

2024 KB Financial Group

Sustainability Report

Investor Perspective

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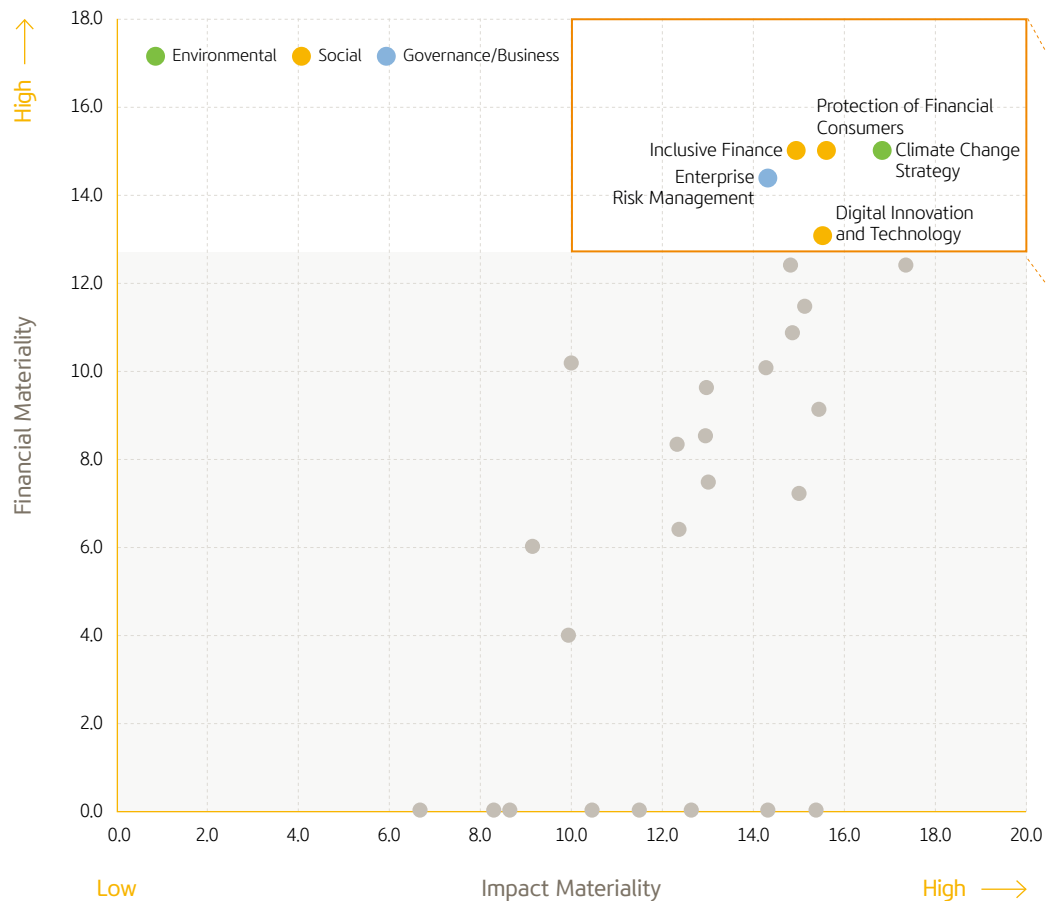


OVERVIEW

KB Financial Group identifies sustainability-related risks and opportunities that may impact the corporate outlook in accordance with IFRS Sustainability Disclosure Standard S1 and S2 and discloses them according to four key factors. We select material issues that may impact investors' decision-making through the "financial materiality assessment." In 2024, five material issues were selected—"enterprise risk management," "climate change strategy," "inclusive finance," "protection of financial consumers," and "digital innovation and technology."

This report includes quantitative and qualitative information on the impact that the identified sustainability-related risks and opportunities are expected to have on the company's financial position, financial performance, and cash flow across short-, mid-, and long-term periods. This information was measured by using reasonably usable information as of the report date but accompanies measurement uncertainty since it includes assumptions on future incidents in the measurement process.

Financial Materiality Assessment Result Matrix



| Issue | Double materiality assessment | |
|-----------------------------------|----------------------------------|-------------------------------|
| | Financial materiality assessment | Impact materiality assessment |
| | Level of impact | Level of impact |
| Enterprise Risk Management | ● | ● |
| Climate Change Strategy | ● | ● |
| Inclusive Finance | ● | ● |
| Protection of Financial Consumers | ● | ● |
| Digital Innovation and Technology | ● | ● |

Level of impact: ● Mid ● High

Core Elements of IFRS Sustainability Disclosure Standards

- Governance** The governance processes, controls and procedures an entity uses to monitor, manage and oversee sustainability-related risks and opportunities
- Strategy** An entity's strategy for managing sustainability-related risks and opportunities
- Risk Management** An entity's processes to identify, assess, prioritize and monitor sustainability-related risks and opportunities
- Metrics & Targets** An entity's performance in relation to its sustainability-related risks and opportunities

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Governance Body for Enterprise Risk Management

Roles and Responsibilities

KB Financial Group has established a BOD-centered risk management system, and entrusts the Risk Management Committee and the Group’s management with responsibilities and authority over risk management standards.

The Risk Management Committee is the highest decision-making body that establishes risk management strategies, sets and distributes risk limits, and supervises the suitability of risk systems. Composed of four non-executive directors who have expertise and experience in the field of risks, the Committee manages and oversees the Group’s overall risk management status.

There is the Risk Management Council under the Committee. The Risk Management Council is chaired by the Group’s Chief Risk Officer (CRO) and consists of the CROs of the holding company and the Group subsidiaries and the head of the Group Risk Management Department. The Council discusses the matters delegated by the Committee, matters requested to be reviewed by the Group Executive Management Committee, and the details of implementing risk policies of each subsidiary, while also monitoring the Group’s risk management status.

The Group’s CRO has professional risk management knowledge and practical experience, and is guaranteed a tenure of more than two years to maintain expertise. The CRO establishes policies, procedures, and the work process system, and oversees the monitoring of risk management.

Each subsidiary operates a dedicated risk management organization that is independent from the business area in accordance with the “Risk Management Policy.” Major risk-related decisions are ultimately approved by the CRO, not the CEO. As reflected above, risk agenda items that are discussed by the BOD and Risk Management Committee are independently handled by a dedicated risk management organization.

Reporting System

Each subsidiary’s dedicated risk management organization and CRO monitor the risk limit on a daily basis, and regularly report the major risk management status to the Risk Management Department of KB Financial Group Inc. The Risk Management Department reviews the status of risk limit management by subsidiary/type and major risk issues, and reports consecutively to the Group CRO, Risk Management Council, Risk Management Committee, and BOD on a quarterly basis. In addition, the status of risk management and stress testing results are regularly reported to the Risk Management Committee at least once a year.

Each subsidiary’s dedicated risk management organization establishes a detailed execution plan for discussed matters determined by the Risk Management Council and reports the results to top management and the Council. The Risk Management Council is regularly convened once every quarter and is run whenever needed. Council operation results are reported quarterly to the Risk Management Committee.

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How Risks are Considered

When establishing management plans, KB Financial Group comprehensively considers each subsidiary's revenue target, available capital based on a financing plan that considers the market situation, business environment and risks, and the Group's capital adequacy, and establishes an asset increase plan within the estimated asset growth limit. In the process of setting the Group's risk appetite and internal capital limit every year, the Risk Management Department of KB Financial Group Inc. incorporates expected risks by risk type based on each subsidiary's asset management plan for the following year. When making major management decisions, such as establishment of management strategies, issuance of capital securities, large-scale overseas investments, and dividends and performance compensations, it analyzes the regulatory ratio and risk appetite's impact to identify potential risks and establish countermeasures.

When making major decisions that impact risks, such as development of new products and services, entry into new business, and establishment and change of major policies, each subsidiary holds prior discussions with the risk management organization to examine potential risks. Relevant matters are reported to the Risk Management Department, and after discussions and reviews, the final decision on execution is made.

Enterprise Risk Management/Supervision Competencies and Development

Non-executive directors with expertise in different fields are appointed as Risk Management Committee members. The chairperson is appointed as a non-executive director with expertise and experience in the field of risk. We hold meetings for the purpose of training to raise Committee members' level of understanding of risk management governance and to strengthen their capabilities. A meeting was held twice in 2024 during which information was shared on major risk management policies, methodologies, key tasks, and the Group's major risk status.

Risk Management Training for the Risk Management Committee in 2024

| No. | Date | Theme | Hour | Attendance rate |
|-----|---------|---|-----------|-----------------|
| 1 | May 9 | Understanding of the Group risk management | 3 hours | 100% |
| 2 | July 29 | Understanding of the Group self-recovery plan market and market risk management | 2.5 hours | 100% |

Target-setting and Progress Oversight/Monitoring

KB Financial Group reflects the results of the CRO's risk management work performance evaluation in its KPIs. Additionally, the evaluation of the management of the holding company and the Group subsidiaries includes risk weighted asset (RoRWA), a major metric of risk-adjusted performance measures (RAPM), to balance capital efficiency and risk management. Through RoRWA monitoring, the top management considers capital adequacy with top priority during decision-making. Monitoring results are reflected in performance evaluations to ensure optimal allocation of the Group's resources.

Furthermore, the risk management dedicated organization adopts an independent evaluation system excluding sales performance-related metrics for performance evaluations, and is assessed under a system separate from the finance, strategy, and business divisions. By doing so, we strengthen objectivity and independence of the risk management function.

Enterprise Risk Management Performance Evaluation and Compensation System

| Target | Performance evaluation and compensation system |
|--|--|
| Risk Management Committee | <ul style="list-style-type: none"> Examine whether members are performing their roles and responsibilities Evaluate appropriateness of the "committee's composition, operation, activities, and outcomes" based on details of the Committee's previous year activities |
| CRO | <ul style="list-style-type: none"> Integrate the results of a risk management work performance evaluation into KPIs |
| Top management | <ul style="list-style-type: none"> Incorporate RoRWA, which is a major metric of RAPM, to consider performance efficiency against risk |
| Organization dedicated to enterprise risk management | <ul style="list-style-type: none"> Apply an independent performance evaluation system that excludes business performance-related metrics |

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STRATEGY

Time Horizon

KB Financial Group categorizes the time horizon in which the impact of major risks is expected to arise into the short-term (within one year), mid-term (1-5 years), and long-term (over 5 years) period. This period categorization is identical to the criteria applied to strategic decision-making, serving as the basis for establishing risk response strategies.

Major Risk Identification and Assessment

| Risk type | Risk factors | Potential financial impact | Level of impact | Short-term | Mid-term | Long-term | |
|---------------------|---------------------------|--|--|------------|----------|-----------|---|
| Financial risks | Credit risk | • Default loss caused by bankruptcy or a decrease in credit rating | • Increase in financial costs due to credit rating downgrade | High | | V | V |
| | Market risk | • Risk of loss from trading position according to changes in market factors, such as interest rate, stock price, and exchange rate | • Decrease in asset value, deterioration of profitability, and increase in funding costs caused by financial market volatility | High | V | V | |
| | Liquidity risk | • Risk of loss from failure to respond to unexpected fund demand (expenditure) | • Limitation in liquidity of funds due to financial transaction uncertainty | High | V | | |
| | Interest rate risk | • Risk of loss from changes in capital and profit that occur as changes take place in the value of interest rate-sensitive assets, liabilities, etc. when there are interest rate changes | • Decrease in total equity and reduced net interest income caused by interest rate changes | High | V | V | |
| | Credit concentration risk | • Risk of exposure to a single credit or relevant credit group having a significant impact on the Group's financial soundness and business continuity because assets are excessively concentrated in a particular sector | • Reduction of investment inflow due to a decrease in asset value of the investment portfolio and a rise in price volatility | Mid | V | V | |
| Non-financial risks | Operational risk | • Risk of loss that may be caused by an inadequate or wrong internal process, personnel and system, or external incident | • Reduction of productivity and efficiency caused by deficiencies in human resources, systems, processes, external environment • Fine and lawsuit costs from a regulation violation | High | | V | V |
| | Strategic risk | • Risk of loss that is caused by an unfavorable business decision, inappropriate decision-making, lack of measures for business environment changes, etc. | • Sales decline due to decreased competitiveness in the market; and unnecessary capital or fund loss caused by the establishment of inappropriate strategies | High | | V | V |
| | Reputational risk | • Risk of loss that is caused by deterioration in external public opinions, including customer and shareholder opinions, due to sluggish management, financial incident, social criticism, etc. | • Decline in sales and stock price due to the Group's decreased credibility | High | | V | V |

Risk Identification and Assessment

KB Financial Group categorizes risks that can arise across the Group by type, and comprehensively evaluates each risk and potential financial impact for systematic management.

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STRATEGY

Enterprise Risk Management Strategy

KB Financial Group establishes short- and mid- to long-term management strategies for major risks, and systematically implements response and preventive measures.

Major subsidiaries establish a risk response system per material issue, and the Group establishes a Group risk management system that prevents risk transfer among subsidiaries through integrated risk management.

Implementation Goals, Strategies, and Tasks for Enterprise Risk Management

| Goals | Strategies | Implementation tasks | Risk type | Potential financial impact | | |
|---------------------------------------|--|--|--|--|---|--|
| | | | | Short-term | Mid-term | Long-term |
| Strengthen the risk management system | Strengthen risk management internal control and improve work processes | <ul style="list-style-type: none"> Regularly examine the execution status of risk management strategy by business unit | Operational risk | <ul style="list-style-type: none"> Increase in IT system construction and operation expenses | <ul style="list-style-type: none"> Decrease in allowance for doubtful accounts due to the reduction of non-performing loans | <ul style="list-style-type: none"> Improvement in profitability and operating profit |
| | | <ul style="list-style-type: none"> Make audit strategies more elaborate and advance the credit management system Develop and advance an AI technology-based in-house credit evaluation model | Credit risk | | | |
| | Advance the enterprise risk management system | <ul style="list-style-type: none"> Establish a Group-level “potential crisis response system” to respond to new types of risks Apply risk criteria and evaluation indicators reflecting subsidiaries’ characteristics and business areas | Operational risk Credit concentration risk | <ul style="list-style-type: none"> Increase in IT system construction and operation expenses | <ul style="list-style-type: none"> Decrease in risk-related provisions and risk costs | <ul style="list-style-type: none"> Improvement in financial soundness attributable to a stable crisis response system |
| | | <ul style="list-style-type: none"> Implement countermeasures by analyzing expected loss and capital adequacy | Credit risk Market risk | <ul style="list-style-type: none"> Increase in costs related to risk evaluations and establishment of response strategies | <ul style="list-style-type: none"> Adjustment to loan loss reserves, decrease in contingent liabilities and provisions | <ul style="list-style-type: none"> Overall improvement in financial stability and profitability |
| | Strengthen capital adequacy management | <ul style="list-style-type: none"> Secure a stable financing structure and operate a management system Establish preemptive measures for abnormal interest rate changes Conduct scenario-based stress tests and support strategic decision-making | Liquidity risk Interest rate risk Strategic risk | | | |
| Promote a risk management culture | Strengthen employees’ risk management capabilities | <ul style="list-style-type: none"> Regularly run systematic risk management training programs Establish a risk management expert certification program in cooperation with an outside professional organization | Operational risk Reputational risk | <ul style="list-style-type: none"> Increase in training costs and outsourcing costs | <ul style="list-style-type: none"> Insolvency and loss prevention effect | |
| | Enhance risk management awareness | <ul style="list-style-type: none"> Reflect and transparently share information on the outcome of Ombudsman activities and Group-wide improvement activities in relation to major issues | Operational risk Reputational risk | <ul style="list-style-type: none"> Increase in costs incurred from internal communication system construction | <ul style="list-style-type: none"> Decrease in operational uncertainty-related costs attributable to transparent information-sharing | |

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RISK MANAGEMENT

Enterprise Risk Management Process

Policy and Process

KB Financial Group systematically stipulates overall matters, such as risk recognition, measurement, monitoring, and control, according to internal rules, including the “Risk Management Policy,” “Risk Management Committee Policy,” and “Risk Management Guidelines,” through which the Group preemptively responds to risks that may arise in overall management. We have defined credit, market, operational, ALM (interest rate and liquidity), credit concentration, strategic, reputational, and insurance risks as “major risks” that should be managed by the Group, and set standards so that all major risks that we face can be recognized and measured. Additionally, we specify risk measurement and monitoring methods through detailed guidelines tailored to each type of risk, thereby enhancing execution capability.

Risk Identification and Assessment

For “major risks,” KB Financial Group established a suitable measurement methodology for risk types by subsidiary, based on which it created a measurement model, enabling quantitative management of risks. Each subsidiary performs suitability verification of the risk measurement model on a regular basis through an organization independent from the model development and management department. KB Financial Group Inc. examines reviews the verification results of each subsidiary, takes actions such as model improvement or re-verification if necessary, and reports the results to the Risk Management Committee.

KB Financial Group also conducts integrated crisis scenario analyses at least twice a year to assess risk vulnerability in preparation for exceptional situations by reflecting economic cycles and outlooks. The stress testing process consists of creating crisis scenarios, deriving major factors by risk type, estimating major management metrics and capital adequacy per scenario, and establishing countermeasures. The results are reported to the top management and the Risk Management Committee to be reflected in the Group’s risk appetite and strategic decision-making.

Monitoring

KB Financial Group’s internal capital is managed by including all identifiable risks, including credit concentration, strategic, reputational, and insurance risks, in addition to the credit, market, operational, interest rate, and liquidity risks that are specified in regulatory standards. The internal capital limit is set by risk type and by subsidiary, and its compliance is monitored every month. In case of excess of the limit or estimated excess, we analyze the cause at the corresponding business area level and establish and implement countermeasures.

To prevent a specific area’s excessive credit risk exposure and asset concentration risk, we set a total exposure limit by subsidiary and examine it on a monthly basis. If needed, we operate sub-limit guidelines that restrict exposure per area for efficient portfolio management. In case of overseas risk management, we set an exposure limit for each country in relation to overseas credit limit and investment and examine it on a monthly basis.

KB Financial Group monitors each subsidiary’s risk management status through the Enterprise Risk Monitoring System (ERMS), while integrating and managing risk-related data by using the Risk Information System (RIS). Additionally, we perform an audit on appropriateness of risk management work through an internal audit organization at least once a year, thereby strengthening independent, objective risk monitoring.

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Setting Risk Management Monitoring Metrics and Targets

KB Financial Group sets targets for risk management metrics, including the CET1 ratio, BIS ratio, and risk appetite, and periodically monitors them for systematic risk management. As of 2024, we satisfy all target ratios of risk management metrics.

Risk Management Monitoring Metrics & Targets

| Implementation strategy | Monitoring metrics | Target-setting ¹⁾ | Performance results ¹⁾ | |
|--|--------------------------------|------------------------------|-----------------------------------|--------|
| Strengthen capital adequacy management | Maintain capital adequacy | CET1 ²⁾ ratio | More than 13% | 13.53% |
| | | BIS ratio | More than 12.5% | 16.43% |
| | Manage internal capital limits | Risk appetite | Less than 81.9% | 66.8% |

¹⁾ As of 2024

²⁾ Common Equity Tier 1 ratio (%) = Common Equity Tier 1 (CET1) capital/Risk weighted assets (RWA)



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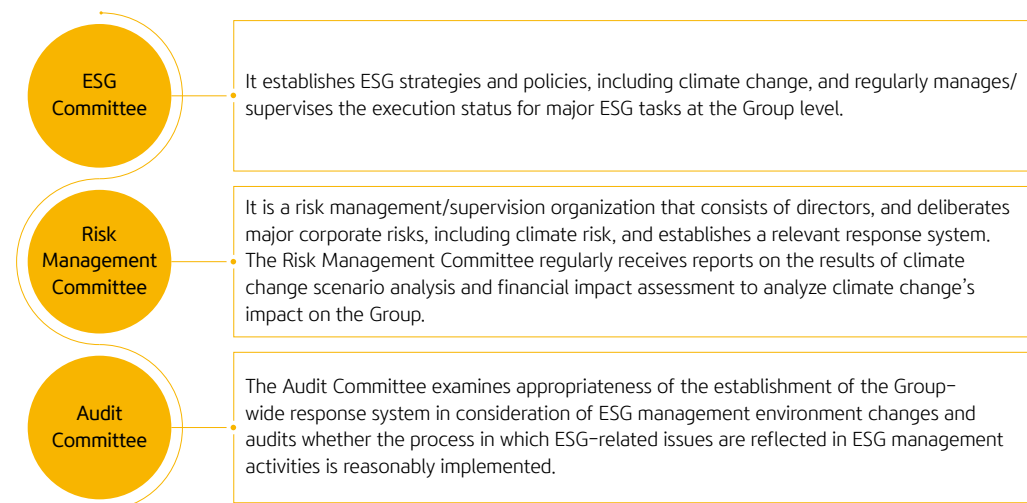
KB Financial Group has established climate change strategy governance, at the center of which is the BOD—the Group’s top decision-making body. Each subsidiary has an ESG council and dedicated organization and carries out climate change activities based on the Group’s climate change strategies.

Board of Directors

Roles and Responsibilities

The Board of Directors (BOD) establishes climate change strategies and targets at the Group level and manages/supervises the execution status. The ESG Committee, Risk Management Committee, and Audit Committee—board-level committees—perform their respective roles in relation to climate change response in accordance with regulations.

KB Financial Group operates an ESG council and dedicated organization by subsidiary and carries out climate change activities based on the Group’s climate change strategies. ESG councils at each subsidiary are attended by the top management and department heads of ESG dedicated organizations. They set key ESG agendas, including climate change, and establish response strategies. Working-level members of the dedicated ESG organization of each subsidiary execute detailed tasks based on the climate change strategy established through the council and support the climate change work of the BOD and ESG council.



Reporting System

KB Financial Group has a BOD reporting system. We operate the ESG Committee as a top decision-making body for the Group’s sustainability-related ESG area, including climate change, within the BOD. The implementation status of major tasks that are based on ESG strategies, including the Group’s climate change strategies, is reported to the ESG Committee semiannually.

Each subsidiary’s ESG council makes a self-report, at least once a year, on the major status of ESG issues, including climate change, to the BOD.

Resolution and Reporting Matters of the ESG Committee

| Category | Resolution and reporting matters |
|------------|---|
| 1st Report | <p>Publication of the 2023 Sustainability Report</p> <ul style="list-style-type: none"> Report the publication process of “diagnosis of the current state, materiality assessment, activity analysis, creation of the report, and third-party assurance” The report’s main content, assurance, disclosure, and use |
| 2nd Report | <p>ESG performance in the first half of 2024 and implementation direction for the second half of the year</p> <ul style="list-style-type: none"> ESG task execution status for each of the areas of environment, CSR, and corporate governance, and major plans for the second half of the year |
| 3rd Report | <p>The Group’s major ESG execution plan for 2025</p> <ul style="list-style-type: none"> Major plan for each of the areas of environment, CSR, and corporate governance |

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Climate Change-related Management/Supervision Competencies and Development

KB Financial Group forms the BOD by appointing non-executive directors with expertise and experience in the ESG field. We provide various educational opportunities to enhance the awareness of the BOD and top management regarding climate change issues and risks, while strengthening related competencies. Major subsidiaries also conduct climate change-related educational programs, forums, and seminar activities.

Climate Change-related Education

| Training target | Training content |
|-----------------------------------|--|
| ESG Committee members | <ul style="list-style-type: none"> 1st in 2024 - Understanding based on ESG context 2nd in 2024 - KSSB sustainability disclosure standards |
| Risk Management Committee members | <ul style="list-style-type: none"> 1st in 2024 - Understanding the Group's overall risk management 2nd in 2024 - Understanding the Group's internal normalization plans and understanding the Group's market risk management |
| BOD and top management | <ul style="list-style-type: none"> Special lectures by outside experts on climate change-related global trends, supervision and regulation trends, direction of the financial industry's response, and changes in disclosure standards Trend sessions held by the KB Research and KB Securities Research Center on ESG issues including climate change |

How Climate-related Risks and Opportunities are Considered

The ESG Committee establishes the Group's strategies and policies on the environment, social responsibility, and corporate governance in accordance with the "ESG Committee Regulations," while also managing and supervising the implementation. In the area of environment, in particular, we incorporate climate-related risks and opportunities, which have a significant impact on ESG management, into our decision-making processes by setting and managing carbon emission reduction targets, overseeing climate change response strategies, leading eco-friendly financial ecosystems, and expanding green investments and loans. The Risk Management Committee regularly receives reports on integrated crisis analyses and climate change scenario analysis results, analyzes the impact of climate risks (transition and physical risks) on the Group, and establishes risk management strategies to respond accordingly. Additionally, when determining the risk appetite that is set at the Group level and establishing risk capital allocation and risk limit management strategies, it reflects the results in decision-making.

Furthermore, KB Financial Group evaluates and reflects the likelihood of climate-related risks and the scale of their financial and strategic impacts under the BOD Regulations and related internal rules when deliberating and deciding on key agenda items. In this process, we also consider the effects of compromising with climate-related opportunities. We are gradually reducing climate risks while minimizing the damage to our profit base by aligning our climate risk response strategy, "KB Net Zero S.T.A.R." and our climate opportunity response strategy, "KB Green Wave 2030." Moving forward, we will further advance the financial impact analysis model to quantify the effects of compromising climate-related risks and opportunities and to actively use this for strategic decision-making.

Trade-off Between Climate-related Risks and Opportunities

| Strategy | Impact according to the strategy | Effect of trade-offs between risks and opportunities |
|---|--|--|
| Risk response strategy KB Net Zero S.T.A.R. | Mitigation effect of revenue reduction through enhancement of the phased climate risk management | <ul style="list-style-type: none"> Advance the climate risk management system to monitor various risk management metrics (financed emissions, carbon intensity, credit loss, etc.) and gradually manage climate risks Consider ESG factors (GHG emissions, etc.) during credit rating for reflection in interest rate/limit management policies, and facilitate companies' voluntary GHG emission reduction efforts by expanding green/transition finance |
| Opportunity response strategy KB Green Wave 2030 | Effect of revenue increase through proactive opportunity factor development | <ul style="list-style-type: none"> Offset asset and profit reductions resulting from direct reduction of high carbon industry exposure through expansion of various types of ESG financial products (loan, equity investment, asset management, insurance product, etc.) Establish proactive risk management measures, such as reflecting interest rates on appropriate credit risk levels or managing exposures, in case of increased credit losses due to future climate risks |

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Target-setting and Progress Oversight/Monitoring

The ESG Committee of KB Financial Group Inc. establishes ESG strategies and targets, including climate change, and examines and reports the implementation status of major tasks semiannually. KB Kookmin Bank reports to the “Environmental/Social Risk Deliberation Committee” and “ESG Promotion Committee” at least once semiannually the exposure status of climate risk industries and the status of handling new asset management.

KB Financial Group Inc. incorporates ESG indicators into the KPIs of the top management for actual implementation of climate change strategies. Major metrics include whether ESG tasks are implemented, performance regarding green financial product development and investment, and rate of achieving the Group’s carbon emission reduction targets. These metrics consist of detailed targets that consider the possibility of implementation and effectiveness, in addition to quantitative targets, and are used as criteria for evaluating progress in relation to responding to climate-related risks and opportunities.

In addition, the KPIs of each department under each business unit include ESG-related indicators, including climate change strategy execution performance. KPI per department is reflected in the compensation of each business segment manager/department head/management, and is reflected in the incentive pay of the respective department’s employees by a certain ratio. In addition, each subsidiary establishes internal ESG performance evaluation standards in accordance with the Group’s ESG strategy direction and reflects them in the compensation system.

KPIs on Climate Change Response

| Target | Category | KPIs | |
|-------------------------------|--|---|---|
| CEO and top management | Progress toward achieving climate change response strategy goals | • Execution of ESG strategies | • Active execution of ESG tasks |
| | | • Eco-friendly management | • Development of and investment in green financial products • Contribution to the achievement of carbon emission targets |
| Organization dedicated to ESG | Performance of climate change response strategy implementation by department | • Advancement of environmental policies and expansion of climate finance | • Incorporation of organizational internal/external environmental factors to promote climate finance implementation |
| | | • Achieving emissions reduction targets • Implementing climate change response tasks | • Activities to reduce GHG emissions, energy consumption, and waste • Strengthening risk management capabilities |

Top Management

Roles and Responsibilities

KB Financial Group has established a climate change response system where the CEO serves as the central role, while the CSO and CRO oversee climate change response strategies and risk management, respectively, focusing on each area of expertise. This system enables us to professionally and systematically manage and supervise climate-related risks and opportunities. We strengthen accountability in implementing climate change response strategies by incorporating indicators related to key strategies, such as carbon emission reduction and the expansion of ESG financial products, into the management’s KPIs.

Control and Process

KB Financial Group regularly reports the implementation status of climate change strategies to the top management to strengthen the top management’s supervision of climate-related risks and opportunities. Relevant management performance is periodically reported to the ESG Committee and BOD.

In addition, we operate the “Environmental Information Management System” that handles measurement and integrated management of GHG emissions to raise information reliability and consistency. We have also established the “Group ESG Information Disclosure System” that handles integrated management of sustainability information, including climate change. We also clearly specified each department’s responsibilities and internal control process for creating and managing sustainability information so that responsible management examine and manage the appropriateness of disclosure plans and ESG internal control operation.

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CLIMATE CHANGE STRATEGY

STRATEGY

KB Financial Group identifies climate-related risks and opportunities based on the TCFD (Task Force on Climate-related Financial Disclosures) framework and IFRS Sustainability Disclosure Standards S2. The identified factors are reflected in overall corporate management activities. In particular, we consider relevant opportunities in the process of prior identification and response to risks that are caused by climate change, thus recognizing climate change as a turning point for new business opportunities and sustainable growth, rather than simply as a crisis.

Time Horizon

KB Financial Group categorizes the impact of climate-related risks and opportunities into the short-term (within one year), mid-term (1–5 years), and long-term (over 5 years) period according to the expected period. This period categorization is identical to the criteria applied to strategic decision-making, and serves as the basis for setting mid- to long-term targets of climate change strategies.

Climate-related Risk Factors

KB Financial Group classifies climate risks into transition risks and physical risks in accordance with the TCFD framework. Transition risks include policy and legal, technology, market, and reputational risks, while physical risks are managed by categorizing them into acute risks and chronic risks based on the duration of the risk factors' impact. The identification of climate-related risk factors is conducted not only for our business operations but also across upstream supply chain and downstream distribution network activities. Both quantitative factors, such as project scale, number of customers, revenue, and operating costs, and qualitative factors, such as customer satisfaction and reputation, are taken into consideration.

| Category | Risk factors | Impact on the financial business and the company | Potential financial impact | Level of impact | Short-term | Mid-term | Long-term |
|-------------------------|--|---|---|-----------------|------------|----------|-----------|
| Transition risks | | | | | | | |
| Technology risk | <ul style="list-style-type: none"> Increase in costs for transitioning to eco-friendly and low-carbon technologies and possibility of transition failure Increase in costs to improve energy efficiency Possibility of investment failure in new technologies aimed at reducing emissions | <ul style="list-style-type: none"> Increase in costs due to R&D and adoption of new technologies by loan borrowers and investment companies, leading to decrease in profitability Decline in reliability and profitability of the supply chain and asset portfolio when partner companies or loan borrowers and investment companies avoid adopting eco-friendly and low-carbon technologies | <ul style="list-style-type: none"> Increase in credit loss of high-carbon businesses in the asset portfolio Increase in costs related to the research, development, and adoption of new technologies Amortization and early disposal of existing assets | High | V | V | V |
| Policy and legal risk | <ul style="list-style-type: none"> Strengthening of GHGs emissions regulations Increase in emission prices Introduction of new environmental disclosure standards and strengthening of disclosure duties Increase in environment related lawsuits | <ul style="list-style-type: none"> Increase in financial burden due to compliance with environmental regulations such as emissions allowance purchases Increase in costs due to transitioning to eco-friendly elements such as electric vehicles and alternative energy Incurrence of costs due to strategy development for compliance with increased regulations and requirements in the financial industry | <ul style="list-style-type: none"> Increase in operating expense due to the rise of greenhouse gas emissions permit prices Decline in the value of tangible assets due to regulations against high-carbon businesses Increase in costs due to environment-related lawsuits Increase in costs for carbon emissions due to the adoption of climate-related policies and systems | Mid | V | V | V |

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| Category | Risk factors | Impact on the financial business and the company | Potential financial impact | Level of impact | Short-term | Mid-term | Long-term |
|-------------------------|---|---|--|-----------------|------------|----------|-----------|
| Transition risks | | | | | | | |
| Market risk | <ul style="list-style-type: none"> Changes in demand and supply and price fluctuations for raw materials, goods, and services Changes in consumer preferences and behavior | <ul style="list-style-type: none"> Increase in the necessity to develop green products and services, and build an eco-friendly asset portfolio Increase in overdue and insolvencies due to worsened profitability of high-carbon businesses in the asset portfolio Decrease in customer demand and investor trust owing to the absence of response in relation to eco-friendly products and services | <ul style="list-style-type: none"> Increase in energy, water, and waste treatment costs Increase in credit loss of high-carbon businesses in the asset portfolio | High | V | V | |
| Reputational risk | <ul style="list-style-type: none"> Increase in negative views of stakeholders toward climate crisis industries Greenwashing issue Investment withdrawal by investors | <ul style="list-style-type: none"> Deterioration of reputation when negative environmental issues arise amongst businesses within the Group's asset portfolio Deterioration of reputation owing to non-execution of eco-friendliness information disclosure and climate change response activities | <ul style="list-style-type: none"> Changes in strategies for the shift to eco-friendliness and resulting cost increases Decrease in investments and sales owing to deterioration of reputation | Low | V | V | |
| Physical risks | | | | | | | |
| Acute risk | <ul style="list-style-type: none"> Increase in frequency and severity of extreme weather events | <ul style="list-style-type: none"> Disruption of operations and increase in customer inconvenience and complaints due to damage to business sites and supply chain facilities | <ul style="list-style-type: none"> Decrease in operating profits due to business stoppage of business sites and supply chain Increase in restoration costs for damaged sites due to environmental factors and decline in asset value | Mid | V | V | |
| Chronic risk | <ul style="list-style-type: none"> Long-term shifts in climate patterns that may cause sea-level rise, average temperature increase, or chronic heatwaves | <ul style="list-style-type: none"> Restrictions on the use of online customer services in the event of computer network damage Early disposal of existing assets and devaluation of asset portfolios | | Low | V | V | |

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Climate-related Opportunity Factors

KB Financial Group classified opportunities into resource efficiency, energy resources, products and services, markets, and resilience according to the TCFD recommendations to identify impact on the financial industry by an industry paradigm shift caused by climate change, and analyze the impact of each opportunity on the financial industry and the potential financial impact on KB and reflect them in our management activities. We also identify the level of urgency of response by classifying each opportunity into short-, mid-, and long-term.

| Category | Opportunity factors | Impact on the financial business and the company | Potential financial impact | Level of impact | Short-term | Mid-term | Long-term |
|-----------------------|---|---|--|-----------------|------------|----------|-----------|
| Products and services | <ul style="list-style-type: none"> Expansion of green products and services Expansion of green technology application Increase in customer preference for green products | <ul style="list-style-type: none"> Expansion of the scale of green products, investments, and loans Enhancement of competitiveness by developing green financial solutions | <ul style="list-style-type: none"> Increase in the demand for green products and services, and sales expansion Establishment of a foundation for sustainable growth based on green business expansion * The estimated increase in financial assets due to the expansion of green product and service sales is KRW 82.3 billion, and the estimated amount of annual costs for discovery of climate-related opportunities, including green product and service development and management, is KRW 1.34 billion. | High | V | V | |
| Markets | <ul style="list-style-type: none"> Entry into new markets related to climate change response Diversification of business portfolio | <ul style="list-style-type: none"> New market entry by discovering green products and services Advancement of profit structure by building a green asset portfolio | <ul style="list-style-type: none"> Expansion of revenue streams through entry into new markets Expansion of market preoccupation and market share due to business portfolio diversification | High | V | V | |
| Resource efficiency | <ul style="list-style-type: none"> Efficient energy use and waste management Increase in the use of green transportation Expansion of green construction | <ul style="list-style-type: none"> Increase in demands for financing from corporate clients that seek to increase resource efficiency Preemptive securement of clients in need of financing through industrial monitoring and asset portfolio diversification | <ul style="list-style-type: none"> Decrease in operating cost due to the increase in energy efficiency Cost reduction and profit increase due to productivity increase Increase in resource efficiency and reduction in costs through a circular economy, including recycling and waste management | Mid | V | V | V |
| Energy resources | <ul style="list-style-type: none"> Increase in the use of green energy sources Expansion of green technologies Participation in the carbon market | <ul style="list-style-type: none"> Increase in demands for financing from corporate clients that seek to adopt renewable energy resources Expansion of investment for large-scale projects related to eco-friendliness | <ul style="list-style-type: none"> Reduction of financial risks related to carbon credits and carbon taxes due to greenhouse GHG reduction Improvement in profitability due to long-term operational cost savings Creation of demand on the back of corporate image enhancement | Mid | | V | V |
| Resilience | <ul style="list-style-type: none"> Expansion of renewable energy use and enhancement of energy efficiency Discovery of green alternative resources and resource diversification | <ul style="list-style-type: none"> Increase in the reliability of supply chain and asset portfolio Business portfolio diversification and establishment of a foundation for sustainable growth | <ul style="list-style-type: none"> Securing stability of fixed assets and supply chain based on enhanced resilience Increase in product and service demand and expansion of sales following enhancement of corporate image Increase in market value following positive evaluations from stakeholders and increase in the inflow of investment | Mid | | | V |

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Climate Change Strategy

KB Financial Group establishes mid- to long-term targets to respond to climate change and implements detailed tasks by examining climate-related risks and opportunities.

Implementation Goals, Strategies, and Tasks for Climate Change Response

| Goals | Strategies | Implementation tasks | Potential financial impact | | |
|--|----------------------|---|--|---|--|
| | | | Short-term | Mid-term | Long-term |
| Achieve net-zero - Achieve net-zero operational emissions by 2040 - Achieve net-zero financed emissions by 2050 | KB Net Zero S.T.A.R. | Direct reduction of GHG emissions <ul style="list-style-type: none"> • Increase the use of renewable energy • Convert corporate fleets to eco-friendly vehicles • Conduct internal and external eco-friendly campaigns • Participate in global eco-friendliness initiatives and discussions | <ul style="list-style-type: none"> • Increase in fixed assets due to installation of renewable power generation facilities • Increase in costs to convert corporate fleets to eco-friendly vehicles • Increase in operational expenses for eco-friendly campaigns | <ul style="list-style-type: none"> • Reduction in electricity costs through energy conservation and renewable energy generation facilities • Increase in fixed asset depreciation costs | <ul style="list-style-type: none"> • Stable sales growth due to enhanced corporate image |
| | | Financed emissions management <ul style="list-style-type: none"> • Monitor financed emissions on an on-going basis • Establish and advance an environmental management system <ul style="list-style-type: none"> - Measure and manage emissions and carbon intensity of each portfolio company and subsidiary | <ul style="list-style-type: none"> • Increase in system construction and operational expenses | <ul style="list-style-type: none"> • Decrease in operational expenses on the back of efficient information management | <ul style="list-style-type: none"> • Profitability improvement through long-term operational cost reduction |
| | | Advancement of environmental policies <ul style="list-style-type: none"> • Operate the Environmental and Social Risk Management (ESRM) system • Continually execute the Equator Principles • Declare “Exiting Coal Financing” • Incorporate ESG factors into decision-making for investments and loans | <ul style="list-style-type: none"> • Increase in policy establishment and system construction and operation costs • Increase in employee training costs for internalization of environmental policies | <ul style="list-style-type: none"> • Change to a low-carbon, eco-friendly asset portfolio | <ul style="list-style-type: none"> • Improvement in financial stability and profitability through systematic risk management |
| Expand the size of ESG products, investments, and loans in the environmental area | KB Green Wave 2030 | Expand climate (green/transition) finance support <ul style="list-style-type: none"> • Establish and advance the climate finance system • Facilitate the execution of climate finance through the alignment with KPIs | <ul style="list-style-type: none"> • Increase in policy establishment and system construction and operation costs | <ul style="list-style-type: none"> • Decrease in high-carbon industry portfolio, leading to reduced interest income • Increase in low-carbon and eco-friendly portfolio, leading to increased interest income • Increase in borrowed debt (bonds) due to ESG bond issuance | <ul style="list-style-type: none"> • Sales growth through market dominance and expansion of market share driven by business portfolio diversification |
| | | Support eco-friendly management of SMEs <ul style="list-style-type: none"> • Provide ESG consulting services • Provide the KB Carbon Management System • Provide financial support to outstanding ESG companies | <ul style="list-style-type: none"> • Increase in consulting management costs | <ul style="list-style-type: none"> • Sales growth on the back of enhanced corporate image and increased demand for services | <ul style="list-style-type: none"> • Generation of new sales with the creation of business opportunities |

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Climate Change Scenario Analysis

KB Financial Group conducted a climate change scenario analysis to assess the impacts of climate change. The climate change scenario analysis was developed in-house in accordance with domestic and international sustainability disclosure requirements by reviewing climate scenario analysis models from central banks in key countries such as the U.S. and Europe. It utilized climate crisis scenarios proposed by the NGFS¹⁾ and IPCC²⁾.

Climate Change Scenario Analysis Methodology

KB Financial Group categorized climate risks into negative impact (transition risks), such as increased costs as a result of implementing carbon reduction policies, and material damages (physical risks) resulting from climate change (rise in the Earth's average temperature, etc.) and analyzed climate risks' impact on the real economy and KB Financial Group's asset portfolio. For transition risk, we analyzed credit rating decreases and probability of default (PD) increases caused by increased corporate burden of carbon costs in the process of transitioning to a low-carbon economy by using the NGFS scenarios, targeting the corporate finance asset portfolio. For physical risk, we used the RCP³⁾ scenario to analyze loss given default (LGD) increases that arise from a drop in real estate collateral value caused by natural disasters, targeting the real estate (for commercial use, residential use) asset portfolio.

Climate Change Scenarios Chosen by KB Financial Group

| | Transition risk | Physical risk |
|------------------------------------|--|---|
| Time horizon used | Impact analysis on the next 30 or so years from the end of 2023 through 2050 | |
| Asset scope subject to analysis | Assets categorized as corporate finance (loans, listed equity, bonds) and real estate (commercial use, residential use) among targets of credit risk RWA (risk weighted assets) calculation | |
| Business scope subject to analysis | Holding company and the Group subsidiaries (domestic and overseas business sites), each subsidiary's subordinate companies (excluding special purpose entities, investment funds and trusts) | |
| Scenarios applied | NGFS Scenario - Current policies - Delayed transition - Net zero 2050 | RCP Scenario - RCP2.6 - RCP6.0 - RCP4.5 - RCP8.5 |

¹⁾ A global coalition created by central banks and supervisory authorities of various countries to discuss standards for managing and supervising financial risks related to climate change and the environment

²⁾ Intergovernmental Panel on Climate Change

³⁾ Scenario predicting changes in GHG concentrations due to human activities' impact on the atmosphere

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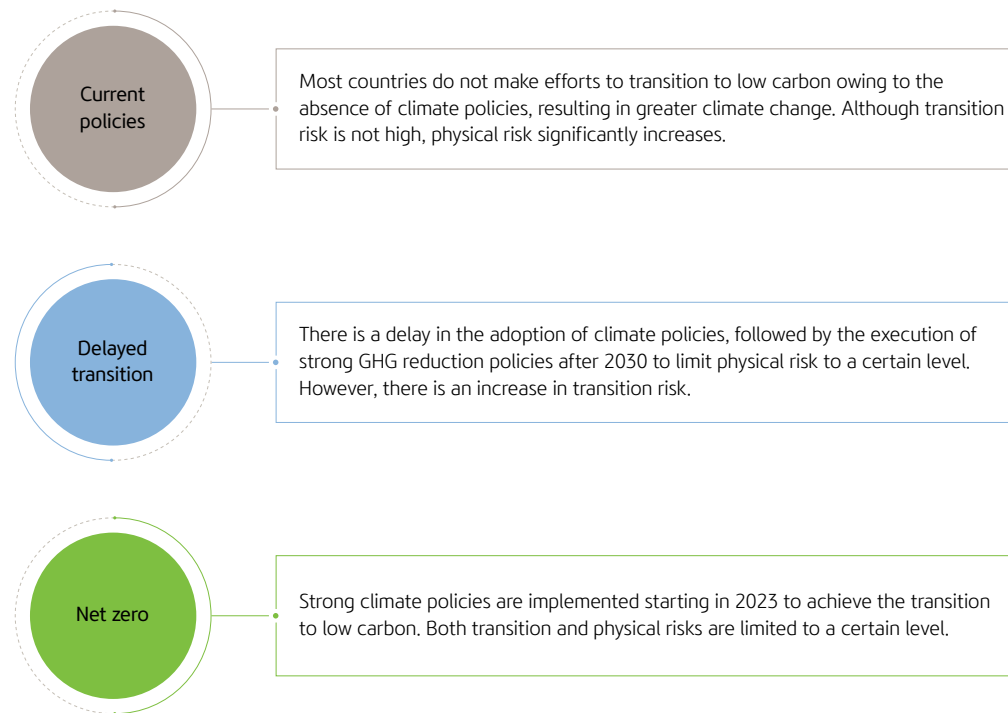
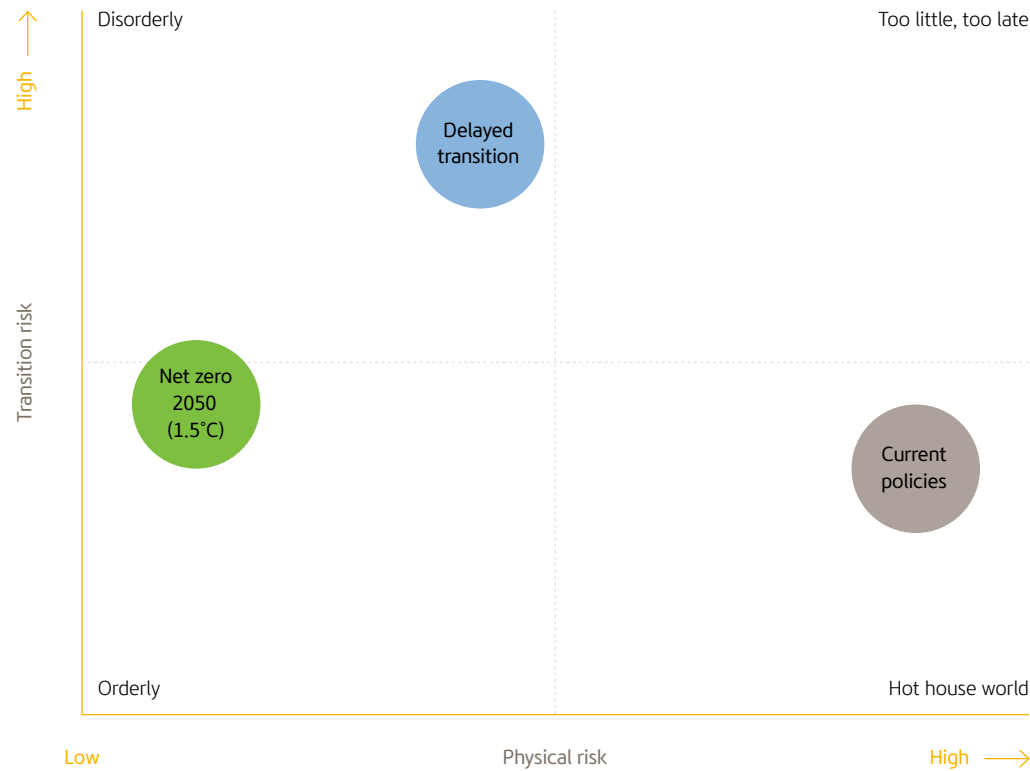


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NGFS Climate Change Scenarios

Of the seven transition pathways of the phase IV release of the NGFS climate scenarios that was disclosed in 2023, KB Financial Group chose and applied three scenarios that indicate the most representative and meaningful financial impact—“Current policies,” “Delayed transition,” and “Net zero.”



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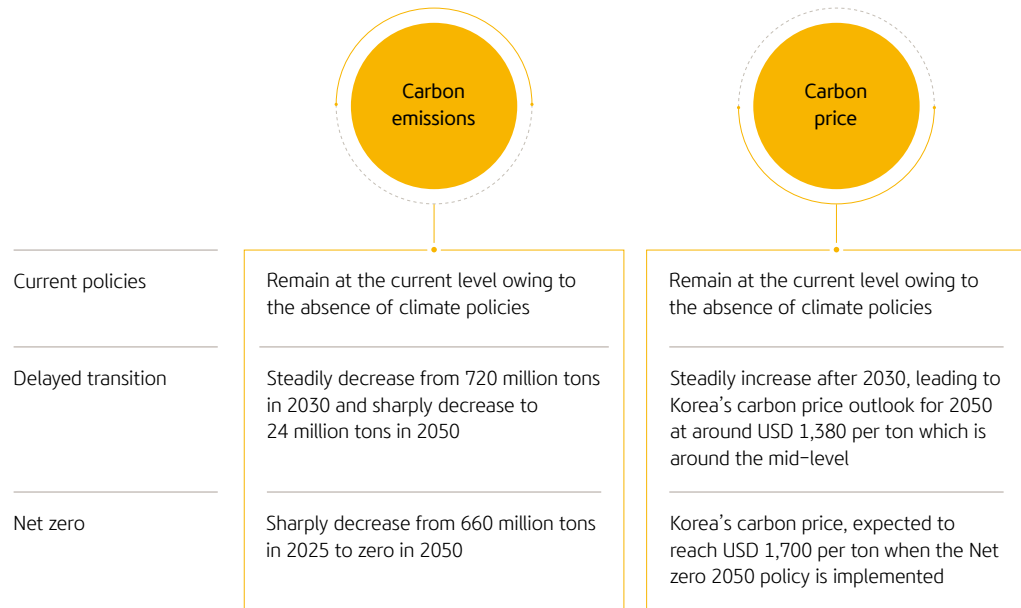


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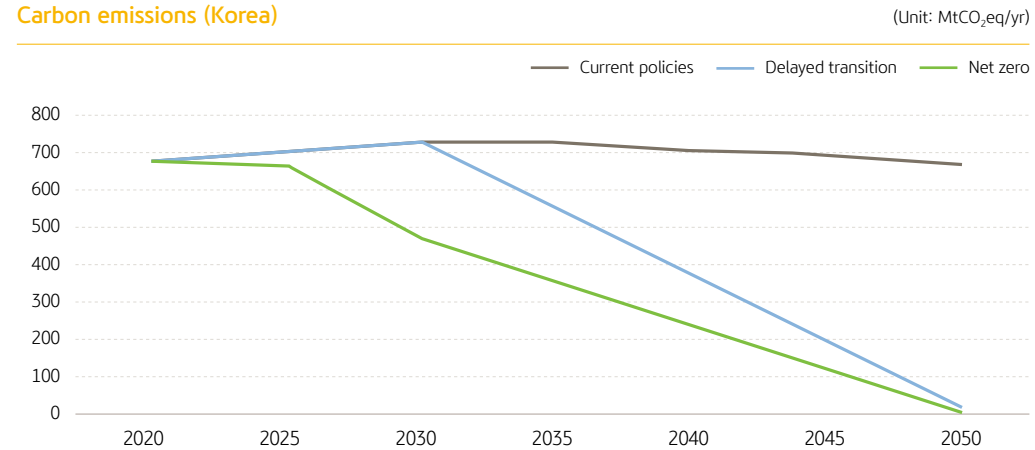
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The NGFS scenario provides GHG reduction pathways and major climate variables stemming from a transition to a low-carbon economy, including carbon price and temperature change. When analyzing transition risk impact, KB Financial Group estimated carbon costs that will additionally arise in the future based on each scenario's carbon emission and carbon price information to analyze impact on the asset portfolio.

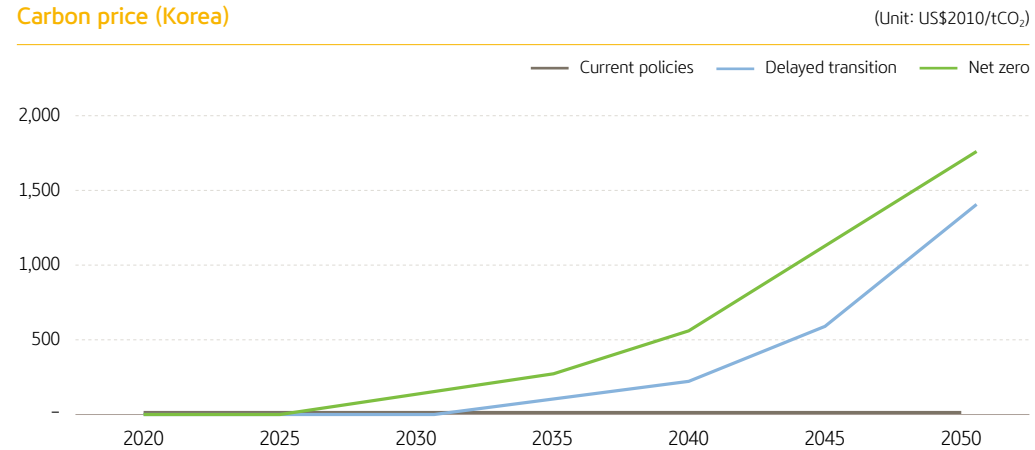
Estimated Carbon Emissions, and Carbon Price by Scenario



Carbon emissions (Korea)



Carbon price (Korea)



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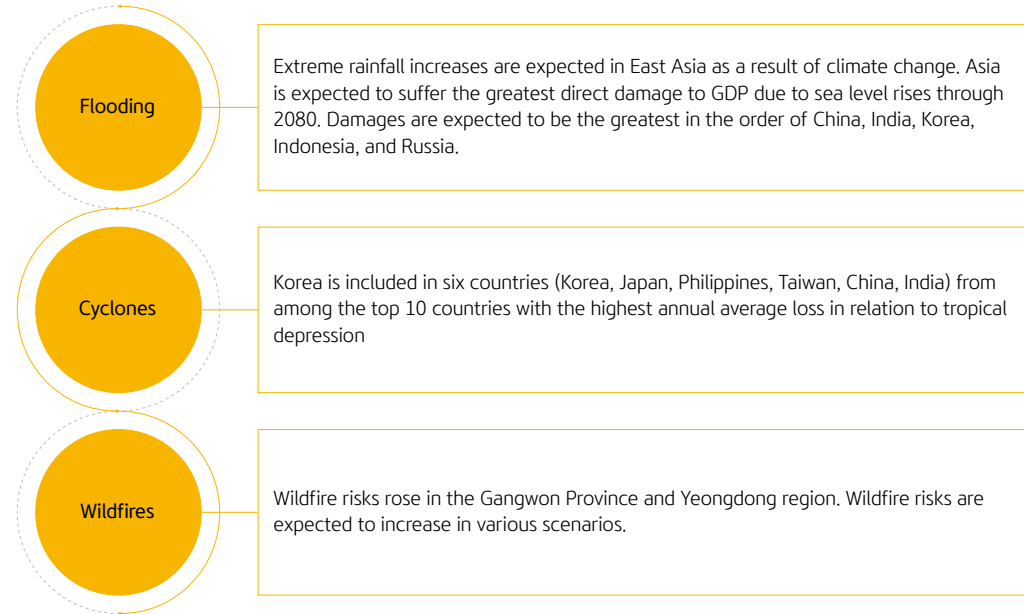
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IPCC Climate Change Scenario

For physical risk scenario analysis, KB Financial Group applied the RCP scenario that was presented in the IPCC Fifth Assessment Report that was announced in 2014. This report presents pathways with different assumed GHG concentrations depending on whether climate change policy is implemented. It categorizes a total of 27 disaster types by country to analyze major risks.

Using this as the basis, KB Financial Group examined disaster types that are needed for analyses by reflecting domestic characteristics, and chose flooding (heavy rain, river flooding), cyclones, and wildfires as key disaster types to perform an impact analysis.

Grounds for Selecting Disaster Types



RCP Scenario

| Scenario | Assumption | CO ₂ concentration by 2100 |
|----------|---|---------------------------------------|
| RCP2.6 | Instantaneous greenhouse gas reduction from now on—case where the Earth can self-recover from the impact of human activity (not feasible) | 420ppm |
| RCP4.5 | Substantial achievement of GHG emission reduction policies | 540ppm |
| RCP6.0 | Fair achievement of GHG emission reduction policies | 670ppm |
| RCP8.5 | Emissions reduction is not considered if GHG continues to be emitted at the current rate | 940ppm |

* The RCP figure represents the amount of additional energy (w/m²) absorbed by the earth. For example, RCP8.5 means 8.5w/m² of additional solar energy is absorbed when CO₂ concentration reaches 940 ppm.

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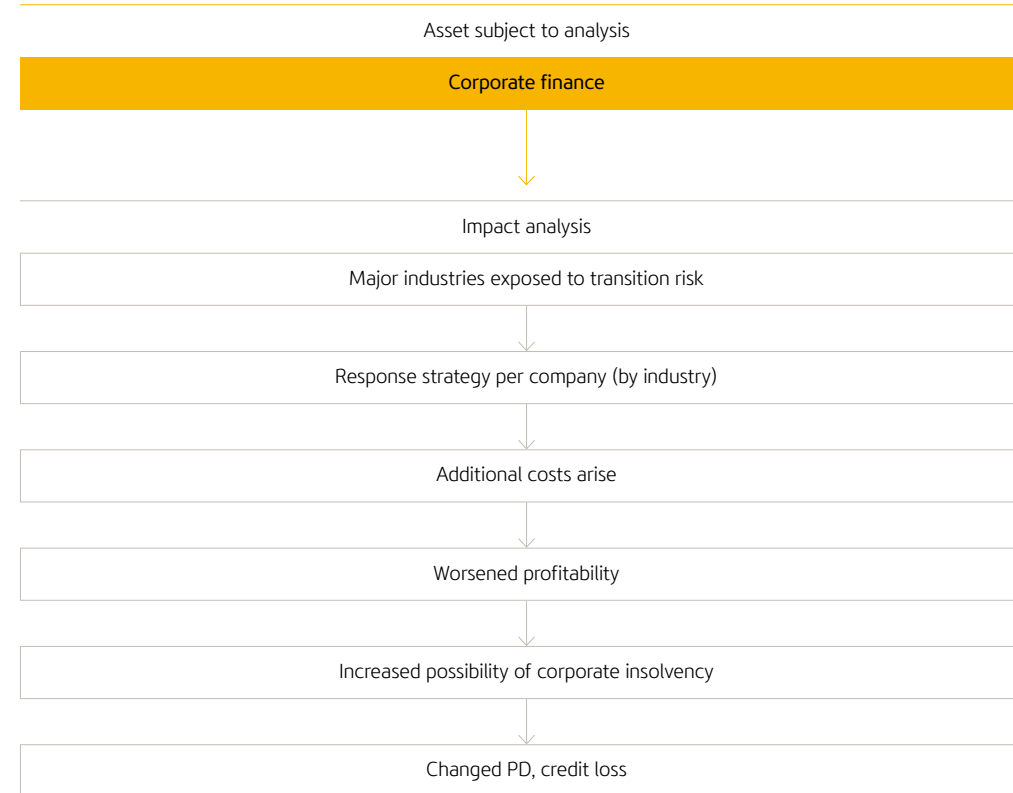
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Transition Risk Scenario Analysis

KB Financial Group carried out an NGFS climate change scenario analysis to analyze the impact on the overall financial industry and KB Financial Group’s asset portfolio by transition risk following the strengthening of carbon regulations. We analyzed strengthened carbon regulations’ impact on KB, targeting our corporate finance portfolio, including loans, bonds, and stocks.

By using carbon prices and carbon emissions to estimate carbon costs that will additionally arise in the future and reflecting this in the profitability index, we measured the increase in the corporate bankruptcy rate from worsened profitability to estimate changes in credit loss. Since carbon prices and carbon emissions are dependent on the response strategies of corporate loan borrowers, we performed the analysis by making a categorization into 13 industry areas to reflect the characteristics of the industry to which the corporate loan borrower belongs. We used EBITDA for the profitability index.

Process of transition risk scenario analysis



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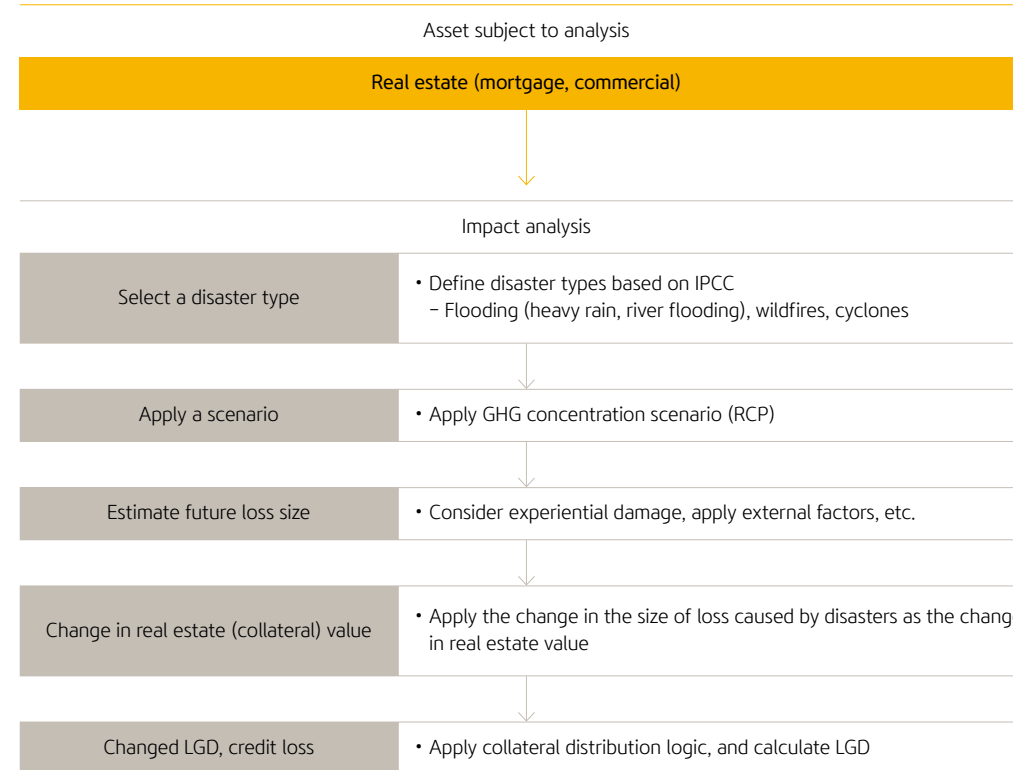
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Physical Risk Scenario Analysis

KB Financial Group used RCP climate change scenario analysis to forecast the size of economic damage in case of a future disaster and identified the physical risk that climate change has on the real estate (commercial and residential use) asset portfolio.

Based on the IPCC Assessment Report, we chose leading disaster types as flooding (heavy rain, river flooding), wildfires, and cyclones in consideration of Korea's climate characteristics and applied a scenario by disaster type. We used the rainfall and disaster damage statistics provided by the Korea Meteorological Administration and Ministry of the Interior and Safety to estimate the damage amount by region, and analyzed the impact that the disaster-caused drop in collateral value has on LGD to quantify the economic damage size, leading to physical risk measurement.

Process of physical risk scenario analysis



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Results of Climate Change Scenario Analysis

KB Financial Group carried out a climate change impact analysis for the next 30 years up to 2050 based on an asset portfolio that calculates credit risk RWA as of the end of 2023. Results of the climate change scenario analysis indicate that transition risk has the most impact under the NGFS net zero scenario, while physical risk has the most impact in the IPCC RCP8.5 scenario.

Results of analyzing short-, mid-, and long-term impact per scenario indicate that there is the highest impact over the long term in all scenarios and transition risk shows a relatively higher overall impact regarding climate risk. This signifies that the negative impact of carbon costs that should be borne by high-carbon industries owing to strengthened carbon policies is greater than climate change’s direct impact on borrowers’ physical asset value.

Climate risk impact heatmap

| Scenario | Transition risk | | |
|----------|--------------------|----------|-----------|
| | Short-term | Mid-term | Long-term |
| NGFS | Net zero | | |
| | Delayed transition | | |
| | Current policies | | |

← Low impact of climate risk
High impact of climate risk →

| Scenario | Physical risk | | |
|----------|---------------|----------|-----------|
| | Short-term | Mid-term | Long-term |
| IPCC | RCP2.6 | | |
| | RCP4.5 | | |
| | RCP6.0 | | |
| | RCP8.5 | | |

← Low impact of climate risk
High impact of climate risk →

* Heatmap: A graphical representation of data where values are expressed in different colors, allowing analyzed data to be visualized at a glance as a data analysis technique

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Results of Transition Risk Scenario Analysis

Probability of Default (PD)

KB Financial Group estimated credit rating downgrades and PD increases that are caused by decline in profitability from increased corporate burden of carbon costs in the process of transitioning to a low-carbon economy by using the NGFS scenario. Transition risk is assessed based on the corporate finance asset portfolio's transition rate. A higher transition rate is considered to have a significant impact on credit losses.

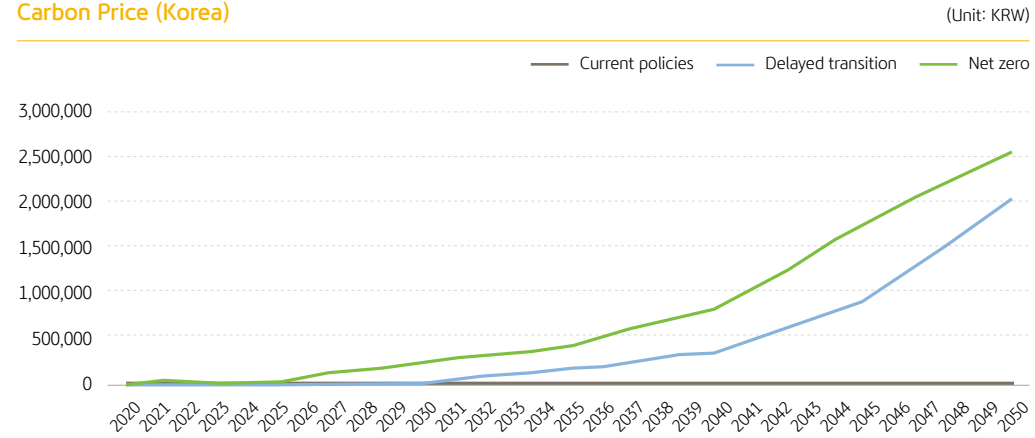
The carbon cost burden assumes that the entire industry copes with the purchase of carbon emission permits. However, for key companies in major industries exposed to transition risk, we have examined response strategies for stranded assets¹⁾, incorporating additional investment in carbon reduction alternatives, equipment installation costs, and carbon emission reduction targets.

According to the scenario analysis result, it was found that the impact of climate change increases over time and with policy strengthening, and the NGFS net zero scenario has the most significant long-term impact. When comparing scenarios, it was indicated that PD increase impact is the most significant in the order of net zero, delayed transition, and current policies. The delayed transition scenario assumes that low-carbon policies are implemented starting in 2030, indicating a similar PD as the current policies scenario through 2029. However, PD sharply increases after 2030 and is assumed to reach a level similar to that of the net zero scenario in 2050.

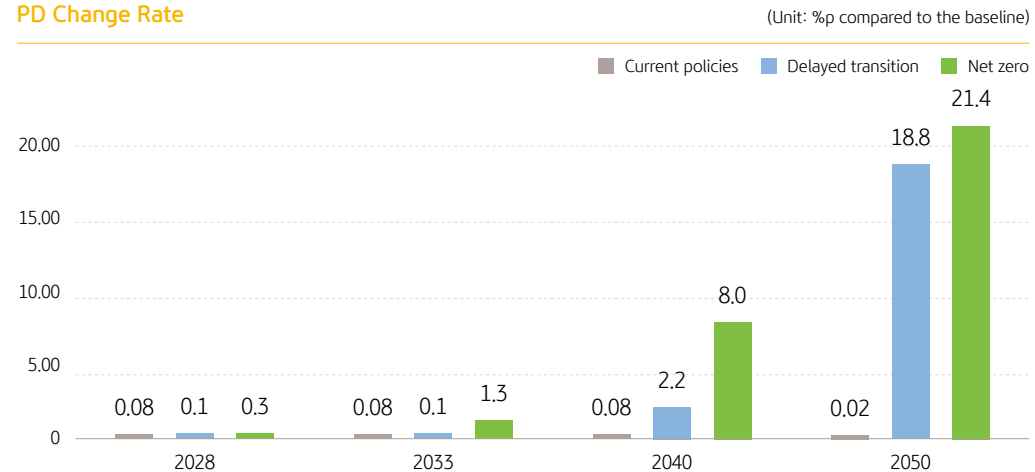
¹⁾ Assets whose value depreciates or converts into liabilities due to environmental changes such as climate change

Carbon Price and PD Change Rate by Scenario

Carbon Price (Korea)



PD Change Rate



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Results of Physical Risk Scenario Analysis

Loss Given Default (LGD)

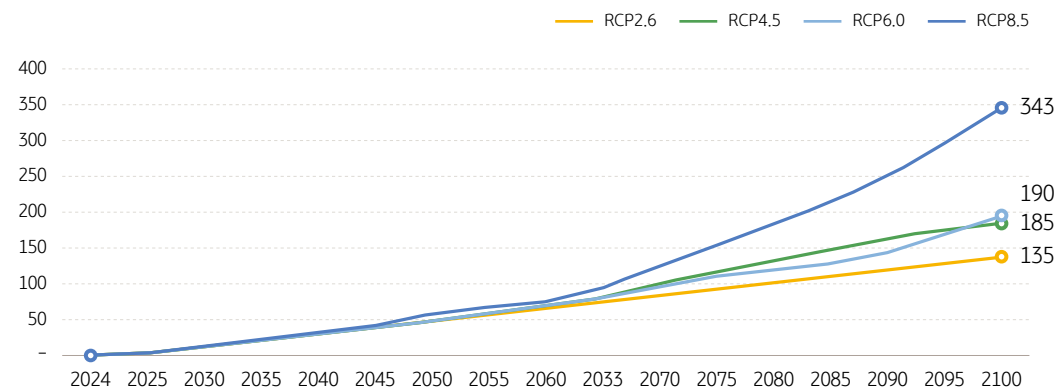
KB Financial Group used the IPCC's RCP scenarios to estimate the collateral value decline rate of the real estate asset portfolio based on the distribution of damage costs from various disaster types, such as wildfires, cyclones, and flooding, as well as meteorological data. Through this analysis, we examined the changes in the average LGD. We determined that significant changes in LGD indicate a substantial impact on credit losses. The scale of damage was estimated using environmental variables at the level of 17 provinces and cities in 5-year intervals until 2050.

According to the analysis results, under the RCP8.5 scenario, where GHG concentrations increase the most over time, the collateral value decline rate was approximately 17%. This is more than double the rate observed in the RCP2.6 scenario (8%), demonstrating that the value loss of collateral assets can vary significantly depending on GHG concentrations. A comparison of overall scenario analysis results among periods shows that the disaster damage amount increases over time, and therefore the LGD change rate that is based on collateral value drop rate changes is estimated to increase.

Disaster Damage Scale and Collateral Value Decline Rate Variation by Scenario

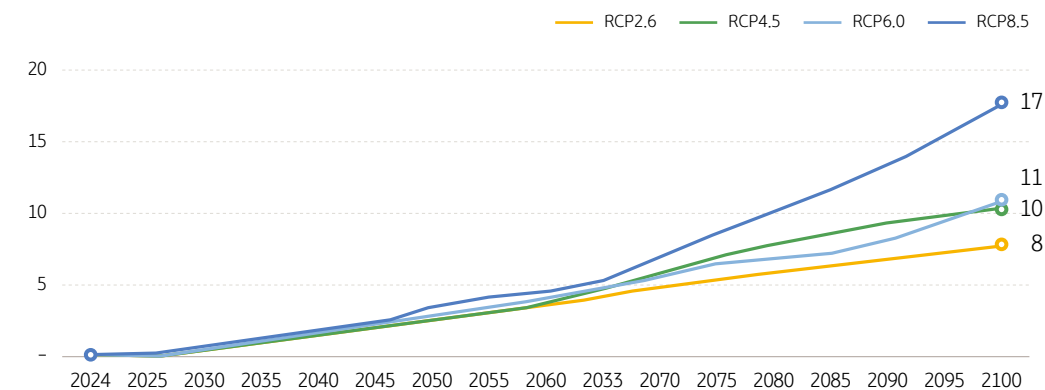
Disaster Damage Scale (Cumulative total of 17 regions)

(Unit: KRW trillion)



Collateral Value Decline Rate (Average of 17 regions)

(Unit: %)



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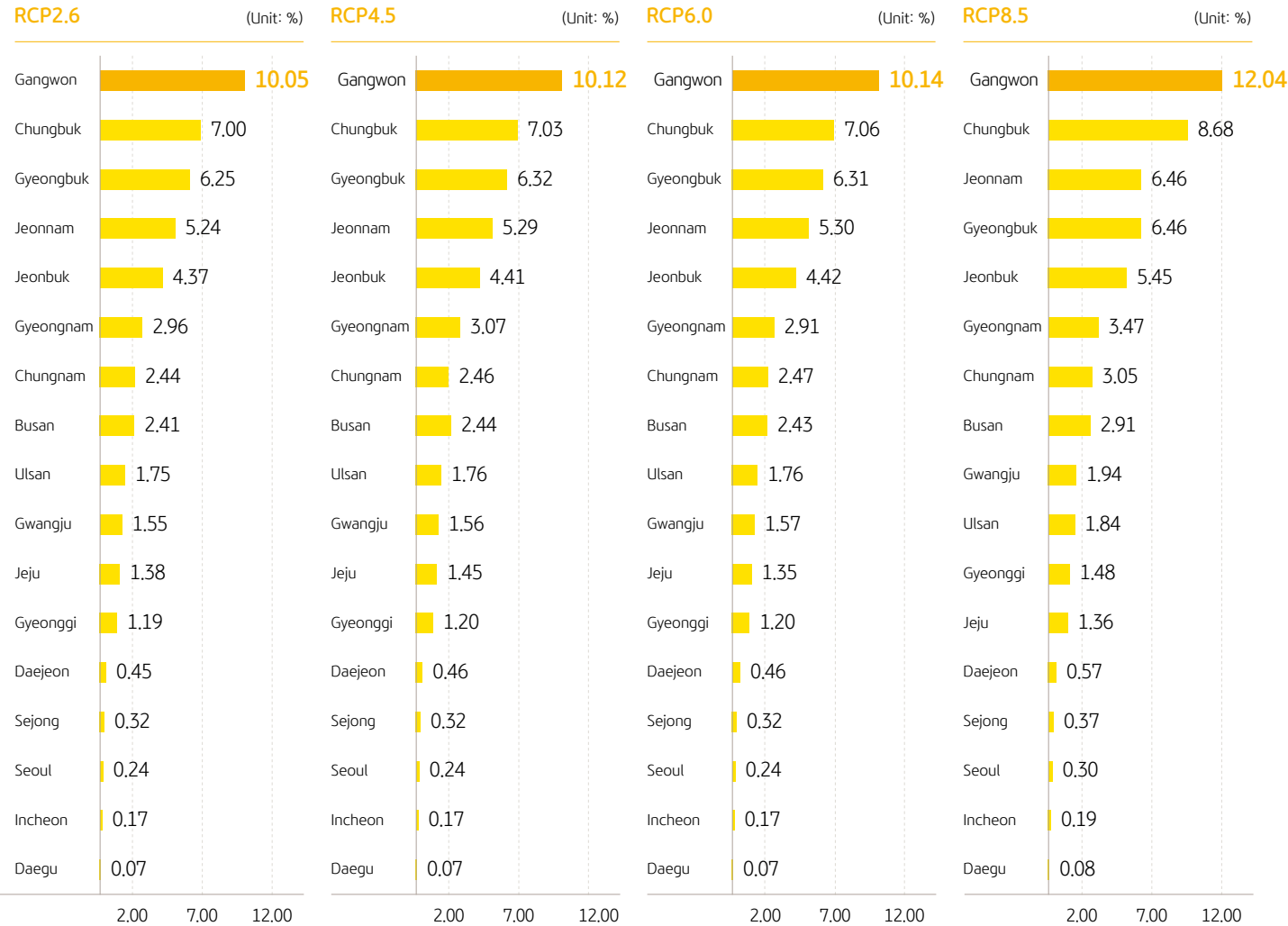
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Collateral Value Decline Rate as of 2050 by Scenario



Results of an analysis by region indicate that the collateral value decline rate is the highest for Gangwon Province, which showed a relatively high frequency of natural disasters, but actual RWA impact is the highest for Gyeonggi Province, which has a large overall exposure size. In contrast, Seoul has an extremely low collateral value drop rate, leading to an analysis that the RWA increase is limited.

Increase in RWA by province/city (Based on RCP8.5 as of 2050)

| Category | Collateral value decline rate (%) | RWA at baseline (KRW billion) | RWA increase (KRW billion) | RWA increase ranking |
|-----------|-----------------------------------|-------------------------------|----------------------------|----------------------|
| Gyeonggi | 1.5 | 16,791.6 | 177.1 | 1 |
| Gyeongnam | 3.5 | 198.1 | 73.4 | 2 |
| Gyeongbuk | 6.5 | 1,569.4 | 65.7 | 3 |
| Busan | 2.9 | 2,698.7 | 59.6 | 4 |
| Chungbuk | 8.7 | 743.6 | 58.6 | 5 |
| Jeonnam | 6.5 | 819.0 | 37.5 | 6 |
| Gangwon | 12.0 | 596.3 | 36.4 | 7 |
| Jeonbuk | 5.5 | 803.7 | 35.8 | 8 |
| Chungnam | 3.0 | 1,219.1 | 26.4 | 9 |
| Seoul | 0.3 | 13,050.9 | 22.5 | 10 |
| Gwangju | 1.9 | 731.0 | 13.3 | 11 |
| Ulsan | 1.8 | 694.4 | 9.6 | 12 |
| Incheon | 0.2 | 3,198.6 | 5.0 | 13 |
| Daejeon | 0.6 | 824.2 | 5.0 | 14 |
| Jeju | 1.4 | 340.5 | 3.0 | 14 |
| Daegu | 0.1 | 2,222.4 | 1.3 | 16 |
| Sejong | 0.4 | 326.8 | 1.3 | 16 |

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Mid- to Long-Term Response Strategy for Climate Resilience

Under the NGFS net zero scenario, where strong climate policies are required to reduce GHG emissions, it has been analyzed that the mid- to long-term costs for climate change response incurred by corporate borrowers will rise, potentially leading to increased climate risk-induced PD and credit losses (loan loss provisions). Particularly, high-carbon industries will bear relatively higher transition costs during the low-carbon transition process, underscoring the importance of managing corporate finance asset portfolios within these sectors.

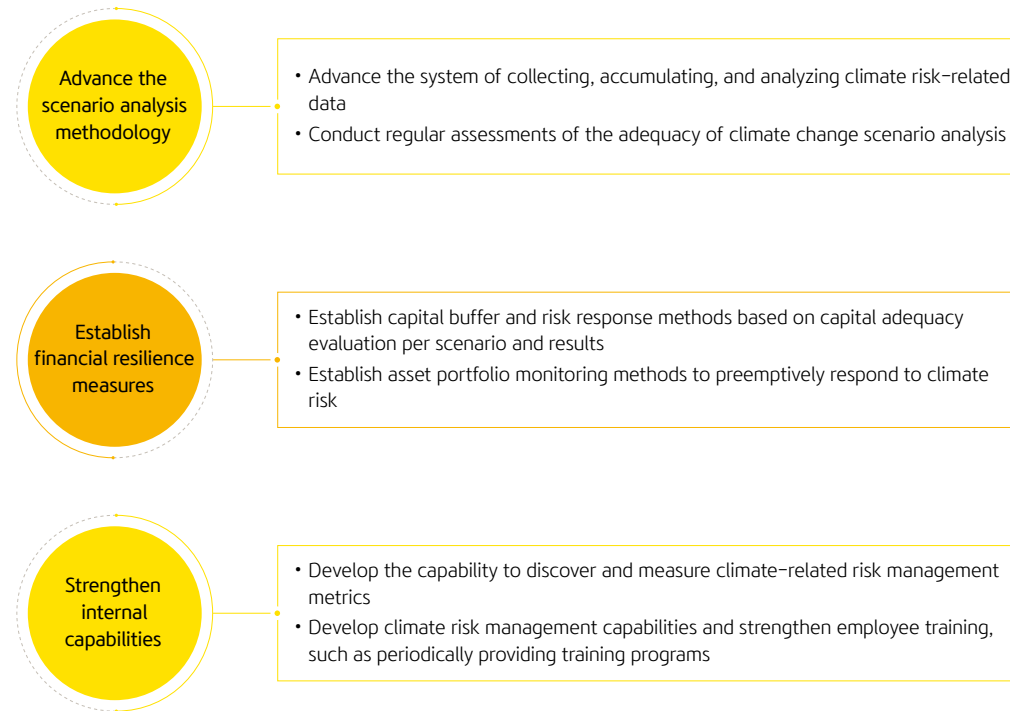
Accordingly, KB Financial Group has established a mid- to long-term response strategy to strengthen resilience against climate risks.

Firstly, as the results of climate change scenario analysis can vary significantly depending on the assumptions and model design, KB Financial Group is continuously striving to improve the reliability and practical relevance of its analytical methodologies. Moving forward, we plan to refine scenario application methods for each industry and asset class while incorporating the latest international trends and data to enhance its diagnosis and response capabilities to climate risks.

In addition, we aim to secure financial resilience over time through regular asset portfolio monitoring. This approach will enable us to establish proactive management for asset classes with concentrated risks and expand financial support for industries with high potential for low-carbon transition.

Furthermore, we will strengthen our internal systems and provide climate risk-related training for employees to embed climate risk response capabilities within the organization.

Mid- to Long-term Response Strategy for Climate Resilience



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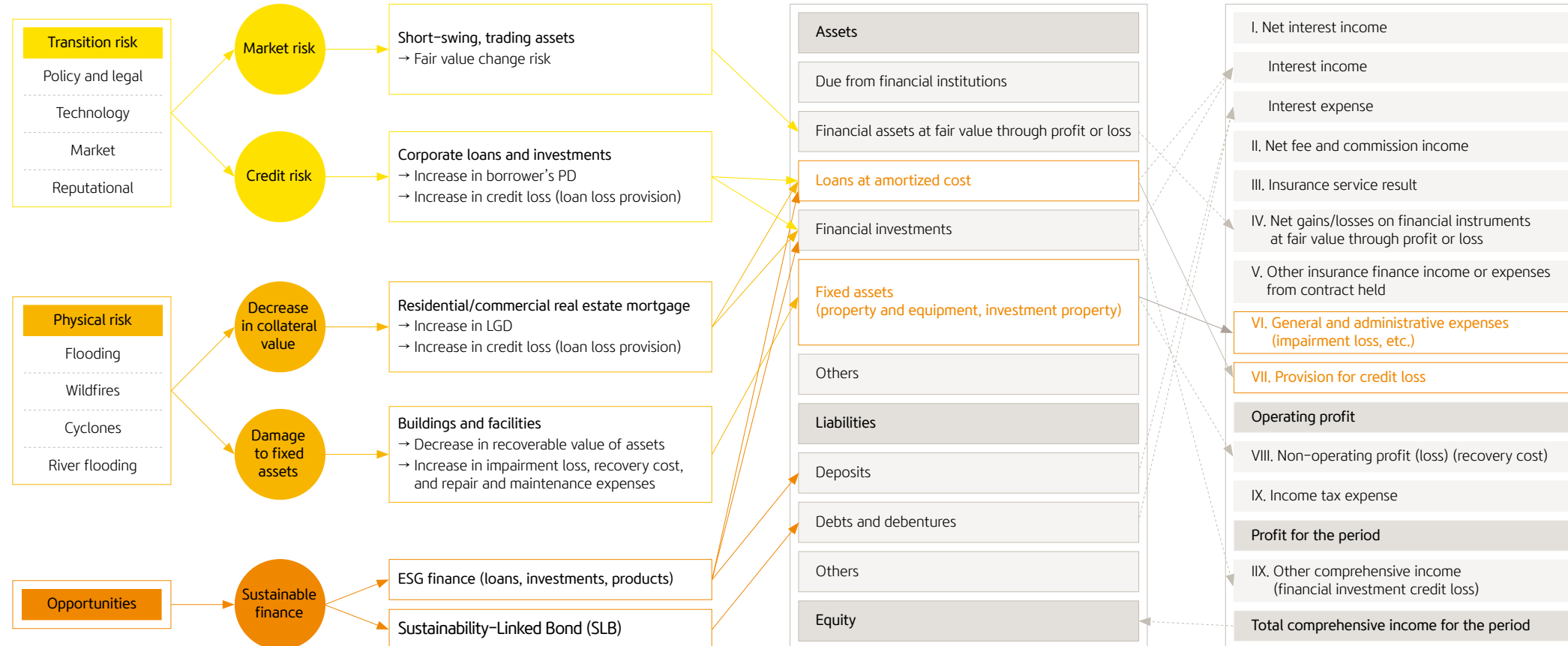
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Financial Impact Assessment of Climate-related Risks and Opportunities

KB Financial Group estimated the impact of climate-related risks and opportunities on our financial condition, financial performance, and cash flow over the short, medium, and long term based on the results of scenario analysis. Major financial pathways where climate-related risks and opportunities impact financial status and financial performance are as follows:

Financial Pathways of Climate-related Risks and Opportunities



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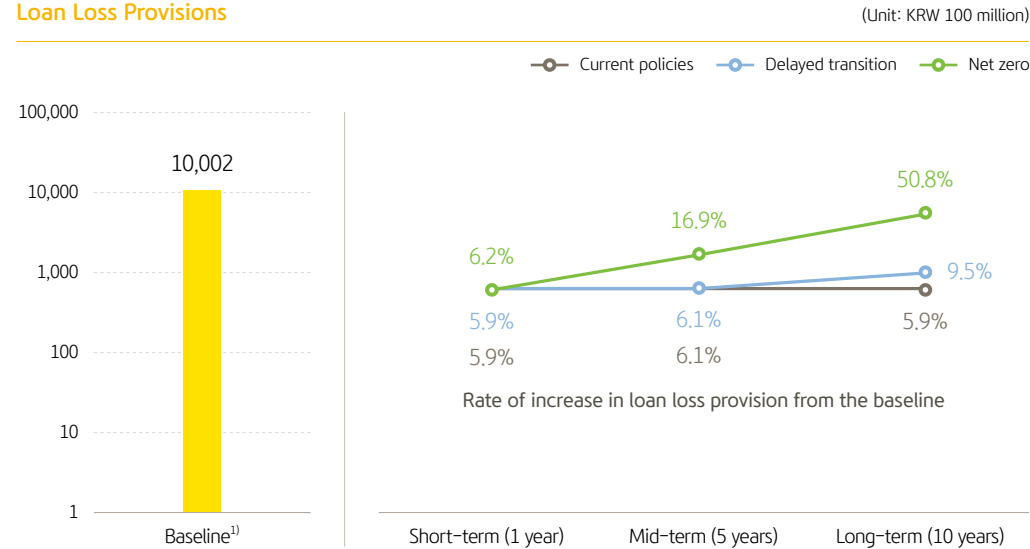
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Financial Impact of Transition Risk

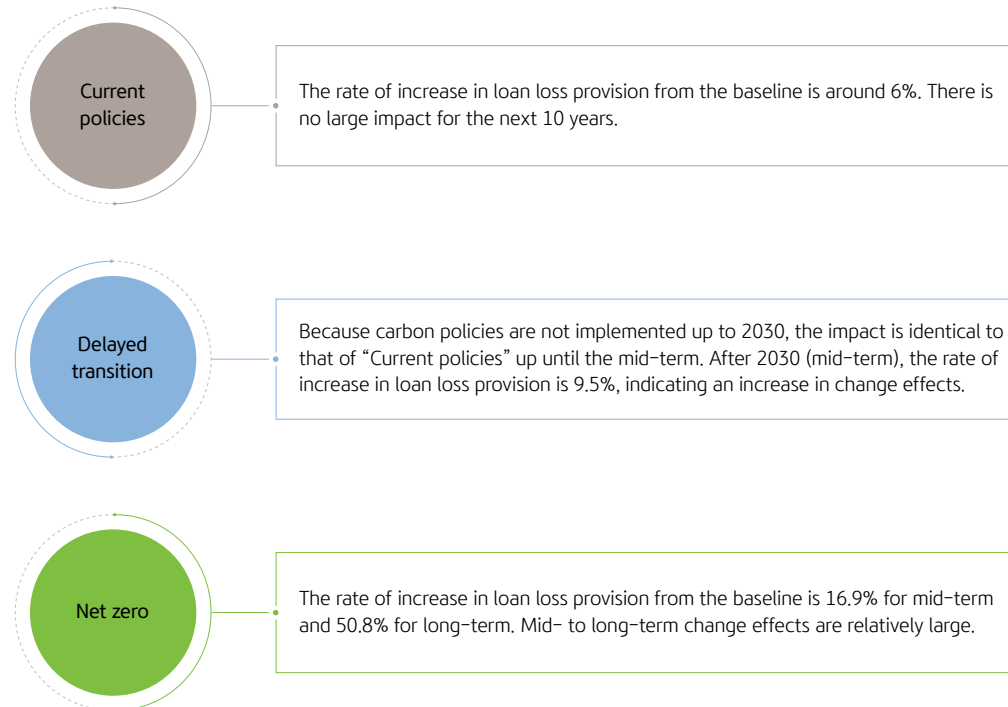
The impact of transition risks on the corporate finance portfolio was assessed by estimating the increase rate of borrowers' PD under various scenarios and the resulting changes in loan loss provisions. After analyzing the anticipated financial impact of transition risks on loan loss provisions over the short, medium, and long term, it was determined that the transition to carbon neutrality could have a significant financial impact on the financial statements over the medium to long term, depending on the pace of transition and policy directions.

Anticipated Financial Impact of Transition Risk

Loan Loss Provisions



¹⁾ Baseline: KRW 1,000.2 billion in the loan loss provision balance of exposure of loans at amortized cost—the target of transition risk analysis—as of the end of 2023



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Financial Impact of Physical Risk

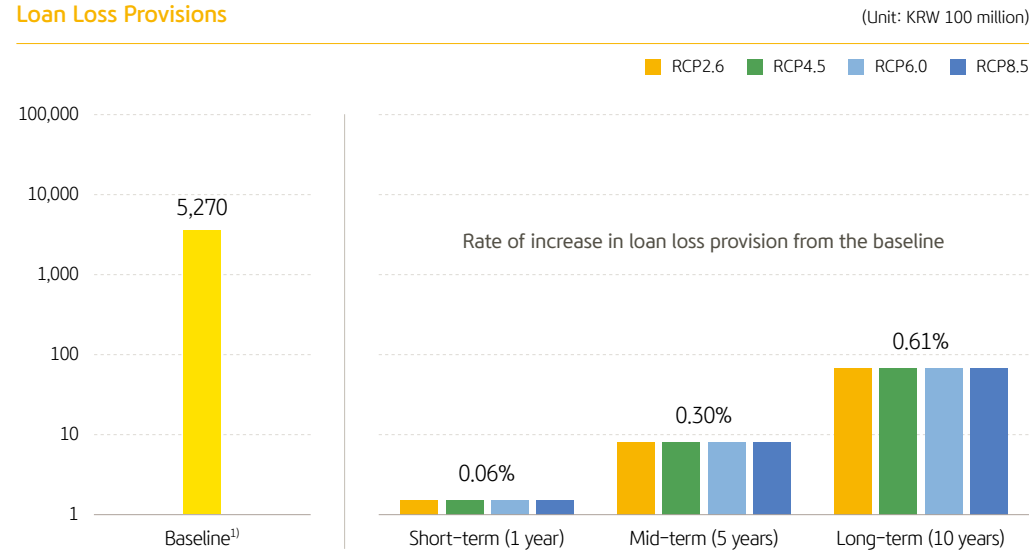
Using the results of the RCP scenario analysis, we estimated the changes in LGD increase rates over time and the resulting variations in loan loss provisions for real estate asset portfolios, including commercial and residential properties, that are affected by physical risks. An analysis of the anticipated financial impact of physical risks on loan loss provisions over the short, medium, and long term indicated that the increase in loan loss provisions remained below 1% compared to the baseline throughout the time horizon of the analysis. This suggests that the impact is not significant when compared to the scale of accounts in the consolidated financial statements.

Additionally, using the results of the RCP scenario analysis of physical risks, we estimated the impairment loss amounts for fixed assets at different points in time based on regional changes in collateral value and regional fixed asset exposures under the scenarios. The anticipated scale of impairment losses arising from the decline in collateral value of fixed assets due to physical risks was estimated to be less than 0.3% of the book value of fixed assets at the baseline, indicating that the expected financial impact is not significant.

Although the analysis as of the end of 2023 indicates no considerable impact, there might be significant financial impact on financial statements if the possibility of damage increases due to domestic and overseas climate change patterns and natural disasters.

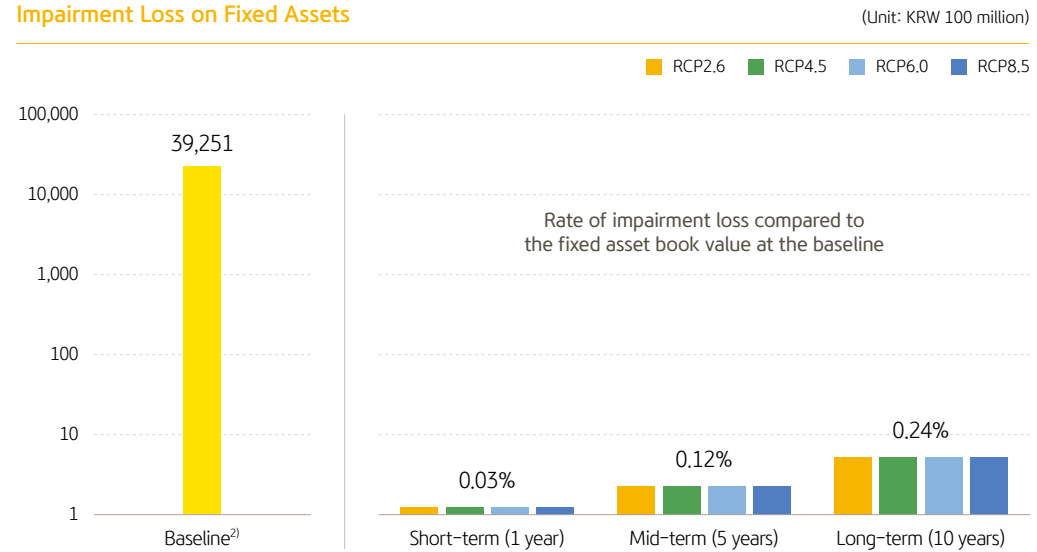
Anticipated Financial Impact of Physical Risk

Loan Loss Provisions



¹⁾ Baseline: KRW 527 billion in the loan loss provision balance of exposure of loans at amortized cost, which is the target of physical risk analysis, as of the end of 2023

Impairment Loss on Fixed Assets



²⁾ Baseline point: Book value of KRW 3,925.1 billion in property and equipment (office building, leasehold improvements, movable business assets, construction in progress), investment property (building), and assets held for sale (building held for sale, other assets held for sale) as of the end of 2023

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Asset Portfolio Analysis

To identify the asset portfolio that is vulnerable to transition and physical risks, KB Financial Group compared exposure and carbon emissions among industry sectors, targeting the corporate finance portfolio, and analyzed carbon intensity. The sectors with high exposure (value of holdings, VOH) in the asset portfolio are financials (28.1%), industrials (24.6%), and consumer discretionary (12.8%). On the other hand, Industrials (24.2%), utilities (18.4%), materials (23.1%), and consumer discretionary (11.4%) are industry sectors that have the highest percentage of carbon emissions in our asset portfolio.

In general, the absolute value of carbon emissions is high in case of industrial sectors with high exposure. However, the share of an industrial sector's exposure is not proportionate to the amount of carbon emissions. As such, KB Financial Group calculates and manages carbon intensity, which considers both the share of exposure and carbon emissions, when managing financed emissions. Carbon intensity is used as an objective indicator of comparison that minimizes the impact of scale when comparing carbon emissions. To reduce emissions of industrial sectors with high carbon intensity, KB Financial Group plans to establish participation strategies that encourage each company to practice eco-friendliness rather than radical investment exclusion.

Exposure and carbon emissions ratio by industrial sector

| Industrial sector | Exposure (KRW trillion) | Exposure ratio (%) | Carbon emissions (tCO ₂ e) | Carbon emissions ratio (%) |
|------------------------|-------------------------|--------------------|---------------------------------------|----------------------------|
| Financials | 40.2 | 28.1 | 1,706,363 | 3.9 |
| Industrials | 35.2 | 24.6 | 10,527,215 | 24.2 |
| Consumer discretionary | 18.4 | 12.8 | 4,930,299 | 11.4 |
| Materials | 16.4 | 11.4 | 10,047,668 | 23.1 |
| Real estate | 8.1 | 5.6 | 259,248 | 0.6 |
| Information technology | 6.9 | 4.8 | 1,672,896 | 3.9 |
| Consumer staples | 6.5 | 4.5 | 2,721,320 | 6.3 |
| Health care | 3.1 | 2.2 | 818,760 | 1.9 |
| Energy | 2.8 | 2.0 | 2,438,597 | 5.6 |
| Communication services | 2.9 | 2.0 | 301,942 | 0.7 |
| Utilities | 2.8 | 1.9 | 8,000,032 | 18.4 |

Carbon intensity of each industrial sector and asset portfolio (C/R intensity)¹⁾

(Unit: tCO₂e/Sales KRW million)

| Category | Industrial sector | | | | | | | | | | | |
|-----------|-------------------|------------------------|------------------------|------------|------------------|------------------------|-------------|---------------------------|--------|-----------|-----------|-------|
| | Real estate | Communication services | Consumer discretionary | Financials | Consumer staples | Information technology | Health care | Industrials ²⁾ | Energy | Materials | Utilities | |
| Portfolio | Total | 0.093 | 0.109 | 0.184 | 0.200 | 0.217 | 0.223 | 0.258 | 0.349 | 0.358 | 0.490 | 4.379 |
| | Loans | 0.094 | 0.122 | 0.186 | 0.212 | 0.211 | 0.214 | 0.260 | 0.272 | 0.300 | 0.478 | 3.003 |
| | Bonds | 0.089 | 0.090 | 0.165 | 0.195 | 0.266 | 0.314 | 0.099 | 0.691 | 0.421 | 0.623 | 5.653 |
| | Stocks | 0.091 | 0.093 | 0.116 | 0.077 | 0.309 | 0.169 | 0.259 | 0.172 | 0.062 | 0.454 | 0.451 |

← Low carbon intensity

Low carbon intensity →

* Industrial sector is categorized based on the GICS (Global Industry Classification Standard)

¹⁾ Carbon intensity against sales

²⁾ Capital goods, commercial services, transportation, etc.

KB Financial Group declared Exiting Coal Financing, and is using carbon intensity for asset portfolio management, such as fully suspending the financing of new projects and purchasing of bonds related to high-carbon industries with high carbon intensity. By monitoring the exposure and carbon emissions of coal-fired power generation projects, which fall under high-carbon industries, we will examine the execution status of Exiting Coal Financing and continually reduce the ratio in our asset portfolio.

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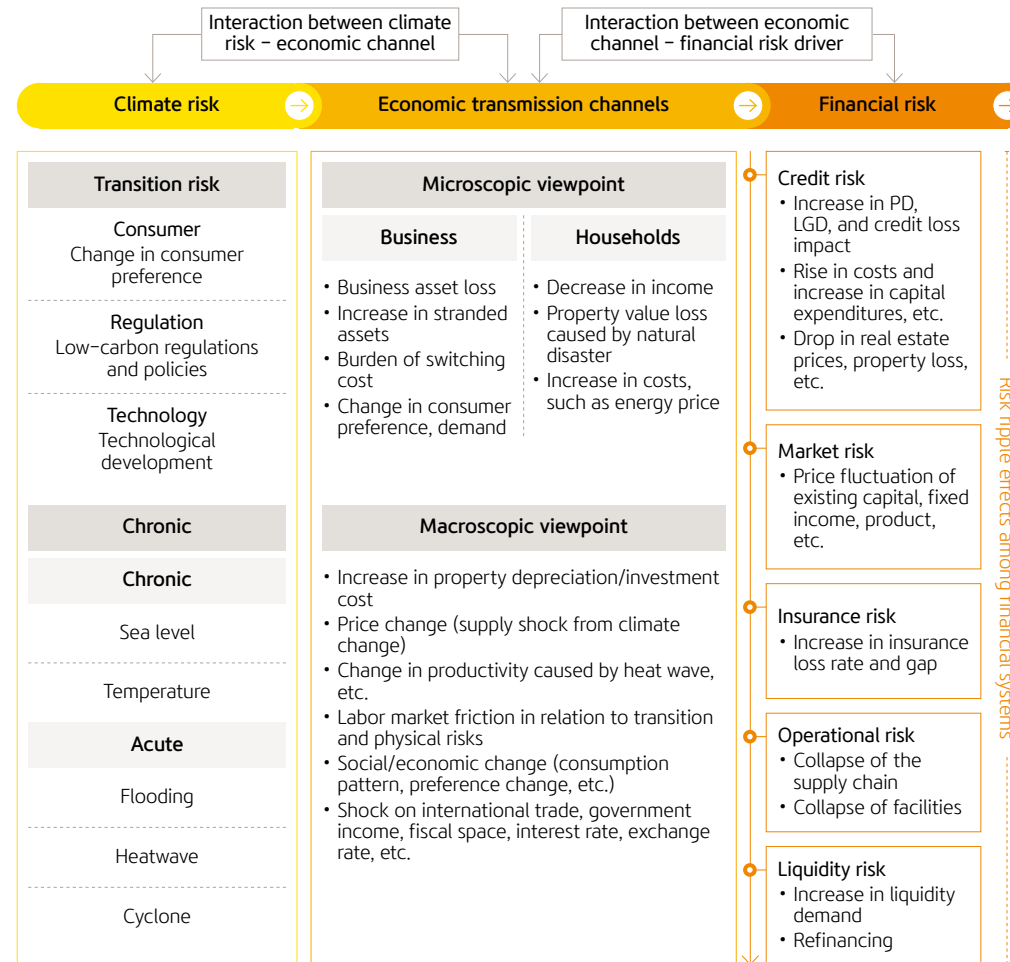
Climate Risk Management Policy and Process

KB Financial Group includes climate risk within the traditional category of financial risks and carries out integrated management within the enterprise risk management system. We also established the “Environmental and Social Risk Management (ESRM) Framework” to preemptively identify and respond to direct/indirect/potential risks from environmental/social impact. Based on the ESRM Framework, we operate a process that recognizes, measures, monitors, and manages environmental and social risks that may arise in the financial support process, thus enabling more systematic risk response. We especially established a climate risk management system that is based on the TCFD framework for climate risks to implement mid- to long-term strategies on climate change, such as strengthening carbon emissions management and advancing the loan review process and credit rating system.

In addition to risks, climate risk accompanies opportunities that can have a positive impact on companies. KB Financial Group actively discovers climate-related opportunities by expanding the provision of green financial products and services, including climate (green/transition) finance support to green and low-carbon transition projects. Climate-related opportunities arise in the process of climate risk mitigation and adaptation, and this is why identification, evaluation, priority-setting, and monitoring of climate-related opportunities are carried out from the risk management process perspective.

KB Financial Group has classified climate-related opportunities into resource efficiency, energy resources, products and services, markets, and resilience according to the TCFD recommendations, and analyzes each opportunity’s potential positive effect on the financial industry. We actively discover new business opportunities that reflect green factors within the enterprise risk management system and continually expand investments/loans in the area of renewable energy.

Climate Risk Transmission Channels



* Source: BCBS (2021), Climate-related risk drivers and their transmission Channels

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Climate Risk Identification and Assessment

KB Financial Group analyzes and strategically responds to climate risks' impact on the real economy and financial systems by categorizing them into transition and physical risks according to the TCFD framework. Climate risk can have an extensive impact through diverse routes. For this reason, we quantitatively evaluate risks based on scenario analysis rather than relying on past data. We also perform a qualitative evaluation that uses expert judgments and qualitative data in parallel to comprehensively identify risk characteristics and potential impact.

During transition risk evaluation, we comprehensively consider an increase in transition costs resulting from future carbon emission and carbon price changes and other factors in NGFS scenario analysis. During physical risk evaluation, we consider external environment changes caused by climate change and the resulting financial impact in RCP scenario analysis to assess the risks' size of impact.

Priority-setting

KB Financial Group assesses the impact of sustainability issues on the company's financial condition through a materiality assessment process. Based on the results of the materiality assessment, key issues are identified, and their priorities are considered in decision-making when establishing mid- to long-term management strategies. For 2024, we have identified a total of five material issues from an investor's perspective based on the financial materiality assessment, with "climate change strategy" being highlighted as a key issue. According to the priorities, climate-related risks currently rank among the highest-priority risks and are considered ahead of other types of risks in decision-making.

Climate Risk Response

KB Financial Group has established Group-level climate change strategies to respond to climate-related risks and is increasing participation by the Group BOD and the top management of major subsidiaries. We operate the ESG Win-Win Council and Group ESG Financial Product Council, which are attended by the top management of the Group and major subsidiaries, and designate a CRO who oversees climate-related portfolio risks to strengthen the management system. The CRO analyzes the current and potential financial impacts of climate risk on the asset portfolio and establishes strategies and action plans to address climate risk based on this analysis. Through these efforts, we are strengthening our systematic response to climate risk and laying the foundation for sustainable finance.

Monitoring and Reporting of Climate Risk

Climate risk is reflected in the enterprise risk management system to regularly monitor the execution status of ESG implementation tasks, including climate change strategies. Each subsidiary's ESG-dedicated team reports to ESG councils, the Group's top management, and ESG Committee.

| Category | Climate-related risks | Countermeasures |
|-----------------------|--|---|
| Policy and legal risk | <ul style="list-style-type: none"> Strengthening of GHG emission regulations Increase in carbon emissions permit prices Establishment of new environment-related disclosure standards and strengthening of disclosure obligations Increase in environment-related lawsuits | <ul style="list-style-type: none"> Actively implement "KB Net Zero S.T.A.R.," which is the Group's net zero execution strategy Strengthen the application of global sustainability disclosure standards and publish the sustainability report (including TCFD Report) Restrict investments in high carbon emitting businesses and manage the portfolio through ESRM Expand climate (green/transition) finance support Manage and monitor climate risks to minimize the possibility of lawsuits |
| Technology risk | <ul style="list-style-type: none"> Increase in costs to transition to green/low-carbon technologies and the possibility of transition failure Increase in energy efficiency improvement costs Possibility of failure of investing in new technologies aimed at reducing emissions | <ul style="list-style-type: none"> Monitor green technologies and research trends Incorporate green technology monitoring results when making decisions on product and service development and investment Increase green technology-related investments and provide financial benefits to companies that adopt green technologies |
| Market risk | <ul style="list-style-type: none"> Changes in demand and supply for raw materials, goods, and services, and price fluctuations Changes in consumer preference and behavior | <ul style="list-style-type: none"> Implement the "KB Green Wave 2030" strategy to increase products/investments/loan size in the environmental area Identify ESG risks within products and services in advance according to the categorization process of ESG financial products Expand green products and services Stably secure permits through the signing of PPAs in addition to expansion of renewable power generation facilities and REC purchasing |
| Reputational risk | <ul style="list-style-type: none"> Increase in negative views toward climate crisis industries among stakeholders Greenwashing issues Investment withdrawal by investors | <ul style="list-style-type: none"> Disclose the climate change response status through CDP and sustainability report Enhance the corporate image by practicing practical environmental management, such as running external environmental campaigns Join global eco-friendly initiatives and take part in discussions |
| Acute risk | <ul style="list-style-type: none"> Increase in frequency and severity of extreme weather events | <ul style="list-style-type: none"> Identify climate change risk regions and adjust the investment portfolio based on physical risk scenario analysis Establish a response system for serious industrial accidents Establish a business continuity plan (BCP) and conduct mock exercises and emergency evacuation drills |
| Chronic risk | <ul style="list-style-type: none"> Long-term shifts in climate patterns that may cause sea-level rise, average temperature increase, or chronic heatwaves | <ul style="list-style-type: none"> Identify climate change risk regions and adjust the investment portfolio based on physical risk scenario analysis Establish a response system for serious industrial accidents Establish a business continuity plan (BCP) and conduct mock exercises and emergency evacuation drills |

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Environmental and Social Risk Management Framework

KB Financial Group established the “Environmental and Social Risk Management (ESRM) Framework” to manage climate change and environmental/social risks that are caused by financial activities. ESRM consists of selection and management of exclusion/attention/support areas, environmental/social risk reviews of large-scale projects, and establishment and advancement of a climate risk management system.

KB Financial Group has established the “Environmental and Social Risk Policy Framework” based on ESRM and provides selection criteria for businesses and industries that negatively impact climate change through the “Rationale for Designating Areas for Attention Regarding Climate Change” within the standards. We also categorize risk management areas into areas for “exclusion,” “attention on climate change,” and “support for green industries” according to inherent environmental and social risks within each industry. Using these criteria, we consider ESG factors, including climate risk, when making loan/investment-related decisions, such as suspending new investments in areas for exclusion and managing exposure and limit for areas for attention, and monitor the asset portfolio.

Each subsidiary of KB Financial Group has embedded the Group ESRM in internal rules and guidelines to operate a climate risk management system and process. The subsidiaries built a foundation to consider environmental and social risks in the business examination process related to loans and investments. In addition, they periodically monitor climate risk management status and make reports to ESG councils.

 [Environmental and Social Risk Policy Framework](#)

Risk Management Areas According to ESRM

| Risk management area | Details |
|--|--|
| Areas for exclusion | <ul style="list-style-type: none"> Exclusion of financial support for activities or industries with severe negative environmental and social impacts <ul style="list-style-type: none"> Production or trade of products/activities that are construed to be illegal according to the respective countries’ laws/regulations Cases where (illegal) child labor is included in the labor put in for production Transactions related to illegal gambling/pornography industries Production, trade, and transactions of radioactive substances whose appropriate protection, management, and supervision are deemed unfeasible Support for new coal mining projects or the expansion of existing coal mining businesses Support for the construction of new coal-fired power plants or the expansion of existing coal-fired power plants |
| Areas for attention on climate change | <ul style="list-style-type: none"> Areas of businesses or industries that may negatively impact climate change, such as high GHG emissions, where managing carbon emission reductions and related exposure is crucial <ul style="list-style-type: none"> High carbon emitting industries including coal mining, coal-fired power generation, forestry, and others |
| Areas for support for green industries | <ul style="list-style-type: none"> Areas where preferential financial support is provided considering climate change response efforts as well as the possibility to support green industries that could serve as a new growth engine <ul style="list-style-type: none"> Activities designated by the “K-Taxonomy Guidelines” set by the Ministry of Environment |

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Climate Risk Management System

KB Financial Group has established the climate risk management system to manage climate-related risks and opportunities, and continually advances the investment/review process and credit evaluation system in consideration of connection with climate risk-related regulation and policy roadmap.

Climate Risk Credit Evaluation

In accordance with the “Corporate Loan Guidelines,” KB Kookmin Bank comprehensively determines the degree of practicing eco-friendly management, socially responsible management, and ethical management, and reflects it in loan reviews. A company’s credit rating can be increased if it has growth potential and competitiveness, developed by practicing eco-friendly management, CSR, and ethical management. On the other hand, a company’s credit rating can be decreased if there is a higher credit risk resulting from a lack of execution. For domestic real estate PF or SOC loans with an application amount of KRW 30 billion or more or targets of an environmental impact assessment, ESG factors are evaluated using an ESG checklist during loan reviews.

To consider all climate-related risks and opportunities, it created additional point/deducted point items for environmental actors regarding relevant industries for industry rating (IR) evaluation. Based on data with consistency, including carbon emissions and classification criteria per climate risk industry, adjusted scores are calculated and reflected.

Looking ahead, KB Kookmin Bank will create a checklist to check for matters that violate domestic and overseas regulations related to climate finance or missing items to prevent climate risks and quantify risk measurement for ESG factors, thereby advancing the ESG risk review management system.

Adjusted ESG Score Per Carbon Emissions Level During KB Kookmin Bank’s IR Evaluation

| Carbon emissions level | Above the top 10% | Top 10% – Above the top 20% | Below the top 20% – Above the bottom 20% | Below the bottom 20% – Bottom 10% | Below the bottom 10% |
|------------------------|-------------------|-----------------------------|--|-----------------------------------|----------------------|
| Adjusted ESG score | - 2 | - 1 | 0 | + 1 | + 2 |

Climate Risk Industry Management Standards

For internalization of the Group ESRM, KB Kookmin Bank reflected management standards for environmental risk, which is a core issue from among environmental and social risks, in the “Industrial Risk Management Guidelines.”

KB Kookmin Bank’s article on climate risk industry management standards in the “Industrial Risk Management Guidelines”

| Category | Major content |
|--|--|
| Classification criteria and corresponding industries | <ul style="list-style-type: none"> Chose “climate risk industry” in consideration of actual domestic industry activities and climate risk exposure levels, etc., from among industries subject to Group ESRM (128 industries subject to Group ESRM → final selection of 24 climate risk industries) |
| Asset management policy and process | <ul style="list-style-type: none"> (Areas for exclusion) “Limit” new asset management, in principle (Areas for attention) Can apply “separate asset management standards” if necessary (Areas for support) Provide “financial support,” such as asset management limit, interest rate and fee, specialized product management, etc. for eco-friendly green industries |
| Monitoring and report | <ul style="list-style-type: none"> Report the status of asset management for climate risk industries to the “Environmental/Social Risk Deliberation Committee” at least once semiannually |

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METRICS & TARGETS

KB Financial Group uses measurable metrics to set targets and monitors the activity outcomes of tasks aimed at achieving the targets to systematically manage climate-related risks and opportunities.

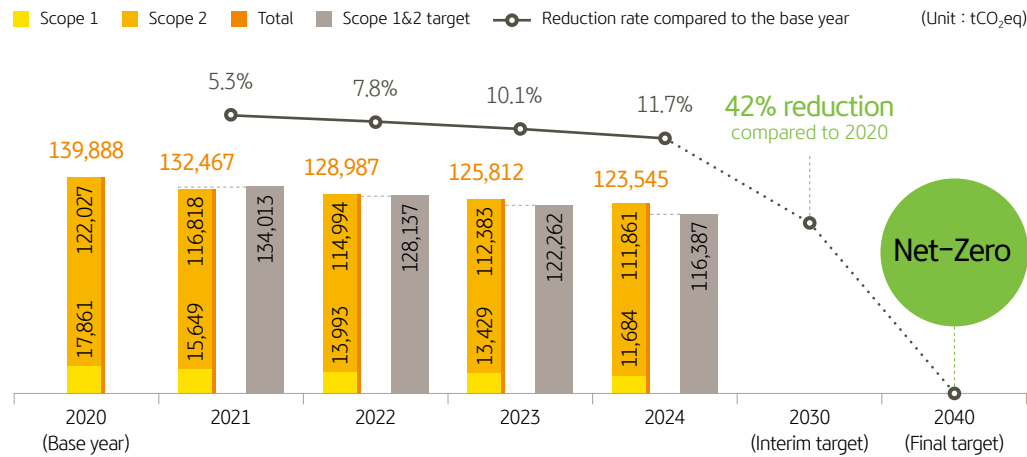
Net Zero Execution Performance

Operational Emissions (Scope 1&2)

Since 2023, KB Financial Group has been measuring emissions based on the IFRS Sustainability Disclosure Standards S2 “Climate-related Disclosures,” in addition to the standard used at the time of establishing SBTi reduction targets. According to this standard, GHG emissions need to be measured based on the consolidated entity basis. As such, we included domestic and overseas business sites, excluding special purpose entities among consolidated subsidiaries and investment funds, trusts, etc., in the GHG emissions measurement scope. Accordingly, the organizational boundary significantly increases in comparison to the standard used at the time of establishing SBTi reduction targets, resulting in an increase in GHG emissions starting in 2023.

Operational emissions (Scope 1 & 2) for 2024, measured for KB Financial Group Inc. and 11 major Group subsidiaries based on the same standards used for establishing the SBTi reduction targets, amounted to 123,545 tCO₂eq, a year-on-year decrease of around 2,267 tCO₂eq, achieving a reduction rate of 11.7% compared to the baseline year.

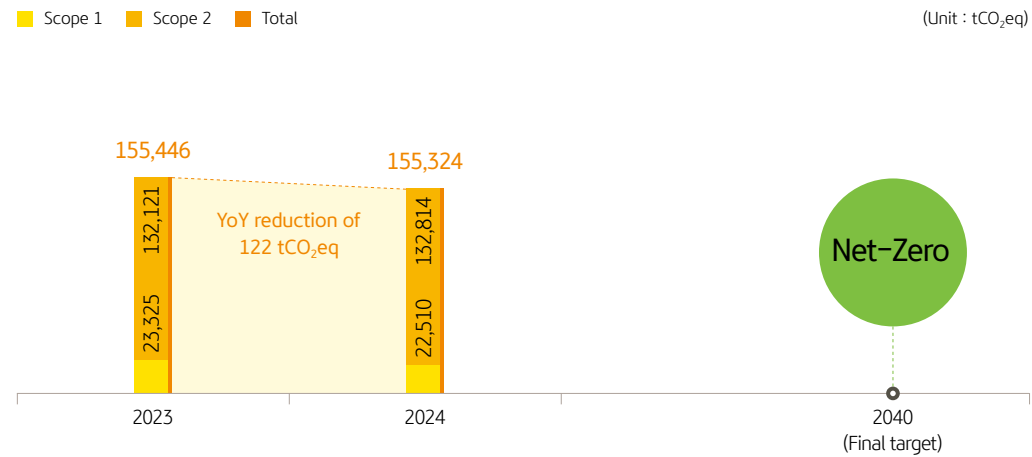
Operational Emissions (Scope 1&2) Targets and Progress (based on SBTi reduction target-setting)¹⁾



¹⁾ KB Financial Group Inc. and its subsidiaries (domestic business sites)

Operational emissions (Scope 1 & 2) for 2024, measured for domestic and overseas business sites of consolidated subsidiaries in accordance with the IFRS Sustainability Disclosure Standard S2 “Climate-Related Disclosures,” amounted to 155,324 tCO₂eq, a year-on-year decrease of around 122 tCO₂eq. This achievement is the result of actively implementing energy-saving initiatives such as expanding renewable energy generation facilities, increasing the adoption of eco-friendly vehicles for business use, and promoting resource circulation and energy efficiency improvements.

Operational Emissions (Scope 1&2) Targets and Progress (based on ISSB disclosure standards)²⁾



²⁾ Based on the accounting consolidated entity, domestic and international business sites are added, excluding special purpose entities, investment funds, and trusts among the consolidated subsidiaries

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Total energy consumption in 2024, measured for KB Financial Group Inc. and 11 major Group subsidiaries, was 2,540 TJ, indicating a year-on-year reduction of around 50 TJ, achieving a reduction rate of 11.8% from the base year.

Total energy consumption target and progress

(Unit: TJ)

| | 2020 | 2021 | 2022 | 2023 | 2024 | YoY | |
|-----------------------------|-----------|-------|-------|-------|-------|--------|-------|
| | | | | | | Amount | Ratio |
| Energy consumption | 2,880 | 2,727 | 2,656 | 2,590 | 2,540 | -50 | -1.9% |
| Energy consumption target | - | 2,759 | 2,638 | 2,517 | 2,396 | - | - |
| Reduction against base year | Base year | 5.3% | 7.8% | 10.1% | 11.8% | - | - |

* KB Financial Group Inc. and its subsidiaries (domestic business sites)

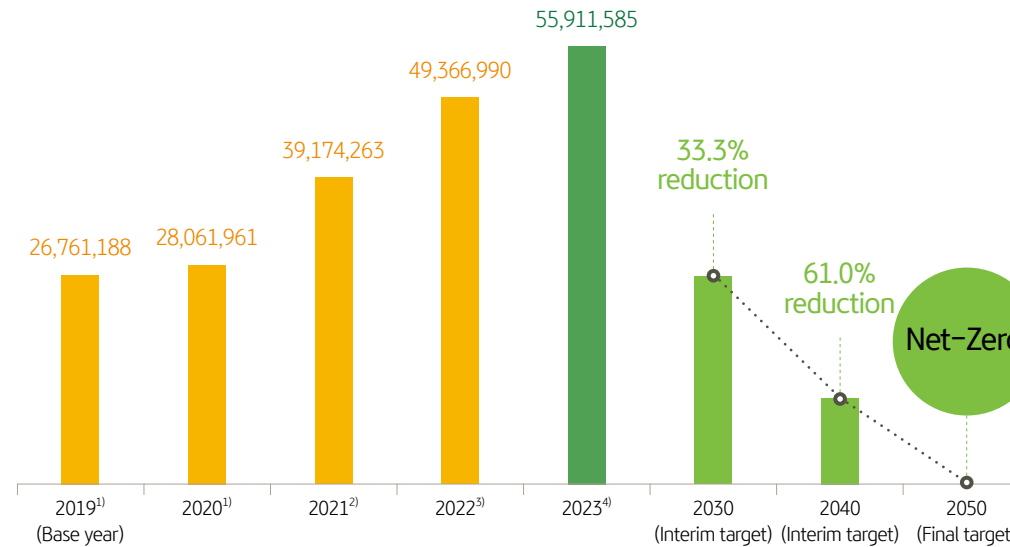
** Excluding renewable energy

Financed Emissions (Scope 3)

KB Financial Group's financed emissions as of the end of 2023 stood at about 55.91 million tons, an increase of around 6.54 million tons from the end of 2022. This is mainly attributable to a significant expansion of the measurement target scope. After establishing the initial SBTi reduction targets in 2019, we expanded asset groups that are subject to measurement to include residential real estate, automobile loan, and government bond. At the end of 2023, we started including foreign government bonds in the target of measurement, leading to a year-on-year increase in financed emissions.

Financed Emissions (Scope 3) Targets and Progress

(Unit : tCO₂eq)



¹⁾ Corporate finance assets with total exposure exceeding KRW 3 billion

²⁾ Corporate finance assets with total exposure exceeding KRW 2.5 billion. Starting from the baseline point of 2021 year-end, residential real estate and auto loans are included in the measurement.

³⁾ Starting from the baseline point of 2022 year-end, all corporate finance assets are included in the measurement. Financed emissions of government bonds, included in the measurement, are based on total emissions.

⁴⁾ Starting from the baseline point of 2023 year-end, the measurement includes overseas government bonds in addition to domestic government bonds.

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Status of financed emissions (Scope 3)

Financed emissions by PCAF asset type (2023)

| Asset type | Exposure | | Financed emissions (tCO ₂ e) | Intensity ¹⁾ (tCO ₂ e/KRW 100 million) | Coverage | Data score ²⁾ | |
|------------------------------|--|---------------|---|--|----------|--|-----|
| | Amount (KRW trillion) | Ratio | | | | | |
| Corporate finance | Listed equity and corporate bonds | 54.3 | 25.2% | 13,509,835 | 24.9 | Listed equity: 100.0%, Corporate bonds: Listed 78.3% | 3.6 |
| | Unlisted equity and corporate loans | 89.1 | 41.4% | 29,914,545 | 33.6 | Corporate loans: 75.9% | 3.8 |
| Other than corporate finance | Electricity generation PF | 1.6 | 0.7% | 2,858,759 | 181.5 | 100.0% | 1.8 |
| | Commercial real estate | 6.8 | 3.1% | 92,213 | 1.4 | 100.0% | 2.7 |
| | Residential real estate | 18.0 | 8.3% | 92,489 | 0.5 | All loans aimed at purchasing real estate for personal residence | 4.0 |
| | Auto loans | 5.1 | 2.4% | 335,975 | 6.6 | All automobile loans (excluding lease, rental) | 4.0 |
| | Government bonds (net emissions) ³⁾ | 40.5 | 18.8% | 8,691,579 | 21.4 | 100.0% | 1.0 |
| | Government bonds (total emissions) ³⁾ | | | 9,107,769 | 22.5 | 100.0% | 1.0 |
| Total⁴⁾ | 215.4 | 100.0% | 55,911,585 | | | | |

¹⁾ Starting from the baseline of 2023 year-end, intensity per exposure unit has been applied.

²⁾ According to the data quality defined by PCAF, scores are assigned from 1 to 5, with a score closer to 1 indicating higher data reliability.

³⁾ Calculated net emissions and total emissions in accordance with the PCAF standards. (Due to the non-disclosure of net emissions in some foreign countries, the financed emissions included in the total of government bonds are based on total emissions.)

⁴⁾ There is a difference in the exposure and emissions total due to rounding off.

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KB Financial Group preemptively measures financed emissions based on IFRS Sustainability Disclosure Standards S2 “Climate-related Disclosures,” and included the total assets under management (AUM) amount of asset management companies in the target of measurement starting from the financed emissions of 2023.

Financial activities and financed emissions by asset group based on ISSB disclosure standards (2023)

| Financial activity | Asset type | | Exposure | | Financed emissions (tCO ₂ eq) | | | |
|---------------------------|--------------------------|-------------------------|----------------------|---------------------|--|------------------|-------------------|-------------------|
| | | | Amount (KRW billion) | Ratio ¹⁾ | Scope 1 | Scope 2 | Scope 3 | Total |
| Commercial bank | Loans | | 104,405.6 | 81.1% | 8,617,213 | 2,371,887 | 17,618,438 | 28,607,538 |
| | Equity investments | | 1,107.0 | 82.2% | 7,721 | 5,943 | 25,503 | 39,168 |
| | Corporate bonds | | 55,254.4 | 82.2% | 9,095,064 | 350,024 | 1,813,361 | 11,258,448 |
| | PF | | 966.7 | 100.0% | 1,743,523 | 2,281 | 0 | 1,745,804 |
| | Undrawn loan commitments | Undrawn amount | 19,712.1 | 88.1% | 5,700,796 | 624,501 | 5,260,373 | 11,585,670 |
| | | Drawn amount | 11,614.6 | 72.7% | 1,824,900 | 257,661 | 1,751,905 | 3,834,466 |
| | | Total commitment amount | 31,326.7 | 81.7% | 7,524,769 | 881,500 | 7,006,435 | 15,412,703 |
| Insurance | Loans | | 3,384.7 | 70.7% | 223,782 | 5,719 | 56,900 | 286,401 |
| | Equity investments | | 94.9 | 76.6% | 10,790 | 1,313 | 4,547 | 16,650 |
| | Corporate bonds | | 34,102.7 | 89.8% | 8,831,217 | 148,164 | 1,011,277 | 9,990,658 |
| | PF | | 585.9 | 95.7% | 1,112,813 | 0 | 0 | 1,112,813 |
| | Undrawn loan commitments | Undrawn amount | 317.4 | 47.8% | 232,644 | 1,012 | 6,134 | 239,790 |
| | | Drawn amount | 4,124.7 | 71.2% | 1,422,748 | 7,933 | 75,948 | 1,506,630 |
| | | Total commitment amount | 4,524.6 | 69.0% | 1,657,732 | 9,662 | 87,222 | 1,754,616 |
| Asset management | Proprietary assets | | 94.2 | 99.8% | 53 | 81 | 1,230 | 1,365 |
| | AUM | | 8,418.3 | 78.7% | 5,339,443 | 58,942 | 235,314 | 5,633,699 |
| Others | | | 15,356.7 | 83.4% | 1,640,823 | 143,507 | 1,068,410 | 2,852,740 |
| Total²⁾ | | | 23,5382.3 | 83.2% | 37,216,439 | 3,654,432 | 26,866,173 | 67,737,045 |

¹⁾ It represents the ratio of exposures subject to the financed emissions measurement relative to total exposures by asset type. Cases where the basic information required for calculating financed emissions (such as financial and environmental information) could not be confirmed were excluded from the calculation.

²⁾ The exposure and financed emissions included in the total are based on the undrawn amount for undrawn loan commitments, and only proprietary assets are included while AUM (client assets) in asset management are excluded. When the financed emissions total of 67,737,045 tCO₂eq is adjusted by deducting the financed emissions of 11,825,460 tCO₂eq for undrawn loan commitments, it amounts to 55,911,585 tCO₂eq—same as the total financed emissions by PCAF asset classes.

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Net Zero Target and Strategy

Operational Emissions Reduction Target

KB Financial Group utilized the methodology proposed by the SBTi to establish net-zero targets, and our carbon reduction target was approved by the SBTi in October 2021. KB Financial Group has set its operational emissions (Scope 1&2) reduction targets by using the “Absolute Contraction Approach (ACA).” Following the SBTi recommendation, by setting 2020 as our base year and applying the 1.5°C scenario, we plan to achieve 42% of GHG reduction by 2030 compared to the base year and realize net-zero operational emissions (Scope 1&2) by 2040.

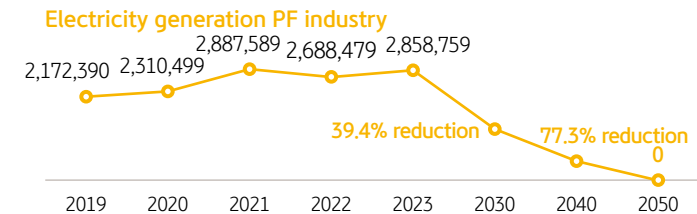
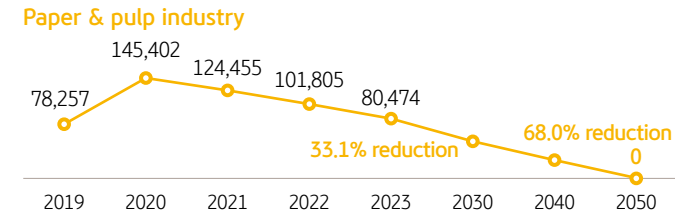
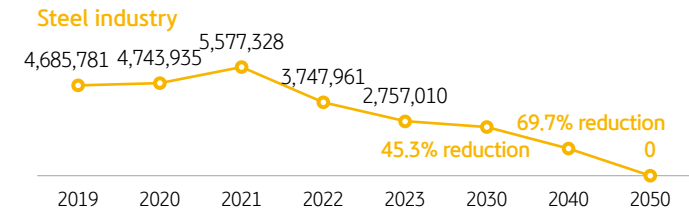
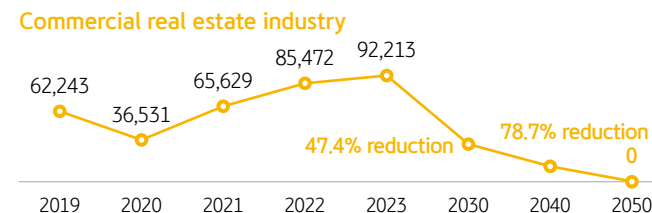
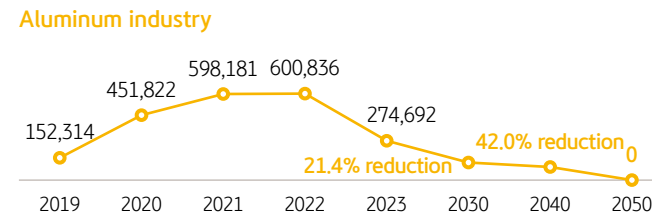
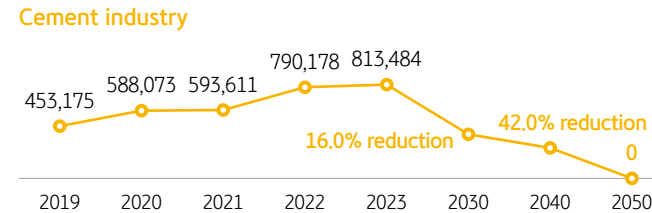
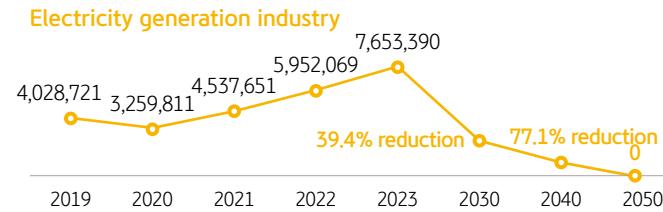
Financed Emissions Reduction Target

When measuring financed emissions and setting targets, KB Financial Group set each industrial sector’s reduction targets based on the “Sector Decarbonization Approach (SDA)” in accordance with the SBTi methodology. For financed emissions that do not apply the SDA methodology, the “Temperature Ratings Methodology” is used to set and manage reduction targets.

Sectoral Decarbonization Approach

The Sector Decarbonization Approach (SDA) is a method for setting reduction targets by industry, taking into account that the pace of achieving net zero differs across sectors. This approach uses carbon intensity as a key metric to establish reduction goals and is the only sector-based methodology under SBTi that allows portfolio evaluation, making it most suitable for the financial sector. KB Financial Group calculated the carbon intensity of the asset portfolio by industrial area, including electricity generation, steel, cement, aluminum, paper & pulp, electricity generation PF, and commercial real estate, based on which we set the target as follows and established pathways accordingly: achieve a 33.3% reduction by 2030, 61% by 2040 compared to the 2019 levels, and net zero by 2050.

Each Industrial Sector’s Reduction Targets and Pathways Based on the SDA (Sector Decarbonization Approach) (Unit : tCO₂eq)



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Temperature Ratings Methodology

The Temperature Ratings Methodology converts companies' net-zero targets into a more intuitive temperature rating by connecting them with their long-term temperature targets. We divided sectors within corporate finance into loan, stock, and bond portfolios and established carbon emissions reduction targets according to the temperature rating of each portfolio.

For each asset portfolio of loans, stocks, and bonds, we aim to achieve the temperature rating of 1.75°C for Scope 1&2 and 2.0°C for Scope 1&2&3 by 2040. To reduce each portfolio's temperature rating, we are providing support so that companies in our asset portfolio can set and implement carbon emissions reduction targets.

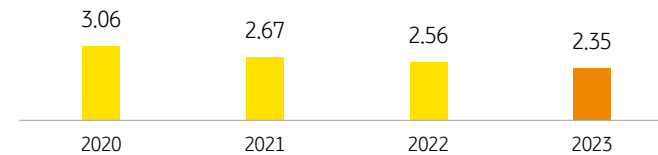
In this methodology, the greater the number of companies that established carbon emissions reduction targets and the greater the sales of companies that established the reduction targets translate into a drop in temperature ratings. This implies that financial institutions should actively strengthen engagement activities so that companies in the portfolio can set carbon emissions reduction targets.

We therefore plan to actively carry out engagement activities, such as actively engaging with more companies in our portfolio to help them set carbon emissions reduction targets.

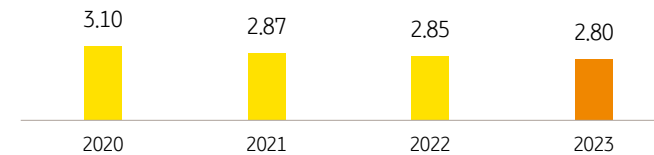
Each industrial sector's reduction targets and pathways based on the Temperature Ratings Methodology (Unit: °C)

Total portfolio

Scope 1&2



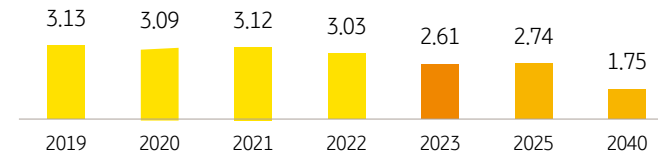
Scope 1&2&3



By industrial sector – Loan portfolio

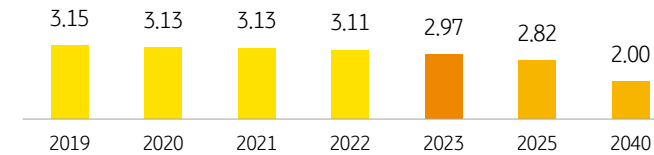
Scope 1&2

Annual reduction rate (°C/year) 0.0657



Scope 1&2&3

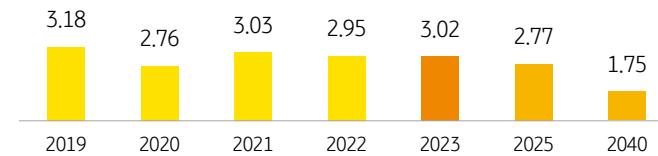
Annual reduction rate (°C/year) 0.0548



By industrial sector – Stock portfolio

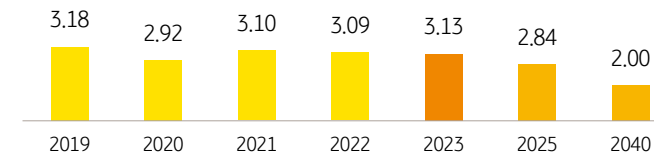
Scope 1&2

Annual reduction rate (°C/year) 0.0681



Scope 1&2&3

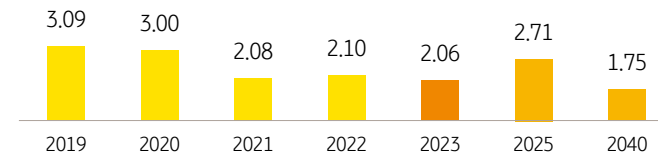
Annual reduction rate (°C/year) 0.0562



By industrial sector – Bond portfolio

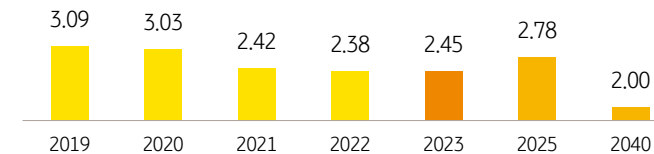
Scope 1&2

Annual reduction rate (°C/year) 0.0638



Scope 1&2&3

Annual reduction rate (°C/year) 0.0519



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Internal Carbon Pricing Management

KB Financial Group adopted an internal carbon pricing that it set to preemptively manage potential costs from GHG emissions. We adopted a shadow price that imposes a virtual carbon cost to a carbon dioxide equivalent per ton based on the carbon price of each country that is analyzed according to scenarios provided by NGFS.

KB Financial Group assigns financial value to carbon emissions through internal carbon pricing and estimates future additional carbon costs to incorporate them into the decision-making process. With the adoption of the internal carbon pricing, we comprehensively consider even the economic aspects of GHG emissions to evaluate investment and loan priority and carbon emission-related risks. We plan to gradually expand the scope of internal carbon pricing and efficiently implement strategies to achieve net zero.

Outline of Internal Carbon Pricing

| | |
|---|--|
| Purpose of adoption | <ul style="list-style-type: none"> Perform investment stress testing Identify and use low carbon-related opportunities Consider climate-related issues in the decision-making process Consider climate-related issues during risk assessment |
| Type | <ul style="list-style-type: none"> Shadow price |
| Price | <ul style="list-style-type: none"> Minimum: KRW 1,305.93 (1 US\$2010/tCO₂) Maximum: KRW 2,254,035 (1,726 US\$2010/tCO₂) * The average USD exchange rate of KRW 1,305.93 for 2023 is applied. |
| Carbon pricing determination method | <ul style="list-style-type: none"> Preemptive management of potential costs from GHG emissions Carbon price of each country based on NGFS scenarios |
| Scope of emissions accounting | <ul style="list-style-type: none"> Scope 1, 2, 3 |
| Business decision-making processes applying internal carbon pricing | <ul style="list-style-type: none"> Operations Risk and opportunity management |

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Governance Body for Inclusive Finance

Roles and Responsibilities

As the KB Financial Group’s top decision-making body for ESG, the ESG Committee establishes strategies for inclusive finance and CSR activities and supervises their execution status. To effectively respond to major issues related to win-win financing and systematically support inclusive finance, KB Financial Group runs the “KB ESG Win-Win Council.” This Council is divided into the Group Win-Win Council and Win-Win Council at each subsidiary. The Group Win-Win Council consists of a top management-level meeting and a working-level department head meeting.

The top management-level meeting is overseen by the Group’s Head of ESG Division and is attended by the top management in charge of ESG at each subsidiary to ensure connection between the Group’s strategic direction and each subsidiary’s inclusive finance execution measures. In the meanwhile, the Win-win Council at each subsidiary serves as a working group composed of business departments within the subsidiaries, including team leaders and members of relevant departments. They establish an organic collaboration system with the ESG department, discuss financial inclusion issues within each subsidiary, and prepare and implement specific action plans tailored to the business characteristics.

Reporting System

KB’s ESG Win-Win Council examines the execution status of major tasks that are based on inclusive finance strategies at least once semiannually and makes a report to the ESG Committee in the BOD. In 2024, the ESG Committee held a total of three meetings, during which the key contents of the Sustainability Management Report, performance status of inclusive finance, and the 2025 inclusive finance implementation plan were reported. Each subsidiary-level ESG council also autonomously reports key ESG issues, including inclusive finance, to the board at least once a year.

Inclusive Finance-related Management/Supervision Competencies and Development

KB Financial Group introduces the Group’s ESG strategy and current initiatives to newly appointed non-executive directors and provides education on overall ESG topics, including financial inclusion. In 2024, two ESG training sessions were conducted for members of the ESG Committee to enhance their understanding of financial inclusion and their supervisory capabilities. Additionally, to emphasize the importance and necessity of inclusive finance, an “Idea Contest” was held for the Group employees in the first quarter of 2024. Outstanding ideas submitted were subsequently linked to actual business initiatives.

How Inclusive Finance-related Risks and Opportunities are Considered

KB Financial Group comprehensively considers potential risks and opportunities when implementing inclusive finance and reflects them in overall strategies and execution. We handle prior identification of credit, reputational, regulatory/legal risks, etc. that may arise in the process of expanding support for financially vulnerable groups and SMEs, and monitor them based on an internal enterprise risk management system. To this end, the KB ESG Win-Win Council performs central roles in conducting scenario analyses, strengthening internal control, and improving the loan review process to minimize potential risks.

In addition, we develop and improve products and services by analyzing the demands of customers, local communities, and regulators and social/economic environment changes, and transparently share information on activities and outcomes through our Sustainability Report.

Target-setting and Progress Oversight/Monitoring

KB Financial Group incorporates inclusive finance performance in key performance indicators (KPIs) at the Group level.

We quantitatively evaluate ESG metrics that include inclusive finance, such as support for the financially marginalized, small business owner support programs, and strategic CSR activities, and connect the results to the top management’s compensation system.

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Time Horizon

KB Financial Group categorizes the time horizon in which the impact of inclusive finance-related risks and opportunities is expected into the short-term (within one year), mid-term (1-5 years), and long-term (over 5 years) period. This period categorization is identical to the criteria used during strategic decision-making, and mid- to long-term targets of inclusive finance strategies are set in connection with the criteria.

Inclusive Finance-related Risk and Opportunity Factors

| Risk and opportunity factors | Impact on the financial business and the company | Potential financial impact | Level of impact | Short-term | Mid-term | Long-term | |
|------------------------------|---|---|---|------------|----------|-----------|---|
| Risks | Exclusion of low-credit/low-income customers from financial products and services | <ul style="list-style-type: none"> Limited use of general financial products and services owing to failure to satisfy income requirements, no collateral, etc. Unjust distribution of economic resources, unfair access to opportunities, and financial marginalization Non-compliance with regulations related to social responsibilities of financial institutions | <ul style="list-style-type: none"> Increase in SG&A expenses due to strengthened CSR activities to resolve financial marginalization Increase in non-operating expenses (fine, penalty, etc.) and provisions | High | V | V | V |
| | Low understanding of financial services among financially vulnerable individuals | <ul style="list-style-type: none"> Increase in consumers' financial losses due to financial fraud and misconduct Financial soundness deterioration of the financially marginalized and weakened financial independence | <ul style="list-style-type: none"> Increase in costs due to compensation for damages or sanctions/fines Rise in SG&A expenses, including receipt and handling of customer complaints and compensation fund | High | | V | V |
| | Reduced physical accessibility to financial services for financially vulnerable individuals | <ul style="list-style-type: none"> Digital transformation and expansion of non-face-to-face finance have resulted in less financial accessibility for the digitally marginalized, such as the disabled and seniors Less formation of long-term relations of trust because of reduced face-to-face financial services and complaint-handling | <ul style="list-style-type: none"> Decrease in market share due to customer attrition and long-term decline in operating revenue | Mid | V | V | V |
| Opportunities | Expansion of support for small and medium-sized enterprises (SMEs) and small business/small traders and enterprises | <ul style="list-style-type: none"> Provision of management consulting and tailored financial products to expand acquisition of new customers Establishment of long-term trust through financial support and services from the initial stage of business | <ul style="list-style-type: none"> Increase in operating revenue from product expansion Reduction in default rates through financial improvement of supported companies | Mid | V | V | |
| | Startup fostering and business opportunity creation | <ul style="list-style-type: none"> Business mentoring, expert consulting for business model improvement and local economic development | <ul style="list-style-type: none"> Enhancement of reputation/brand value and improvement in profitability as a result of long-term customer loyalty improvement | Mid | V | V | |
| | Alignment of ESG with the expansion of impact investment | <ul style="list-style-type: none"> Increasing demand for ESG and impact investing leading to the creation of new investment products and markets | <ul style="list-style-type: none"> Improvement in long-term earnings rate due to preemptive investments in companies with outstanding ESG evaluation results Rise in sales due to ESG financial product expansion | Mid | V | V | |

Analysis of Inclusive Finance-related Risks and Opportunities

KB Financial Group identifies risks and opportunities related to inclusive finance through the Group Win-Win Council and establishes the Group-level strategic directions and initiatives for inclusive finance, aligning them with the inclusive finance strategies and activities of each subsidiary. Furthermore, based on the timing of potential impacts, urgency is assessed to ensure timely responses, and a management system is operated accordingly.

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Inclusive Finance Strategy

To implement financial inclusion for the financially marginalized, SMEs, small business/small traders and enterprises, and local communities, KB Financial Group establishes mid- to long-term inclusive finance goals and implements execution strategies and detailed tasks.

Implementation Goals, Strategies, and Tasks for Inclusive Finance

| Goals | Strategies | Implementation tasks | Potential financial impact | | |
|--|--|---|---|---|---|
| | | | Short-term | Mid-term | Long-term |
| Expand financial support for vulnerable groups | Expand customized inclusive finance support for the financially marginalized | <ul style="list-style-type: none"> Expand livelihood finance support for small business owners Provide customized financial inclusion products and services to the financially marginalized Help SMEs secure management stability and liquidity | <ul style="list-style-type: none"> Increase in loan loss provision, risk management expenses | <ul style="list-style-type: none"> Decrease in risk management expenses attributable to improvements in customers' financial soundness | <ul style="list-style-type: none"> Increase in profitability on the back of stable repayment capacity |
| Enhance financial accessibility | Expand exclusive services for the financially marginalized and increase financial understanding of the financially marginalized | <ul style="list-style-type: none"> Set up exclusive convenience facilities for seniors/the disabled, etc. and improve non-face-to-face channels Establish AI/chatbot-based customized digital services and networking platforms Expand customized economic/financial education for the elderly, youths, and the socially vulnerable | <ul style="list-style-type: none"> Increase in system improvement and dedicated personnel operation expenses | <ul style="list-style-type: none"> Decrease in operation expenses resulting from integrated functions | <ul style="list-style-type: none"> Stable profit generation on the back of increased customer satisfaction |
| Support structural growth | Strengthen the capabilities of SMEs and small business/small traders and enterprises; and support the growth of innovative companies | <ul style="list-style-type: none"> Expand customized management consulting services for SMEs and small business/small traders and enterprises Establish an investment model for each startup growth phase and strengthen the system of cooperation with the government and private investors Build an open innovation environment for growth of innovative companies | <ul style="list-style-type: none"> Increase in consulting collaboration system management expenses | <ul style="list-style-type: none"> Improvement in profitability due to a rise in cooperation opportunities | <ul style="list-style-type: none"> Generation of new sales on the back of new business opportunities |

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RISK MANAGEMENT

Inclusive Finance Risk Management Process

Policy and Process

KB Financial Group systematically identifies and analyzes potential risks from inclusive finance within the enterprise risk management process in accordance with the “Risk Management Regulations.” Based on the results derived, we establish quick and effective response strategies.

Risk Identification and Assessment

KB Financial Group has formed the Group Win-Win Council to identify inclusive finance-related risks and opportunities and establish the Group’s strategic direction that corresponds to the risks and opportunities. The organization dedicated to enterprise risk management includes inclusive finance-related impact in the risk management process to regularly conduct a risk analysis, and establishes countermeasures based on analysis results and reflects them in enterprise decision-making.

Priority-setting

KB Financial Group recognizes inclusive finance as a key factor for establishment of a sustainable financial ecosystem and long-term growth, and reflects it with priority in the Group’s key strategies and ESG management. To this end, we collect stakeholder opinions and perform a materiality assessment, and review inclusive finance’s financial and social values and risks. We afterwards set an execution direction through the ESG Committee and Group Win-Win Council, and re-examine execution tasks on a semiannual/annual basis to maximize outcomes.

Monitoring

The Group Win-Win Council is held at least once a month to examine each subsidiary’s business-centered inclusive finance execution measures in connection with the Group-wide management strategies. It regularly monitors the execution status of inclusive finance activities, issues, and collaboration tasks, based on which it comprehensively assesses business effectiveness.

The Win-Win Council at each subsidiary examines the progress of tasks by department, and establishes mediation and support measures when needed to facilitate smooth execution of inclusive finance strategies.

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Setting Inclusive Finance Monitoring Metrics and Targets

To effectively execute inclusive finance activities, KB Financial Group uses quantitative metrics per activity to monitor the performance of inclusive finance activities.

Inclusive Finance Monitoring Metrics & Targets

| Implementation strategy | Monitoring metrics | Performance results ¹⁾ |
|--|---|--|
| Expand customized inclusive finance support for the financially marginalized | Banking sector's livelihood finance support plan | <ul style="list-style-type: none"> Joint program: KRW 288.3 billion executed <ul style="list-style-type: none"> * Unexecuted portions are planned to be integrated into the Bank's own program and executed accordingly The Bank's own program: KRW 54.5 billion executed <ul style="list-style-type: none"> * Plan to continually execute a total of KRW 71.6 billion in 2025 |
| | Size of loans handled by the KB Miso Microcredit Foundation | <ul style="list-style-type: none"> Handled 21,241 loan cases amounting to KRW 239.9 billion |
| | Size of financial inclusion products handled for the financially marginalized | <ul style="list-style-type: none"> Handled inclusive finance products amounting to KRW 5,021.4 billion |
| Expand exclusive services for the financially marginalized and increase financial understanding of the financially marginalized | Beneficiaries of career/school entry programs and economic/financial education | <ul style="list-style-type: none"> Participated by 1,875,866 persons <ul style="list-style-type: none"> * Aim for the participation of approximately 2 million persons by 2026 |
| Strengthen the capabilities of SMEs and small business/small traders and enterprises; and support the growth of innovative companies | KB SOHO Consulting – No. of cases of providing consulting to the self-employed to strengthen their capabilities | <ul style="list-style-type: none"> Provided 50,641 cases of consulting <ul style="list-style-type: none"> * Aim to provide 70,000 cases of consulting by 2026 |
| | KB Wise Consulting – No. of cases of providing consulting to SMEs | <ul style="list-style-type: none"> Provided 2,821 cases of consulting <ul style="list-style-type: none"> * Aim to provide 3,000 cases of consulting by 2025 |
| | KB Starters – Size of investments for startup support | <ul style="list-style-type: none"> Supported 301 startup companies, invested KRW 226.7 billion |
| | FUTURE9 – Size of investments for startup support | <ul style="list-style-type: none"> Supported 4,257* startup companies, invested KRW 15.6 billion <ul style="list-style-type: none"> * Including 90 startup partners and 4,167 beneficiaries of non-financial support |

¹⁾ Cumulative figure as of 2024

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GOVERNANCE

Governance Body for Protection of Financial Consumers

KB Financial Group has formed a decision-making body for protection of financial consumers, with the BOD at the center, and established a systematic system for protection of financial consumers so that consumers are not subject to unreasonable discrimination or disadvantages when using financial products and services.

Roles and Responsibilities

Major subsidiaries of KB Financial Group established the “Financial Consumer Protection Internal Control Committee Regulations” and “Internal Control Standards on Protection of Financial Consumers” to stipulate detailed matters needed to execute internal control for protection of financial consumers, including roles, duties, and processes in relation to employee protection of financial consumers. The BOD determines basic policies for the establishment and operation of internal control systems related to protection of financial consumers and approves management strategies and policies affecting internal control. Each subsidiary operates the “Financial Consumer Protection Internal Control Committee” that is chaired by the CEO to carry out internal control regarding protection of financial consumers. The Committee comprises the CEO, Chief Consumer Officer (CCO), compliance officer, Chief Risk Officer (CRO), and executive of a relevant department. We have also set in place the “Financial Consumer Protection Internal Control Council” that is chaired by the CCO under the Internal Control Committee to implement matters decided by the Committee and monitor internal control compliance.

Each subsidiary operates an “institution supervising financial consumer protection” directly under the CEO that is independent from financial product development and sales to guarantee independence of work related to protection of financial consumers. In addition, a CCO who is in charge of work of the institution supervising financial consumer protection performs such roles as handling internal control regarding protection of financial consumers, establishing the management direction, making improvements to systems, conducting monitoring, preventing complaints, and mediating complaint-related disputes.

Reporting System

The Financial Consumer Protection Internal Control Committee is held at least once semiannually to deliberate and decide on such matters as the management direction for protection of financial consumers and the appropriateness of internal control and compliance status, and reports the results to the BOD. In addition, the Financial Consumer Protection Internal Control Council regularly monitors the execution status of management strategies and internal control operation status, and reports the results to the Internal Control Committee at least once semiannually.

Management/Supervision Competencies and Development Regarding Protection of Financial Consumers

The BOD of KB Financial Group Inc. includes directors with experience in the field of “consumer protection.” We clearly stipulate qualification standards for employees in charge of the institution supervising financial consumer protection in the “Internal Control Regulations on Protection of Financial Consumers” and continually check if the employees meet the qualification requirements and have the expertise. KB Financial Group provides training aimed at strengthening financial consumer protection capabilities to all employees, including employees in charge of customer service (at branches, call centers, and others) to strengthen employees’ capabilities in relation to protection of financial consumers. Training results are reported to the Financial Consumer Protection Internal Control Committee, and employee activities for protection of financial consumers are incorporated into KPIs.

How Protection of Financial Consumers-related Risks and Opportunities are Considered

KB Financial Group utilizes a consumer protection checklist during the early stages of product development for preliminary reviews. Additionally, we strengthen internal audit and compliance monitoring systems to proactively mitigate financial risks such as incomplete sales, complaints arising from unsuitable products, compensation issues, and legal disputes. We also operate an organization dedicated to protection of financial consumers to continually monitor all financial products and services and simultaneously handle risk management and service innovation.

In addition, we use the Net Promoter Score (NPS) management system to regularly measure and analyze customer satisfaction and loyalty levels. Customer survey results are reflected in the development and improvement of products and services, and active responses are taken for customer complaints and suggestions to result in improved customer experiences. In this way, we are using protection of financial consumers as a key means of strengthening customer experiences and enhancing corporate competitiveness, going beyond simple legal compliance.

Target-setting and Progress Oversight/Monitoring

KB Financial Group operates an effective performance evaluation and compensation system that reflects metrics on protection of financial consumers, including the number of cases of mis-selling, customer satisfaction, integrity of documents related to terms and conditions, and sales process appropriateness, in KPIs. Each subsidiary runs various incentive programs to encourage employee participation in activities related to protection of financial consumers. KB Kookmin Bank provides a CEO Commendation to an outstanding branch in voice phishing prevention and also provides additional KPI points. It also reflects the “right sales culture” item in KPIs of all branches and is fully establishing a full sales culture.

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Time Horizon

KB Financial Group categorizes the impact of risks and opportunities related to protection of financial consumers into the short-term (within one year), mid-term (1-5 years), and long-term (over 5 years) according to the estimated period. This period categorization is identical to the criteria applied to strategic decision-making, and is the basis for establishing mid- to long-term targets of strategies on protection of financial consumers.

Analysis of Protection of Financial Consumers-related Risks and Opportunities

KB Financial Group identifies risks and opportunities related to protection of financial consumers by analyzing the number of complaints, the number of damage compensations, and customer satisfaction survey results. We categorize them into short-, mid-, and long-term, after which we evaluate the potential impact and establish response strategies accordingly.

Protection of Financial Consumers-related Risk and Opportunity Factors

| | Risk and opportunity factors | Impact on the financial business and the company | Potential financial impact | Level of impact | Short-term | Mid-term | Long-term |
|---------------|--|--|---|-----------------|------------|----------|-----------|
| Risks | Violation of financial consumer rights and interests by providing inadequate financial products and services | <ul style="list-style-type: none"> Monetary loss, including fines and penalties, due to selling financial products that do not comply with laws and internal regulations related to protection of financial consumers Occurrence of cost due to post-management of poor financial products | <ul style="list-style-type: none"> Increase in non-operating expenses due to sanctions (fines, penalties) imposed by financial authorities Increase in loan loss reserves (loss allowance) in preparation for insolvent financial products | High | V | | |
| | Mis-selling due to an increase in non-face-to-face financial transactions | <ul style="list-style-type: none"> Occurrence of financial burden due to litigation costs related to the mis-selling of financial products and monetary compensation for financial consumers' losses Worsened corporate reputation and lower credibility in Korea and abroad due to a reason attributable to the company, such as unfair advertising, failure to perform the duty of explanation, and wrongful recommendations | <ul style="list-style-type: none"> Increase in non-operating expenses and lawsuit-related provisions owing to a sharp rise in complaints/disputes and voluntary mediation and compensation Decrease in sales due to reduced attraction of new customers and fewer transactions resulting from lower customer trust | High | | V | |
| | Security and data management issues due to digital transformation | <ul style="list-style-type: none"> Emergence of algorithm reliability issues due to the proliferation of AI/big data-based investment advisory services Increase in risk of investor personal information leakage | <ul style="list-style-type: none"> Increase in costs incurred from strengthening IT security systems and investing in relevant infrastructure | High | | V | |
| | Increase in voice phishing and new types of financial fraud | <ul style="list-style-type: none"> Financial consumers' monetary loss and lower trust in the company due to increased damages from financial fraud, including voice phishing Increase in cost burden due to stricter financial authority regulations (e.g., introduction of the responsibility-sharing system in the banking sector) | <ul style="list-style-type: none"> Increase in non-operating expenses from compensating for damages and handling complaints Increase in general management expenses, such as strengthening IT security to respond to cutting-edge fraud methods, advancing systems, and recruiting more personnel | High | | V | |
| Opportunities | Enhancement of customer satisfaction and improvement of customer experience | <ul style="list-style-type: none"> Trust-building with existing and new customers through enhanced financial consumer protection and expansion of market share Enhancement of the Group brand value and image through consumer-focused financial products and services Improvement of customer experience through provision of tailored information and strengthening of financial education services | <ul style="list-style-type: none"> Expansion of the stable profit base by raising brand value and securing long-term customers through enhancement of customer satisfaction Effect of reducing marketing costs from customer loyalty improvements Expansion of new customer acquisition through positive customer experience recommendations and increased reuse | High | | | V |
| | Enhancement of financial consumer protection through digital innovation and technology | <ul style="list-style-type: none"> Introduction of regulatory technology and AI-based risk management systems for enhancement of internal control Enhancement of financial consumer protection functions utilizing AI, big data, and biometric authentication for improved financial product safety and operational efficiency | <ul style="list-style-type: none"> Creation of new revenue sources through the adoption of new technologies Improvement of customer accessibility and increased transaction volume through the activation of non-face-to-face channels leading to sales expansion | Mid | | | V |

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STRATEGY

Protection of Financial Consumers Strategy

KB Financial Group establishes mid- to long-term goals for protection of financial consumers and implements detailed tasks.

Implementation Goals, Strategies, and Tasks for Protection of Financial Consumers

| Goals | Strategies | Implementation tasks | Potential financial impact | | |
|---|--|---|--|---|--|
| | | | Short-term | Mid-term | Long-term |
| Strengthen internal control in relation to protection of financial consumers | Strengthen the management process for product development, sales, and follow-up from the consumer protection perspective | <ul style="list-style-type: none"> Strengthen preliminary deliberation and monitoring in the product development phase Conduct employee training on protection of financial consumers Adopt the NPS survey process and management system | <ul style="list-style-type: none"> Short-term increase in operation expenses, including personnel expenses, organization operation costs, and system construction | <ul style="list-style-type: none"> Decrease in costs incurred from compensating consumers for damages by taking prior measures | <ul style="list-style-type: none"> Enhancement of customer satisfaction and trust through service quality improvement leading to sales growth |
| Establish a data-based customer experience management system | Prevent mis-selling and advance the full sales process by using new digital technologies | <ul style="list-style-type: none"> Digitalize the system of managing inspection details in relation to mis-selling prevention Advance the Fraud Detection System (FDS) Strengthen the NPS survey and management system | <ul style="list-style-type: none"> Occurrence of costs for IT investment and transition | <ul style="list-style-type: none"> Decrease in costs related to sanctions imposed by the financial authorities | |
| Realize customer satisfaction management by providing AI-based customer-tailored services from product design to follow-up management | Embed AI-based financial consumer protection-related automation systems | <ul style="list-style-type: none"> Automate prior financial product design reviews and measures based on AI Embed complaint-handling and VOC automation systems Automate AI/big data-based NPS analysis and handling | <ul style="list-style-type: none"> Increase in system construction and operation expenses | <ul style="list-style-type: none"> Increase in operation expenses from advancing systems and recruiting experts | |

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RISK MANAGEMENT

Protection of Financial Consumers Risk Management Process

Policy and Process

KB Financial Group systematically identifies risks related to protection of financial consumers within the Group-wide risk management process in accordance with the “Risk Management Regulations” and analyzes the risks’ potential impact. We accordingly identify consumer protection-related risks in advance and establish quick, effective response strategies, thus establishing a risk management system that is needed to build a stable financial environment.

Risk Identification and Assessment

Through an evaluation on the status of protection of financial consumers and customer experience surveys, KB Financial Group regularly identifies and evaluates relevant risks. The organization dedicated to protection of financial consumers closely analyzes/diagnoses potential risks through a preliminary deliberation process starting from the product development phase when a new product or service is launched. Improvement or prevention measures that are derived based on risk analysis results are actively reflected in Group-wide decision-making to preemptively manage risks related to protection of financial consumers.

Priority-setting

KB Financial Group formed an exclusively responsible organization to effectively manage risks related to protection of financial consumers. In cooperation with relevant departments, major risks are systematically identified based on the Group-wide risk management process and priorities are set. In addition, an analysis is performed on correlation with each subsidiary to identify mutual impact among major risks, based on which we focus on protecting consumer rights and interests and responding to regulations, resulting in an effective risk management system.

Monitoring

The Financial Consumer Protection Internal Control Committee oversees Group-level policies and internal processes on protection of financial consumers. It examines the management direction in relation to protection of financial consumers, appropriateness of standards and processes, and employee performance evaluation and compensation systems to comprehensively manage overall activities related to protection of financial consumers. The Financial Consumer Protection Internal Control Council cooperates with each department to review preliminary deliberation matters related to consumer protection issues and discuss improvement measures to quickly respond to complaints.

In addition, the financial consumer protection oversight organization inspects financial risks, including legal compliance status, complaint occurrences, compensation, and litigation cases, through regular meetings and reporting systems, while also monitoring compliance with internal controls.

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Setting Protection of Financial Consumers Monitoring Metrics and Targets

Each subsidiary of KB Financial Group uses the following metrics to monitor the execution status of targets for protection of financial consumers.

Protection of Financial Consumers Monitoring Metrics & Targets

| Implementation strategy | Monitoring metrics | Target-setting | Performance results ¹⁾ | |
|--|---|--|--|------------------------------------|
| Strengthen the management process for product development, sales, and follow-up from the consumer protection perspective | Regular reports to the Financial Consumer Protection Internal Control Committee | Derive improvement tasks and take measures based on the results of examining the appropriateness of internal control for protection of financial consumers and compliance status | <ul style="list-style-type: none"> Derived a total of 24 improvement tasks Established a detailed improvement plan by forming a taskforce team and incorporated it in relevant department's KPIs | KB Kookmin Bank |
| | "Voluntary Assessment of the State of Protection of Financial Consumers" of the Financial Supervisory Service | Achieve "satisfactory" grade | <ul style="list-style-type: none"> Received "satisfactory" grade | KB Kookmin Card |
| | Enhancement of employee awareness of protection of financial consumers | Complete the training on protection of financial consumers | <ul style="list-style-type: none"> Provided basic training on the Act on the Protection of Financial Consumers, duty execution training in relation to financial products, customer service training, and issue response training | KB Securities |
| Prevent mis-selling and advance the full sales process by using new digital technologies | Mis-selling rate | Reduce mis-selling rate (No. of mis-selling cases / Total number of cases of sales) | <ul style="list-style-type: none"> Mis-selling rate decreased by 0.03%p year-on-year (0.13% → 0.10%) | KB Life Insurance |
| | Number of complaints | Reduce the number of complaints | <ul style="list-style-type: none"> Number of complaints decreased by 60% year-on-year | KB Liiv Mobile |
| | Number of financial fraud prevention | Increase the number of cases and amount of voice phishing prevention | <ul style="list-style-type: none"> Financial fraud block rate decreased by 13.8%p year-on-year due to FDS operation (70.3% → 84.1%) | KB Kookmin Card |
| Embed AI-based financial consumer protection-related automation systems | Customer satisfaction survey results | Achieve the first place in the National Customer Satisfaction Index (NCSI) survey | <ul style="list-style-type: none"> 1st place for 10 consecutive years in the commercial bank category 1st place for 4 consecutive years in the credit card category, 1st place in the debit card category | KB Kookmin Bank KB Kookmin Card |
| | | Achieve the first place in the Korean Customer Satisfaction Index (KCSI) survey | <ul style="list-style-type: none"> 1st place for 10 consecutive years in the debit card category | KB Kookmin Card |
| | | Achieve the first place in the Korean Standard Service Quality Index (KS-SQI) | <ul style="list-style-type: none"> 1st place for 10 consecutive years in the debit card category | KB Kookmin Card |
| | | Achieve the first place in the KS-CQI (Call Center Quality Index) | <ul style="list-style-type: none"> Best Call Center for 3 consecutive years in the long-term insurance category Outstanding Call Center for 3 consecutive years in the automobile insurance category | KB Insurance |

¹⁾ As of 2024

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DIGITAL INNOVATION AND TECHNOLOGY

GOVERNANCE

Governance Body for Digital Innovation and Technology

Roles and Responsibilities

KB Financial Group created the “Digital Innovation Department,” which is a control tower for all digital-related areas, and operates the AI/Digital Division and seven digital innovation organizations below the Digital Innovation Department. Through organizational restructuring in 2024, we reorganized the AI Division and DT Division into the AI/Digital Division, and expanded the Financial AI Center into 1 and 2 Centers to strengthen the connection between digital and AI and fully implement generative AI-based business strategies.

The Group-level “Digital Segment Meeting” is attended by the Chief Digital Officer (CDO) and top management in charge of digital technology by subsidiary to establish Group-wide digital strategies and tasks and review the progress of the digital business of each subsidiary and major issues. In addition, KB Financial Group operates the “Group Platform Operation Council” and “Group Data/AI Council” that are participated in by digital department heads of major subsidiaries to discuss platform/data/AI strategies and business plan-related matters. In addition, the “Digital QA” organization that consists of outside experts is run to improve the quality of platform financial services.

Reporting System

KB Financial Group examines the execution status of digital strategies at each subsidiary through digital-related councils, with central roles performed by the Digital Innovation Department. The top management in charge of digital technology at each subsidiary reports the status of implementing digital strategies to the CDO by quarter. The digital department heads of subsidiaries make a report to the Digital Innovation Department through a council in the event of an important matter related to platform, data, AI strategy and business plan to ensure strategic consistency at the Group level.

How Protection of Digital-related Risks and Opportunities are Considered

KB Financial Group identifies digital-related risks and opportunities within the Group’s risk management system and reflects them in the establishment of strategies. In 2024, we established the “AI governance system” and applied it to all services that use AI technology within the Group. The governance system examines and manages risks throughout all phases of planning, development, verification, and operation, and applies separate, strengthened risk management measures for high-risk services to minimize AI risks. In addition, we operate various digital committees and councils for integrated execution of strategies among subsidiaries.

Digital-related Management/Supervision Competencies and Development

KB Financial Group formed the BOD by appointing personnel with expertise and hands-on experience in the digital area as directors, and appoints a person with academic insight and practical experience in digital technology and the overall IT industry as the CDO. To strengthen the top management’s digital management and supervision capabilities, we held the “Group AI Sharing Session” in 2024 and shared information on each subsidiary’s AI strategy and cases of success and failure, thus facilitating the exchange of AI technology capabilities within the Group.

Target-setting and Progress Oversight/Monitoring

KB Financial Group establishes clear goals on digital innovation and technological development, and supervises and monitors the organization’s digital transformation process. To this end, we incorporate monthly active users (MAUs), number of mobile platform subscribers, and customer satisfaction into KPIs, based on which we review and evaluate the progress of goals on a regular basis.

Furthermore, we monitor each subsidiary’s digital innovation and technology-related licenses, certifications, and awards so that they are in line with the direction of Group strategies.

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Time Horizon

KB Financial Group categorizes the time horizon in which it expects the impact of digital-related risks and opportunities to arise into short-term (within one year), mid-term (1–5 years), and long-term (over 5 years). This period categorization is identical to that of strategic decision-making, and is the basis for establishing mid- to long-term targets of digital innovation strategies.

Digital-related Risk and Opportunity Factors

| Risk and opportunity factors | Impact on the financial business and the company | Potential financial impact | Level of impact | Short-term | Mid-term | Long-term | |
|------------------------------|---|--|--|------------|----------|-----------|---|
| Risks | Expansion of social and ethical risks due to increasing AI autonomy and intervention | <ul style="list-style-type: none"> Possibility of lower customer counseling quality owing to biased data analysis of algorithms Concerns over decreased customer satisfaction caused by the spread of non-face-to-face financial services Increase in compliance obligations due to the trend of legislation of ethical responsibilities from the adoption of AI | <ul style="list-style-type: none"> Decrease in sales due to an increase in customer attrition Increase in general management expenses due to strengthened employee training and supervision for ethical responses | High | | V | V |
| | Increase in intelligent cybersecurity threats owing to the proliferation of digital innovations | <ul style="list-style-type: none"> Increase in risk of asset and customer data leakage due to attacks targeting the characteristics of the financial industry Rise in necessity to secure the latest security technologies and experts Possibility of a decrease in customer trust towards personal information protection Increase in responses owing to strengthened regulations related to information protection | <ul style="list-style-type: none"> Increase in R&D expenses and intangible assets, attributable to strengthening of the security infrastructure and software upgrades Increase in personnel expenses from recruiting security personnel Increase in lawsuit costs and fines caused by information leakage | High | | V | V |
| Opportunities | Enhancement of customer accessibility and convenience through advanced technology adoption | <ul style="list-style-type: none"> Enhancement of brand image through improved customer experience in financial platform usage Improvement of operational efficiency through service digitalization using AI technology Enhancement of customer experience through the utilization of MyData, such as analysis of customer preferences and behavior patterns | <ul style="list-style-type: none"> Increase in market share and sales by improving customer experiences Decrease in service operation expenses Increase in intangible assets from technology investments on securing data analysis capabilities | High | V | V | |
| | Improvement in work efficiency and automation of ESG data management driven by digital transformation | <ul style="list-style-type: none"> Enhancement of work productivity through increased use of AI-based work tools Enhancement of internal control and inspection activities from application of AI/big data technologies Prevention of financial fraud and crime prevention effect by advancing FDS Optimization of information management through the systematization of ESG data management | <ul style="list-style-type: none"> Increase in R&D expenses relevant to adopting AI technology Decrease in compliance costs resulting from a decrease in legal risks Increase in intangible assets from the establishment of the ESG data system | High | V | V | |
| | Market activation driven by financial authorities' digital innovation finance strategies | <ul style="list-style-type: none"> Continued expansion of relevant markets following the MyData expansion policy of financial authorities Creation of business opportunities through collaboration with public institutions and non-financial companies | <ul style="list-style-type: none"> Increase in cost efficiency and net income through data-based service innovation Generation of new sources of revenue through business diversification Cash inflow enabled by policy support | Mid | V | V | |

Analysis of Digital-related Risks and Opportunities

KB Financial Group identifies digital-related risks and opportunities, after which it analyzes the potential impact that each may have and establishes response strategies. In addition, it categorizes each factor into the short, mid, and long-term period to determine the urgency and priority of responses.

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Digital Innovation Strategy

KB Financial Group sets mid- to long-term targets to implement digital innovation and executes detailed tasks.

Implementation Goals, Strategies, and Tasks for Protection of Digital Innovation

| Goals | Strategies | Implementation tasks | Potential financial impact | | |
|---|--|--|--|---|---|
| | | | Short-term | Mid-term | Long-term |
| Provide differentiated customer experience and strengthen the role of sales channels driven by the digital transformation of the financial industry | Focus on digital sales capabilities by expanding and improving financial platforms | <ul style="list-style-type: none"> Implement a super app strategy that provides non-financial and public services that are connected to finance, along with subsidiaries' key financial services <ul style="list-style-type: none"> Establish alliances to expand organizations that use MyData and the provision of public services ("KB Kookmin Authentication Certificate") Expand target customers and payment coverage, and expand non-financial services ("KB Pay") Expand the one-stop service system ("KB Chachacha") | <ul style="list-style-type: none"> Increase in R&D expenses due to platform upgrade Increase in marketing and promotion expenses for customer expansion | <ul style="list-style-type: none"> Increase in profits due to service area expansion Legal costs incurred from the establishment of alliances and agreements | <ul style="list-style-type: none"> Increase in profits due to brand value improvements Increase in intangible assets due to platform improvements |
| | Establish a digital native customer management system | <ul style="list-style-type: none"> Establish a "Group common generative AI platform" Expand services designated as "innovative financial services" Move forward with AI innovation through collaboration with startups | <ul style="list-style-type: none"> Increase in R&D expenses due to platform construction | <ul style="list-style-type: none"> Increase in employee training expenses for internalization at subsidiaries | <ul style="list-style-type: none"> Increase in intangible assets due to AI technology internalization Decrease in operation expenses due to work efficiency improvements |
| Pursue digital business innovation using new technologies | Expand AI/MyData-based digital financial services and strengthen marketing | <ul style="list-style-type: none"> Expand areas that use AI technology <ul style="list-style-type: none"> Expand AI-based digital financial service (counseling, consulting, convenience services) areas Strengthen customer management-type content marketing and expand automated marketing Expand financial services that use MyData <ul style="list-style-type: none"> Simplify the non-face-to-face financial process through MyData application Automate financial inquiry services through data connection with administrative/public organizations | <ul style="list-style-type: none"> Decrease in personnel expenses due to the adoption of AI technology Increase in R&D expenses due to service development | <ul style="list-style-type: none"> Increase in intangible assets due to internalization of AI technology Increase in profits due to customer satisfaction improvements | <ul style="list-style-type: none"> Creation of new revenue opportunities on the back of the expansion of business application areas |
| | Embed the AI governance system | <ul style="list-style-type: none"> Optimize the AI-based infrastructure and management system Strengthen employee training on AI technology and ethical use as well as supervision Advance the AI learning model-based personal information detection system Advance AI-based FDS | <ul style="list-style-type: none"> Increase in employee training expenses for internalization at subsidiaries Increase in R&D expenses due to system advancement | <ul style="list-style-type: none"> Improvement in financial stability due to reduced operational risk Decrease in operation expenses, including compensation for consumer damages | <ul style="list-style-type: none"> Decrease in potential legal costs due to compliance with strengthened regulations Increase in profits on the back of higher customer trust |
| Realize hyper-personalized digital finance | Realize a digital ecosystem through technological and infrastructure evolution | <ul style="list-style-type: none"> Provide hyper-personalized digital financial services through AI/data/digital integration Set and monitor carbon emission reduction targets by using the environment information management system Centralize sustainability information and systematize work through the Group's ESG information disclosure system | <ul style="list-style-type: none"> Increase in initial R&D expenses and maintenance costs due to system construction | <ul style="list-style-type: none"> Decrease in operation expenses on the back of efficient information management | <ul style="list-style-type: none"> Increase in profits due to positive reputation effects created by improvements in information reliability |

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RISK MANAGEMENT

Digital Risk Management Process

Policy and Process

KB Financial Group identifies and evaluates major digital-related risks through the Group's risk management process, and carries out Group-level integrated management and supervision of risks and opportunities that are related to digital innovation and technology strategies of each subsidiary. Please refer to Page 8 of this Report for details on enterprise risk management.

In addition, KB Financial Group became the first financial group in Korea to establish the "AI Ethics Charter" and disclosed the charter on its website to prevent ethics risks that may arise from the expansion of products and services that are based on digital technology, including AI, big data, and cloud platform.

Risk Identification and Assessment

KB Financial Group's Digital Segment holds the "Digital Segment Meeting" every quarter to identify digital-related risks and opportunities, and establishes and implements Group-level digital innovation strategies.

Priority-setting

When setting the need and priority of each subsidiary's business and new development projects, KB Financial Group comprehensively considers connection with strategic goals, potential risks, size of resource input, and customer expectations and demands. Through this process, we seek to secure long-term digital growth drivers and maintain a competitive edge.

A risk evaluation of each project is focused on the business risk level and compliance with regulations, through which priority is placed on projects with a high strategic contribution level. The set priority is regularly re-examined and adjusted according to changes in the external environment or adjustments to internal strategies.

Monitoring

KB Financial Group monitors the execution status of digital innovation projects on an on-going basis through various councils and strategy meetings. The Digital Segment Meeting is held every quarter and is attended by the CDO and executives in charge of digital technology at subsidiaries to review the implementation status of Group-level digital strategies and examine major metrics of each subsidiary's business. The Group Platform Operation Council is convened whenever there is a need to review the operation of new or development business operations, while the Group Data/AI Council is held as needed to review data/AI strategies and projects. Each subsidiary's relevant department head participates in the councils to review the execution of relevant businesses and strategies and discuss major issues and improvements. Digital QA is an organization that consists of outside experts to enhance platform financial service quality. It is held around the clock to manage the quality of SI/in-house development projects and check the execution of improvement measures.

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METRICS & TARGETS

Setting Digital Strategy Monitoring Metrics and Targets

KB Financial Group uses the following quantitative metrics to monitor the execution status of digital innovation and technology strategies and is moving forward to continually achieve the targets.

Digital Innovation Monitoring Metrics and Targets

| Implementation strategy | Subsidiary | Application/service name | Monitoring metrics | Performance results ¹⁾ |
|--|-----------------|---|---|---|
| Expand and improve financial platforms | KB Kookmin Bank | KB Star Banking (Comprehensive financial platform for individuals) | No. of users | • MAU: 13.03 million persons |
| | | KB Liiv Mobile (Comprehensive financial/communication platform) | No. of users Customer satisfaction survey result | • No. of users: 430 thousand persons • 1st place for 3 consecutive years (7 times) in mobile carrier customer satisfaction by Consumer Insight (Second half of 2021, First/second halves of 2022-2024) |
| | KB Securities | M-able (Mobile trading system) | No. of users | • DAU*: 8.13 million persons * Daily Active Users. Used DAU to exclude temporary impacts due to specific events such as IPO subscription and to identify users' consistent participation patterns |
| | KB Insurance | KB Insurance app (Comprehensive financial platform for individuals) | No. of users Cumulative No. of cases of work-handling | • MAU: 1.05 million persons * Goal for Dec. 2024: 0.9 million • Cumulative No. of cases of work-handling: 55.4 million cases * Goal for Dec. 2024: 52.5 million |
| | KB Kookmin Card | KB Pay (Digital payment platform) | No. of users Payment amount | • MAU: 8.17 million persons • Payment amount: KRW 13.9 trillion |
| | KB Capital | KB Chachacha (Used car trading platform) | No. of users No. of subscribers Customer satisfaction survey result | • MAU: 1.12 million persons * Goal for Dec. 2024: 1.10 million • No. of subscribers: 3.16 million persons • Ranked 1st in the used car platform category of KCSI for 3 consecutive years |
| Strengthen user convenience | KB Kookmin Bank | KB Kookmin Authentication Certificate (Convenient electronic signature authentication service) | • No. of subscribers | • No. of subscribers: 15.52 million persons |
| | | Kookmin Wallet (Digital wallet providing daily life-connected services) | • No. of subscribers | • No. of subscribers: 7.45 million persons |

¹⁾ As of 2024

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METRICS & TARGETS

Digital Innovation Monitoring Metrics and Targets

| Implementation strategy | Subsidiary | Application/service name | Monitoring metrics | Performance results ¹⁾ |
|---|-----------------|--|--|---|
| Expand areas that use AI | KB Securities | WM Assistant, AI Financial Coach, AI Trading Coach (Generative AI customized investment counseling service) | “Innovative financial service” system organized by the Financial Services Commission | • Designated as an “innovative financial service” that uses generative AI |
| | KB Kookmin Card | Everyone’s card life mate (Card product information provision service) | “Innovative financial service” system organized by the Financial Services Commission | • Designated as an “innovative financial service” that uses generative AI |
| Expand financial services that use MyData | KB Kookmin Bank | My Cash Flow Service (MyData-based income/expenditure analysis and cash flow forecasting service) | No. of users | • MAU: 250 thousand persons |
| | KB Kookmin Card | Public MyData Service (MyData-based card issuance simplification service) | No. of users Usage frequency ranking | • Cumulative No. of uses: 13,0 million cases • Ranked 6th among all institutions and 1st in the card industry for MyData usage frequency |
| | KB Capital | KB Chachacha (Used car trading platform) | No. of MyData users No. of My Credit inquiries | • MAU: 100 thousand persons • No. of inquiries: 1,472 cases |

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