Incheon Bridge Co., Ltd.	Deposits	45,447	20,000	21,260	(4,667)	39,520
Jungdo Co., Ltd.	Deposits	4	-	-	-	4
Dae-A Leisure Co., Ltd.	Deposits	753	-	-	(117)	636
Computerlife Co., Ltd.	Deposits	1	-	-	(1)	-
Skydigital Inc.	Deposits	25	-	-	(10)	15
Jo Yang Industrial Co., Ltd.	Deposits	2	-	-	-	2
KB12-1 Venture Investment Partnership [2]	Deposits	440	-	-	(440)	-
KB High-Tech Company Investment Fund	Deposits	11,755	8,000	8,000	940	12,695
Aju Good Technology Venture Fund	Deposits	5,456	1,442	-	(3,805)	3,093
KB-KDBC Pre-IPO New Technology Business Investment Fund	Deposits	7,054	1,500	6,500	(1,131)	923
KB Digital Innovation & Growth New Technology Business Investment Fund	Deposits	12	-	-	1,789	1,801
KB-Brain KOSDAQ Scale-up New Technology Business Investment Fund	Deposits	13,118	-	-	(5,021)	8,097
KB Global Platform Fund	Deposits	17,928	-	-	2,269	20,197
Neomio Corp. [2]	Deposits	-	-	-	535	535
WJ Private Equity Fund No.1	Deposits	-	-	-	349	349

Associate of Parent						
KB Star Office Private Real Estate Investment Trust No.1	Deposits	8,293	2,117	5,630	(525)	4,255
Associates of Parent's subsidiaries						
SY Auto Capital Co., Ltd.	Deposits	8	-	-	(2)	6
KB No.17 Special Purpose Acquisition Company	Deposits	1,742	1,525	1,500	(56)	1,711
KB No.18 Special Purpose Acquisition Company	Deposits	2,140	2,063	2,100	(2)	2,101
KB No.19 Special Purpose Acquisition Company	Deposits	1,093	1,000	1,000	(40)	1,053
KB No.20 Special Purpose Acquisition Company	Deposits	1,984	1,522	1,500	(290)	1,716
RAND Bio Science Co., Ltd.	Deposits	4,452	2,250	3,750	(2,259)	693
Wise Asset Management Co., Ltd.	Deposits	21	-	-	(21)	-
Food Factory Co., Ltd.	Deposits	1,073	1,503	1,003	(18)	1,555
Acts Co., Ltd.	Deposits	1	-	-	17	18
Paycoms Co., Ltd.	Deposits	1	-	-	-	1
Big Dipper Co., Ltd.	Deposits	6	-	-	(5)	1
A-PRO Co., Ltd. [2]	Deposits	3,201	-	-	(3,201)	-
Wyatt Corp.	Deposits	-	-	-	1	1
Stratio, Inc.	Deposits	726	-	-	(713)	13
UPRISE, Inc.	Deposits	-	-	-	11	11
CellinCells Co., Ltd.	Deposits	1,545	-	-	(1,285)	260
COSES GT Co., Ltd.	Deposits	-	-	-	292	292
SwatchOn Inc.	Deposits	395	7,002	3,801	351	3,947
BNF Corporation Ltd. [2]	Deposits	947	-	-	(947)	-
Gomi corporation Inc.	Deposits	-	-	-	37	37
S&E bio Co., Ltd.	Deposits	-	-	-	1,142	1,142
KB IGen Private Equity Fund No.1 [2]	Deposits	147	-	-	(147)	-
KB Pre IPO Secondary Venture Fund No.1	Deposits	2,955	-	-	(2,326)	629
4N Inc.	Deposits	-	-	-	76	76
Contents First Inc.	Deposits	-	4,000	3,000	823	1,823
December & Company Inc.	Deposits	-	-	-	1	1
GENINUS Inc.	Deposits	-	-	-	13,630	13,630
Key management personnel [3]	Deposits	10,104	15,241	15,206	884	11,023

[1] Transactions between related parties, such as settlements arising from operating activities and deposits, are expressed in net amount.

[2] Excluded from the Group's related party as of December 31, 2021.

[3] Includes borrowing transactions that occurred before they became related parties.

41.7 Details of significant investment and withdrawal transactions with related parties for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)	2021	
	Equity investment and others	Withdrawal and others
Parent's subsidiaries		
PT KB DATA SYSTEMS INDONESIA	145	-
KB Hanbando BTL Private Special Asset Fund No.1	-	20,448
KB Hope Sharing BTL Private Special Asset Fund	-	1,647
KB Intellectual Property Fund	-	476
KB Senior Loan Private Fund No.1 *	-	5,844
KB Star Office Private Real Estate Master Fund No.3	-	3,569
KB Star Office Private Real Estate Feeder Fund No.4	-	2,474
KB Global Core Bond Securities Feeder Fund(Bond)	-	22,134
KB New Renewable Energy Private Special Asset Fund No.1	-	1,793
KB Mezzanine Private Securities Fund No.3	22,235	42,562
KB Wise Star Jongno Tower Real Estate Master Fund	-	2,093
Koreit BN Private Equity Fund	-	898
KB Europe Renewable Private Special Asset Fund No.2 (SOC-FoFs)	1,896	-
KB BMO Senior Loan Private Special Asset Fund No.2(USD)	6,727	1,657
KB Korea Short Term Premium Private Securities No.15(USD)(Bond) *	-	23,660
KB Korea Short Term Premium Private Securities No.17(USD)(Bond) *	-	71,240
KB Korea Short Term Premium Private Securities No.19(USD)(Bond)	22,088	-
KB Korea Short Term Premium Private Securities No.21(USD)(Bond)	33,213	-
KB Korea Short Term Premium Private Securities No.22(USD)(Bond)	22,556	-
KB Korea Short Term Premium Private Securities No.23(USD)(Bond)	71,112	-
KB Sinansan Line Private Special Asset Fund(SOC)	29,156	2,757
KB New Renewable Green New Deal Private Special Asset No.2	12,349	124
KB Multi Alpha Plus Private Fund No.1	10,000	-
KB MCF Senior Loan Private Special Asset Fund No.3(FoFs)	33,147	-
KB New Deal Infra Private Special Asset Fund	408	-
KB Logistics Blind Private Real Estate Fund No.1	31,111	1
KB Star ESG Prime Mid-Short Bond Securities Feeder Fund(Bond)	49,000	-
KB Global Commerce Private Equity Investment Fund	7,000	-
Associates		
Korea Credit Bureau Co., Ltd.	-	90
Balhae Infrastructure Company	279	9,584
KB GwS Private Securities Investment Trust *	-	147,785
KoFC POSCO Hanwha KB Shared Growth Private Equity Fund No.2 *	-	9,488
Future Planning KB Start-up Creation Fund	-	2,800
KB High-Tech Company Investment Fund	-	11,450
Aju Good Technology Venture Fund	-	4,769
KB-KDBC Pre-IPO New Technology Business Investment Fund	-	2,400
KB-TS Technology Venture Private Equity Fund	1,650	2,880
KB Digital Innovation & Growth New Technology Business Investment Fund	1,125	-
KB-Brain KOSDAQ Scale-up New Technology Business Investment Fund	5,000	5,400
KB Global Platform Fund	13,500	-

KB-UTC Inno-Tech Venture Fund	3,390	750
KB Pre-IPO New Technology Business Investment Fund No.2	7,500	-
KB Smart Scale Up Fund	27,000	-
KB Bio Global Expansion Private Equity Fund No.1	10,000	-
KB-KTB Technology Venture Fund	3,000	-
KB Digital Platform Fund	12,600	-
KB-SOLIDUS Healthcare Investment Fund	600	-
KB New Deal Innovation Fund	4,000	-
Associate of Parent		
KB Star Office Private Real Estate Investment Trust No.1	-	1,246
Associate of Parent's subsidiaries		
KB-Stonebridge Secondary Private Equity Fund	7,576	9,039
KB-NAU Special Situation Corporate Restructuring Private Equity Fund	2,564	-

(In millions of Korean won)

	2020	
	Equity investment and others	**Withdrawal and others**
Parent's subsidiaries		
KB Hanbando BTL Private Special Asset Fund No.1	-	24,039
KB Hope Sharing BTL Private Special Asset Fund	-	1,655
KB Mezzanine Private Security Investment Trust No.2 *	-	46,051
KB Intellectual Property Fund	-	180
KB Senior Loan Private Fund No.1 *	-	1,080
KB KBSTAR Mid-Long Term KTB Active ETF (Bond) *	-	20,402
KB Onkookmin 2030 TDF Fund (FoFs) *	-	86
KB Star Office Private Real Estate Master Fund No.3	-	3,579
KB Star Office Private Real Estate Feeder Fund No.4	-	2,101
KB Korea Short Term Premium Private Securities No.10(USD)(Bond) *	-	69,710
KB New Renewable Energy Private Special Asset Fund No.1	32,640	871
KB Mezzanine Private Securities Fund No.3	18,019	16,587
KB Wise Star Jongno Tower Real Estate Master Fund	-	367
Koreit BN Private Equity Fund	-	1,015
KB Europe Renewable Private Special Asset Fund No.2 (SOC-FoFs)	8,675	-
KB BMO Senior Loan Private Special Asset Fund No.2(USD)	29,015	566
KB Wise Star Private Real Estate Feeder Fund No.12 *	20,000	800
KB Korea Short Term Premium Private Securities No.15(USD)(Bond) *	23,508	-
KB Korea Short Term Premium Private Securities No.17(USD)(Bond) *	68,082	-
KB Sinansan Line Private Special Asset Fund(SOC)	27,857	-
Associates		
Korea Credit Bureau Co., Ltd.	-	90
Balhae Infrastructure Company	894	6,973
KB GwS Private Securities Investment Trust *	-	7,453
KB12-1 Venture Investment Partnership *	-	50,642
KoFC POSCO Hanwha KB Shared Growth Private Equity Fund No.2 *	-	2,584
Future Planning KB Start-up Creation Fund	-	3,200
KB High-Tech Company Investment Fund	-	13,550
Aju Good Technology Venture Fund	-	2,885
KB-KDBC Pre-IPO New Technology Business Investment Fund	-	3,200
KB-TS Technology Venture Private Equity Fund	1,200	2,940

KB Digital Innovation & Growth New Technology Business Investment Fund	1,125	-
KB Intellectual Property Fund No.2	6,000	-
KB Digital Innovation Investment Fund Limited Partnership	2,800	-
KB-Brain KOSDAQ Scale-up New Technology Business Investment Fund	4,000	1,600
KB SPROTT Renewable Private Equity Fund No.1	3,286	-
KB Global Platform Fund	9,000	-
KB-UTC Inno-Tech Venture Fund	11,310	-
WJ Private Equity Fund No.1	10,000	-
All Together Korea Fund No.2	100,000	90,127
KB Pre-IPO New Technology Business Investment Fund No.2	2,500	-
KB Smart Scale Up Fund	4,000	-
Associate of Parent		
KB Star Office Private Real Estate Investment Trust No.1	-	1,273
Associate of Parent's subsidiaries		
KB-Stonebridge Secondary Private Equity Fund	5,196	-
KB-NAU Special Situation Corporate Restructuring Private Equity Fund	1,900	-

* Excluded from the Group's related party as of December 31, 2021.

41.8 Acceptances and guarantees and unused commitments provided to related parties as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)		December 31, 2021	December 31, 2020
Parent's subsidiaries			
KB Securities Co., Ltd.	Loan commitments in Korean won	140,000	137,213
KB Investment Co., Ltd.	Loss sharing agreements	1,000	1,000
KB Kookmin Card Co., Ltd.	Loan commitments in Korean won	820,000	820,000
	Loan commitments in foreign currency	-	3,264
	Other commitments in Korean won	1,300,000	1,300,000
KB Capital Co., Ltd.	Other commitments in foreign currency	13,041	11,968
KB Insurance Co., Ltd.	Loan commitments in Korean won	21,000	20,000
KB New Renewable Energy Private Special Asset Fund No.1	Purchase of securities	6,502	6,502
KB Mezzanine Private Securities Fund No.3	Purchase of securities	8,006	30,241
KB Europe Renewable Private Special Asset Fund No.2 (SOC-FoFs)	Purchase of securities	4,343	6,215
KB Global Infra Private Special Asset Fund No.5	Purchase of securities	24,999	24,999
KB Global Infra Private Special Asset Fund No.6	Purchase of securities	24,999	24,999
KB BMO Senior Loan Private Special Asset Fund No.2(USD)	Purchase of securities	27	6,435
KB New Renewable Green New Deal Private Special Asset No.2	Purchase of securities	27,651	-
KB Sinansan Line Private Special Asset Fund(SOC)	Purchase of securities	232,796	280,143
KB MCF Senior Loan Private Special Asset Fund No.3(FoFs)	Purchase of securities	14,287	-
KB New Deal Infra Private Special Asset Fund	Purchase of securities	17,692	-
KB Logistics Blind Private Real Estate Fund No.1	Purchase of securities	68,889	-
Associates			
Balhae Infrastructure Company	Purchase of securities	6,154	6,433
Incheon Bridge Co., Ltd.	Loan commitments in Korean won	20,000	20,000
KB-TS Technology Venture Private Equity Fund	Purchase of securities	330	1,980
KB Digital Innovation & Growth New Technology Business Investment Fund	Purchase of securities	-	1,125
KB-Brain KOSDAQ Scale-up New Technology Business Investment Fund	Purchase of securities	-	5,000
KB SPROTT Renewable Private Equity Fund No.1	Purchase of securities	14,887	14,887
KB Global Platform Fund	Purchase of securities	8,000	21,500
KB-UTC Inno-Tech Venture Fund	Purchase of securities	-	3,390
All Together Korea Fund No.2	Purchase of securities	-	990,000

KB Pre-IPO New Technology Business Investment Fund No.2	Purchase of securities	-	7,500
KB Smart Scale Up Fund	Purchase of securities	19,000	46,000
KB-KTB Technology Venture Fund	Purchase of securities	12,000	-
KB Digital Platform Fund	Purchase of securities	127,400	-
KB-SOLIDUS Healthcare Investment Fund	Purchase of securities	29,400	-
KB New Deal Innovation Fund	Purchase of securities	16,000	-
Associates of Parent's subsidiaries			
Food Factory Co., Ltd.	Loan commitments in Korean won	-	388
KB-Stonebridge Secondary Private Equity Fund	Purchase of securities	3,188	10,764
KB-NAU Special Situation Corporate Restructuring Private Equity Fund	Purchase of securities	5,536	8,100
KB Co-Investment Private Equity Fund No.1	Purchase of securities	20,000	-
Key management personnel	Loan commitments in Korean won	808	731

41.9 Acceptances and guarantees and unused commitments provided by related parties as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)		**December 31, 2021**	**December 31, 2020**
Parent's subsidiaries			
KB Investment Co., Ltd.	Loss sharing agreements	7,561	3,404
KB Real Estate Trust Co., Ltd.	Purchase of securities	19	19
KB Securities Co., Ltd.	Purchase of securities	19	19
KB Life Insurance Co., Ltd.	Purchase of securities	104	104
KB Insurance Co., Ltd.	Purchase of securities	9	9
KB Asset Management Co., Ltd.	Purchase of securities	2	2
KB Kookmin Card Co., Ltd.	Loan commitment in Korean won	88,283	89,768

41.10 Details of compensation to key management personnel for the years ended December 31, 2021 and 2020, are as follows:

(In millions of Korean won)	**2021**			
	Short-term employee benefits	**Post-employment benefits**	**Share-based payments**	**Total**
Registered directors (executive)	1,898	84	2,670	4,652
Registered directors (non-executive)	395	-	-	395
Non-registered directors	7,042	405	7,131	14,578
	9,335	489	9,801	19,625

(In millions of Korean won)

	2020			
	Short-term employee benefits	Post-employment benefits	Share-based payments	Total
Registered directors (executive)	1,804	76	1,532	3,412
Registered directors (non-executive)	432	-	-	432
Non-registered directors	6,286	297	3,719	10,302
	8,522	373	5,251	14,146

41.11 Major types of transactions between the Group and the related parties include deposit taking transactions, loan transactions such as general purpose loans, corporate purchase loans, B2B loans, etc., settlements of funds arising from overseas remittance, providing credit line through the acceptance of letter of credit issued by the Bank, and overdraft accounts arising from net settlement agreement between the Bank and KB Kookmin Card Co., Ltd.

41.12 Details of collateral provided to related parties as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)

		December 31, 2021		December 31, 2020	
	Assets pledged *	Carrying amount	Collateralized amount	Carrying amount	Collateralized amount
Parent's subsidiaries					
KB Securities Co., Ltd.	Securities	54,143	54,000	52,616	52,000
KB Life Insurance Co., Ltd.	Securities	25,813	25,000	25,896	25,000
KB Insurance Co., Ltd.	Securities	49,982	50,000	49,982	50,000

* Collaterals related to lease contracts arising from operating activities between related parties are excluded.

41.13 Details of collateral provided by related parties as of December 31, 2021 and 2020, are as follows:

(In millions of Korean won)	Assets held as collateral [1]	December 31, 2021	December 31, 2020
Parent's subsidiaries			
KB Securities Co., Ltd.	Time deposits / Beneficiary right certificate	167,000	167,000
	Securities	25,135	26,981
	Real estate [2]	12,000	12,000
KB Life Insurance Co., Ltd.	Securities	10,000	10,000
KB Kookmin Card Co., Ltd.	Time deposits	22,000	22,000
KB Insurance Co., Ltd.	Securities	90,000	60,000
	Real estate	24,570	-
KB Credit Information Co., Ltd.	Time deposits and others	2,054	1,848
Prudential Life Insurance Company of Korea Ltd.	Securities	20,008	-
KB Star Office Private Real Estate Feeder Fund No.4	Real estate	24,000	24,000
Key management personnel	Time deposits and others	745	213
	Real estate	3,818	4,056

[1] Collaterals related to lease contracts arising from operating activities between related parties are excluded.
[2] Related to KB Wise Star Jongno Tower Real Estate Master Fund, a subsidiary of KB Securities Co., Ltd.

As of December 31, 2021, Incheon Bridge Co., Ltd., a related party, provides fund management account, civil engineering works insurance, and management and operations rights as senior collateral amounting to ₩ 611,000 million to the project financing group consisting of the Bank and 5 other institutions, and as subordinated collateral amounting to ₩ 384,800 million to subordinated debt holders consisting of the Bank 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 Bank and 5 other institutions.

41.14 The amounts of debt securities and others purchased through KB securities Co., Ltd. are ₩ 9,642,170 million and ₩ 14,312,409 million for the years ended December 31, 2021 and 2020, respectively, and the amounts of debt securities and others sold through KB securities Co., Ltd. are ₩ 9,005,607 million and ₩ 14,569,878 million for the years ended December 31, 2021 and 2020, respectively. In addition, KB Securities Co., Ltd. acquired ₩ 185,000 million and ₩ 400,000 million of debentures issued by the Bank through underwriting for the years ended December 31, 2021 and 2020, respectively.

41.15 The amounts of intangible assets and others purchased from KB Data System Co., Ltd. are ₩ 24,420 million and ₩ 21,547 million for the years ended December 31, 2021 and 2020, respectively.

41.16 The Bank has entered into CLS (Continuous Linked Settlement) service agreement with KB Securities Co., Ltd. and accordingly the Bank is able to provide intraday liquidity of USD 500 million on the condition of repayment on the day of payment.

41.17 The Bank and KB Kookmin Card Co., Ltd. are jointly and severally liable for the liabilities of the Bank before the spin-off date.

42. Approval of Issuance of the Consolidated Financial Statements

The issuance of the Group's consolidated financial statements as of and for the year ended December 31, 2021, was approved by the board of directors on March 10, 2022.

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