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OFFERING CIRCULAR

KB Capital Co., Ltd.

(incorporated in the Republic of Korea with limited liability)

US$300,000,000
4.250% Notes due 2030
Issue Price: 98.834%

Interest on the Company's US$300,000,000 4.250 % notes due 2030 (the "Notes") will be payable semi-annually in arrears on April 1 and October 1 of each year, commencing April 1, 2026, until maturity or earlier redemption. The Company may not redeem the Notes, in whole or in part, prior to maturity except upon the occurrence of certain events related to Korean tax law as described herein. Unless previously redeemed or purchased and in each case cancelled, the Notes will mature on October 1, 2030 at their principal amount.

The Notes will constitute the Company's unsecured and unsubordinated obligations and will rank equally with all of the Company's other unsecured and unsubordinated obligations from time to time outstanding.

Application will be made to the Singapore Exchange Securities Trading Limited (the "Singapore Exchange") for the listing and quotation of the Notes on the Singapore Exchange. The Singapore Exchange assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained herein. Approval in-principle from, admission to the Official List of, and listing and quotation of the Notes on the Singapore Exchange are not to be taken as an indication of the merits of the Company, the offering or the Notes.

The Notes are expected to be rated "A3" by Moody's Investors Service, Inc. ("Moody's"). A rating is not a recommendation to buy, sell or hold the Notes and may be subject to revision, suspension or withdrawal at any time by the assigning rating organizations.

Investing in the Notes involves risks. See "Risk Factors" beginning on page 9 of this Offering Circular.

The Notes have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "Securities Act"). The Notes are being offered and sold only outside the United States in reliance on Regulation S under the Securities Act ("Regulation S"). For a description of certain restrictions on offer, resale or transfer of the Notes, see "Transfer Restrictions," "Terms and Conditions of the Notes" and "Subscription and Sale."

The Notes will be evidenced by a global certificate (the "Global Note"), in registered form, which will be registered in the name of a nominee of, and deposited with a common depositary for, Euroclear Bank S.A./N.V. ("Euroclear"), and Clearstream Banking S.A. ("Clearstream"). Beneficial interests in the Global Note will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream and their respective accountholders. Except in limited circumstances set out herein, individual certificates for Notes will not be issued in exchange for beneficial interests in the Global Note. See "The Global Note." It is expected that delivery of the Global Note will be made on October 1, 2025 or such later date as may be agreed (the "Closing Date") by the Company and the Managers. The Managers expect to deliver the Notes, or arrange for the Notes to be delivered, to the purchasers on or about October 1, 2025.

Joint Lead Managers and Joint Bookrunners

Citigroup **HSBC** **KB Securities Hong Kong**

The date of this Offering Circular is September 25, 2025.

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You should rely only on the information contained in this Offering Circular. The Company has not and the Managers have not authorized anyone to provide you with information that is different. This document may only be used where it is legal to offer and sell these Notes. The information in this document may only be accurate as of the date of this Offering Circular.

The Company, having made all reasonable inquiries, confirms that this Offering Circular contains all information with respect to it and the Notes that is material in the context of the issue and offering of the Notes, that the information contained herein is true and accurate in all material respects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and have been reached after considering all relevant circumstances and are based on reasonable assumptions, that there are no other facts, the omission of which would, in the context of the issue and offering of the Notes, make this Offering Circular as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect, that all reasonable inquiries have been made by the Company to verify the accuracy of such information and that this Offering Circular does not contain any untrue statement of a material fact or omit to state a material fact required to be stated herein or necessary in order to make the statements herein, in light of the circumstances under which they are made, not misleading. The Company accepts responsibility accordingly. Information provided herein with respect to Korea and its political status and economy has been derived from information published by the Korean government and other public sources, and the Company accepts responsibility only for the accurate extraction of information from such sources. The information contained in this Offering Circular may only be accurate as of the date of this Offering Circular.

The offer and sale of the Notes have not been, and the Notes will not be, registered under the Securities Act or the securities laws of any other jurisdiction. The Company is offering the Notes in reliance on an exemption from registration under the Securities Act for offers and sales of securities that do not involve a public offering. The Company is not, and the Managers (as defined in "Subscription and Sale") are not, making an offer to sell the Notes in any state or other jurisdiction except where an offer or sale is permitted.

This Offering Circular is only being distributed to and is only directed at (i) persons who are outside the United Kingdom; (ii) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "Order"); or (iii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"). The Notes will only be available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such Notes will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this Offering Circular or any of its contents.

This Offering Circular has been confidentially submitted to a limited number of investors for them to consider an investment in the Notes. See "Transfer Restrictions." The Company has not authorized its use for any other purpose. This Offering Circular may not be copied or reproduced in whole or in part. This Offering Circular may not be distributed, nor may its contents be disclosed, except to the prospective investors to whom it is provided. By accepting delivery of this Offering Circular, each investor agrees to all of these restrictions. Notwithstanding anything to the contrary contained in this Offering Circular, the Company, the Managers and each investor (and each of their respective employees, representatives, or other agents, as applicable) may disclose to any and all persons, without limitations of any kind, the tax treatment and tax structure of the transaction (including any materials, opinions or analyses relating to such tax treatment or tax structure), provided, however, that the Company, the Managers and each investor (and each of their respective employees, representatives, or other agents, as applicable) shall not disclose any information that is not necessary to understanding the tax treatment and tax structure of the transaction (including the identity of the Company, the Managers or any investor and any information that could lead another to determine the identity of the Company, the Managers or any investor), or any other information to the extent that such disclosure could result in a violation of any U.S. federal or state securities law.

In making an investment decision, prospective investors must rely on their own examination of the Company and the terms of the offering of the Notes, including the merits and risks involved. The Company is not making any representation to any purchaser of the Notes regarding the legality of an investment in the Notes by such purchaser under any legal investment or similar laws or regulations. Neither this Offering Circular nor

any information supplied in connection with the issue of the Notes should be considered as a recommendation or constituting an invitation or offer by the Company that any recipient of this Offering Circular should purchase any Notes. The contents of this Offering Circular should not be construed as providing legal, business, accounting or tax advice.

Any investor who purchases the Notes will be deemed to have made acknowledgements, representations, warranties and agreements intended to restrict the resale or other transfer of the Notes, as set forth under "Transfer Restrictions" in this Offering Circular. Each investor should understand that he or she might be required to bear the financial risks of the investment in the Notes for an indefinite period of time.

No person is authorized in connection with any offering of the Notes to give any information or make any representation other than as contained in this Offering Circular in connection with the offering of the Notes and, if given or made, such information or representation must not be relied upon as having been authorized by the Company or by the Managers. Neither the delivery of this Offering Circular nor any sale made hereunder shall, under any circumstances, constitute a representation or create any implication that there have been no changes in the Company's affairs since the date hereof. This Offering Circular does not constitute an offer to sell or a solicitation of an offer to buy any Notes by any person except in compliance with all applicable laws and regulations. No representation, undertaking or warranty, express or implied, is made by the Managers or any of their affiliates or advisers as to the accuracy or completeness of the information contained herein, and nothing contained in this Offering Circular is, or shall be relied upon as a promise or representation by the Managers or their affiliates or advisers. The Managers have not verified any of the information contained herein (financial, legal or otherwise) and assume no responsibility or liability for the accuracy or completeness of any such information or any other information provided by the Company in connection with the issue of the Notes or their distribution. To the fullest extent permitted by law, none of the Managers accepts any responsibility for the contents of this Offering Circular or for any other statement, made or purported to be made by the Managers or on their behalf in connection with the Company, or the issue and offering of the Notes. Each of the Managers accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Offering Circular or any such statement. Neither the delivery of this Offering Circular nor any sale made hereunder shall under any circumstances imply that the information herein or any information supplied in connection with the issuance of the Notes is correct as of any date subsequent to the date hereof or constitute a representation that there has been no change or development reasonably likely to involve a material adverse change in the Company's affairs since the date hereof.

Each person receiving this Offering Circular acknowledges that such person has not relied on the Managers or any person affiliated with the Managers in connection with investigation of the accuracy of such information or its investment decisions.

The distribution of this Offering Circular and the sale or offering of the Notes (the "Offering") in certain jurisdictions may be restricted by law. It may not be used for or in connection with any offer to, or solicitation by, anyone in any jurisdiction in which it is unlawful to make such an offer or solicitation. Persons into whose possession this document may come are required by the Company and the Managers to inform themselves about and to observe such restrictions. No action is being taken in any jurisdiction to permit an offering to the general public of the Notes or the distribution of this document in any jurisdiction where action would be required for such purposes. For a description of certain further restrictions on offers and resales of the Notes and distribution of this Offering Circular, see "Subscription and Sale."

The Company reserves the right to withdraw this offering of the Notes at any time. The Company and the Managers also reserve the right to reject any offer to purchase the Notes in whole or in part for any reason and to allocate to any prospective investor less than the full amount of Notes sought by such investor.

In connection with this offering, any of the Managers appointed and acting in its capacity as stabilization manager (the "Stabilization Manager") may over-allot or effect transactions that stabilize or maintain the market price of the Notes at a higher level than the Notes might otherwise achieve in the open market for a limited period of time after the issue date. Such stabilizing, if commenced, may be discontinued at any time and must be brought to an end after a limited period. For a description of these activities, see "Subscription and Sale" in this Offering Circular.

THE NOTES HAVE NOT BEEN REGISTERED WITH THE FINANCIAL SERVICES COMMISSION OF KOREA UNDER THE FINANCIAL INVESTMENT SERVICES AND CAPITAL MARKETS ACT OF KOREA (THE "FSCMA"). ACCORDINGLY, THE NOTES HAVE NOT BEEN OFFERED, SOLD OR DELIVERED AND WILL NOT BE OFFERED, SOLD OR DELIVERED, DIRECTLY OR INDIRECTLY, IN KOREA OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY RESIDENT OF KOREA (AS DEFINED IN THE FOREIGN EXCHANGE TRANSACTION LAW OF KOREA AND THE REGULATIONS THEREUNDER), OR TO ANY OTHER PERSON FOR REOFFERING, RESALE OR RE-DELIVERY, DIRECTLY OR INDIRECTLY, IN KOREA OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY RESIDENT OF KOREA, EXCEPT AS OTHERWISE PERMITTED BY APPLICABLE KOREAN LAWS AND REGULATIONS. IN ADDITION, WITHIN ONE YEAR FOLLOWING THE ISSUANCE OF THE NOTES, THE NOTES MAY NOT BE TRANSFERRED TO ANY RESIDENT OF KOREA OTHER THAN A QUALIFIED INSTITUTIONAL BUYER (OR A "KOREAN QIB," AS DEFINED IN THE REGULATION ON SECURITIES ISSUANCE, PUBLIC DISCLOSURE, ETC. OF KOREA) REGISTERED WITH THE KOREA FINANCIAL INVESTMENT ASSOCIATION (THE "KOFIA") AS A KOREAN QIB, PROVIDED THAT THE AMOUNT OF THE NOTES ACQUIRED BY SUCH KOREAN QIBS IN THE PRIMARY MARKET IS LIMITED TO NO MORE THAN 20 PERCENT OF THE AGGREGATE ISSUE AMOUNT OF THE NOTES.

MiFID II product governance/Professional investors and ECPs target market — Solely for the purposes of the manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "MiFID II"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration each manufacturer's target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining each manufacturer's target market assessment) and determining the appropriate distribution channels.

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

Notice to investors in Singapore: By accepting this Offering Circular, if you are an investor in Singapore, you: (I) represent and warrant that you are either (1) an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore (the "**SFA**")) pursuant to Section 274 of the SFA; or (2) an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA, and (II) agree to be bound by the limitations and restrictions described herein.

Any purchase or acquisition of the Notes is in all respects conditional on the satisfaction of certain conditions set out in the Purchase Agreement and the issue of the Notes by the Company to the Managers pursuant to the Purchase Agreement. Any offer, invitation to offer or agreement made in connection with the purchase or acquisition of the Notes pursuant to this Offering Circular shall (without liability or responsibility on the part of the Company or the Managers) lapse and cease to have any effect if (for any other reason whatsoever) the Notes are not issued by the Company to the Managers pursuant to the Purchase Agreement.

Notice to Capital Market Intermediaries and Prospective Investors Pursuant to Paragraph 21 of the Hong Kong SFC Code of Conduct — Important Notice to Prospective Investors: Prospective investors should be aware that certain intermediaries in the context of this offering of the Notes, including all Managers, are "capital market intermediaries" (together, the "CMIs") subject to Paragraph 21 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (the "SFC Code"). This notice to prospective investors is a summary of certain obligations the SFC Code imposes on such CMIs, which require the attention and cooperation of prospective investors. Certain CMIs may also be acting as "overall coordinators" (together, the "OCs") for this offering and are subject to additional requirements under the SFC Code. Prospective investors who are our directors, employees or major shareholders, a CMI or its group companies would be considered under the SFC Code as having an association (an "Association") with us, the CMI or the relevant group company (as the case may be). Prospective investors associated with us or any CMI (including its group companies) should specifically disclose this when placing an order for the Notes and should disclose, at the same time, if such orders may negatively impact the price discovery process in relation to this offering. Prospective investors who do not disclose their Associations are hereby deemed not to be so associated. Where prospective investors disclose their Associations but do not disclose that such order may negatively impact the price discovery process in relation to this offering, such order is hereby deemed not to negatively impact the price discovery process in relation to this offering.

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

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

PRESENTATION OF FINANCIAL INFORMATION

The financial information of the Company as of and for the years ended December 31, 2023 and 2024 contained in this Offering Circular is derived from the Company's audited consolidated financial statements included in this Offering Circular. Such financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by Korea ("K-IFRS"). The financial information of the Company presented as of June 30, 2025 and for the six months ended June 30, 2024 and 2025 is derived from the Company's unaudited condensed consolidated interim financial statements included in this Offering Circular. Such financial statements have been prepared in accordance with K-IFRS No. 1034 "*Interim Financial Reporting*."

All financial information, descriptions and other information regarding the Company are, unless indicated otherwise, given on a consolidated basis. Discrepancies pertaining to certain tables in this Offering Circular are due to rounding.

CERTAIN DEFINED TERMS AND CONVENTIONS

Except as otherwise indicated or required by context, references in the Offering Circular to the "Company" and "KB Capital" refer to KB Capital Co., Ltd. References to "Korea" or the "Republic" are references to The Republic of Korea. References to the "Government" are references to the government of the Republic of Korea. The Company publishes its financial statements in Won. References to "Won" or "₩" are to Korean Won, which is the legal tender currency of Korea. References to "US$," "U.S. dollars" or "cents" are to the currency of the United States of America. For historical information regarding the rate of exchange between Won and the U.S. dollar, see "Exchange Rates." Unless otherwise specified, all conversions of Won into U.S. dollars and vice versa appearing in this Offering Circular were made at the base rate under the market average exchange rate system, announced by Seoul Money Brokerage Services, Ltd. between U.S. dollars and Won, rounded down to the nearest tenth of a Won (the "Market Average Exchange Rate"), in effect on June 30, 2025, which was ₩1,356.4 to US$1.00. No representation is made that the Won or U.S. dollar amounts referred to in this Offering Circular could have been or could be converted into U.S. dollars or Won, as the case may be, at any particular rate or at all. On September 24, 2025, the Market Average Exchange Rate was ₩1,393.8 to US$1.00.

FORWARD-LOOKING STATEMENTS

This Offering Circular includes "forward-looking statements," as defined in Section 27A of the Securities Act and Section 21E of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"). Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "believes," "expects," "anticipates," "estimates," "projects," "plans," "intends," "targets," "seeks," "aims," "contemplates," "goal," "should," "can," "may," "will" and similar expressions or the negatives thereof. Those statements include, among other things, the discussions of the Company's business strategy and expectations concerning its market position, future operations, cash flows, margins, profitability, liquidity and capital resources. Reliance on any forward-looking statement involves risks and uncertainties, and although the Company believes that the assumptions on which the forward-looking statements are based are reasonable, any of those assumptions could prove to be inaccurate, and, as a result, the forward-looking statements based on those assumptions could be incorrect. The uncertainties in this regard include, but are not limited to, those identified in the risk factors discussed elsewhere in this Offering Circular. See "Risk Factors." In light of these and other uncertainties, you should not conclude that the Company will necessarily achieve any plans and objectives or projected financial results referred to in any of the forward-looking statements. The Company does not undertake to release the results of any revisions of these forward-looking statements to reflect future events or circumstances, except as required by law.

ENFORCEMENT OF CIVIL LIABILITIES

The Company is a corporation with limited liability organized under the laws of Korea. Many of the directors and officers of the Company named herein reside in Korea, and a significant portion of the assets of the directors and officers and a substantial majority of the assets of the Company are located in Korea. As a result, it may not be possible for investors to effect service of process within the United States upon such persons or to enforce against them or against the Company in United States courts judgments predicated upon the civil liability provisions of the federal securities laws of the United States. There is also doubt as to the enforceability in Korea, either in original actions or in actions for enforcement of judgments of United States courts, of civil liabilities predicated on the United States federal securities laws.

SUMMARY

Overview

The Company is one of the leading specialized credit finance companies in Korea, distinguished by its well-diversified portfolio and strong retail franchise. The Company is a wholly-owned subsidiary of KB Financial Group, which provides the Company with strong brand recognition and cross-selling opportunities through the Company's affiliation with other subsidiaries of KB Financial Group, including Kookmin Bank, one of the largest commercial banks in Korea, and other member companies of the KB Financial Group engaged in non-bank financial businesses such as securities brokerage, insurance and credit card services. The Company's core automotive financing and leasing business also benefits from its operation of KB ChaChaCha, a leading online (including mobile) used car trading platform in Korea, which provides users with a convenient one-stop online platform for buying and selling used cars that allows them to directly apply for the Company's automotive financing products. The Company's well-diversified business portfolio supports stable profitability and capital efficiency, and it maintains a strong position in the retail financing market in Korea, bolstered in part by its KB ChaChaCha platform.

The Company's product offerings include the following:

- *Automotive financing and leasing*: the Company provides automotive financing to purchasers of new and used cars and commercial vehicles, arranged as either installment financings or loans. The Company also provides financing for automotive leases and long-term car rentals to individuals and corporate customers and inventory financing to dealerships. The Company also markets and sells its automotive financing products directly online, including through its operation of the KB ChaChaCha platform.

- *Personal loans*: the Company provides consumer loans to individuals and small business owners. A substantial majority of these loans are personal credit loans, which are typically unsecured and without a guarantee. The Company also provides home loans, which mainly consist of "key money" loans for rent deposit payments. The Company utilizes its extensive automotive financing and leasing customer database as well as the customer bases of other member companies of the KB Financial Group to cross-sell its personal loan products.

- *Corporate financing (including principal investments and financing)*: the Company offers general corporate loans, project financing and other types of financings to corporate customers. The Company also actively pursues attractive principal investment and financing opportunities in corporate targets through its participation in private equity funds, mezzanine financing, acquisition financing and investments in technology start-up companies.

The Company's operating profit was Won 235 billion in 2023 and Won 289 billion in 2024, and Won 177 billion in the first half of 2024 and Won 161 billion in the first half of 2025. The Company recorded profit for the year of Won 188 billion in 2023 and Won 225 billion in 2024, and profit for the period of Won 138 billion in the first half of 2024 and Won 125 billion in the first half of 2025. The Company had total assets of Won 16,585 billion, Won 18,140 billion and Won 18,060 billion, respectively, and total equity of Won 2,279 billion, Won 2,480 billion and Won 2,590 billion, respectively, as of December 31, 2023, December 31, 2024 and June 30, 2025.

THE OFFERING

Terms used in this summary and not otherwise defined shall have the meanings given to them in "Terms and Conditions of the Notes."

Issuer	KB Capital Co., Ltd.
Offering	US$300,000,000 4.250% Notes due 2030 are being offered outside of the United States in reliance on Regulation S.
Issue Price	98.834% of the principal amount of the Notes.
Interest	The Notes bear interest at the rate of 4.250% per annum from, and including, October 1, 2025 to, but excluding, the due date for redemption of the Notes. Interest will be paid semi-annually in arrears on April 1 and October 1 in each year (each an "Interest Payment Date"). The first Interest Payment Date will be April 1, 2026 in respect of the period from and including October 1, 2025 to, but excluding, April 1, 2026.
Closing Date	October 1, 2025
Maturity	October 1, 2030
Ranking	The Notes will constitute the Company's direct, unconditional, unsubordinated and unsecured obligations and will rank *pari passu* among themselves and at least *pari passu* with all of the Company's other present and future outstanding and unsecured and unsubordinated obligations other than obligations preferred by mandatory provisions of applicable law.
Form and Denomination	The Notes will be denominated in principal amounts of US$200,000 (which shall not be split to a lesser amount) and integral multiples of US$1,000 in excess thereof. Notes sold will be evidenced by the Global Note, in fully registered form without interest coupons and will be registered in the name of a nominee of the common depositary for Euroclear and Clearstream. The Notes are not issuable in bearer form. Beneficial interest in the Global Note will be shown on, and transfers thereof will be effected only through, the records maintained by Euroclear and Clearstream and their respective account holders.
Certain Covenants	The Notes contain certain limitations on the creation, incurrence, issuance or assumption or the guarantee by the Company or certain of the Company's subsidiaries of certain debt secured by any mortgage, charge, pledge, encumbrance or other security interest on certain of the Company's properties or assets or those of such subsidiaries. The Notes also contain certain limitations on sale and leaseback transactions by the Company or certain of its subsidiaries. See "Terms and Conditions of the Notes — Covenants of the Company."
Optional Tax Redemption	The Company may, at its option, redeem the Notes, in whole but not in part, at 100% of their principal amount plus accrued interest (if any) to, but not excluding, the date fixed for redemption, if the Company has or would become obligated to pay additional amounts in respect of certain Korean taxes imposed in respect of payments of principal of or interest on the Notes. See "Terms and Conditions of the Notes — Optional Redemption For Tax Reasons."

Additional Amounts	If withholding or deduction of present or future taxes or other governmental charges is required by Korea, subject to certain exceptions, the Company will pay additional amounts as are necessary in order to ensure that the net amounts received by Holders of Notes after such withholding or deduction is the same as the amount of principal and interest which the Holders would have received in the absence of that withholding or deduction. See "Terms and Conditions of the Notes — Taxation."
Listing and Trading.....	Application will be made to the Singapore Exchange for the listing and quotation of the Notes on the Singapore Exchange. For so long as the Notes are listed on the Singapore Exchange and the rules of the Singapore Exchange so require, the Notes, if traded on the Singapore Exchange, will be traded in a minimum board lot size of S$200,000 (or its equivalent in foreign currencies). Accordingly, the Notes, if traded on the Singapore Exchange, will be traded in a minimum board lot size of US$200,000. For so long as the Notes are listed on the Singapore Exchange and the rules of the Singapore Exchange so require, in the event that the Global Note is exchanged for definitive certificates, the Company will appoint and maintain a paying agent in Singapore ("Singapore Paying Agent"), where the Notes may be presented or surrendered for payment or redemption. In addition, in the event that the Global Note is exchanged for definitive certificates, an announcement of such exchange will be made by or on behalf of the Company through the Singapore Exchange and such announcement will include all material information with respect to the delivery of the definitive certificates, including details of the Singapore Paying Agent.
Transfer of the Notes	All transfers of the Notes and entries on the Notes Register shall be made subject to the detailed provisions concerning transfer of the Notes set forth in the Fiscal Agency Agreement. In addition, transfers of interests in the Notes will be subject to certain other restrictions. For a discussion of these restrictions, see "Transfer Restrictions," "Terms and Conditions of the Notes — Transfer of Notes, Issue and Replacement of Certificates" and "Subscription and Sale."
Rating of the Notes.....	The Notes are expected to be rated "A3" by Moody's. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organization.
Use of Proceeds.....	The Company intends to use the net proceeds from the offering principally for general corporate purposes, including in connection with the repayment of its outstanding borrowings.
Governing Law.....	The Notes and the Fiscal Agency Agreement are governed by, and construed in accordance with, the laws of the State of New York.
Fiscal Agent	Citicorp International Limited
Paying Agent, Registrar and Transfer Agent	Citibank, N.A., London Branch

Risk Factors	Investing in the Notes involves risks. See "Risk Factors" beginning on page 9 of this Offering Circular for a description of certain risks that investors should consider before making an investment in the Notes.
Delivery of the Notes.....	Delivery of Notes against payment in same-day funds, is expected on or about October 1, 2025.
ISIN.....	XS3187679041
Common Code.....	318767904

SUMMARY CONSOLIDATED FINANCIAL AND OTHER INFORMATION

The following tables present summary financial and other information of the Company. The summary financial information as of and for the years ended December 31, 2023 and 2024 are derived from the audited consolidated financial statements of the Company included elsewhere in this Offering Circular, which have been prepared in accordance with K-IFRS. The summary financial information presented as of June 30, 2025 and for the six months ended June 30, 2024 and 2025 are derived from the unaudited condensed consolidated interim financial statements of the Company included elsewhere in this Offering Circular, which have been prepared in accordance with K-IFRS No. 1034 "Interim Financial Reporting."

The Company's results of operations for the six months ended June 30, 2025 may not be indicative of its result of operations for any future interim period or for the full year 2025.

Consolidated Statements of Comprehensive Income

	For the year ended December 31,		For the six months ended June 30,	
	2023	2024	2024	2025
	(in billions of Won, except per share data)			
Interest income	₩ 880	₩ 1,015	₩ 495	₩ 513
Interest expense	(430)	(555)	(263)	(281)
Net interest income	450	460	231	232
Fee and commission income	15	26	12	12
Fee and commission expense	(12)	(16)	(7)	(8)
Net fee and commission expense	3	10	5	3
Net gains on financial instruments at fair value through profit or loss	56	32	15	32
Lease income	1,306	1,397	688	743
Lease expense	(1,113)	(1,183)	(584)	(627)
Net lease income	193	214	104	116
Provision for credit losses	(268)	(237)	(97)	(122)
General and administrative expenses	(158)	(171)	(76)	(81)
Net other operating expenses	(42)	(18)	(4)	(19)
Net operating income	235	289	177	161
Share of profit of investments in associates and joint ventures	0	1	0	0
Net other non-operating income (expenses)	1	(1)	1	2
Net non-operating income	0	0	1	2
Profit before income tax	235	290	179	163
Income tax expense	(47)	(65)	(40)	(38)
Profit for the period	188	225	138	125
Other comprehensive income (loss)				
Remeasurements of net defined benefit liability	(3)	(2)	0	0
Exchange differences on translating foreign operations	(2)	4	0	(4)
Gains (losses) on cash flow hedging instruments	0	3	0	3
Share of other comprehensive income (loss) of associates and joint ventures	0	0	0	0
Other comprehensive income (loss) for the period, net of tax	(6)	5	0	(1)
Total comprehensive income for the period	₩ 183	₩ 229	₩ 139	₩ 124
Profit for the period attributable to:				
Shareholders of the parent company	187	222	137	124
Non-controlling interests	2	2	1	1
Total comprehensive income attributable to:				
Shareholders of the parent company	182	226	137	124
Non-controlling interests	0	3	1	0

Consolidated Statements of Financial Position

	As of December 31,		As of June 30,
	2023	2024	2025
	(in billions of Won)		
Assets			
Cash and cash equivalents	₩ 389	₩ 577	₩ 387
Financial assets at fair value through profit or loss	746	1,182	1,366
Derivative financial assets	36	95	65
Investments in associates and joint ventures	30	38	38
Financial assets at amortized cost	11,246	12,165	12,054
Lease assets	3,979	3,927	4,004
Property and equipment	44	48	43
Intangible assets	69	66	63
Other assets	32	31	31
Net defined benefit assets	14	12	10
Total assets	₩16,585	₩18,140	₩18,060
Liabilities			
Derivative liabilities	₩ 0	₩ 1	₩ 0
Debts	2,218	1,192	1,046
Debentures	11,020	13,372	13,337
Provisions	5	7	8
Net defined benefit liabilities	0	0	0
Current income tax liabilities	12	39	30
Other financial liabilities	832	830	816
Other liabilities	163	170	173
Deferred income tax liabilities	57	47	58
Total liabilities	₩14,307	₩15,660	₩15,470
Equity			
Share capital	₩ 161	₩ 161	₩ 161
Hybrid securities	499	499	499
Capital surplus	329	329	329
Accumulated other comprehensive loss	(20)	(17)	(17)
Retained earnings	1,296	1,490	1,600
Equity attributable to shareholder of the parent company	2,265	2,462	2,572
Non-controlling interests	14	18	17
Total equity	2,279	2,480	2,590
Total liabilities and equity	₩16,585	₩18,140	₩18,060

Other Financial Information

	As of or for the year ended December 31,		As of or for the six months ended June 30,
	2023	2024	2025
	(in billions of Won, except percentages)		
Adjusted capital adequacy ratio[(1)]	14.32%	14.49%	15.01%
NPL[(2)] balance	₩ 420	₩ 404	₩ 458
Ratio of NPLs to total financial receivables	2.7%	2.5%	2.9%
Ratio of delinquent receivables to total financial receivables[(3)]	2.2%	1.9%	2.2%
Allowances for loan losses as percentage of total financial receivables	2.4%	2.5%	2.6%
Coverage ratio[(4)]	116.7%	133.3%	121.4%

(1) Adjusted capital adequacy ratio is calculated by dividing adjusted total capital by adjusted total assets, in each case on a separate basis. Adjusted capital consists of shareholders' equity and (to the extent it does not exceed shareholders' equity) supplementary capital less certain deductions as calculated pursuant to the guidelines of the Financial Services Commission of Korea ("FSC"). Adjusted assets consist of total assets less (i) cash, short-term deposits without security arrangements and treasury or public bonds maturing within three months and (ii) certain deductions, also as calculated pursuant to the guidelines of the FSC. See "Risk Management — Capital Adequacy."

(2) Defined as financial receivables that are classified as substandard or below under the guidelines of the FSC for the classification of loans. See "Risk Management — Credit Risk Management — Asset Quality — Allowances for Loan Losses."

(3) Delinquent receivables are those overdue for one month or more.

(4) Represents ratio of (x) the sum of allowances for loan losses and regulatory reserve for credit losses to (y) NPL balance. See "Risk Management — Credit Risk Management — Asset Quality — Allowances for Loan Losses."

RISK FACTORS

An investment in the Notes is subject to various risks, including those listed below. Investors should carefully consider the following risks as well as the other information contained in this Offering Circular before purchasing the Notes. These risks could materially affect the Company's ability to meet its obligations under the Notes. In such case, investors may lose all or part of their original investment in, and the expected return on, the Notes.

Risks Relating to the Company

Difficult conditions in the Korean and global economy could adversely affect the Company's profitability, liquidity and asset quality.

Most of the Company's assets are located in, and the Company generates most of its income from, Korea. As a result, the Company's business and profitability are subject to political, economic, legal and regulatory risks specific to Korea, many of which are beyond the Company's control. See "— Risks Relating to Korea — Unfavorable financial and economic developments in Korea may have an adverse effect on the Company." Certain sectors of the Korean economy are increasingly showing signs of deterioration in part due to weak consumer confidence, consumer spending and corporate investment, and its outlook for the remainder of 2025 and beyond remains uncertain. Market turmoil and economic downturn, particularly in Korea, could materially adversely affect the liquidity, employment status, businesses and/or financial conditions of the Company's customers, which in turn could lower demand for goods such as automobiles, the financing of which represents a majority of the Company's business, as well as demand for personal loans. Such developments could also hurt the value of assets collateralizing the Company's secured receivables and loans, increase the delinquency among the Company's customers and otherwise impair the value and quality of the Company's receivables, loans, investment securities and other financial assets. "See — Future changes in market conditions as well as other factors may lead to increases in delinquency levels of the Company's retail financing portfolio."

The Korean economy is closely integrated with, and is significantly affected by, developments in the global economy and financial markets. In recent years, the global economy and financial markets have experienced significant volatility as a result of, among other things:

- the occurrence of severe health epidemics;
- interest rate fluctuations as well as perceived or actual changes in policy rates, or other monetary and fiscal policies set forth, by the U.S. Federal Reserve and other central banks;
- a rise in inflation rates and volatility in stock markets and exchange rates worldwide;
- increased uncertainties in the global financial markets and industry, including difficulties faced by several banks in the United States and Europe;
- financial and social difficulties affecting many countries worldwide, in particular in Latin America and Europe;
- a deterioration in economic and trade relations between the United States and its trading partners, including as a result of the imposition of significant tariffs by the United States on its trading partners (including Korea), which has been followed by retaliatory tariffs in some cases;
- escalations in trade protectionism globally and geopolitical tensions in East Asia and the Middle East (including those resulting from the hostilities in the Middle East following the Israel-Hamas war);
- hostilities, political or social tensions involving Russia (including the Russia-Ukraine war and the ensuing sanctions against Russia) and the resulting adverse effects on the global supply of oil and other natural resources and the global financial markets;
- the slowdown of economic growth in China and other major emerging market economies; and
- political and social instability in various countries in the Middle East, including Iran, Syria and Iraq.

In light of the foregoing and other factors, significant uncertainty remains as to the global economic prospects in general. Such factors have adversely affected, and may continue to adversely affect, the Korean economy and in turn on the Company's business and profitability, as a result of, for instance, a decrease in domestic consumption of automobiles due to dampened consumer confidence. In addition, the value of the Won relative to the U.S. Dollar has also fluctuated significantly in recent years, and there is no guarantee that similar currency fluctuation will not occur again in the future. See "Exchange Rates". Any future deterioration of global economy could adversely affect the Company's business, financial condition and results of operations.

Furthermore, if the conditions in credit or financial markets in Korea or globally worsen in the future due to changes in government policy, structural weaknesses or for other reasons, the Company's ability to borrow may be adversely affected and the Company may be forced to fund its operations at a higher cost or the Company may be unable to raise as much funding as it needs to support its lending to customers and other activities, which could reduce the Company's profitability.

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

Most of the customers of the Company's automotive financing and leasing business, which account for a majority of the Company's business, are retail consumers, and a significant portion of the remainder of the Company's business consists of personal loans. In recent years, consumer debt has increased significantly in Korea. The Company's outstanding financial receivables from automotive financing and leasing increased from Won 7,086 billion as of December 31, 2023 to Won 7,256 billion as of December 31, 2024 and to Won 7,302 billion as of June 30, 2025, while the Company's outstanding financial receivables from personal loans increased from Won 2,654 billion as of December 31, 2023 to Won 2,701 billion as of December 31, 2024, but decreased slightly to Won 2,671 billion as of June 30, 2025.

The growth of the Company's retail credit portfolio, together with fluctuating economic conditions in Korea and globally in recent years, may lead to increases in delinquency levels and a deterioration in asset quality. The aggregate amount of the Company's financial receivables that are past due by a month or more decreased from Won 337 billion as of December 31, 2023 to Won 309 billion as of December 31, 2024, but increased to Won 363 billion as of June 30, 2025, a significant majority of which were in connection with the Company's automotive financing and leasing and personal loans businesses. Higher delinquencies in the Company's credit portfolio in the future will require the Company to increase its allowances for loan losses and write-offs, which in turn will adversely affect its financial condition and results of operations.

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

In addition, the Company is exposed to changes in regulations and policies on the provision of retail credit by the Korean government (the "Government"), which may adopt measures to restrict the provision of retail credit or encourage financial institutions to provide financial support to certain types of retail borrowers. From the second half of 2016 to 2021, the Government introduced various measures to tighten regulations on mortgage and other lending and housing subscription in response to the rapid growth in consumer debt and concerns over speculative investments in real estate in certain areas. The Government subsequently relaxed some of these measures by introducing a number of policy measures that sought to sustain housing prices and activity levels in the Korean real estate market, in light of an overall decrease in housing prices over the course of 2022. However, in recent years, the Government began tightening regulations again in response to the continued rise in the level of consumer debt, most recently in June 2025. A decrease in housing prices as a result of the implementation of such measures, together with the high level of consumer debt and rising interest rate levels, could result in declines in consumer spending and reduced economic growth, which may lead to increases in delinquency levels of the Company's credit portfolio and have an adverse impact on the growth and profitability of the Company's personal loan business.

Under a pre-workout program established by the Credit Counseling and Recovery Service, a public service organization that provides debt adjustment services to low-income families in Korea, a number of Korean financial institutions, including the Company, have provided individual borrowers with outstanding short-term debt in default with maturity extensions and/or interest reductions since April 2009. Under the current terms of such program, (i) such borrowers must have total loans of Won 1.5 billion or less (consisting of no more than Won 500 million of unsecured loans and Won 1 billion of secured loans) from one or more financial institutions, (ii) be in arrears on their payments for more than 31 days but less than 90 days and (iii) the principal amount of newly incurred debt within the past six months must be less than 30% of the total outstanding principal amount. The Company's participation in such Government-led initiatives may lead the Company to extend credit to borrowers that it would not otherwise extend, or offer terms for such credit that it would not otherwise offer, in the absence of such initiatives. Furthermore, there is no guarantee that the financial condition and liquidity position of the Company's borrowers benefiting from such initiatives will improve sufficiently for them to service their debt on a timely basis, or at all. Accordingly, increases in the Company's exposure to borrowers resulting from such Government-led initiatives may have an adverse effect on the Company's financial condition and results of operations.

The profitability and financial condition of the Company's operations are dependent in part upon the level of new and used automobile purchases in Korea, as well as the number of vehicles sold through the Company's KB ChaChaCha online used car trading platform.

The Company has historically derived a majority of its operating revenues from its automotive financing and leasing business, and the outstanding balance of such financings and leases also accounts for a majority of the Company's operating assets. Consequently, the Company's business and results of operations are highly dependent on the level of automobile purchases, leases and rentals in Korea. Any decline in such activity, which may occur due to, among other things, declines in consumer and business demand and spending levels, may have a material adverse effect on the Company's business, financial condition and results of operations. See "— Difficult conditions in the Korean and global economy could adversely affect the Company's profitability, liquidity and asset quality."

In recent years, KB ChaChaCha, the Company's proprietary online used car trading platform, has increasingly become a material source of customers for the Company's automotive financing for used cars. Accordingly, the Company's automotive financing for used cars is in part dependent on its ability to attract and retain active users of such platform, and the size of its user base and the level of user engagement are important to the Company's success. While KB ChaChaCha is currently a leading online used car platform in Korea, competition in the market for online used car platforms in Korea is intense, and platforms that achieve early popularity may experience a subsequent decline in the size of their user bases or levels of engagement. If the Company is not able to attract and maintain a sufficient selection of vehicle listings on the KB ChaChaCha platform, or if the vehicles listed for sale on such platform or the vendors of such vehicles are not perceived as reliable or trustworthy, the Company may not be able to attract or retain users or otherwise maintain or increase the frequency or duration of their engagement. A decline in the popularity of the KB ChaChaCha platform may have an adverse effect on the Company's automotive financing business and results of operations.

Fluctuations in interest rates may negatively affect the Company's margins and volumes.

Interest rates in Korea have been subject to significant fluctuations in the past. For example, amid rising concerns of a potential global recession resulting from the COVID-19 pandemic, the Bank of Korea (the "BOK") reduced its policy rate to 0.75% in March 2020 and 0.50% in May 2020. However, as the economy began to show signs of recovery from the COVID-19 pandemic starting from the second half of 2021, the BOK gradually raised its policy rate to pre-pandemic levels of 1.25% from August 2021 through January 2022. Subsequently, in response to rising levels of household debt and inflation in Korea as well as globally, the BOK continued to raise its policy rate to 3.50% from April 2022 through January 2023. More recently, the BOK lowered its policy rate to 3.25% in October 2024, 3.00% in November 2024, 2.75% in February 2025 and 2.50% in May 2025 in response to signs of weak economic conditions in Korea.

The Company's profitability is affected by changes in interest rates, as the Company realizes profit for the period mainly from the margin between interest revenue from its assets and interest expense on its liabilities. Accordingly, if interest rates were to fall sharply or remain at a low level for a significant period of time and the Company is unable, for competitive or other reasons, to pass through the effects of interest rate changes to customers by adjusting the interest rates charged to them or by adjusting its cost of funding on a full or timely basis, such developments may limit or reduce the amount of spread between the interest rate that the Company can charge customers for loans and receivables (which are recorded as assets) and the interest rate payable by the Company for its funding (which is recorded as liabilities). In such cases, the Company's business, financial condition and results of operations may be adversely affected.

Conversely, an increase in interest rates may also adversely affect the Company's business, financial condition and results of operations in a number of ways, including (i) an increase in funding costs that the Company may not be able to timely or sufficiently offset by an increase in the interest rates charged to customers due to competitive, regulatory or other reasons, (ii) a decrease in the volume of the Company's automotive financing due to higher prices associated with purchasing an automobile by use of financing relative to cash purchasers and (iii) a decrease in demand for financing, particularly from retail borrowers. In addition, rising interest rate levels may adversely affect the Korean economy and the financial condition of the Company's borrowers, which in turn may lead to a deterioration in the Company's credit portfolio.

Competition in the Korean specialized financial services industry is intense, and if the Company is unable to compete successfully or if there is increased competition in the automotive financing and leasing, personal loan or corporate financing markets, the Company's margins could be materially and adversely affected.

The markets for automotive financing and leasing, personal loans and corporate financing in Korea are highly competitive. In recent years, financial institutions other than specialized financial service companies, such as commercial banks and credit card companies, and companies that specialize in the car rental business have also entered into the automotive financing and/or leasing markets, which has increased the pressure on the Company's market share and margins in such sector. The Company's personal loan and corporate financing businesses also face significant competition from existing and new providers of such financing, including commercial banks, credit card companies and other specialized financial service companies in Korea, which have made significant investments and engaged in aggressive marketing campaigns and promotions in these areas. In addition, foreign financial institutions may further add to the competition in the specialized credit financing industry. See "Business — Competition."

Some of the financial institutions with which the Company competes have greater financial resources or more specialized capabilities than the Company such as stronger affiliations with automobiles manufacturers through overlapping ownership interests. In addition, commercial banks have extensive distribution networks in Korea and have lower cost structures and cost of capital, are less reliant on securitization and have a wide range of financial resources. The Company faces significant competition in various areas, including product offerings, rates, pricing and fees, and customer service. To the extent the Company reduces interest rates or fees on its products and services in response to competitive pressures, the Company's interest margins will decline. Furthermore, the average credit quality of the Company's customers may decline if higher credit quality customers choose to borrow from the Company's competitors rather than from the Company. If the Company is unable to compete effectively in the markets in which it operates, its profitability and financial condition could be adversely affected.

If external financing is not sufficiently available at commercially reasonable terms or at all, the Company's profitability and financial condition may suffer and the Company may not be able to implement its business strategy and future plans.

The Company depends on its ability to access diversified funding alternatives, including issuances of debt securities in the Korean or international capital markets and additional bank borrowings, to meet future cash flow requirements and to continue to fund its operations. The ability of the Company to access bank loans and the capital markets depends on its financial position, the liquidity of the Korean and international capital markets and the Government's policies regarding Korean Won and foreign currency borrowings. Currently, the Company primarily obtains its financing through issuances of domestic bonds. To a lesser extent, the Company relies on commercial paper, bank loans, issuances of debt securities in the international capital markets and asset securitization transactions. The availability of any one financing source may decrease in the future due to general market conditions or other factors beyond the Company's control. If the Company is unable to maintain adequate financing or if other sources of capital are not available, it could be forced to suspend, curtail or reduce certain aspects of its operations, which could harm its revenues, profitability, financial condition and business prospects.

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

While a significant portion of the Company's automotive financings and some of its personal credit loans are secured by liens on the vehicles financed by the Company and other collateral, there is no assurance that the collateral securing any particular loan will protect the Company from suffering a partial or complete loss if the loan becomes non-performing. If collateral values decline in the future, they may not be sufficient to cover uncollectible amounts in respect of the Company's secured financings. Any future declines in the value of the vehicles or other collateral securing the Company's financings and loans, or its inability to obtain additional collateral in the event of such declines, could result in a deterioration in the Company's asset quality and may require the Company to take additional loan loss provisions.

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

The Company maintains allowances for loan losses, which it establishes as a reserve against write-offs for its credit exposures. The allowances that the Company has established against its credit exposures may not be sufficient to cover all future losses arising from these and other exposures. If the credit quality of the Company's credit exposures further declines, the Company may incur substantial additional provisions and write-offs, which could adversely impact its results of operations and financial condition.

The Company has exposure to the Korean real estate project financing market, and financial difficulties of companies involved in such sector may have an adverse impact on the Company.

As of December 31, 2024 and June 30, 2025, the Company's outstanding real estate project financing loans (including bridge loans) amounted to Won 1,677 billion and Won 1,410 billion, respectively, or 9.9% and 8.2% of its total operating assets, respectively.

The construction industry in Korea has undergone significant fluctuations in recent years. After undergoing a period of prosperity from 2015 to 2018, the construction industry experienced stagnation from 2019 to 2020, caused mainly by the uncertainty resulting from the Government's strengthening of mortgage and other lending regulations to control rising real property prices, as well as temporary suspensions in construction projects due to the COVID-19 pandemic. After a brief period of recovery, the construction industry experienced a rapid downturn starting in the second half of 2022, caused by a rise in interest rates and the resulting decline in demand for residential property throughout Korea, adverse changes in the price and availability of construction materials due to disruptions in global supply chains caused by, among others, Russia-Ukraine war, and financing difficulties faced by construction companies as investors became reluctant to invest in real estate. Such downturn in the construction industry, which continued throughout 2024 and the first half of 2025, has also resulted in a similar downturn for the real estate project financing industry. The relatively high levels of interest rates that prevailed in Korea until the end of 2024 resulted in increases in both the number of insolvent real estate projects and delinquency rates for project financing loans, including short-term bridge loans. The prospects for these industries remain uncertain, among others, due to the expected decline in the number of new construction projects compared to completed ones and the continued downturn of the local housing market.

The Company has been seeking to strategically reduce its exposure to real estate project financing in recent periods in light of the difficulties in the Korean construction industry as described above. However, the allowances that the Company has established against its credit exposures to companies involved in the Korean real estate project financing sector may not be sufficient to cover all future losses arising from such exposures. If the asset quality of the Company's exposures to such companies declines further, the Company may incur substantial additional provisions (including in connection with restructurings of such companies) and charge-offs, which could adversely impact its results of operations and financial condition. Furthermore, although a portion of the Company's credit exposures to real estate project financing are secured by collateral, such collateral may not be sufficient to cover uncollectible amounts in respect of such credit exposures. See "— A decline in the value of the collateral securing the Company's loans and an inability to realize the full value of the collateral may adversely affect the Company's credit portfolio."

The Company's principal investments and financing business may fail to realize profits from its investments or lose some or all of the invested capital.

Most of the investments made through the Company's principal investments and financing business are in securities and structured products that are not publicly traded. Accordingly, the Company's ability to dispose of such unlisted securities is dependent on market conditions. In a depressed market, the Company may be forced to sell such investments at undesirable prices or to defer the sale, potentially for a substantial period of time, exposing the Company's investment returns to market risks during the intended disposition period. Additionally, the failure of the Company's portfolio companies to perform as expected could also impair its ability to exit investments for a favorable return or at all. In such event, the Company may lose a material part or all of such investments.

In addition, the Company has no control or significant influence over the operations of the portfolio companies in which the Company invests. The Company is subject to the risk that such companies may make business, financial or management decisions or otherwise act in a manner that does not serve its interests. If any of the foregoing occurs, the value of the Company's investments could decrease, which could adversely affect its results of operations and financial condition.

The Company's assets may be the subject of ABS transactions for which the Company remains contingently liable and which are not available to creditors generally, including the holders of the Notes.

From time to time, the Company has sold in the past a portion of its financial receivables assets in asset-backed securitization ("ABS") transactions, and the Company may enter into additional ABS transactions in the future without equally and ratably securing the Notes. As of June 30, 2025, the outstanding amount of securitization bonds issued by the Company in ABS transactions was Won 231 billion. While the Company has not entered into any new ABS transactions since 2022 and currently does not have any plans to initiate new ABS transactions, the Company may consider ABS transactions as a potential source of liquidity in the event of adverse conditions in the markets for other financing sources. The assets supporting the payments on the asset-backed securities would not be available to creditors of the Company, including holders of the Notes.

When the Company securitizes assets, it is required to make customary representations and warranties to the purchaser or securitization trust and is required to indemnify breaches of representations or warranties in connection with its securitizations. Although the Company does not have any obligation to repurchase any assets transferred to the securitization vehicle in the event they become delinquent, if any such assets have certain legal defects and are deemed ineligible receivables, the Company is generally required to repurchase such ineligible receivables from the vehicle or replace such assets. However, there is no assurance that the Company's allowances will be sufficient to cover actual losses resulting from the Company's ABS transactions.

The Company may from time to time pursue international expansion opportunities that may subject it to different or greater risk from those associated with its domestic operations.

While the Company's operations have, to date, been primarily based in Korea, it has expanded, and may continue to expand, its overseas operations on a selective basis. The Company's overseas operations currently include automotive financing businesses in Laos and Indonesia, each of which is conducted through joint ventures with local business partners and has achieved significant growth in recent years. See "Business — Automotive Financing and Leasing — Overseas Business." Subject to market conditions, the Company may also seek to provide automotive or other financing products in other countries. Overseas operations involve risks that are different from those the Company faces in its domestic operations, including the following:

- challenges of complying with multiple foreign laws and regulatory requirements, including tax laws and laws regulating the Company's operations and investments;
- volatility of overseas economic conditions, including fluctuations in foreign currency exchange rates;
- difficulties in enforcing creditors' rights in foreign jurisdictions;
- risk of expropriation and exercise of sovereign immunity where the counterparty is a foreign government;

- difficulties in establishing, staffing and managing foreign operations;
- differing labor regulations;
- political and economic instability, natural calamities, war and terrorism;
- lack of familiarity with local markets and competitive conditions;
- changes in applicable laws and regulations in Korea that affect foreign operations; and
- obstacles to the repatriation of earnings and cash.

Any failure by the Company to recognize or respond to these differences may adversely affect the success of its operations in those markets, which in turn could adversely affect its business and results of operations.

The Company may not be successful in implementing new business strategies or penetrating new markets, including through acquisitions, joint ventures or alliances.

While the Company is currently focused on maintaining its competitive position in its core businesses, the Company may selectively enter into new business areas and/or introduce new products and services, subject to business opportunities and prevailing market conditions. For example, in June 2016, the Company introduced KB ChaChaCha, an online trading platform for used cars in Korea, to supplement and create synergies with its automotive financing business, which has since grown to become a leading platform of such kind in Korea. More recently, in December 2023, the Company acquired a 96% equity interest in Teamwink Inc., which operated "Alda," an online loan comparison and management platform, with the goal of creating synergies to further strengthen its personal loan business and explore new business opportunities in collaboration with its KB Financial Group affiliates and other third parties. In October 2024, the Company changed the name of the acquired entity to KB Fintech Co., Ltd. and re-branded the platform as "KB Alda."

The introduction of new financial products and services exposes the Company to a number of risks and challenges, including, among others, additional marketing and compliance costs, failure to realize anticipated returns and associated opportunity costs, failure to identify and offer attractive new services in a timely fashion, competitors that may have substantially greater experience and resources, and difficulties in hiring or retaining capable personnel. In addition, as part of its business strategy, the Company may also seek, evaluate or engage in potential acquisitions, mergers, restructurings, combinations, rationalizations, divestments, and other similar opportunities, including with existing or future related-party joint ventures, acquisitions and strategic alliances and with respect to existing or new product lines. The prospects of these initiatives are uncertain, and there is no assurance that the Company will be able to successfully implement or grow new ventures, and these ventures may prove more difficult or costly or less profitable than expected. If the Company is unsuccessful in its new business endeavors, the Company may fail to recover its investments or expenditures, which together with associated opportunity costs, may have a material adverse effect on the Company's business, financial condition and results of operations.

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

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

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

The Company's risk management system may not be effective in mitigating risk and loss.

The Company seeks to monitor and manage its risk exposure through a broad risk management platform, encompassing a multi-layered risk management governance structure, reporting and monitoring systems, early warning systems, credit risk management systems for the Company's business operations and other risk management infrastructure, using a variety of risk management strategies and techniques. See "Business — Risk Management." However, such risk management strategies and techniques employed by the Company and the judgments that accompany their application cannot anticipate the economic and financial outcome in all market environments, and many of the Company's risk management strategies and techniques have a basis in historical market behavior that may limit the effectiveness of such strategies and techniques in times of significant market stress or other unforeseen circumstances. Furthermore, the Company's risk management strategies may not be effective in a difficult or less liquid market environment, as other market participants may be attempting to use the same or similar strategies as the Company to deal with such market conditions. In such circumstances, it may be difficult for the Company to reduce its risk positions due to the activity of such other market participants.

The Company's failure to manage operational risk could adversely affect its business.

Operational risk is the risk of loss resulting from, among other factors, inadequate or failed processes, systems or internal controls, theft, fraud, or natural disasters. Operational risk can occur in many forms including, but not limited to, errors, business interruptions, failure of controls, inappropriate behavior of or misconduct by the Company's employees or those contracted to perform services for the Company (including third party agents that market the Company's financing products), and vendors that do not perform in accordance with their contractual agreements. These events may result in financial losses or other damages to the Company, including damage to its reputation.

In order to monitor and manage operational risk, the Company maintains a framework of internal controls designed to provide a sound and well-controlled operational environment. However, due to the complexity of the Company's business, problems could be identified in the future, and there is no assurance that these problems will not have a material effect on the Company's operations. The Company strives to maintain appropriate levels of operational risk relative to its business strategies, competitive and regulatory environment, and the markets in which it operates. The Company believes that it maintains appropriate levels of insurance coverage for those aspects of operating risk that can be mitigated through the purchase of insurance. Notwithstanding these control measures and insurance coverage, the Company remains exposed to certain levels of operational risk and there is no assurance that these problems will not have an adverse effect on the Company's operations.

The Company's failure to manage risks associated with its information and technology systems could adversely affect its business.

With the proliferation of new technologies and the increasing use of the Internet and mobile devices to conduct financial transactions, the Company's operations as a financial institution have been, and will continue to be, subject to an increasing risk of cyber incidents relating to these activities, the nature of which is continually evolving. These risks, which may arise internally and externally, include malfunctions and failures, human error or misconduct (including cyberattacks) and other external factors. Although the Company actively seeks to identify and remedy flaws in its information and technology systems, it may not be able to prevent all types of defects in or malfunctioning of its systems and any such occurrences in the future could potentially result in financial losses or other damages to the Company, including damage to its reputation.

The Company relies on internal and external information and technology systems to generate new business, provide services to customers, administer customer data and manage the Company's operations, including its core lending business as well as the KB ChaChaCha online used car trading platform. The Company uses advanced software, systems and networks to manage its customer and accounting data and other aspects of its business. However, such hardware systems and software are vulnerable to damage or interruption by human error, misconduct, malfunction, natural disasters, power loss, sabotage, computer viruses and similar events or the interruption or loss of support services from third parties such as Internet data center operators, system vendors and Internet service providers. Any disruption, outage, delay or other difficulty experienced by any of these information and technology systems could result in slower processing of applications and reduced efficiency in servicing including delays in the provision or repayment of borrowings, or decreased consumer confidence in the Company's business, or otherwise adversely affect the Company's results of operations.

The Company is subject to the Act on Use and Protection of Credit Information, which regulates companies that use databases of personal credit information for its business. The Company is also subject to the Personal Information Protection Act, which regulates the collection, use and provision of personal information and the procedure for obtaining consents on handling personal information. Through its business, the Company acquires a large amount of personal and financial information related to its customers. In addition, certain third party vendors may provide services to the Company using personal and financial information of its customers. Improper use or disclosure of, or a failure to protect or properly control, such information could result in violations of applicable laws or reputational or financial harm to the Company. The Company takes precautionary measures, including implementation of internal compliance procedures, to prevent and detect misuse or unauthorized disclosure of customers' personal information, but these measures may not be effective in all cases, particularly in respect of third party vendors. There is no assurance that stricter legal and regulatory measures or heightened regulatory activities will not have an adverse effect on the business and operation of such financial institutions, including the Company.

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

Under the capital adequacy requirements of the FSC, all specialized credit financial companies in Korea, including the Company, are required to maintain a minimum ratio of adjusted capital to adjusted assets of 7.0% (8.0% for credit card companies). See "Risk Management — Capital Adequacy." As of December 31, 2023 and 2024 and June 30, 2025, the Company's adjusted capital adequacy ratios on a separate basis under the FSC requirements were 14.32%, 14.49% and 15.01%, respectively, which exceeded the minimum levels required by the FSC. However, the Company's capital base and capital adequacy ratios may deteriorate in the future if its results of operations or financial condition deteriorates for any reason, including as a result of a deterioration in the asset quality of the Company's financial receivables, or if the Company is not able to deploy its funding into suitably low-risk assets.

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

A deterioration in the Company's labor relations could adversely affect the Company's business.

As of June 30, 2025, a majority of the Company's eligible employees in Korea were members of its labor union. Every year, the Company's labor union and the Company's management negotiate annual wage adjustments and enter into a new collective bargaining agreement. The Company has not experienced any strikes or other material labor disputes in recent years and considers its current relations with its work force to be good. However, there can be no assurance that the Company's relationship with its employees will not deteriorate in the future. Any labor unrest, work stoppages or strikes could prevent the Company from continuing normal business operations, which in turn could have a material adverse effect on its business, financial condition and results of operations.

Occurrences of widespread infectious diseases, including any possible recurrence of COVID-19, may adversely affect the Company's business, financial condition or results of operations.

The outbreak of any infectious diseases, such as COVID-19, could expose the Company to a number of risks, including but not limited to:

- an increase in defaults on loan payments and receivables from the Company's customers that are particularly affected by the disease, who may not be able to meet payment obligations, which may lead to an increase in delinquency ratios and a deterioration in asset quality, resulting in increased write-offs, higher provisioning and reduced interest and fee income;

- significant changes in interest rates worldwide (see "— Fluctuations in interest rates may negatively affect the Company's margins and volumes.");

- depreciation of the Won against major foreign currencies, which in turn may increase the Company's cost in servicing its foreign currency denominated debt and result in foreign exchange losses (see "— Difficult conditions in the Korean and global economy could adversely affect the Company's profitability, liquidity and asset quality.");

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

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

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

In the event that a future recurrence of COVID-19 or other types of widespread infectious diseases cannot be effectively and timely contained, the Company's business, financial condition and results of operations may be adversely affected.

Risks Relating to Regulation

The legal and regulatory environment in which the Company operates could have a material adverse effect on the Company's business and earnings.

The Company's operations are heavily regulated and subject to various laws and regulations imposing various requirements and restrictions relating to supervision and regulation. See "Business — Regulation and Supervision." Such regulation and supervision are primarily designed to protect financial customers and could limit the Company's discretion in operating its business. Non-compliance with applicable statutes or regulations could result in the suspension or revocation of the Company's relevant business license or registration, as well as the imposition of civil fines and criminal penalties. In addition, changes in the accounting rules or their interpretation could have an adverse effect on the Company's business and earnings. Such changes may be more restrictive or result in higher costs than current requirements or otherwise materially affect the Company's business, results of operations or financial conditions.

Over the years, in light of continually increasing public concern regarding privacy issues, the Government has placed greater emphasis on protection of personal information by financial institutions and has implemented a number of measures to enhance consumer protection, including considerably restricting a financial institution's ability to transfer or provide personal information to its affiliates or holding company. Under the Personal Information Protection Act, financial institutions, as personal information managers, may not collect, store, maintain, utilize or provide resident registration numbers of their customers, unless other laws or regulations specifically require or permit the management of resident registration numbers. In addition, under the Use and Protection of Credit Information Act, a financial institution has a higher duty to protect all information that it collects from its customers and is required to treat such information as credit information. A financial

institution's ability to transfer or provide the information to its affiliates or holding company is considerably restricted. Increased damages may be imposed on a financial institution for leakage of such information. Furthermore, under the Electronic Financial Transaction Act, a financial institution is primarily responsible for compensating its customers harmed by a cybersecurity breach affecting the financial institution even if the breach is not directly attributable to the financial institution. These and other measures that may be implemented by the Government to strengthen consumer protection laws applicable to financial institutions may limit the Company's operational flexibility and cause the Company to incur significant additional compliance costs, as well as subject the Company to increased potential liability to its customers, which could adversely affect the Company's business and performance.

The Company is also exposed to changes in regulations and policies on retail lending by the Government, which may adopt measures to restrict retail lending in order to reduce household debt levels and curtail excessive speculation in the real estate market. See "— Risks Relating to the Company — Future changes in market conditions as well as other factors may lead to increases in delinquency levels of the Company's retail financing portfolio."

While the Company believes that it is currently in compliance with applicable regulatory requirements in all material respects, failure to do so, whether inadvertently or otherwise, could have a material adverse effect on the Company's operations and on its reputation generally. No assurance can be given that applicable laws or regulations will not be amended or construed differently, that new laws and regulations will not be adopted or that the Company will not be prohibited by laws from adjusting the rates of interest and fees it charges to its customers to a level commercially desirable to the Company, any of which could materially adversely affect the Company's business, financial condition or results of operations.

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

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

- capital increases or reductions;
- stock cancellations or consolidations;
- transfers of businesses;
- sale of assets;
- closures of subsidiaries or branch offices;
- mergers with other financial institutions; and
- suspensions of a part of the Company's business operations.

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

Risks Relating to Korea

If economic conditions in Korea deteriorate, the Company's current business and future growth could be materially and adversely affected.

The Company is incorporated in Korea, and substantially all of its operations are located in Korea. As a result, the Company is subject to political, economic, legal and regulatory risks specific to Korea, and the Company's performance and successful execution of its operational strategies are dependent on the overall Korean economy. The economic indicators in Korea in recent years have shown mixed signs of growth and uncertainty, and future growth of the Korean economy is subject to many factors beyond the Company's control, including developments in the global economy.

Following a period of deterioration due to the debilitating effects of the COVID-19 pandemic on the Korean economy as well as on the economies of Korea's major trading partners in 2020, the overall Korean economy showed signs of recovery in 2021. However, adverse conditions and volatility in the worldwide financial markets, fluctuations in oil and commodity prices, supply chain disruptions and the increasing weakness of the global economy, as well as significant fluctuations in policy interest rates globally (including Korea), have contributed to the uncertainty of global economic prospects in recent years and have adversely affected, and may continue to adversely affect, the Korean economy. The value of the Won relative to major foreign currencies, in particular the U.S. dollar, has fluctuated significantly and, as a result of uncertain global and Korean economic, social and political conditions, there has been significant volatility in the stock prices of Korean companies recently. Future declines in the Korea Composite Stock Price Index (the "KOSPI"), and large amounts of sales of Korean securities by foreign investors and subsequent repatriation of the proceeds of such sales may adversely affect the value of the Won, the foreign currency reserves held by financial institutions in Korea, and the ability of Korean companies to raise capital. Any future deterioration of the Korean or global economy could adversely affect the Company's business, financial condition and results of operations and the market price of the Notes.

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

- declines in consumer confidence and a slowdown in consumer spending, including as a result of higher levels of market interest rates;

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

- political uncertainty or increasing strife among or within political parties in Korea following the declaration of martial law by former President Yoon Suk-yeol in December 2024 that led to his impeachment and subsequent removal in April 2025 and the election of Mr. Lee Jae-myung as President in June 2025;

- hostilities or political or social tensions involving Russia (including the Russia-Ukraine war and the ensuing actions against Russia) and any resulting adverse effects on the global supply of oil and other natural resources or the global financial markets;

- adverse conditions or developments in the economies of countries and regions that are important export markets for Korea, such as China, the United States, Europe and Japan, or in emerging market economies in Asia or elsewhere, including as a result of the deteriorating economic and trade relations between the United States and such other countries (including the imposition of significant tariffs by the United States on its trading partners, which has been followed by retaliatory tariffs in some cases) and increased uncertainties in the global financial markets and industry;

- the imposition of significant tariffs on Korea's exports by any of its major export markets, such as the imposition of a 15% tariff on Korea's exports generally (and a 25% tariff on specific products, such as automobiles) to the United States announced in July 2025;

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

- the occurrence of severe health epidemics in Korea or other parts of the world;

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

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

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

- deterioration in the financial condition or performance of small- and medium-sized enterprises and other companies in Korea;

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

- continuing rise in the level of household debt and increasing delinquencies and credit defaults by retail and small- and medium-sized enterprise borrowers in Korea;

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

- social and labor unrest;

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

- a substantial decrease in tax revenues and a substantial increase in the Government's expenditures for fiscal stimulus measures, unemployment compensation and other economic and social programs, which would likely lead to a national budget deficit as well as an increase in the Government's debt;

- financial problems or lack of progress in the restructuring of Korean business groups, other large troubled companies, their suppliers or the financial sector;

- loss of investor confidence arising from corporate accounting irregularities or corporate governance issues concerning certain Korean companies;

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

- a continued decrease in the population and birthrates in Korea;

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

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

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

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

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

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

- North Korea renounced its obligations under the Nuclear Non-Proliferation Treaty in January 2003 and conducted six rounds of nuclear tests since October 2006, including claimed detonations of hydrogen bombs and warheads that can be mounted on ballistic missiles. Over the years, North Korea has continued to conduct a series of missile tests, including ballistic missiles launched from

submarines and intercontinental ballistic missiles that it claims can reach the United States mainland. In response, the Government has repeatedly condemned the provocations and flagrant violations of relevant United Nations Security Council resolutions. In February 2016, the Government also closed the inter-Korea Gaesong Industrial Complex in response to North Korea's fourth nuclear test in January 2016. Internationally, the United Nations Security Council has passed a series of resolutions condemning North Korea's actions and significantly expanding the scope of sanctions applicable to North Korea, most recently in December 2017 in response to North Korea's intercontinental ballistic missile test in November 2017. Over the years, the United States and the European Union have also expanded their sanctions applicable to North Korea.

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

North Korea's economy also faces severe challenges, which may further aggravate social and political pressures within North Korea.

Although bilateral summit meetings were held between the two Koreas in April, May and September 2018 and between the United States and North Korea in June 2018, February 2019 and June 2019, there can be no assurance that the level of tensions affecting the Korean peninsula will not escalate in the future. Any increase in tensions, which may occur, for example, if North Korea experiences a leadership crisis, high-level contacts between Korea and North Korea break down or military hostilities occur, could have a material adverse effect on the Korean economy and on the Company's business, financial condition and results of operations and the price of the Notes, including a downgrade in the Company's credit rating or of the Notes.

There are special risks involved with investing in securities of Korean companies.

As the Company is a Korean company and operates in a business and cultural environment that is different from that of other countries, there are risks associated with investing in its securities that are not typical for investments in securities of companies in other jurisdictions.

Under the Foreign Exchange Transaction Law of Korea and its Enforcement Decree and regulations under that Law and Decree (collectively referred to as the "Foreign Exchange Transaction Laws"), if the Government deems that certain emergency circumstances, including sudden fluctuations in interest rates or exchange rates, extreme difficulty in stabilizing the balance of payments or substantial disturbance in the Korean financial and capital markets, are likely to occur, it may impose any necessary restriction such as requiring Korean or foreign investors to obtain prior approval from the Minister of Economy and Finance for the acquisition of Korean securities or for the repatriation of interest, dividends or sales proceeds arising from Korean securities or other types of capital transactions. Moreover, if the Government deems it necessary on account of war, armed conflict, natural disaster or grave and sudden changes in domestic or foreign economic circumstances or similar events or circumstances, the Minister of Economy and Finance may temporarily suspend performance under any or all foreign exchange transactions, in whole or in part, to which the Foreign Exchange Transaction Laws apply (including suspension of payment and receipt of foreign exchange) or impose an obligation to deposit or sell any means of payment to the BOK or certain other governmental agencies or financial institutions.

In addition, the Company's audited consolidated financial statements included in this Offering Circular are presented in accordance with K-IFRS and its future financial statements will be prepared in accordance with K-IFRS, which differ in certain respects from accounting principles applicable to companies in certain other countries, including the United States. In making an investment decision, investors must rely upon their own examination of the Company, the terms of the offering and the financial and other information contained in this Offering Circular.

Risks Relating to the Notes

The Notes are unsecured obligations.

Because the Notes are unsecured obligations, the Company's ability to pay interest or principal on the Notes may be adversely affected if it enters into bankruptcy, liquidation, reorganization or other winding-up proceedings, it defaults in payment under its future secured indebtedness or other unsecured indebtedness, or its indebtedness becomes accelerated. If any of the foregoing events occurs, the Company's assets may not be sufficient to pay amounts due on any of the Notes.

The Notes are subject to transfer restrictions.

The Notes have not been and will not be registered under the FSCMA. Accordingly, the Notes may not be offered, sold or delivered, directly or indirectly, in Korea or to, or for the account or benefit of, any resident of Korea (as such term is defined under the Foreign Exchange Transaction Law of Korea and its Enforcement Decree and the Regulations thereunder) or to others for re-offering or resale, directly or indirectly, in Korea or to any residents of Korea, except as otherwise permitted under applicable Korean laws and regulations.

In addition, until the expiration of one year after the issuance of the Notes, the Notes may not be transferred to any resident of Korea other than to a Korean QIB registered with KOFIA as a Korean QIB as defined in the Regulation on Securities Issuance, Public Disclosure, etc. of Korea, provided that the amount of the Notes acquired by such Korean QIBs in the primary market is limited to no more than 20% of the aggregate issue amount of the Notes.

The Notes will not be registered under the Securities Act or any state securities laws and may not be offered or sold within the United States, except pursuant to an exemption from, or in another transaction not subject to, the registration requirements of the Securities Act and in accordance with applicable state securities laws. For a further discussion of the transfer restrictions applicable to the Notes, see "Transfer Restrictions."

The Notes may have limited liquidity.

The Notes constitute a new issue of securities that may not be widely distributed and for which there is no existing market. Application will be made to the Singapore Exchange for the listing and quotation of the Notes on the Singapore Exchange. The offer and sale of the Notes is not conditioned on obtaining a listing of the Notes on the Singapore Exchange or any other exchange. Although the Managers have advised the Company that they currently intend to make a market in the Notes, they are not obligated to do so, and any market-making activity with respect to the Notes, if commenced, may be discontinued at any time without notice at their sole discretion. For further discussion of the Managers' planned market-making activities, see "Subscription and Sale."

No assurance can be given as to the liquidity of, or the development and continuation of an active trading market for, the Notes. If an active trading market for the Notes does not develop or is not maintained, the market price and liquidity of the Notes may be adversely affected. If such a market were to develop, the Notes could trade at prices that may be higher or lower than the price at which the Notes are issued depending on many factors, including:

- prevailing interest rates;
- the Company's results of operations and financial condition;
- political and economic developments in and affecting Korea;
- the market conditions for similar securities; and
- the financial condition and stability of the Korean financial sector.

Credit ratings are periodically assigned to the Company and the Notes.

The Company's debt securities, including the Notes, and the Company are subject to periodic review by independent credit rating agencies. Accordingly, increases in the level of the Company's outstanding indebtedness, a deterioration in the Company's operating performance or other events could cause the rating agencies to downgrade the Company's credit ratings generally and the ratings on the Notes, which could adversely impact the trading prices for, or the liquidity of, the Notes. Any such downgrade could also adversely affect the Company's cost of borrowing, limit the Company's access to the capital markets or result in more restrictive covenants in future debt agreements.

The Notes are expected to be rated "A3" by Moody's. The credit ratings assigned to the Notes are limited in scope, and may not reflect the potential impact of all risks that may affect the value of the Notes. Each agency's rating should be evaluated independently of any other agency's rating. A credit rating is not a recommendation to buy, sell or hold the Notes and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency. There can be no assurance that these ratings will remain in effect for a given period or that these ratings will not be revised by the rating agencies in the future.

USE OF PROCEEDS

The Company expects to use the net proceeds from the Notes, estimated to be US$295,452,000 (after deduction of Managers' discounts but not estimated offering expenses), principally for general corporate purposes, including in connection with the repayment of its outstanding borrowings.

CAPITALIZATION

The following table sets forth the Company's actual capitalization (defined as the sum of long-term debt and equity) as of June 30, 2025 as derived from the unaudited condensed consolidated interim financial statements of the Company as of June 30, 2025 and as adjusted to give effect to the issuance of the Notes offered hereby, before deducting the Managers' discounts and estimated offering expenses payable by the Company and on the assumption that the proceeds from the issuance of the Notes will not be used for the immediate repayment of outstanding borrowings. For additional information, see "Selected Consolidated Financial and Other Data" and the unaudited condensed consolidated interim financial statements of the Company and the notes thereto included elsewhere in this Offering Circular.

	As of June 30, 2025	
	Actual	**As adjusted**
	(in billions of Won)	
Long-term debt:		
Long-term debentures, excluding current portion, prior to deducting discounts	₩ 8,475	₩ 8,475
Long-term borrowings, prior to deducting present value discount	200	200
Notes offered hereby[(1)]	–	407
Total long-term debt	8,675	9,082
Equity:		
Share capital	161	161
Hybrid securities	499	499
Capital surplus	329	329
Accumulated other comprehensive loss	(17)	(17)
Retained earnings	1,600	1,600
Non-controlling interests	17	17
Total equity	2,590	2,590
Total capitalization	₩11,265	₩11,672

(1) Translated into Won at ₩1,356.4 to US$1.00, the Market Average Exchange Rate in effect on June 30, 2025.

Other than as indicated herein, there has been no material change in the Company's total capitalization since June 30, 2025.

EXCHANGE RATES

The table below sets forth, for the periods and dates indicated, information concerning the Market Average Exchange Rate, announced by Seoul Money Brokerage Services, Ltd., between Won and U.S. dollars and rounded to the nearest tenth of one Won. No representation is made that the Won or U.S. dollar amounts referred to herein could have been or could be converted into U.S. dollars or Won, as the case may be, at any particular rate or at all.

Period	At End of Period	Average Rate[(1)]	High	Low
		(Won per US$1.00)		
2020	₩1,088.0	₩1,180.1	₩1,280.1	₩1,082.7
2021	1,185.5	1,144.4	1,199.1	1,083.1
2022	1,267.3	1,292.0	1,436.6	1,185.5
2023	1,289.4	1,305.4	1,360.6	1,219.3
2024	1,470.0	1,364.0	1,474.1	1,289.4
2025 (through September 24)	1,393.8	1,413.0	1,482.9	1,352.6
April	1,438.5	1,444.3	1,482.9	1,418.9
May	1,381.4	1,394.5	1,426.9	1,365.0
June	1,356.4	1,367.0	1,381.9	1,356.4
July	1,382.9	1,375.2	1,391.9	1,352.6
August	1,388.6	1,389.7	1,399.3	1,382.2
September (through September 24)	1,393.8	1,389.5	1,394.0	1,380.0

Source: Seoul Money Brokerage Services, Ltd.

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

BUSINESS

Overview

The Company is one of the leading specialized credit finance companies in Korea, distinguished by its well-diversified portfolio and strong retail franchise. The Company is a wholly-owned subsidiary of KB Financial Group, which provides the Company with strong brand recognition and cross-selling opportunities through the Company's affiliation with other subsidiaries of KB Financial Group, including Kookmin Bank, one of the largest commercial banks in Korea, and other member companies of the KB Financial Group engaged in non-bank financial businesses such as securities brokerage, insurance and credit card services. The Company's core automotive financing and leasing business also benefits from its operation of KB ChaChaCha, a leading online (including mobile) used car trading platform in Korea, which provides users with a convenient one-stop online platform for buying and selling used cars that allows them to directly apply for the Company's automotive financing products. The Company's well-diversified business portfolio supports stable profitability and capital efficiency, and it maintains a strong position in the retail financing market in Korea, bolstered in part by its KB ChaChaCha platform.

The Company's product offerings include the following:

- *Automotive financing and leasing*: the Company provides automotive financing to purchasers of new and used cars and commercial vehicles, arranged as either installment financings or loans. The Company also provides financing for automotive leases and long-term car rentals to individuals and corporate customers and inventory financing to dealerships. The Company also markets and sells its automotive financing products directly online, including through its operation of the KB ChaChaCha platform.

- *Personal loans*: the Company provides consumer loans to individuals and small business owners. A substantial majority of these loans are personal credit loans, which are typically unsecured and without a guarantee. The Company also provides home loans, which mainly consist of "key money" loans for rent deposit payments. The Company utilizes its extensive automotive financing and leasing customer database as well as the customer bases of other member companies of the KB Financial Group to cross-sell its personal loan products.

- *Corporate financing (including principal investments and financing)*: the Company offers general corporate loans, project financing and other types of financings to corporate customers. The Company also actively pursues attractive principal investment and financing opportunities in corporate targets through its participation in private equity funds, mezzanine financing, acquisition financing and investments in technology start-up companies.

The Company's operating profit was Won 235 billion in 2023 and Won 289 billion in 2024, and Won 177 billion in the first half of 2024 and Won 161 billion in the first half of 2025. The Company recorded profit for the year of Won 188 billion in 2023 and Won 225 billion in 2024, and profit for the period of Won 138 billion in the first half of 2024 and Won 125 billion in the first half of 2025. The Company had total assets of Won 16,585 billion, Won 18,140 billion and Won 18,060 billion, respectively, and total equity of Won 2,279 billion, Won 2,480 billion and Won 2,590 billion, respectively, as of December 31, 2023, December 31, 2024 and June 30, 2025.

History

The Company was established in 1989 as Hanmi Lease Co., Ltd. and listed on the Korea Exchange in November 1996. In June 1999, the Company changed its name to Hanmi Capital Co., Ltd. Shortly thereafter, the Company began engaging in the installment financing and new technology financing businesses in addition to its existing automotive lease financing business. In November 2006, the Company acquired the installment financing business of Ssangyong Capital Co., Ltd., an affiliate of SsangYong Motor, a leading manufacturer of sports utility vehicles and trucks in Korea. In September 2007, the Company changed its name to Woori Financial Co., Ltd. and became a member company of Woori Financial Group upon the acquisition of a 52.0% equity interest in the Company by Woori Finance Holdings Co., Ltd. In March 2014, KB Financial Group acquired all of Woori Finance Holdings' controlling equity interest in the Company and changed its name to KB Capital Co., Ltd., and as a result, the Company became a consolidated subsidiary of KB Financial Group. In July 2017, following a series of transactions including a public tender offer and an exchange offer of the Company's shares by KB Financial Group, the Company became a wholly-owned subsidiary of KB Financial Group and was delisted from the Korea Exchange.

In November 2015, the Company established a joint venture company, SY Auto Capital Co., Ltd., with SsangYong Motor, to serve as the captive automotive financing company of Ssangyong Motor. In May 2023, the Company sold its entire 49% equity stake in SY Auto Capital to KG Innisys Co., Ltd. following the acquisition of SsangYong Motor by the KG Group. In February 2017, the Company established KB KOLAO Leasing Co., Ltd. ("KB KOLAO"), a joint venture among the Company, KB Kookmin Card (an affiliate of the Company and a member of the KB Financial Group) and LVMC (formerly known as KOLAO Holdings), and acquired a 51% equity ownership in KB KOLAO (which is a consolidated subsidiary of the Company) to enter the automotive financing market in Laos. In May 2020, the Company acquired an 85% equity interest in PT Sunindo Parama Finance, an Indonesian credit finance company, and changed its name to PT Sunindo Kookmin Best Finance to enter the Indonesian automotive financing market. See "— Business Operations — Automotive Financing and Leasing — Overseas Business."

More recently, in December 2023, the Company acquired a 96% equity interest in Teamwink Inc., which operated "Alda," a digital loan brokerage platform that enables customers to compare and apply for financing products, with the goal of creating synergies to further strengthen its personal loan business and explore new business opportunities in collaboration with its KB Financial Group affiliates and other third parties. In October 2024, the Company changed the name of the acquired entity to KB Fintech Co., Ltd. and re-branded the platform as "KB Alda."

Business Operations

The Company engages in three principal lines of financing businesses:

- Automotive financing and leasing;
- Personal loans; and
- Corporate financing (including principal investments and financing).

The following table sets forth a breakdown of the Company's operating assets by business line and related percentage data for the periods indicated.

	As of December 31,				As of	
	2023		2024		June 30, 2025	
	(in billions of Won, except percentages)					
Automotive financing and leasing[1]:						
Automotive loans for used cars	₩ 2,361	15.0%	₩ 2,505	14.7%	₩ 2,489	14.5%
Automotive leases	2,523	16.0	2,381	14.0	2,363	13.8
Car rentals	1,272	8.1	1,374	8.1	1,466	8.5
Installment financing for new cars	1,433	9.1	1,093	6.4	914	5.3
Commercial vehicle financing	1,015	6.5	1,138	6.7	1,220	7.1
Inventory financing[2]	493	3.1	541	3.2	633	3.7
Sub-total	9,097	57.8	9,033	53.2	9,084	52.9
Personal loans:						
Personal credit loans	2,366	15.0	2,440	14.4	2,424	14.1
Home loans	286	1.8	260	1.5	246	1.4
Others	3	0.0	1	0.0	0	0.0
Sub-total	2,654	16.8	2,701	15.9	2,671	15.6
Corporate financing:						
Corporate loans	3,218	20.4	4,032	23.7	4,004	23.3
Principal investments and financing	776	4.9	1,217	7.2	1,404	8.2
Commercial leases	15	0.1	2	0.0	1	0.0
Sub-total	4,008	25.4	5,252	30.9	5,409	31.5
Total	₩15,759	100.0%	₩16,985	100.0%	₩17,164	100.0%

(1) Excludes overseas business.

(2) Includes working capital loans to car dealerships.

Automotive Financing and Leasing

Automotive Loans for Used Cars

The Company provides automotive loans for purchasers of used cars of both domestic and imported origins. Such loans are secured by the underlying vehicle. The Company's automotive loans for used cars are typically capped at the price of the vehicle and are subject to interest rates ranging from 4.9% to 17.9% per annum (as of June 30, 2025) with a maximum maturity of up to 72 months (60 months in the case of refinancing loans). In addition, the Company operates a direct online channel for automotive loans for used cars, which offers lower interest rates compared to the traditional offline channel.

The Company also offers secured loans for car owners who wish to newly borrow funds against their existing vehicles or refinance their current automotive loans. As of June 30, 2025, such loans were subject to interest rates ranging from 6.8% to 19.9% per annum with a maximum maturity of 96 months in the case of new loans, and from 4.9% to 16.9% per annum with a maximum maturity of 60 months in the case of refinancing loans.

The Company's automotive financing business for used vehicles benefit from its continued efforts to actively grow its direct online financing business by leveraging the user traffic generated by the KB ChaChaCha used car trading platform as well as to identify and develop strong relationships with strategically located used car dealerships. See "— Sales and Marketing — Automotive Financing and Leasing."

Automotive Leasing

The Company provides lease financing for various brands of domestic and imported vehicles. The Company offers two types of automotive leases: operating leases and financial leases. Operating leases carry a substantial residual value and offer greater flexibility to customers in terms of financing options than financial leases. In the case of financial leases, the residual value is set at a de minimis level or the customer or a third party commits to purchase the vehicle upon the expiration of the lease, and the customer pays for the lease in a manner substantially similar to that for installment financing. See "— Installment Financing for New Cars." Under both types of leases, the Company holds the title to the vehicle, with limited exceptions. As of June 30, 2025, a significant majority of the Company's automotive lease financial receivables were operating leases, with the remainder consisting of financial leases.

The Company's automotive leases generally have lease periods of 12 to 60 months, with a distance limit of 10,000 to 40,000 kilometers per 12 months. The interest rates charged on the Company's automotive lease products depend on the amount of initial deposit and the distance limit in addition to the Company's general policies for the pricing and target margins. See "— Pricing." Such leases generally cover the vehicle price, registration cost and applicable tax expenses for the lease period. Insurance coverage is also included in the lease payments in certain cases. Depending on the credit profile of a customer, a deposit of up to 40% (or higher in exceptional cases) of the lease value may be required upon commencement of the lease, which is returned upon expiration. The residual value of vehicles under operating leases is generally 30% to 60% of the original vehicle purchase price.

The customer is typically given the option to extend the lease or purchase the vehicle at the end of the lease term. If the customer does not exercise such option, the Company typically sells the vehicle to a used car dealership through a bidding process or directly to consumers through the Company's KB ChaChaCha platform upon the return of such vehicle at the expiration of the lease term.

Car Rental

The Company operates a long-term car rental business, which typically carries a minimum contract period of one year, for various domestic and imported car brands. Similar to the case of automotive leasing, the Company holds the title of the rented vehicles during the rental term and provides maintenance services with limited exceptions, and the rental is typically subject to a distance limit of 10,000 to 40,000 kilometers per 12 months, although an option for no distance limit is also available. However, the automotive insurance on the vehicle is arranged and undertaken under the Company's name rather than the customer's. While the primary customers of the Company's long-term car rental business consist of corporations and small businesses, which in most cases are able to deduct the rental expenses for tax purposes, the Company believes that car rentals are becoming increasingly popular with individual customers in part due to the additional convenience offered by car rentals over purchasing or leasing vehicles. The rental terms range from 12 to 60 months, and the customer is typically given the option to extend the rental term or purchase the vehicle at the end of the rental term.

Installment Financing for New Cars

The Company provides installment financing to purchasers of new cars. The Company's automotive installment financing arrangements are made pursuant to a tripartite agreement among the customer, the seller of the car and the Company as installment financing provider. The seller receives full payment upfront from the Company and the customer then repays the principal and interest of the loan to the Company in installment payments, which are typically made in equal monthly amounts. The Company typically holds a security interest in the car during the installment period.

As of June 30, 2025, the applicable interest rates for new car installment financing, which are determined based on the terms agreed between the Company and the vendor of the car, generally ranged from 5.0% to 10.0% per annum, with a maximum maturity of up to 60 months.

From time to time, the Company selectively enters into strategic affiliations in Korea with manufacturers and/or sales affiliates of leading automobile brands, which currently include Jaguar Land Rover and Cadillac. These strategic partners typically commit to provide a minimum amount and/or percentage of their annual car sales for the Company's financing products, in some cases in return for preferential interest rates on their inventory financing loans provided by the Company, thereby allowing the Company to secure stable sources of automotive financing opportunities. The Company and its strategic partners from time to time offer preferential interest rates and promotional financing and lease products to customers.

Commercial Vehicle Financing

The Company offers installment financing and loan products for purchases of new and used commercial vehicles such as cargo trucks, buses and construction vehicles. The Company focuses on directly marketing its commercial vehicle financing products to corporate customers with sound credit. The Company's automotive financing of commercial vehicles is typically capped at a percentage of the purchase price of the vehicle. As of June 30, 2025, such financing products were typically subject to interest rates ranging from 5.3% to 10.7% per annum with a maximum maturity of up to 96 months in the case of new vehicles and from 7.4% to 14.5% per annum with a maximum maturity of up to 72 months in the case of used vehicles. All of the Company's commercial vehicle financing products are secured by the underlying vehicle.

Inventory Financing

The Company provides short-term inventory financing to certain new and used car dealerships in Korea that are in strategic relationships with us. The Company's inventory financing is secured by the underlying vehicles and are subject to interest rates ranging from 4.0% to 20.0% per annum (as of June 30, 2025). The maturity of the Company's inventory financing typically ranges from three to five months, which may be renewed for successive periods in the case of new car dealerships, depending on the type of dealership and specific credit terms. In some cases, the Company also provides working capital loans to certain car dealerships.

Overseas Business

In February 2017, the Company established KB KOLAO, a joint venture among the Company, KB Kookmin Card (a subsidiary of KB Financial Group which engages in credit card business) and LVMC (formerly known as KOLAO Holdings), and acquired a 51% equity ownership in such company to enter into the automotive financing business in Laos. Since then, KB KOLAO has grown to secure the largest market share in the automotive financing market in Laos in 2024, and it continues to generate stable profit. KB KOLAO, which is a consolidated subsidiary of the Company, recorded operating income of Won 19.0 billion, Won 22.9 billion and Won 11.6 billion in 2023, 2024 and the first half of 2025, respectively, and it had total assets of Won 135.2 billion, Won 158.4 billion and Won 136.0 billion as of December 31, 2023, December 31, 2024 and June 30, 2025, respectively.

In May 2020, the Company acquired an 85% equity interest in PT Sunindo Parama Finance, an Indonesian credit finance company, and changed its name to PT Sunindo Kookmin Best Finance ("Sunindo KB Finance") to enter into the Indonesian automotive financing market in collaboration with Sun Motor Group, a major Indonesian business group with numerous dealerships for a number of international automobile brands in Indonesia. Since its inception, Sunindo KB Finance has rapidly expanded its automotive financing business in Indonesia by leveraging the dealership network operated by Sun Motor Group and entering into strategic partnerships with Hyundai Motors and Hyundai Construction Equipment (a manufacturer of construction vehicles). Sunindo KB Finance has also explored cross-selling opportunities with other KB Financial Group affiliates operating in Indonesia, including Bank Bukopin (Kookmin Bank's Indonesian banking affiliate) and KB Insurance Indonesia. Sunindo KB Finance, which is a consolidated subsidiary of the Company, recorded operating income of Won 14.7 billion, Won 16.2 billion and Won 9.3 billion in 2023, 2024 and the first half of 2025, respectively, and it had total assets of Won 126.2 billion, Won 160.1 billion and Won 159.5 billion as of December 31, 2023, December 31, 2024 and June 30, 2025, respectively.

Personal Loans

Under the reporting guidelines of the BOK, personal credit refers to credit extended to individuals and small-sized sole proprietorships (commonly referred to as "SOHOs"), and consists of "personal loans" and, to a less extent, "sales on credit." Personal loans represent the sum of general loans made to individuals and SOHOs (including cash advance, card loans, revolving loans and automotive loans) and housing-related credit (including secured housing mortgage loans and housing-related installment financing). Sales on credit represent the sum of installment financing other than housing-related installment financing, upfront credit card payments and credit card installment receivables.

Personal Credit Loans

The Company offers personal credit loans to individuals and SOHOs. Such loans may be secured by the borrower's vehicle or may be unsecured and unguaranteed. In recent periods, the Company has strategically focused on expanding the proportion of secured loans in its personal loans portfolio in light of the Government's policy measures to restrict unsecured personal loans in order to reduce household debt levels.

The Company primarily targets customers with a solid base of tangible assets including homes and automobiles as the primary indicator of their creditworthiness, as well as those with stable income and employment. Certain personal credit loan products are offered exclusively to qualified and existing customers of the Company or its KB Financial Group affiliates.

As of June 30, 2025, the interest rates of the Company's major personal credit loan products ranged from 5.9% to 19.9%, and the maturity of such loans ranged from 12 to 96 months.

Home Loans

A substantial majority of the Company's financial receivables under the home loans product segment are "key-money" (or "*jeonse*") loans, which allow individuals to make a lump-sum deposit on rental housing property, instead of paying monthly rent, with such deposit amounts typically ranging between 50% to 80% of the market value of the property. At the end of the contract, which typically runs for two years, the landlord returns the deposit in its entirety to the renter of such property unless the renter has defaulted on the key money loan with the Company, in which case the Company has a priority right over the renter to receive such deposit pursuant to the security interest held by the Company on the deposit. The Company charges interest on key-money loans at a rate between the range of 4.0% to 9.0% as of June 30, 2025. The Company imposes a limit on its key-money loans of up to 85% to 95% of the actual amount of the key-money deposit. The Company's key-money loans are only available in residential properties specifically developed for rental purposes by certain Government-approved public and private real estate developers, including Korea Land & Housing Corporation and Booyoung Co., Ltd.

Corporate Financing (including Principal Investments and Financing)

The Company offers various types of corporate financing products, including, among others, real estate project financing, direct loans, purchases of account receivables and investments in commercial paper and privately placed bonds. The Company primarily targets medium- and large-sized corporate borrowers in the real estate, construction and financial industries.

As of December 31, 2023 and 2024 and June 30, 2025, a majority of the Company's corporate financing portfolio comprised real estate loans. The Company has been strategically reducing its exposure to higher-risk real estate loans (including project financing and bridge loans), while increasing its focus on corporate financing products with relatively lower risk (such as asset securitization, facility loans and acquisition financing) in recent periods in light of the prevailing uncertainty and difficulties faced by the construction industry in Korea. See "Risk Factors — Risks Relating to the Company — The Company has exposure to the Korean real estate project financing, and financial difficulties of companies involved in such sector may have an adverse impact on the Company."

The Company also actively pursues attractive principal investment and financing opportunities in corporate targets through participation in private equity funds, mezzanine financing (such as bonds with warrants, convertible bonds and exchangeable bonds), acquisition financing and investments in technology start-up companies.

In light of intensified competition and a slowdown in the Korean automotive financing market in recent years and in order to diversify the Company's risk exposures, the Company has increased its focus on developing its corporate financing business in recent years. As a result, the balance of the Company's operating assets in relation to its corporate financing business (including principal investments and financing) increased from Won 4,008 billion as of December 31, 2023 to Won 5,252 billion as of December 31, 2024 and Won 5,409 billion as of June 30, 2025.

Pricing

The interest rates charged on the Company's financing and leasing products and the Company's target margin for such products generally take various factors into consideration, which include:

- the Company's funding costs;
- the credit profile of the borrower or the customer;
- the existence of any collateral, guarantee, deposit or other forms of credit enhancement and the value thereof;
- the interest rates charged by the Company's competitors and other market conditions; and
- taxes and other ancillary costs borne by the Company in connection with such financing or leasing product.

The Company may adjust the interest rate charged to reflect the borrower's transaction history with the Company and current and/or expected future contribution to it. In addition, for most of the Company's financing and leasing products, if a financing or lease contract is terminated prior to its maturity, the borrower is obligated to pay a percentage of the outstanding balance as an early termination fee in addition to the accrued interest to the Company.

Sales and Marketing

Automotive Financing and Automotive Lease

As of June 30, 2025, the Company had a sales network consisting of three centers and 12 automobile financing and/or leasing branches strategically located throughout Korea, whose sales and marketing efforts are supported by five departments under the Company's Automotive Financing Group at the headquarters level. The Company's automotive financing sales force, which works closely with car dealerships, also includes professional agents that work out of the Company's branch offices as exclusive agents of the Company but are not considered to be the Company's employees and third-party sales agencies that market the Company's financing and leasing products on a non-exclusive basis. These agents visit car dealerships frequently to collect loan applications and to provide updates on new products, daily interest rate quotes and any changes to underwriting procedures. As of June 30, 2025, the Company engaged 21 professional agents in its automotive financing and leasing business.

For sales of used vehicles, the Company utilizes strategic relationships with six certified used car showrooms located in the Seoul metropolitan area and other key strategic regions in Korea, as well as the services of 173 used car dealerships and 76 professional agents with whom the Company has an on-going business relationship. Through its loyalty-focused strategies, the Company seeks to encourage these agencies and the sales personnel at used car dealerships to recommend to their customers the Company's used car financing products over those of its competitors.

The Company also selectively utilizes strategic partnerships with various automobile brands, which currently include Jaguar Land Rover and Cadillac. These collaborations include joint marketing and sales initiatives tailored to specific models, as well as vehicle-specific financial programs. In some cases, the Company offers low-interest or interest-free financing products subsidized by the partner brands, which are marketed jointly to reduce customers' financing costs.

The Company's professional agents' compensation primarily consists of commissions for the products they sell and bonuses for outstanding performance. The Company's third party agencies and sales personnel at used car dealerships receive a combination of commissions and other incentives for their services.

The Company also utilizes a direct online financing channel for automotive financing, including through KB ChaChaCha, a leading online used car trading platform in Korea. KB ChaChaCha provides a convenient one-stop platform for users to browse and search for sale listings of used cars, receive quotes on and sell cars that they currently own and, through the Company's online loan platform that can be accessed through KB ChaChaCha, check their credit limits from the Company and certain other KB Financial Group affiliates and directly apply for financing from the Company. As the popularity and customer acceptance of online commerce continues to grow in the automotive sector, the Company has been, and plans to continue, enhancing the KB ChaChaCha platform by offering additional differentiated products and value-added membership services through the use of big data analysis and artificial intelligence and also by improving the accuracy of sales listings and service quality, thereby increasing customer satisfaction and loyalty levels, which the Company believes in turn will enhance the effectiveness of the Company's efforts to promote its financing products to the platform users.

The Company operates a call center primarily operated by outsourced agents to handle customer relationships and financing product inquiries for both the Company's automotive financing and personal loan businesses. The Company's call center is staffed with additional employees who handle non-sales activities such as payment collection and returns of leased or rented vehicles.

Personal Loans

The Company markets its personal loan products primarily through its professional agent channel. The Company also utilizes brochures, online marketing, telemarketing, and other direct sales efforts to target not only new customers but also its existing customer base, as well as customers of its KB Financial Group affiliates, including Kookmin Bank, and those of other financial institutions with which the Company has strategic relationships, including Toss, KakaoBank, Bank Salad, and Hyundai Capital. As of June 30, 2025, the Company had a sales network of eight branches that handle personal loans in addition to automotive financing and leasing, and one sub-branch specializing in personal loans. The Company also utilizes its direct online financing channel, offering a convenient, one-stop solution for customers to receive consultations and apply for loans electronically without any face-to-face interaction.

Corporate Financing (including Principal Investments and Financing)

The Company has a dedicated corporate sales force consisting of three corporate financing sales teams and a support team under its Corporate Financing Group and two investment financing sales teams and a support team under its Investment Financing Group. These teams are responsible for planning, marketing and selling the Company's corporate and investment financing products. The Company's Corporate Financing Group and Investment Financing Group also works with other KB Financial Group affiliates to co-market and jointly provide financing to corporate customers.

Regulation and Supervision

Legal and Regulatory Framework

The Company is registered with the FSC under the Specialized Credit Financial Business Act ("SCFBA"). The SCFBA, which took effect on January 1, 1998, was enacted in order to uniformly regulate various non-bank lending businesses, which provide various forms of financing but do not take any deposits. Until the enactment of the SCFBA, such entities were regulated under separate laws such as the Credit Card Business Law, the Equipment Lease Business Law or the New Technology Financing Business Law.

A specialized credit financial company registered with or licensed by the FSC under the SCFBA (a "CSF Company"), including the Company, may conduct credit card, installment financing, equipment leasing and/or new technology financing businesses (collectively, "CSF Businesses") and other businesses as specified in the SCFBA and the Enforcement Decree thereunder, including acquisition, management and collection of sales and service receivables from the companies that originated such receivables, lending (including discounting of promissory notes) and other specified ancillary businesses.

A CSF Company is subject to the regulations and supervision of the FSC and the FSS. The FSS may periodically examine the business and finance of a CSF Company, and any CSF Company that is determined to be conducting unsafe and unsound business in violation of the SCFBA and regulations thereunder may be subjected to various administrative sanctions by the FSC.

Principal Regulations Applicable to a CSF Company

Capital Adequacy and Liquidity

Regulations issued by the FSC under the SCFBA provide for several financial ratios that a CSF Company must comply with, including:

- the ratio of adjusted capital to adjusted total assets must be at least 7% (8% for credit card companies);
- the ratio of Korean Won current assets to Korean Won current liabilities must be at least 100%; and
- for credit card companies, the ratio of receivables delinquent more than one month must be less than 10%.

A CSF Company that fails, or, in the determination of the FSS, is likely to fail, to maintain any of the above ratios will be subjected to the FSS' orders to submit and implement a plan for improvement of its finances.

Limitations on Funding

A CSF Company may obtain funding only through certain specified methods, which include the following:

- borrowings from financial institutions;
- issuances of bonds or promissory notes;
- sales of securities owned by the company;
- sales of receivables;
- foreign currency borrowings or issuances of foreign currency securities as a foreign exchange business company registered with the Ministry of Economy and Finance under the Foreign Exchange Transaction Law of Korea; and
- issuances of securities backed by receivables owned by the CSF Company.

A CSF Company may not issue bonds or promissory notes to an individual. It may publicly offer bonds or promissory notes only through the underwriting by a licensed securities company in the case of bonds or through the underwriting, discount purchase or brokerage by either a licensed securities company or a merchant bank in the case of promissory notes.

Limitations on Acquisition of Real Property

A CSF Company is generally prohibited from acquiring real property except for its own business operations. Exceptions include cases where the real property is the subject matter of its leasing business or installment financing business or the real property is acquired as a result of a foreclosure on collateral. Even in instances when a CSF Company acquires real property for its own business operations, the FSC may restrict the aggregate amount of such real property to not exceed 100% of its capital.

Limitations on Lending

As of the end of each fiscal quarter, the average balance of a CSF Company's aggregate loans should not exceed 30% of its total assets (excluding loans from its credit card business and incidental business), provided that such loans do not include any amount lent to a business enterprise, any receivables that arise as a result of the refinancing of restructured credit with changed terms such as maturity or interest rate, loans secured by mortgage (as defined under the Korea Housing Finance Corporation Law), receivables that arise under the financing provided to a credit card member or receivables that arise under vehicle purchase financing loans in a manner similar to those under installment financing. If the average balance of a CSF Company's aggregate loans exceeds the foregoing 30% threshold due to a decrease in its total assets (and not due to an increase in the amount of its receivables), the CSF Company is required to reduce the average balance of its aggregate loans to fall below the 30% threshold within one year from the date of such violation.

Limitations on Extension of Credit to Major Shareholders

The aggregate amount of credit that a CSF Company may extend to its major shareholders (as defined under the SCFBA, "Major Shareholder") or related persons (including but not limited to affiliates) thereof generally may not exceed 50% of the CSF Company's capital. However, in the case of a CSF Company which is an affiliate of a financial holding company, including the Company, such CSF Company may not extend credit to its Major Shareholders or their affiliates in an aggregate amount exceeding 20% of such CSF Company's capital. A CSF Company's Major Shareholders include: (i) the largest shareholder; (ii) a shareholder holding in aggregate 10% or more of the CSF Company's total issued voting shares; and (iii) a shareholder that can exercise *de facto* control over the major business affairs of the CSF Company through, among others, appointment and dismissal of the officers pursuant to the Act on Governance Structure of Financial Institutions.

Credit Relief Support

The Company, together with other Korean specialized financial service companies, is subject to the Act on Supporting the Financial Life of the Low Income Households (the "Low Income Households Act") and the Korean financial industry's Agreement among Financial Institutions for Assisting the Credit Relief Support Plan (the "Individual Work-out Plan Agreement") to assist qualifying individuals who are in financial difficulty to avoid personal bankruptcy. The Individual Work-out Plan Agreement applies to small business owners and to individuals with a poor credit history, who owe Won 1.5 billion or less of total debt (consisting of Won 1 billion or less in secured debt and Won 500 million or less in unsecured debt) to financial institutions and (i) whose income exceeds a specified minimum or (ii) who are determined by the Review Committee (as defined below) to be able to repay their debts.

Under the Low Income Households Act and the Individual Work-out Plan Agreement, qualifying individuals may apply for protection under the scheme to the Credit Counselling and Relief Service, a Government-affiliated organization providing credit relief services to individuals and small business owners. On receipt of such application, the Credit Counselling and Relief Service notifies each of the debtor's creditor financial institutions and requests them to certify the amount owed to them and their opinion on the application. From the time that the financial institutions receive such a notice, they are subject to a moratorium on their ability, among other things, to enforce any security that they hold in respect of the relevant debt. Furthermore, from the time of receipt of such notice, the creditor financial institutions must reject any voluntary repayment by the debtor.

The application is then considered by a review committee (the "Review Committee") established under the Individual Work-out Plan Agreement. The Review Committee may recommend a plan (an "Individual Workout Plan") for the rehabilitation of the debtor, including:

- extending the repayment period (i) up to eight years in the case of the debtor's outstanding unsecured debt (ten years in the case of a low-income debtor), (ii) up to twenty years in the case of the debtor's outstanding secured debt and (iii) up to the remaining repayment period in the case such period exceeds twenty years;

- adjusting interest rates;

- establishing an installment repayment plan for a period not exceeding the repayment period; and

- writing-off the principal amount of the outstanding debt (limited to bad debts) up to an amount equal to 90% thereof, but in general, ranging from 20% to 70%, while the interest on such debts may be written off in whole.

The final Individual Work-out Plan of the Review Committee is put to a vote of the relevant creditors, which must be approved by creditor financial institutions representing more than 50% of the debtor's outstanding unsecured debt and 50% of the debtor's outstanding secured debt in order to become effective. If the first Individual Work-out Plan is rejected, the Review Committee may submit a revised Individual Work-out Plan to the creditor financial institutions, which would then be subject to the same majority approval threshold.

If the Individual Work-out Plan is adopted, the creditor financial institutions are bound by its terms. Any creditor financial institution that violates the Individual Work-out Plan, for example by seeking to enforce its security, could be fined by the Credit Counselling and Relief Service an amount up to Won 2 million.

Information Technology

The Company's IT systems are designed to ensure continuity of services even where there is a failure of the Company's main data center located in Gimpo due to a natural disaster or other accidents by utilizing the systems of the Company's back-up data center located in Seoul. In addition, through the implementation of a dual-server system, the Company's IT systems are designed and operated to be able to process transactions without material interruption in the event of failure of one of the servers. The Company uses these systems for assessment of customer credit, application processing, account management, loan disbursements and payments,

customer retention and other related functions, as well as the management of the KB ChaChaCha used car trading platform and its users. These systems allow customer service representatives to access specific account information when responding to customer and user inquiries. All customer and user data and servers are subject to protection from security breaches through extensive security systems and firewall software.

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

Competition

Automotive Financing and Leasing

The Company believes that it is one of the market leaders in the domestic automotive financing sector. However, competition in the automotive financing industry has increased substantially in recent years as existing specialized financial service companies, credit card companies and other financial institutions have made significant investments and engaged in aggressive marketing campaigns and promotions.

Principal factors of competition in the automotive financing sector include interest rates and fees, credit limits and other services and benefits, as well as commissions paid to sales agents. The Company's main competitors in this sector include other specialized financial service companies such as Hyundai Capital (which is the captive financing company for Hyundai Motors and Kia Motors, the two largest domestic automobile manufacturers in Korea), Woori Capital, Hana Capital, JB Capital and NH Capital, as well as captive automotive financing companies of foreign automobile manufacturers such as Mercedes Benz and BMW. The Company also competes with other types of financial institutions including credit card companies (such as Shinhan Card, Samsung Card and the Company's affiliate KB Kookmin Card) and more recently, commercial banks, which tend to have lower funding costs than the Company does. Many of these entities, in order to capture a larger portion of the automotive financing market, offer aggressive incentive schemes that have contributed to intensified competition and increased pressure on interest margins in this sector.

The Company believes that it is well-positioned to compete effectively with its competitors in the automotive financing and leasing sector for the following reasons:

- as a member company of KB Financial Group, a leading financial group in Korea with one of the best recognized financial brand names, the Company benefits from its ability to work closely with other well-known subsidiaries of KB Financial Group, including Kookmin Bank (which is one of the largest commercial banks in Korea), KB Securities, KB Insurance and KB Kookmin Card, in marketing and customer management;

- the Company operates KB ChaChaCha, a leading online used car trading platform in Korea, which also serves as a powerful source for attracting customers who seek to receive automotive financing on their used car purchases; and

- the Company has a digitalized system in place that simplifies the automotive loan application and approval process.

In the automotive leasing market, principal factors of competition include competitive prices and cultivating a good relationship with dealers. The Company's major competitors in this market are other specialized financial service companies such as Hyundai Capital, Hana Capital and JB Capital. In addition to these and other specialized financial service companies, companies that specialize in the car rental business such as Lotte Rental, SK Rent-a-car and AJ Rent-a-car have also entered the automotive leasing market and intensified the competition. The Company utilizes the customer base and distribution network of its core automotive financing business to secure market share in the automotive leasing market. The Company also actively markets and promotes its automotive leasing products through launching various brand enhancement initiatives with its strategic partners and expanding its channels via both online and offline networks.

Personal Loans and Corporate Financing

Principal factors of competition in the personal and corporate financing markets include interest rates and fees, credit limits and other services and benefits. In these sectors, the Company competes with domestic and foreign commercial banks in Korea as well as specialized financial service companies and other financial institutions, including commercial banks, savings institutions (such as mutual savings and finance companies and credit unions and credit cooperatives), investment institutions (such as merchant banking corporations), insurance companies and securities companies. Many of these institutions are significantly larger than the Company in terms of asset size and customer base and have greater financial resources or more specialized capabilities than the Company.

In recent years, the personal loan market in Korea has been characterized by aggressive expansion and increased competition. Competitors' efforts to expand market share in this increasingly saturated and competitive market environment may contribute to a deterioration in asset quality to some extent. As a result, the Company is faced with challenging market conditions as it attempts to secure a customer base with the credit quality and on credit terms necessary to maintain and enhance the Company's income and profitability.

The Company believes that it has opportunities which it can exploit in the personal loan and corporate financing sectors by leveraging its relationship with other subsidiaries of KB Financial Group, including by attracting and marketing to new customers utilizing shared customer databases and customer referrals and by identifying and creating new business opportunities in the corporate financing sector, such as making joint investments in project financing and other corporate financing projects. In addition, the Company seeks to leverage its core automotive financing and automotive leasing businesses to cross-sell personal loan products to the Company's existing customer base. Furthermore, in December 2023, the Company acquired a controlling stake in the operator of Alda, an online loan comparison and management platform, with the goal of creating synergies to further strengthen its personal loan business and explore new business opportunities in collaboration with its KB Financial Group affiliates and other third parties. In October 2024, the Company re-branded the platform as KB Alda.

Legal and Regulatory Proceedings

The Company is subject to certain claims and is a party to legal and regulatory proceedings incidental to the normal course of its business activities. As of the date of this Offering Circular, the Company is not involved in any material litigation, arbitration or administrative proceedings relating to claims which may have a significant effect on the financial condition or result of operations of the Company. In addition, the Company is not aware of any material litigation, arbitration or administrative proceedings that are pending or threatened.

Property

The Company's registered office is located at 295 Hyowon-ro, Paldal-gu, Suwon, Gyeonggi-do, Korea, and its corporate headquarters is located at 301 Seocho-daero, Seocho-gu, Seoul, Korea.

As of June 30, 2025, the Company had a nationwide network of four regional offices, 15 financing and leasing branches (including four collection centers) and three sub-branches in Korea. The Company owns four of the properties in which it operates and leases the remainder from third parties.

Employees

As of June 30, 2025, the Company (excluding its subsidiaries) had 542 regular (or full-time) employees and 113 contract employees. As of such date, a majority of the Company's eligible employees belonged to a union. Every year, the Company's labor union and the Company's management negotiate annual wage adjustments and enter into a new collective bargaining agreement. The Company has not experienced any strikes or other material labor disputes in recent years and considers its current relations with its work force to be good.

The Company's employee compensation is based on a combination of an agreed-upon base salary and bonuses. The bonus system is based on individual performance, business unit performance and the Company's overall performance. Like most other non-banking financial institutions in Korea, the Company grants its employees annual increases in base salary and pays periodic bonuses and overtime. The Company believes that its compensation package is similar to that offered by its peer financial institutions. The Company provides a wide range of benefits to its employees, including medical insurance, employment insurance, workers' compensation and accident insurance, financial aid for children's tuition and pension plans.

In accordance with the National Pension Act, the Company contributes an amount equal to 4.5% of employee wages, and each employee contributes 4.5% of his or her wages, into each employee's personal pension account. In addition, in accordance with the Guarantee of Worker's Retirement Benefits Act, the Company has adopted retirement pension plans for its employees. Contributions under the retirement pension plans are deposited annually into a financial institution, and an employee may elect to receive a monthly pension or a lump-sum amount upon retirement. The Company's retirement pension plans are provided in the form of a defined benefit plan and a defined contribution plan. The defined benefit plan guarantees a certain payout at retirement, according to a fixed formula based on the employee's average salary and the number of years for which the employee has been a plan member. The defined contribution plan, in which the employer's contribution is determined in advance based on one-twelfth of an employee's total annual pay, is managed directly by the employees.

As of December 31, 2023, December 31, 2024 and June 30, 2025, the present value of the Company's defined benefit obligations was Won 42 billion, Won 49 billion and Won 50 billion, respectively, and the fair value of plan assets, which were deposited with insurance companies and banks, was Won 56 billion, Won 61 billion and Won 60 billion, respectively.

Under Korean law, the Company may not terminate full-time employees except under limited circumstances.

RISK MANAGEMENT

Overview

As a financial services provider, the Company is exposed to various risks related to its financing businesses, funding activities and operating environment. The Company's goal in risk management is to ensure that it identifies, measures, monitors and controls the various risks that arise, and that its organization adheres strictly to the policies and procedures which the Company establishes to address these risks. The principal risks to which the Company is exposed are credit risk, market risk, liquidity risk and operational risk, and the Company strives to manage these and other risks within acceptable limits.

Organization

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

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

The Risk Management Committee is supported by the Risk Management Council, which serves as the executive decision making body for the Company's risk management operations. At the operational level, the Company's Risk Management Department and Credit Management Group work closely with its business groups to implement risk management strategies, policies and procedures in accordance with the policies set forth by KB Financial Group's Group Risk Management Committee and the risk management strategies determined by the Company's Risk Management Committee. In addition, the Company has designated a Chief Risk Officer with organizational independence to oversee the risk framework, advise the Risk Management Committee and report to the board of directors on material risk matters.

Credit Risk Management

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

The Company's credit risk management process is mainly comprised of an initial credit evaluation system to review the credit profile of the applicant and an on-going credit review system for existing customers. The Company performs loss simulations to predict the expected allowances for loan losses for each product as well as the Company's overall assets. Such loss simulation enables the Company to make annual and long-term business plans based on profitability projections that factor in various allowances for loan losses scenarios.

With respect to any new loans or receivables, the Company implements a "Risk Appetite" framework in order to manage appropriate levels of risk-adjusted returns for such assets. Under this framework, the Company sets minimum profitability targets for each product and product segment and monitors whether such product or product segment actually meets such targets.

The Company also implements stress test methodology and has created stress test models for each of the Company's products. Stress tests are conducted on a semi-annual basis in accordance with the risk management policies of KB Financial Group. By performing extensive simulations under the stress test methodology using a variety of assumptions relating to major macro-economic indicators such as unemployment rate, interest rate and consumer price index, the Company tests the resilience and financial health of its assets under negative market conditions and other scenarios.

Credit Approval

Automotive Financing and Leasing

The Company has established standardized underwriting procedures and credit guidelines. The Company's credit approval process is substantially the same for all of the vehicles it finances or for which it extends lease financing.

The initial credit check is initiated by the Company's agents who submit the customer's loan application to the Company's automated internal credit evaluation system, which they can access through mobile devices. Such application may also be made directly online by the customer in the case of direct financing applications. The Company's automated internal credit evaluation system, which in recent years has incorporated machine-learning algorithms to enhance such system's accuracy and reliability, instantaneously generates a score code for each application and assigns a credit limit for the loan based on the type of financing sought and the information that it gathers on the customer's credit history, asset base and income level through the Company's internal database and credit information from outside sources such as the Korea Federation of Banks, National Information & Credit Evaluation, Inc. and Korea Credit Bureau. If the approved credit limit is less than the value of the vehicle, the Company may require credit enhancement in the form of a mortgage on the vehicle covering the difference between the value of the vehicle and the approved credit limit.

If the Company requires additional evaluation for determining whether to provide credit to the customer on the terms sought by the customer or at all, the credit application is passed along to the Company's Credit Evaluation Division for further review pursuant to standardized internal procedures. The Credit Evaluation Division reviews additional information obtained by the Company's branch staff to substantiate the applicant's net worth and ability to repay, such as property records, employment records and/or business records, to make the final determination on the approval of such application. Certain applicants may be eligible for exceptional approval whereby the Company's Credit Evaluation Division has discretion to approve borderline credits in accordance with established policies and procedures.

Personal Loans

As with the case of automotive financing and leases, the Company's credit approval process for personal loans is also based on the initial credit check through the Company's automated internal credit evaluation system. Once the application is submitted through a branch staff or directly online by the applicant, the Company's internal credit evaluation system generates a score code for each application and assigns a credit limit based on the type of loan product and the internal and external credit information available with respect to such customer, including from credit bureaus. Applications that meet the necessary credit criteria at this stage are then referred to the Company's Credit Evaluation Division for final approval.

Credit limits for personal loans are determined with reference to the customer's capacity to repay the loan, including the value of the customer's assets (including homes and cars) and the customer's debt-to-income ratio, and the interest rate is based on a risk-based pricing model.

Corporate Financing (including Principal Investments and Financing)

The Company approves corporate loans and principal investments and financing opportunities at the headquarters level. The authority for such approval depends on the size and type of the loan or investment, the credit risk level assessed by the credit evaluation system, whether the loan is secured by collateral and, if secured, the value of the collateral. The lowest level of authority for the Company's corporate financing products and principal investments and financing is generally held by the Company's Credit Review Council and Investment Review Council, respectively, which are comprised of senior managers of various departments under the Company's Credit Management Group, Risk Management Department and Corporate Financing Group or Investment Financing Group (as applicable), except for corporate lease financing products of lower sizes which may be approved by the head of the relevant department under the Corporate Financing Group. Larger loans and investments and those with higher credit risk are approved by higher levels of authority depending on where they fall in a matrix of financing size and credit risk.

Ongoing Credit Review

The Company's Credit Management Division monitors and reviews the financial condition of borrowers. For such purpose, the Company uses an automated proprietary credit review system to review the credit profile of customers. The system reviews the length of time a particular customer has been a customer as well as the employment history of individual customers and seeks to detect any negative credit data, such as payment and delinquency information both from internal and external sources such as credit bureaus. Based on its review, the Company may adjust the borrower's credit rating, its lending policy or asset quality classification of the loan provided to the borrower, depending on the applicable circumstances.

The Company also regularly reviews other aspects of the lending process, including industries and regions in which its corporate borrowers operate and the quality of its assets. Based on the results of a particular industry review, the Company may revise the total exposure limit assigned to that industry and the lending policy for each company within that industry. In addition, The Company conducts a portfolio quality review on a monthly basis for automotive financing and lease products and personal loan products to help monitor key indices such as the approval rate, the rate of approvals that were made on an exceptional or discretionary basis, the delinquency ratio and the average initial credit line by product line. In the event that any index exceeds the trigger point, the Company implements appropriate actions and also reviews its underwriting strategies. Key portfolio review results are reported to the Chief Risk Officer and other executive officers of the Company on a monthly basis.

Collection in Respect of Delinquent Assets

The Company handles collection of its automotive financings and leases, personal loans and corporate financings through its Credit Management Division, which manages local collection centers in four different regions in Korea and coordinates the Company's collection strategies. In addition, the collection process is centrally managed from the early stages at the Company's call center which utilizes various statistical programs and an automated dialing system.

The Company operates a machine learning-enabled collection scoring system through which the Company generates collections scores and ratings of receivables based on information from credit bureaus and the Company's own credit approval and review systems. The scoring and ratings provided by the Company's collection scoring system serve as the basis for the Company's basic collection functions such as allocation of receivables to designated collection teams, method of collection activities, determination of legal actions and/or write-offs and evaluation of collection rates, which make the collection process more efficient.

The Collection Management Team under the Company's Credit Management Division oversees all unresolved delinquencies. The Company's collection teams are assigned to specific delinquent assets and attempt to contact the delinquent obligor by telephone, text messages or mobile messaging applications based on the length of delinquency and the history of the account. The Company also uses an early warning system of phone calls from the call center reminding customers of approaching due dates for payment. The Company also utilizes texts and messaging applications on mobile telephones to remind customers of impending due dates.

The scores for delinquent receivables are determined by the collection scoring system based on collectability. Call teams are responsible for collecting receivables with higher scores while local collection branches are responsible for loans with lower scores.

Once a receivable becomes delinquent for more than 60 days, the local collection branches become involved in the process, with separate teams assigned for automotive financing and leasing and personal loans. Depending on the scores set by the Company's collection scoring system, collectors contact customers by phone, make personal visits, investigate the borrower's overall asset status, initiate legal actions and/or repossess the collateral. When receivables are past due by more than 180 days, the Company typically outsources the collection process to third party credit bureaus.

Credit Relief Support Loans

The Company also manages delinquent assets through temporary extensions of maturity at the Company's discretion and pre-workout loans. Pre-workout loans are made by the Company as a way of restructuring a delinquent loan upon request from the Credit Counselling and Recovery Service, together with confirmation from the Credit Counselling and Recovery Service that the delinquent customer has the ability to repay the loan. See "Business — Regulations and Supervision — Principal Regulations Applicable to a CSF Company — Credit Relief Support." Credit relief support loans are generally required to be made upon request from the Credit Counselling and Relief Service, generally on terms as recommended by the Credit Counselling and Relief Service, including in respect of interest rate and maturity. However, once a customer remains delinquent for 90 days or more, the Company may set its own terms for restructuring. In addition, a credit relief support loan granted to an individual by a financial institution will be deemed to be immediately delinquent if another credit relief support loan granted to such individual becomes delinquent.

Write-off Policy

The Company assesses credit risk before extending financing or loans, and monitors outstanding financial receivables, in order to determine loans that must be written off. Based on a write-off policy that is in accordance with the guidelines of the FSS, the Company writes off payments in arrears in respect of automotive financings and leases that have been overdue for more than 10 months and payments in arrears in respect of personal loans that have been overdue for more than seven months. Such loans must have been categorized as estimated loss under the FSC's asset classification guidelines at least one month prior to the end of the preceding fiscal quarter, and allowance for loan loss for the entire amount shall have been recorded. Receivables of an amount exceeding Won 10 million require FSS approval prior to a write-off. Loans that are written off are typically sold to third parties at a discount on a periodical basis.

Asset Quality

The Company analyzes its financial performance and reports to the FSC certain of its operating performance, including delinquency ratios. The Company periodically securitizes and sells receivables generated from its financing operations to diversify its funding sources. Under K-IFRS, a financial asset is removed only if the contractual rights on cash flow of the financial asset terminates or all the risk and reward of ownership of the financial asset are substantially transferred. The Company continues to manage such securitized and sold receivables including billing and payment as well as record keeping, and receives service fees from the securitization vehicles for servicing such receivables.

The following table summarizes the quality of the Company's financial receivables, including information relating to non-performing loans ("NPLs"), delinquent receivables and credit write-offs. The entire balance of an account is contractually delinquent if a payment is not received by the payment due date. Delinquencies have the potential to impact earnings (and the capital adequacy ratio) of the Company if the account is written off and/or provision for loss increases, and also result in additional costs in terms of the personnel and other resources dedicated to resolving such delinquencies.

	As of December 31,		As of June 30,
	2023	2024	2025
	(in billions of Won, except percentages)		
Total financial receivables	₩15,331	₩16,240	₩16,213
NPL[1] balance	420	404	458
Ratio of NPLs to total financial receivables	2.7%	2.5%	2.9%
Delinquent receivables[3]	₩ 337	₩ 309	₩ 363
Allowances for loan losses, beginning of period	259	362	398
Provisions for credit losses	268	237	122
Write-offs	(175)	(173)	(88)
Recoveries and others	11	13	7
Allowances for loan losses, end of period	362	398	414
Allowances for loan losses as percentage of total financial receivables	2.4%	2.5%	2.6%

(1) Defined as financial receivables that are classified as substandard or below under the FSC guidelines. See "— Allowances for Loan Losses."

(2) Includes payment guarantees and certain types of prepayments.

(3) Delinquent receivables are those overdue for one month or more.

(4) N/A means not applicable.

Allowances for Loan Losses

The Company maintains its allowances at an amount estimated to be sufficient to absorb expected losses, net of recoveries, inherent in the Company's total portfolio of assets. These allowances are based on the Company's classification of the assets in its portfolio as of the date of the statement of financial position, based on the asset classification criteria set by the Company which is within the guidelines set by the FSC. If additions to the allowances are made on the statement of financial position, the Company records provision for loss as the periodic cost of maintaining an adequate allowance which is charged to the Company's statement of comprehensive income. Credit exposures that become uncollectible are charged directly against the allowances for loan losses.

The following is a summary of the asset classification criteria under the guidelines of the FSC and related minimum allowance ratios under FSC guidelines that the Company, as a CSF Company, must apply in the classification of its financial receivables.

Classification	Description	FSC Minimum Reserve Ratio
Normal	Credits that do not raise concerns regarding the customers' ability to repay the obligation.	1.0% in the case of installment financing assets relating to individuals and retail household loans and 0.5% in all other cases.
Precautionary	Credits extended to customers that, in consideration of such customers' financial transaction conditions, credit conditions and business and operations, are to be managed with normal or extra caution (e.g., credits to customers, which, despite the repayment thereof being in arrears for one month or more, but less than three months, do not raise any concern regarding such credits' collectability).	10.0% for installment financing assets to individuals and retail household loans and 1.0% in all other cases.

Classification	Description	FSC Minimum Reserve Ratio
Substandard.....	Expected collectible portion of credits extended to customers that are subject to aggressive collection measures or management because such customers' financial transaction conditions, credit conditions and business and operations are poor (e.g., expected collectable portion of (i) credits in arrears for three months or more or (ii) credits extended to customers that are in the process of corporate reorganization or composition).	20.0%
Doubtful.....	Expected but not fixed amounts in excess of expected collectable portion of credits classified as sub-standard.	75.0%
Estimated loss ...	Fixed amounts in excess of expected collectable portion of credits classified as sub-standard.	100.0%

The Company records the allowance amount based on an expected losses model. The following tables provide a breakdown of the Company's financial receivables by asset quality classification and the related allowances based on expected losses.

	As of December 31,						As of June 30, 2025		
	2023			2024					
	Financial receivables ("A")	Allowances for loan losses ("B")	B/A	Financial receivables ("A")	Allowances for loan losses ("B")	B/A	Financial receivables ("A")	Allowances for loan losses ("B")	B/A
	(in billions of Won, except percentages)								
Normal.....	₩14,347	₩130.8	0.9%	₩15,214	₩154.5	1.0%	₩15,131	₩145.6	1.0%
Precautionary.....	564	61.8	11.0	622	62.1	10.0	623	54.7	8.8
Sub-standard.....	210	46.8	22.2	137	26.4	19.2	171	36.9	21.5
Doubtful	153	82.7	54.0	192	100.1	52.2	191	104.0	54.5
Estimated loss.....	56	40.1	71.4	75	55.2	73.4	96	72.8	75.8
Total.....	**₩15,331**	**₩362.2**	**2.4%**	**₩16,240**	**₩398.3**	**2.5%**	**₩16,213**	**₩414.0**	**2.6%**

According to the Regulation on Supervision of Specialized Credit Financial Business, if allowances for loan losses under K-IFRS do not meet the minimum amount under FSC guidelines, the Company is required to appropriate reserve for credit losses in an amount that is not less than the difference between the allowances for loan losses under K-IFRS and the FSC guidelines. The estimated regulatory reserve for credit losses as of June 30, 2025 was Won 142 billion.

The Company determines the amount of provisioning for each quarter based on the amount of outstanding receivables, the write-off experience and the amount of receivables that were delinquent.

Market Risk Management

The major type of market risk to which the Company is exposed is interest rate risk on debt instruments and interest-bearing securities and, to a lesser extent, stock price risk and foreign exchange risk. The financial instruments that expose the Company to these risks are primarily securities and borrowings.

The Company's Risk Management Committee establishes overall market risk management principles and has the responsibility for allocating risk-based capital and setting the limits for risk-based capital, maximum loss and value at risk ("VaR") for each business group, department and type of market risk. The Risk Management Committee also sets the limits for the maximum risk exposures for each country in which the Company's foreign subsidiaries operate and type of foreign currency. Based on the policies and limits approved by the Risk Management Committee, the Company's Risk Management Department monitors limit utilization on a daily basis and reports to the Risk Management Committee on a regular basis.

See Note 4(2) of the notes to the Company's annual consolidated financial statements for information regarding the Company's exposure to market risk as of December 31, 2023 and 2024 and sensitivity analysis on the impact of hypothetical changes in market interest rates and stock prices on the Company's profitability in 2023 and 2024.

Liquidity Risk Management

The Company manages its liquidity risk through a set of liquidity risk management policies that are intended to maintain liquidity by holding sufficient quantities of assets that can be liquidated to meet the Company's financial obligations. The Company also manages liquidity by ensuring that the excess of maturing liabilities over maturing assets in any period is kept to manageable levels relative to the amount of external funding the Company believes that it is able to obtain. The Company closely monitors factors that could affect our liquidity management and periodically evaluates and manages its liquidity risk exposure in terms of liquidity ratios and liquidity gaps and monitor our short-term liquidity positions on an ongoing basis. As part of its liquidity risk management processes, the Company use a number of quantitative tools, including stress tests, which are conducted annually to assess the sensitivity of the Company's liquidity risk exposure to abnormal market fluctuations. Results of the stress tests are utilized to modify and enhance the Company's liquidity contingency plans.

See Note 4(3) of the notes to the Company's annual consolidated financial statements for information regarding the maturities of the Company's outstanding financial liabilities as of December 31, 2023 and 2024.

Operational Risk Management

Operational risk is the risk of loss resulting from, among other things, inadequate or failed processes or systems, theft, fraud, or natural disaster. These events can potentially result in financial losses or other damages to the Company. The Company relies on internal and external information and technological systems to manage its operations and therefore is exposed to risk of loss resulting from potential failures of these systems. In order to monitor and manage operational risk, the Company maintains a framework of internal controls designed to provide a sound operational environment, including through enhanced fraud detection systems and an internal fraud-prevention model, and strives to maintain appropriate levels of operational risk relative to its businesses strategies, competitive and regulatory environment, and markets in which it operates.

Capital Adequacy

The Company's capital management policies are to allocate capital efficiently and to maintain a prudent relationship between the Company's capital and the risks of its underlying business. In determining capital requirements, the Company projects business growth, capital investment plans, earnings and reserve requirements. The Company is subject to capital adequacy requirements of the FSC, which are primarily based on the capital adequacy accord reached by the Basel Committee of Banking Supervision, Bank of International Settlements in 1988.

Under the FSC's guidelines, all specialized credit financial companies in Korea, including the Company, are required to maintain a minimum ratio of adjusted capital to adjusted assets of 7.0% (8.0% for credit card companies). Adjusted capital consists of shareholders' equity and (to the extent it does not exceed shareholders' equity) supplementary capital less certain deductions. Shareholders' equity consists of paid-in capital, capital surplus, retained earnings, accumulated other comprehensive income and expenses and capital adjustments. Specialized credit financial companies applying the K-IFRS accounting method must deduct certain items from adjusted capital. For example, (i) accumulated unrealized gains or losses represented as a comprehensive income item on valuation of loans, receivables on capital lease and certain advances (the "Balance Loans") must be

deducted from accumulated other comprehensive gains or losses as credit, (ii) reserves for credit loss must be deducted from retained earnings, (iii) accumulated unrealized gains or losses accounted in retained earnings on the Balance Loans and financial loans must be deducted from retained earnings, and (iv) revaluation gains after income tax on tangible assets and investment properties accounted for as retained earnings on the date such specialized credit financial company adopted K-IFRS, to the extent that distribution of such revaluation gains as dividend is not restricted by a resolution of the board of directors or a general shareholders' meeting or an amendment of the articles of incorporation of such company, must be deducted from retained earnings. Supplementary capital includes, among other things, allowances for loan losses for normal and precautionary assets (in the case of card receivables, provisions for non-delinquent card receivables) and unsecured subordinated debt the maturity of which is five years or longer, which qualifies for certain requirements for being supplementary capital specified in the Detailed Regulation on Supervision of Specialized Credit Financial Business. In the case of subordinated debt with a remaining maturity period of at least ten years, the subordinated debt amount is recognized as supplementary capital up to an amount equal to 100% of shareholders' equity, and in the case of subordinated debt with a remaining maturity of at least five years, but less than ten years, the subordinated debt amount will be recognized as supplementary capital up to an amount equal to 50% of shareholders' equity. Subordinated debt that qualifies for supplementary capital treatment is generally subject to amortization of such capital treatment at an annual rate of 20%, commencing five years prior to the applicable maturity date of such debt. Deductions include, among other things, deferred tax assets and goodwill. Adjusted assets consist of total assets less (i) cash, short-term deposits without security arrangements and treasury or public bonds maturing within three months and (ii) certain deductions. Specialized credit financial companies utilizing the K-IFRS accounting method must deduct from adjusted assets accumulated unrealized gains or losses on valuation of reserves for bad debts and the Balance Loans.

The following table sets forth the Company's capital adequacy ratio, on a separate basis, as calculated in accordance with the FSC guidelines as of the dates indicated.

	As of December 31,		As of June 30,
	2023	2024	2025
Equity			
Adjusted capital adequacy ratio	14.32%	14.49%	15.01%

Board of Directors

The Company's board of directors has ultimate responsibility for the management of the Company's affairs. The Company's Articles of Incorporation provide for a board of at least three, of which three or more must be non-executive directors and non-executive directors must comprise more than half of the board of directors. The non-executive directors are outside directors elected from among those persons who do not have a special relationship with the Company that would interfere with the exercise of their independent judgment. The Company's non-executive directors are selected based on the candidates' talents and skills in diverse areas, such as law, finance, economics, management and accounting. The Company currently has one executive director, four non-executive directors and one non-standing director. The Company elects its directors at a general meeting of shareholders by a majority vote of those present or represented at such meeting as long as the affirmative votes represent at least a quarter of the Company's total issued and outstanding shares with voting rights. Except as otherwise provided by applicable laws and regulations, every resolution by the board of directors requires the presence of a majority of the board of directors at the meeting and the affirmative vote of a majority of the directors present. Each director has one voting right but is not permitted to cast a vote, and will be exempt from the total number of directors present, if such director has a special interest in the resolution matter.

The term of office for directors generally expires one year after the date of appointment unless otherwise determined at the general meeting of shareholders, provided that, if a director's term of office expires after the end of a fiscal year but before the convening of the general shareholders' meeting concerning the said fiscal year, his/her term of office shall be extended until the end of the general shareholders' meeting. The Company's directors may serve consecutive terms (with the term of office for non-executive directors limited to five consecutive years) and are subject to the Korean Commercial Code, the Act on Governance of Financial Companies and related regulations.

The representative director is elected at the general meeting of the shareholders and is authorized to represent the Company in activities and affairs relating to its business.

The names and positions of the directors of the Company are set forth below. The business address of all of the directors is that of the registered office of the Company.

Name	Age	Title	Outside Occupation	Position Held Since
J.I. Bin	57	Executive Director	None	2024
J.S. Nam	70	Non-Executive Director	Vising Professor, Department of Industrial Engineering at Seoul National University	2023
G.Y. Choi	69	Non-Executive Director	None	2023
B.H. Chung	64	Non-Executive Director	Attorney, DR & AJU Law Firm	2023
S.B. Park	64	Non-Executive Director	None	2025
Y.C. Choi	47	Non-Standing Director	Director of Financial Planning, KB Financial Group Inc.	2025

Board Committees

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

- the Audit Committee;
- the Risk Management Committee;
- the Compensation Committee;
- the Non-Executive Director Nominating Committee;

- the Audit Committee Member Nominating Committee;
- the Chief Executive Officer Nominating Committee; and
- the Internal Controls Committee.

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

Audit Committee

Under the Company's articles of incorporation, the Company is required to have an audit committee under the board of directors of at least three directors, two-thirds of whom must be non-executive directors and at least one must be an expert in financial or accounting matters. They are recommended by the Audit Committee Member Nominating Committee and are appointed at the general meeting of shareholders. The Audit Committee oversees the Company's financial reporting and approves the appointment of the Company's independent accountants. The committee also engages in, among other things, the review of the Company's financial information, auditor's examinations, key financial statement issues, the plans and evaluation of internal control and the administration of the Company's financial affairs by the board of directors. This committee currently consists of three non-executive directors, G.Y. Choi (chairman of the committee), B.H. Chung and S.B. Park.

Risk Management Committee

The Risk Management Committee oversees and makes determinations on all issues relating to the Company's comprehensive risk management function on behalf of the board of directors. In light of the Company's overall business strategies, the committee sets the target for the Company's risk appetite and monitors the Company's overall risk exposure and reviews the Company's compliance with risk policies and risk limits. In addition, the committee reviews risk and control strategies and policies, evaluates whether each risk is at an adequate level, introduces and maintains the Company's risk management systems and determines the Company's risk management organizational structure. This committee currently consists of three non-executive directors, J.S. Nam (chairman of the committee), G.Y. Choi and S.B. Park.

Compensation Committee

The Compensation Committee establishes and monitors the Company's remuneration policies, including its performance-based compensation system on behalf of the board of directors. This committee currently consists of three non-executive directors, B.H. Chung (chairman of the committee), J.S. Nam and G.Y. Choi.

Non-Executive Director Nominating Committee

The Non-Executive Director Nominating Committee oversees the selection of non-executive director candidates and recommends such candidates annually prior to the general shareholders meeting. This committee currently consists of three non-executive directors, B.H. Chung (chairman of the committee), J.S. Nam and S.B. Park.

Audit Committee Member Nominating Committee

The Audit Committee Member Nominating Committee oversees the selection of Audit Committee member candidates and recommends such candidates annually prior to the general shareholders meeting. This committee currently consists of four non-executive directors, J.S. Nam, G.Y. Choi, B.H. Chung and S.B. Park.

Chief Executive Officer Nominating Committee

The Chief Executive Officer Nominating Committee reviews the candidate for the Company's chief executive officer nominated by the corporate governance committee of KB Financial Group and recommends such candidate prior to the general shareholders meeting. This committee currently consists of four non-executive directors, J.S. Nam (chairman of the committee), G.Y. Choi, B.H. Chung and S.B. Park.

Internal Controls Committee

The Internal Controls Committee establishes the basic principles and strategies for the Company's internal control and deliberates on matters relating to the Company's governance and internal control policies as well as their enforcement. This committee currently consists of three non-executive directors, S.B. Park (chairman of the committee), B.H. Chung and G.Y. Choi.

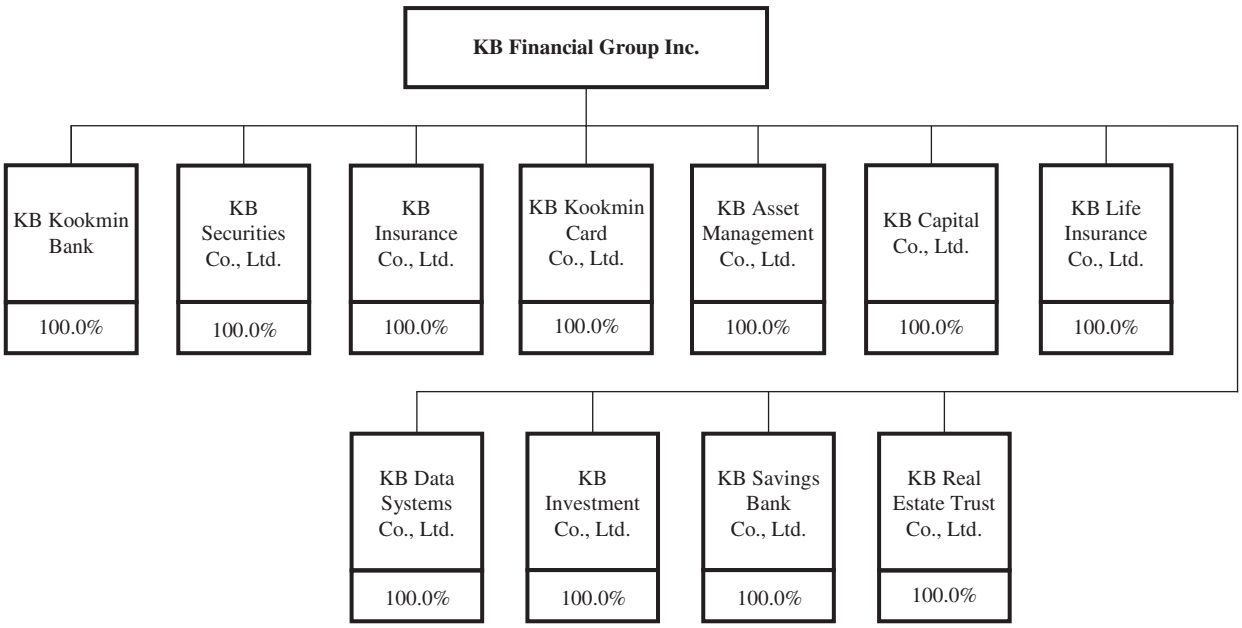
Compensation

The aggregate of remuneration paid and benefits in kind granted to the directors of the Company by the Company in 2024 was Won 1.5 billion.

KB FINANCIAL GROUP

KB Financial Group is one of the largest financial holding companies in Korea, in terms of consolidated total assets, and its operations include Kookmin Bank, one of the leading commercial banks in Korea. KB Financial Group was established as a new financial holding company on September 29, 2008 pursuant to a "comprehensive stock transfer" under Korean law, whereby holders of the common stock of Kookmin Bank and certain of its subsidiaries transferred all of their shares to KB Financial Group in return for shares of KB Financial Group's common stock.

KB Financial Group's subsidiaries collectively engage in a broad range of businesses, including commercial banking, credit cards, asset management, non-life and life insurance, capital markets activities and international banking and finance. As of June 30, 2025, KB Financial Group had 11 wholly-owned direct subsidiaries, including the Company, and its consolidated total assets and consolidated total equity amounted to Won 781 trillion and Won 61 trillion, respectively. The following organizational chart shows the consolidated direct subsidiaries of KB Financial Group as of June 30, 2025.



SUBSIDIARIES AND AFFILIATES

As of June 30, 2025, the Company had eight subsidiaries and five affiliates. The following table sets forth certain information with regard to the Company's subsidiaries and affiliates as of June 30, 2025.

Name	Amount of Invested Capital	Company's Ownership Percentage	Principal Business	Location
	(in millions of Won)			
Subsidiaries:				
KB KOLAO Leasing Co., Ltd.	₩ 5,967	51.0%	Automotive installment financing services	Vietnam
PT Sunindo Kookmin Best Finance	18,492	85.0%	Automotive installment financing services	Indonesia
KB Auto Fifth Asset Securitization Specialty Co., Ltd	–	0.5%	Asset securitization	Korea
KB Jefferies private Investment trust No. 2	12,079	95.2%	Investment banking business	Korea
Hanwha Global Infrastructure Private Fund 37	7,534	99.0%	Investment banking business	Korea
KB BXC GREEN CREDIT Infrastructure Private Investment Trust No. 2	1,747	95.4%	Investment banking business	Korea
KB Fintech	13,702	96.0%	Application software development and supply business	Korea
Leadcap 1st Co., Ltd.	–	–	Asset securitization	Korea

Name	Book Value of Investment	Company's Ownership Percentage	Principal Business	Location
	(in millions of Won)			
Affiliates:				
KB Founders Club 2022 Fund	20,000	66.7%	Investment finance	Korea
KB Bio Private Equity Investment IV Fund	7,500	24.2%	Investment finance	Korea
Shinhan Global Mobility Fund 1	1,400	24.6%	Investment finance	Korea
SKB Next Unicorn K-Battery Fund No. 1	2,000	24.8%	Investment finance	Korea
Reboot Private Equity Fund	7,000	21.5%	Investment finance	Korea

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

The Company engages from time to time in various transactions with related parties, including its parent company, subsidiaries and affiliates and other related parties. The Company believes that it has conducted its transactions with related parties as it would in comparable arm's-length transactions with a non-related party, on a basis substantially as favorable to the Company as would be obtainable in such transactions.

Parent Company

The Company's transactions with its parent company consist primarily of issuances of its equity securities and payments of dividends. In 2023, 2024 and the first six months of 2025, the Company did not issue any new equity securities. The Company paid dividends on its outstanding hybrid securities to KB Financial Group in the amount of Won 26.0 billion in 2023, Won 27.8 billion in 2024 and Won 14.1 billion in the first half of 2025. The Company did not pay any dividends on its common shares to KB Financial Group in 2023, 2024 and the first six months of 2025.

Affiliates and Other Related Companies

The Company enters into various transactions with its affiliates and other related companies, including KB Kookmin Bank, KB Insurance Co., Ltd., KB Kookmin Card Co., Ltd., KB Data System Co., Ltd. and KB Securities Co., Ltd. The Company's transactions with these affiliates and other related companies consist primarily of loan arrangements, asset purchase transactions, guarantee payments, purchase of insurance policies and maintenance services for the Company's IT systems.

For further information relating to the Company's transactions with related parties, see Note 38 of the notes to the Company's annual consolidated financial statements and Note 29 of the notes to the Company's condensed consolidated interim financial statements included elsewhere in this Offering Circular.

TERMS AND CONDITIONS OF THE NOTES

The following is a summary of the terms and conditions of the Notes to be issued by the Company under the Fiscal Agency Agreement (as defined below). The following statements do not purport to be a complete description of the Notes and the Fiscal Agency Agreement and are qualified in their entirety by reference to the provisions of the Notes and the Fiscal Agency Agreement.

In acting under the Fiscal Agency Agreement the agents appointed by the Company (the "Agents" and each an "Agent") thereunder are acting solely as agents for the Company and do not assume any obligation or relationship of agency or trust for or with the Noteholders except as specifically described in the Fiscal Agency Agreement or below.

1. GENERAL

(a) The Notes are being issued by the Company pursuant to a Fiscal Agency Agreement, dated as of October 1, 2025 (as amended from time to time, the "Fiscal Agency Agreement"), among the Company, Citicorp International Limited, as fiscal agent (such bank and its successors as such fiscal agent being hereinafter called the "Fiscal Agent"), and Citibank, N.A., London Branch as the paying agent, transfer agent and registrar, the terms of which are hereby incorporated by reference. Copies of the Fiscal Agency Agreement are on file and available for inspection at the corporate trust office of the Fiscal Agent (the "Corporate Trust Office"), and reference thereto is made for a description of the rights and limitations of rights thereunder of the Holders of the Notes and the duties and immunities of the Fiscal Agent. In acting under the Fiscal Agency Agreement, the agents appointed by the Company thereunder are acting solely as agents for the Company and do not assume any obligation or relationship of agency or trust for or with the Holder of this Note except as specifically described below or in the Fiscal Agency Agreement with respect to the Fiscal Agent. The Holders of Notes will be entitled to the benefits of, and be bound by and deemed to have notice of, all of the provisions of the Fiscal Agency Agreement. As used herein, the term "Holder" means the person in whose name a Note is registered in the Note Register.

(b) The Notes are issuable only as fully registered Notes without coupons in denominations of US$200,000 and any integral multiple of US$1,000 in excess of US$200,000 and shall not be divided into Notes with denominations of less than US$200,000 until the date on which all of the Notes have become due and payable.

(c) The Company covenants that until the earlier to occur of the date on which all of the Notes shall have been delivered to the Fiscal Agent for cancellation and the date on which all of the Notes have become due and payable and moneys sufficient to pay the principal of and interest on all of the Notes shall have been made available for payment and either paid or returned to the Company as provided herein, the Company will at all times maintain a Fiscal Agent (which in each case shall be a bank or trust company having a combined capital and surplus of at least US$50,000,000, legally qualified to act as Fiscal Agent and having an established place of business in Hong Kong or London). Subject to the foregoing, the Company reserves the right at any time to vary or terminate the appointment of any of the Fiscal Agent and such additional agents as the Company may determine.

2. PAYMENTS

(a) Payments of principal of and interest on this Note will be made in such coin or currency of the United States of America as at the time of payment is legal tender for the payment of public and private debts.

(b) Payment of the principal of this Note shall be made, upon presentation and surrender hereof, by check drawn on the account of the Fiscal Agent, at the option of the person to whom interest is payable as provided below, either (i) at the Corporate Trust Office of the Fiscal Agent or (ii) subject to any laws or regulations applicable thereto and to the right of the Company to terminate the appointment of any such paying agency, at such other paying agencies as the Company may designate.

(c) Payments of interest on this Note shall be made by a wire transfer in same day funds to the registered account of each Holder or if it does not have a registered account, by check drawn on the account of the Fiscal Agent mailed to the address of the person entitled thereto as such address shall appear on the Note Register. The interest so payable on any Interest Payment Date will be paid to the person in whose name this Note is registered at the close of business on the fifteenth day preceding such Interest Payment Date (each, a "Record Date"), whether or not a business day, notwithstanding the cancellation, transfer or exchange of this Note subsequent to the Record Date and on or prior to such Interest Payment Date, and no interest otherwise so payable on any Interest Payment Date shall be paid on this Note if the name of its Holder was entered as such on the Note Register after the close of business on the Record Date next preceding such Interest Payment Date, except if and to the extent the Company shall default in the payment of the interest due on such Interest Payment Date, in which case such defaulted interest shall (unless paid together with principal of this Note in full other than on an Interest Payment Date) be paid to the person in whose name this Note is registered at the close of business on a subsequent record date (which shall be not less than five business days prior to the date of payment of such defaulted interest) established by notice given by mail by or on behalf of the Company to the Holders of Notes not less than 15 days preceding such subsequent record date. If interest is paid together with principal in full on a date that is not an Interest Payment Date, such interest shall be paid upon presentation and surrender of this Note to the Fiscal Agent or to a paying agent.

(d) Notwithstanding Paragraphs (b) and (c) of this Condition, the Holder of this Note if it is a Global Note shall receive, and any Holder of at least US$10,000,000 in aggregate principal amount of Notes may by notice to the Fiscal Agent at least ten days prior to any Interest Payment Date elect to receive, payments of principal (upon presentation and surrender of this Note), and payments of interest due on and subsequent to such Interest Payment Date by wire transfer in immediately available funds to such bank account as such Holder may direct in writing.

(e) In any case where the date for the payment of any principal of or interest on any Note is not a day on which banking institutions at each of London, New York and Seoul are open for business (a "Business Day"), then payment of such principal or interest need not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if made on the date for such payment of principal or interest, and no interest shall accrue for the period after such date.

(f) Any moneys paid by the Company to the Fiscal Agent for the payment of the principal of or interest on any Notes and remaining unclaimed at the end of two years after such principal or interest shall have become due and payable and shall have been paid to the Fiscal Agent by the Company shall then be repaid to the Company, and upon such repayment, all liability of the Fiscal Agent with respect to such moneys shall thereupon cease and the Holder of any Note representing a claim therefor shall thereafter look only to the Company for payment thereof.

3. CALCULATION OF INTEREST

Interest on the Notes will be calculated on the basis of a 360-day year consisting of twelve 30-day months.

4. OPTIONAL REDEMPTION DUE TO CHANGES IN TAX TREATMENT

The Notes may be redeemed at the option of the Company, in whole, but not in part, upon not less than 30 nor more than 60 days' notice, at any time at a redemption price equal to the principal amount thereof plus accrued interest to (but excluding) the date fixed for redemption if, as a result of any change in, expiration of or amendment to the laws of the Republic (or of any political subdivision or taxing authority thereof or therein) or any regulations or rulings promulgated thereunder or any change in the official interpretation or official application of such laws, regulations or rulings, or any change in the official application or interpretation of, or any execution of or amendment to, any treaty or treaties affecting taxation to which the Republic (or such political subdivision or taxing authority) is a party, which change, amendment, expiration or treaty becomes effective on or after September 25, 2025, the Company is or would be obligated on the next succeeding due date for a payment with respect to the Notes to pay Additional Amounts (as described in Condition 6 below) with respect to the Notes, and such obligation cannot be avoided by the use of reasonable measures available to the

Company; provided, however, that (i) no such notice of redemption may be given earlier than 60 days prior to the earliest date on which the Company would be obligated to pay such Additional Amounts, and (ii) at the time such notice of redemption is given, such obligation to pay such Additional Amounts remains in effect. Before giving any notice of such redemption, the Company shall deliver to the Fiscal Agent a certificate of the Company stating that the Company is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of redemption have occurred.

5. PURCHASE

The Company may at any time purchase Notes by tender (available to all Noteholders alike) or in the open market at any price. If the Company shall acquire any Notes, such acquisition shall not operate as or be deemed for any purpose to be a satisfaction of the indebtedness represented by such Notes unless and until such Notes are delivered to the Fiscal Agent for cancellation and are cancelled and retired by the Fiscal Agent. The Company will not sell, and will cause its "affiliates" (as defined in paragraph (a)(1) of Rule 144 under the Securities Act) not to sell, any Note as to which it or they hold or acquire any beneficial interest; provided that affiliates of the Company may sell Notes to the Company or to other such affiliates.

6. TAXATION

All payments of principal of and interest on the Notes shall be made by the Company without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the Republic or by or within any political subdivision thereof or any authority therein having power to tax ("Korean Tax"), unless deduction or withholding of such Korean Tax is required by law. In the event that the deduction or withholding of Korean Tax is required by law, the Company will pay such additional amounts ("Additional Amounts") as will result in the payment to the Holder of this Note of the amounts which would otherwise have been receivable in respect of principal and interest in the absence of such deduction or withholding, except that no such Additional Amount shall be payable in respect of this Note:

(a) to or on behalf of a Holder who is subject to such Korean Tax in respect of such Note by reason of such Holder being or having been connected with the Republic (or any political subdivision thereof) otherwise than merely by holding such Note or receiving principal or interest in respect thereof; or

(b) to or on behalf of a Holder who would not be liable for or subject to such deduction or withholding by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority if, after having been requested in writing by the Company to make such a declaration or claim, such Holder fails to do so within 30 days; or

(c) to or on behalf of a Holder who presents a Note (where presentation is required) more than 30 days after the relevant date except to the extent that the Holder thereof would have been entitled to such Additional Amounts on presenting a Note for payment on the last day of such 30-day period; for this purpose the "relevant date" in relation to any payments of interest on, or principal of, any Note means: (i) the due date for payment thereof; or (ii) if the full amount of the monies payable on such date has not been received by the Fiscal Agent on or prior to such due date, the date on which, the full amount of such monies having been so received; notice to that effect is duly given to Holders of the Notes in accordance with, the Fiscal Agency Agreement; or

(d) to or on behalf of a Holder who would have been able to avoid the withholding or deduction by the presentation (where presentation is required) of the relevant Note to, or otherwise accepting payment from, another paying agent in a member state of the European Union; or

(e) any combination of (a), (b), (c) or (d) above.

The obligation of the Company to pay such Additional Amounts in respect of taxes, duties, assessments and governmental charges shall not apply to (a) any estate, inheritance, gift, sales, transfer, personal property or any similar tax, assessment or other governmental charge or (b) any tax, assessment or other governmental charge which is payable otherwise than by deduction or withholding from payments of principal or interest on this Note; provided that, except as otherwise set forth in this Note and in the Fiscal Agency Agreement, the Company shall pay all stamp and other duties, if any, which may be imposed by the Republic or any respective political subdivision thereof or any taxing authority of or in the foregoing, with respect to the Fiscal Agency Agreement or as a consequence of the initial issuance of this Note.

References to principal or interest in respect of this Note shall be deemed also to refer to any additional amounts which may be payable as set forth in the Note.

7. TRANSFER, EXCHANGE AND REPLACEMENT

(a) The transfer of this Note is registrable (upon the terms and subject to the conditions set forth in the Fiscal Agency Agreement and subject to the reasonable requirements of the Company and the Fiscal Agent) on the Note Register upon surrender of this Note for registration at the Corporate Trust Office of the Fiscal Agent, duly endorsed by, or accompanied by a written instrument of transfer in a form approved by the Company and the Fiscal Agent duly executed by, the Holder hereof or his attorney duly authorized in writing.

(b) In the manner and subject to the limitations and upon payment of the charges (if any) provided in the Fiscal Agency Agreement, Notes may be exchanged for a like aggregate principal amount of Notes of other authorized denominations or for a beneficial interest in a Global Note.

(c) No service charge shall be made for any exchange or registration of transfer provided for in Conditions 7(a) and 7(b) hereof, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

(d) No registrations of transfers or exchanges of Notes shall be made after notice of redemption of the Notes has been given.

(e) All Notes issued upon any registration of transfer or exchange of Notes shall be the valid obligations of the Company, evidencing the same debt, and entitled to the same benefits, as the Notes surrendered upon such registration of transfer or exchange. Any new Note delivered pursuant to this Condition 7 shall be so dated that neither gain nor loss of interest shall result from such transfer or exchange.

(f) If any Note shall at any time become mutilated or destroyed or stolen or lost, then, provided that such Note, or evidence of the destruction, theft or loss thereof (together with the indemnity hereinafter referred to and such other documents or proof as may be required in the premises) shall be delivered to the Corporate Trust Office of the Fiscal Agent, a replacement Note of like tenor and principal amount will be issued by the Company and, at its request, authenticated by the Fiscal Agent and delivered by the Fiscal Agent at its Corporate Trust Office, in exchange for the Note so mutilated, or in lieu of the Note so destroyed or stolen or lost; provided further, that, in the case of destroyed, stolen or lost Notes, (i) neither the Company nor the Fiscal Agent shall have notice that such Notes have been acquired by a bona fide purchaser, and (ii) the Company and the Fiscal Agent shall have received evidence satisfactory to them that such Notes were destroyed, stolen or lost, and the Company and the Fiscal Agent shall have received an indemnity satisfactory to each of them. All expenses and reasonable charges associated with procuring such indemnity, and the cost of the preparation and issue of a replacement for any Note mutilated, destroyed, stolen or lost, shall be paid by the Holder of such Note. In case such mutilated, destroyed, stolen or lost Note has become or is about to become due and payable, the Company in its discretion may, instead of issuing a new Note, pay or cause to be paid such Note. Every new Note issued pursuant to this Paragraph (f) in exchange for or in lieu of any mutilated, destroyed, stolen or lost Note, shall constitute an additional original contractual obligation of the Company, whether or not the mutilated, destroyed, stolen or lost Note shall be at any time enforceable by anyone. Any new Note delivered pursuant to this Paragraph (f) shall be so dated that neither gain nor loss of interest shall result from such replacement. To the

extent permitted by law, the provisions of this Paragraph (f) are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, stolen or lost Notes.

(g) The Company and the Fiscal Agent may deem and treat the registered Holder hereof as the absolute owner hereof (notwithstanding any notice of ownership or other writing hereon) for the purposes of receiving payment hereon or on account hereof and for all other purposes, whether or not this Note shall be overdue.

(h) The Company has appointed the Corporate Trust Office of the Fiscal Agent as its agent for transfers, and for exchanges and replacements, of Notes and has agreed to cause to be kept at the office of the Fiscal Agent a register (the "Note Register") in which, subject to such reasonable regulations as it may prescribe, the Company shall provide for such registration and registration of transfers.

(i) All Notes issued as a result of any transfer, exchange or replacement of Notes shall be delivered to the Holder at the Corporate Trust Office of the Fiscal Agent or (at the risk of the Holder) sent by mail to such address as is specified by the Holder in the request for transfer, exchange or replacement.

8. COVENANTS OF THE COMPANY

(a) Limitation on Liens. The Company will not itself, and will not permit any Restricted Subsidiary to, create, incur, issue or assume or guarantee any External Indebtedness secured by any mortgage, charge, pledge, encumbrance or other security interest (a "Lien") on any property or asset (including any document or instrument in respect of goods or accounts receivable) of the Company or such Restricted Subsidiary, whether now owned or hereafter acquired, or any income or profits therefrom, without in any such case effectively providing that the Notes (together with, if the Company shall so determine, any other indebtedness of the Company or such Restricted Subsidiary then existing or thereafter created) are secured equally and ratably with or prior to such secured External Indebtedness unless, after giving effect thereto, the aggregate principal amount of all such secured External Indebtedness, plus Attributable Debt of the Company and its Restricted Subsidiaries in respect of Sale/Leaseback Transactions as described under "Limitation Upon Sale and Leaseback Transactions" below, in each case entered into after the date of the issuance of the Notes, would not exceed 10% of Consolidated Net Tangible Assets.

The foregoing restriction will not apply to External Indebtedness secured by:

(1) any Lien existing on any real property or tangible personal property prior to the acquisition thereof by the Company or any of its Restricted Subsidiaries or arising after such acquisition pursuant to contractual commitments entered into prior to and not in contemplation of such acquisition;

(2) any Lien securing External Indebtedness incurred or assumed for the purpose of financing the purchase price of any real property or tangible personal property or the cost of construction, improvement or repair of all or any part thereof, provided that such Lien attaches thereto concurrently with or within 12 months after the acquisition thereof or completion of construction, improvement or repair thereof;

(3) any Lien existing with respect to External Indebtedness of any Restricted Subsidiary prior to the time such Restricted Subsidiary becomes a Subsidiary of the Company or arising after such time pursuant to contractual commitments entered into prior to and not in contemplation thereof;

(4) any Lien securing External Indebtedness owing to the Company or to a Subsidiary; or

(5) any Lien arising out of the refinancing, extension, renewal or refunding of any External Indebtedness secured by any Lien permitted by any of the foregoing clauses or existing at the date of the issuance of the Notes, provided that such External Indebtedness is not increased and is not secured by any additional property or asset.

For the purposes of Conditions 8(a) and 8(b) the giving of a guarantee which is secured by a Lien on any property or asset, and the creation of a Lien on any property or asset to secure External Indebtedness which existed prior to the creation of such Lien, shall be deemed to involve the creation of indebtedness in an amount equal to the principal amount guaranteed or secured by such Lien; but the amount of indebtedness secured by Liens shall be computed without cumulating the underlying indebtedness with any guarantee thereof or lien securing the same.

For the avoidance of any doubt, the establishment of any receivables financing facility or arrangement pursuant to which a special purpose vehicle (including any special purpose trust) purchases or otherwise acquires accounts receivable of the Company shall not be deemed to be affected by Conditions 8(a) or 8(b).

(b) Limitation Upon Sale and Leaseback Transactions. Neither the Company nor any Restricted Subsidiary may enter into any Sale/Leaseback Transaction after the date of the issuance of the Notes, unless

(1) the Attributable Debt of the Company and its Restricted Subsidiaries in respect thereof and in respect of all other Sale/Leaseback Transactions entered into after the date of the Fiscal Agency Agreement (other than transactions permitted by clause (2) below) plus the aggregate principal amount of External Indebtedness secured by Liens then outstanding (excluding any such External Indebtedness secured by Liens described in clause (1) through (5) under "Limitation on Liens" above or existing at the date of the issuance of the Notes) without equally and ratably securing the Notes, would not exceed 10% of Consolidated Net Tangible Assets, or

(2) the Company or a Restricted Subsidiary within 12 months after such Sale/Leaseback Transaction, applies to the retirement of External Indebtedness, which is not subordinate to the Notes, of the Company or a Restricted Subsidiary an amount equal to the greater of (i) the net proceeds of the sale or transfer of the property or other assets which are the subject of such Sale/Leaseback Transaction or (ii) the fair market value of the property or asset so leased (in each case as determined by the Company); provided that the amount to be so applied shall be reduced by (a) the principal amount of the Notes delivered within 12 months after such Sale/Leaseback transaction to the Agent for cancellation, and (b) the principal amount of External Indebtedness of the Company or a Restricted Subsidiary, other than the Notes, voluntarily retired by the Company or a Restricted Subsidiary within 12 months after such Sale/Leaseback Transaction. Notwithstanding the foregoing, no retirement referred to in this clause (ii) may be effected by payment at maturity or pursuant to any mandatory sinking fund payment or any mandatory prepayment provision.

Notwithstanding the foregoing, where the Company or any Restricted Subsidiary is the lessee in any Sale/Leaseback Transaction, Attributable Debt shall not include any External Indebtedness resulting from the guarantee by the Company or any other Restricted Subsidiary of the lessee's obligation thereunder. The foregoing restriction shall not apply to any transaction between the Company and a Subsidiary or between a Restricted Subsidiary and a Subsidiary.

(c) The Company, without the consent of the Holders of any of the Notes, may consolidate with, or merge into, or sell, transfer, lease or convey its assets substantially as an entirety (each a "transaction") to any corporation organized under the laws of Korea, provided that (a) any successor corporation expressly assumes the Company's obligations under the Notes and the Fiscal Agency Agreement, (b) after giving effect to the transaction, no Event of Default and no event which, after notice or lapse of time or both, would become an Event of Default, shall have occurred and be continuing, (c) such successor corporation has the benefit of a credit rating which, at the time and immediately after such transaction takes place, is no worse than the credit rating of the Company, and (d) if, as a result of any such transaction, properties or assets of the Company or a Restricted Subsidiary would become subject to a Lien which would not be permitted under these Conditions, the Company or such successor corporation, as the case may be, shall take such steps as shall be necessary effectively to secure the Notes (together with, if the Company shall so determine, any other indebtedness of the Company or such Subsidiary then existing or thereafter created which is not subordinate to the Notes) equally and ratably with (or prior to) all indebtedness secured thereby.

(d) Certain Definitions.

"Attributable Debt" means, with respect to any Sale/Leaseback Transaction, the lesser of (x) the fair market value of the property or other assets subject to such transaction and (y) the present value (discounted at a rate per annum equally to the discount rate of a capital lease obligation with a like term in accordance with K-IFRS) of the obligations of the lessee for net rental payments (excluding amounts on account of maintenance and repairs, insurance, taxes, assessments, water rates and similar charges and contingent rents) during the term of the lease.

"Consolidated Net Tangible Assets" means the total amount of assets of the Company and its consolidated Subsidiaries, including investments in unconsolidated Subsidiaries, after deducting therefrom (a) all current liabilities (excluding any current liabilities constituting Long-term Debt by reason of their being renewable or extendible) and (b) all goodwill, trade names, trademarks, patents, unamortized debt discount and expense and other like intangible assets, all as set forth on the most recent audited annual consolidated statement of financial position of the Company and its consolidated Subsidiaries and computed in accordance with K-IFRS.

"External Indebtedness" means any obligation for the payment or repayment of money borrowed which is denominated in a currency other than the currency of Korea and which has a final maturity of one year or more from its date of incurrence or issuance.

"KRW" means the currency of Korea.

"Long-term Debt" means any note, bond, debenture or other similar evidence of indebtedness of money borrowed having a maturity of more than one year from the date such evidence of indebtedness was incurred or having a maturity of less than one year but by its terms being renewable or extendible, at the option of the borrower beyond one year from the date such evidence on indebtedness was incurred.

"Person" means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

"Restricted Subsidiary" means any Subsidiary whose total assets were not less than KRW 100 billion as determined based on the then-latest audited or reviewed consolidated statement of financial position of such Subsidiary and computed in accordance with K-IFRS.

"Sale/Leaseback Transaction" means any arrangement with any Person which provides for the leasing by the Company or any Restricted Subsidiary, for an initial term of three years or more, of any asset or property, whether now owned or hereafter acquired, which are to be sold or transferred by the Company or any Restricted Subsidiary after the date of the issuance of the Notes to such Person for a sale price of US$1,000,000 (or the equivalent thereof) or more where the rental payments are denominated in a currency other than the currency of Korea.

"Subsidiary" means any corporation or other entity of which securities or other ownership interests having ordinary voting power to elect a majority of the board of directors or other persons performing similar functions are at the time directly or indirectly owned by the Company.

9. EVENTS OF DEFAULT

In case one or more of the following "Events of Default" shall have occurred and be continuing, that is to say:

(a) default in the payment of any installment of interest upon any of the Notes as and when the same shall become due and payable, and continuance of such default for a period of 10 days; or

(b) default in the payment of all or any part of the principal of any of the Notes as and when the same shall become due and payable, whether at maturity, upon redemption or otherwise; or

(c) failure on the part of the Company duly to observe or perform any other of the covenants or agreements on the part of the Company contained herein or in the Fiscal Agency Agreement for a period of 45 days after the date on which written notice specifying such failure, stating that such notice is a "Notice of Default" hereunder and demanding that the Company remedy the same, shall have been given by registered or certified mail, return receipt requested, to the Company at the office of the Fiscal Agent by the Holders of at least 10% in aggregate principal amount of the Notes at the time outstanding; or

(d) any External Indebtedness of the Company in the aggregate outstanding principal amount of US$15,000,000 or more either (i) becoming due and payable prior to the due date for payment thereof by reason of acceleration thereof following default by the Company or (ii) not being repaid at, and remaining unpaid after, maturity as extended by the period of grace, if any, applicable thereto, or any guarantee given by the Company in respect of External Indebtedness of any other person in the aggregate outstanding principal amount of US$15,000,000 or more not being honored when, and remaining dishonored after becoming, due and called; provided that, if any such default under any such External Indebtedness shall be cured or waived, then the default hereunder by reason thereof shall be deemed to have been cured and waived; or

(e) a court or administrative or other governmental agency or body having jurisdiction in the premises shall enter a decree or order for relief in respect of the Company in an involuntary case under any applicable bankruptcy, insolvency, reorganization, compulsory composition or other similar law now or hereafter in effect, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of the Company or for any substantial part of its property or ordering the winding up, dissolution or liquidation of its affairs, or shall otherwise adjudicate or find the Company to be bankrupt or insolvent and such decree or order shall remain unstayed and in effect for a period of 45 consecutive days; or

(f) the Company shall commence a voluntary case under any applicable bankruptcy, insolvency, reorganization, compulsory composition or other similar law now or hereafter in effect, or consent to the entry of an order for relief in an involuntary case under any such law, or consent to the appointment or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Company or for any substantial part of its property, or cease to carry on the whole or substantially the whole of its business or make any general assignment for the benefit of creditors, or enter into any composition with its creditors, or take corporate action in furtherance of any such action; then if such Event of Default is continuing, the Holders of 25% or more in aggregate outstanding principal amount of the Notes may, by written demand to the Company at the office of the Fiscal Agent, declare the Notes immediately due and payable. Upon such declaration, the Fiscal Agent shall give notice thereof to the Company and to the Holders of the Notes, by mail and publication. If, after any such declaration and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the Company pays or deposits with the Fiscal Agent all amounts then due with respect to the Notes (other than amounts due solely because of such declaration) and cures all other Events of Default with respect to the Notes, such defaults may be waived and such declaration may be annulled and rescinded by the Holders of more than 50% in aggregate outstanding principal amount of the Notes by written notice thereof to the Company at the office of the Fiscal Agent.

10. MEETINGS OF HOLDERS; MODIFICATIONS AND AMENDMENTS

(a) The Company at any time may, and at any time after the Notes shall have become immediately due and payable due to a default upon a request in writing made by Holders holding not less than 10% of the aggregate outstanding principal amount of the Notes the Fiscal Agent shall, convene a meeting of Holders of the Notes. Any such request in writing by the Holders shall be delivered to the Fiscal Agent. Further provisions concerning meetings of the Holders are set forth in the Fiscal Agency Agreement.

(b) Modifications and amendments to the Fiscal Agency Agreement or the Notes requiring consent of Holders may be made, and future compliance therewith or past defaults by the Company may be waived, with the consent of the Company and the Holders of more than 50% in aggregate principal amount of the Notes at the time outstanding, or of such lesser percentage as may act at a meeting of Holders held in accordance with the provisions of the Fiscal Agency Agreement; provided that no such modification, amendment or waiver of the Fiscal Agency Agreement or any Note may, without the consent of each Holder affected thereby, (i) change the stated maturity of the principal of or interest on any such Note; (ii) reduce the principal of or interest on any such Note; (iii) change the currency of payment of the principal of or interest on any such Note; or (iv) reduce the above-stated percentage of aggregate principal amount of Notes outstanding or reduce the quorum requirements or the percentage of votes required for the taking of any action. Any modifications, amendments or waivers consented to or approved at a meeting will be conclusive and binding on all Holders of Notes whether or not they have given such consent or were present at such meeting, and on all future Holders of Notes whether or not notation of such modifications, amendments or waivers is made upon the Notes. Any instrument given by or on behalf of any Holder of a Note in connection with any consent to any such modification, amendment or waiver will be irrevocable once given and will be conclusive and binding on all subsequent Holders of such Note.

(c) At a meeting of the Holders of the Notes called for any of the above purposes, persons entitled to vote a majority in aggregate principal amount of the Notes at the time outstanding shall constitute a quorum. In the absence of a quorum at any such meeting, the meeting may be adjourned for a period of not less than ten days; in the absence of a quorum at any such adjourned meeting, such adjourned meeting may be further adjourned for a period of not less than ten days; at the reconvening of any meeting further adjourned for lack of a quorum, the persons entitled to vote 25% in aggregate principal amount of the Notes at the time outstanding shall constitute a quorum for the taking of any action set forth in the notice of the original meeting. At a meeting or an adjourned meeting duly convened and at which a quorum is present as aforesaid, any resolution to modify or amend, or to waive compliance with, any of the covenants or conditions referred to above (other than those set forth in Clauses (i)-(iv) of Condition 10(b) hereof) shall be effectively passed if passed by the persons entitled to vote the lesser of (i) a majority in aggregate principal amount of Notes then outstanding or (ii) 75% in aggregate principal amount of the Notes represented and voting at the meeting.

(d) The Fiscal Agency Agreement and the terms and conditions of the Notes may be modified, supplemented or amended by the Company and the Fiscal Agent, without the consent of the Holder of any Note, for the purpose of adding to the covenants of the Company for the benefit of the Holders, surrendering any right or power conferred upon the Company, securing the Notes, curing any ambiguity, correcting or supplementing any defective provision therein, implementing the provisions of this Condition 10 or in any other manner which the Company and the Fiscal Agent may mutually deem necessary or desirable and which shall not adversely affect the interests of the Holders of the Notes in any material respect, to all of which each Holder of any Note shall, by acceptance thereof, consent.

11. NOTICES TO HOLDERS

Except as otherwise expressly provided herein, whenever the Fiscal Agency Agreement or this Note requires that the Company or the Fiscal Agent give notice to the Holder hereof, the Company or the Fiscal Agent will cause such notice to be mailed to the Holders of Notes at their respective addresses as they appear on the Note Register and such notice shall be deemed to have been validly given on the fifth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. If by reason of the suspension of regular mail service, or by reason of any other cause, it shall be impracticable to give notice to the Holders of Notes in the manner prescribed herein, then such notification in lieu thereof as shall be made by the Company or by the Fiscal Agent on behalf of and at the instruction of the Company shall constitute sufficient provision of such notice, if such notification shall, so far as may be practicable, approximate the terms and conditions of the notice in lieu of which it is given. Neither the failure to give notice nor any defect in any notice given to any particular Holder of a Note shall affect the sufficiency of any notice with respect to other Notes.

Notwithstanding the foregoing, so long as the Notes are represented by Global Notes and the Global Notes are held on behalf of Euroclear Bank S.A./N.V. ("Euroclear") or Clearstream Banking S.A. ("Clearstream") or an alternative clearing system appointed in accordance with the terms of the Notes and the Fiscal Agency Agreement, notices to Holders of Notes may be given by delivery of the relevant notice to the clearing systems in accordance with the applicable rules and procedures of the clearing systems for communication by them to entitled accountholders. Any such notice shall be deemed validly given on the day after it has been delivered to Euroclear, Clearstream or an alternative clearing system as aforesaid.

12. VALID OBLIGATIONS

The Company hereby certifies and declares that all acts, conditions and things required to be done and performed and to have happened precedent to the creation and issuance of this Note, and to constitute the same the valid and legally binding obligation of the Company enforceable in accordance with its terms, have been done and performed and have happened in due and strict compliance with the applicable laws of the State of New York.

Notwithstanding the foregoing, so long as any Note is represented by a Global Note and the Global Note is held by or on behalf of the clearing systems, notice to holders of any such Note may be given by delivery of the relevant notice to the clearing systems or their successors for communication by them to entitled accountholders in accordance with the applicable procedures of the relevant clearing systems in substitution for notification as required by the foregoing sentence.

13. GOVERNING LAW AND SUBMISSION TO JURISDICTION

THIS NOTE SHALL BE GOVERNED BY, AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

The Company agrees that any suit, action or proceeding against the Company brought by any Holder arising out of or based upon the Fiscal Agency Agreement or the Notes may be instituted in any State or U.S. federal court in The City of New York and County of New York, and waives any objection which it may now or hereafter have to the laying of venue of any such proceeding, and irrevocably submits to the non-exclusive jurisdiction of such courts in any suit, action or proceeding. The Company has appointed Cogency Global Inc., presently located at 122 East 42nd Street, 18th Floor, New York, NY 10168, as its authorized agent (the "Authorized Agent," which expression shall include any replacement authorized agent) upon whom process may be served in any suit, action or proceeding arising out of or based upon the Fiscal Agency Agreement or the Notes that may be instituted in any State or U.S. federal court in The City of New York and County of New York, by any Holder and expressly accepts the non-exclusive jurisdiction of any such court in respect of any such suit, action or proceeding. The Company agrees to take any and all action, including the filing of any and all documents that may be necessary to continue such appointment in full force and effect as aforesaid. If for any reason the appointment of the Authorized Agent shall cease to be in force the Company shall forthwith appoint a new agent to be the Authorized Agent and shall give notice thereof to the Fiscal Agent in any manner permitted by applicable law and the Holders in accordance with Condition 11. Service of process upon the Authorized Agent in any manner permitted by applicable law shall be deemed, in every respect, effective service of process upon the Company. Notwithstanding the foregoing, any action arising out of or based upon the Notes may be instituted in any court of competent jurisdiction in Korea or any other jurisdiction. The Company hereby waives any right to trial by jury in any action, proceeding or counterclaim arising out of or relating to the Fiscal Agency Agreement or the Notes.

THE GLOBAL NOTE

Capitalized terms used in this section and not otherwise defined shall have the meanings given to them in "Terms and Conditions of the Notes."

The Notes will initially be represented by the Global Note. The Global Note will be deposited with and registered in the name of a nominee of the Common Depositary, and Euroclear and Clearstream will credit their respective account holders with the respective principal amounts of the individual interests represented by such Global Note. Such accounts will be designated initially by or on behalf of the representative of the Initial Purchasers. Ownership of beneficial interests in the Global Note will be limited to persons who have accounts with Euroclear or Clearstream or persons who hold interests through such account holders. Ownership of beneficial interests in the Global Note will be shown on, and the transfer of that ownership will be effected only through, the records maintained by Euroclear and Clearstream (with respect to interests of their respective account holders) and the records of such account holders (with respect to interests of persons other than such account holders).

Each Global Note (and any Notes issued in exchange therefor) will be subject to certain restrictions on transfer set forth therein and described under "Subscription and Sale." Except in the limited circumstances described in the terms and conditions of the Notes, owners of beneficial interests in the Global Note will not be entitled to receive physical delivery of definitive certificates representing their Notes.

Payments in respect of the Notes represented by the Global Note will be made to the Common Depositary or its nominee as the registered owner thereof. None of the Company, the Fiscal Agent, the Common Depositary, the Registrar, any Paying Agent, any Transfer Agent or any other Agent will have any responsibility or liability for the accuracy of any of the records relating to, or payments made on account of, beneficial interests in the Global Note or for any notice permitted or required to be given to persons with beneficial interests in the Global Note or any consent given or actions taken by such persons. The Company expects that the Common Depositary, upon receipt of any payment in respect of any Notes represented by the Global Note held by it or its nominee, will promptly credit the accounts of the participants of Euroclear and Clearstream with payments proportionate to their respective interests in the principal amount of the Notes represented by the Global Note as shown on its records.

Transfers of book-entry interests in the Notes will be effected through the records of Euroclear and Clearstream and their respective participants in accordance with the rules and procedures of Euroclear and Clearstream and their respective direct and indirect participants.

Although Euroclear and Clearstream have agreed to the foregoing procedures in order to facilitate transfers of interests in the Global Note among participants and account holders of Euroclear and Clearstream, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Company, the Fiscal Agent, the Common Depositary, the Registrar, any Paying Agent, any Transfer Agent or any other Agent will have any responsibility for the performance by Euroclear, Clearstream or their respective participants, indirect participants or account holders, of their respective obligations under the rules and procedures governing their operations.

Euroclear and Clearstream each holds the Notes for participating organizations and facilitates the clearance and settlement of Note transactions between its respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream provide to their respective participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Participants of Euroclear and Clearstream are financial institutions throughout the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. Indirect access to Euroclear and Clearstream is also available to others, such as banks, brokers, dealers and trust companies which clear through or maintain a custodial relationship with a participant of Euroclear or Clearstream, either directly or indirectly.

TAXATION

Korean Taxation

The information provided below does not purport to be a complete summary of Korean tax law and practice currently applicable. Prospective investors who are in any doubt as to their tax position should consult with their own professional advisors.

The taxation of non-resident individuals and non-Korean corporations ("Non-Residents") depends on whether they have a "permanent establishment" (as defined under Korean law and applicable tax treaty) in Korea to which the relevant Korean source income is attributable or with which such income is effectively connected. Non-Residents without a permanent establishment in Korea are taxed in the manner described below. Non-Residents with permanent establishments in Korea are taxed in accordance with different rules.

Tax on Interest

Interest on the Notes paid to Non-Residents, being foreign currency denominated bonds issued outside of Korea, is exempt from income tax and corporation tax (whether payable by withholding or otherwise) pursuant to the Special Tax Treatment Control Law (the "STTCL").

If the tax exemption under the STTCL referred to above were to cease to be in effect, the rate of income tax or corporation tax applicable to interest on the Notes, for a Non-Resident without a permanent establishment in Korea, would be 14% of income. In addition, a tax surcharge called a local income tax would be imposed at the rate of 10% of the income or corporation tax (raising the total tax rate to 15.4%).

The tax rates may be reduced by an applicable tax treaty, convention or agreement between Korea and the resident country of the recipient of the income. The relevant tax treaties are discussed below.

Tax on Capital Gains

Korean tax laws currently exclude from Korean taxation gains made by a Non-Resident without a permanent establishment in Korea from the sale of the Notes to other Non-Residents (other than to their permanent establishments in Korea). In addition, capital gains earned by Non-Residents with or without permanent establishments in Korea from the transfer taking place outside Korea of the Notes are currently exempt from taxation by virtue of STTCL, provided that the issuance of the Notes is deemed to be an overseas issuance under the STTCL.

If the exclusion or exemption from Korean taxation referred to above were to cease to be in effect, in the absence of an applicable treaty reducing or eliminating tax on capital gains, the applicable rate of tax would be the lower of 11% (including local income tax) of the gross realization proceeds or (subject to the production of satisfactory evidence of the acquisition cost and certain direct transaction costs of the relevant Note) 22% (including local income tax) of the realized gain (i.e., the excess of the gross realization proceeds over the acquisition cost and certain direct transaction costs) made. If such evidence shows that no gain (or a loss) was made on the sale, no Korean tax is payable. There is no provision under relevant Korean law to allow offsetting of gains and losses or otherwise aggregating transactions for the purpose of computing the net gain attributable to sales of Notes issued by Korean companies. The purchaser or any other designated withholding agent of Notes is obliged under Korean law to withhold the applicable amount of Korean tax and make payment thereof to the relevant Korean tax authority. Unless the seller can claim the benefit of an exemption from tax under an applicable tax treaty or on the failure of the seller to produce satisfactory evidence of his acquisition cost and certain direct transaction costs in relation to the instruments being sold, the purchaser or such withholding agent must withhold an amount equal to 11% of the gross realization proceeds. Any amounts withheld by the purchaser or such withholding agent must be paid to the competent Korean tax office by no later than the tenth day of the month following the month in which the payment for the purchase of the relevant instrument occurred. Failure to transmit the withheld tax to the Korean tax authorities in time subjects the purchaser or such withholding agent to penalties under Korean tax laws.

Inheritance and Gift Tax

Korean inheritance tax is imposed upon (a) all assets (wherever located) of the deceased if at the time of his death he was domiciled in Korea or had resided in Korea for at least 183 days immediately prior to his death and (b) all property located in Korea that passes on death (irrespective of the domicile or residence of the deceased). Gift tax is imposed in similar circumstances to the above. The taxes are imposed if the value of the relevant property is above a certain limit and the rate varies from 10% to 50% based on the value of the relevant property. At present, Korea has not entered into any tax treaties regarding its inheritance or gift taxes.

Under Korean inheritance and gift tax laws, bonds issued by Korean corporations are deemed located in Korea irrespective of where they are physically located or by whom they are owned, and, consequently, the Korean inheritance and gift taxes will be imposed on transfers of the Notes by inheritance or gift. Prospective purchasers should consult their personal tax advisors regarding the consequences of the imposition of the Korean inheritance or gift tax.

Stamp Duty and Securities Transaction Tax

No stamp, issue or registration duties will be payable in Korea by the holders of the Notes in connection with the issue of the Notes except for a nominal amount of stamp duty on certain documents executed in Korea which will be paid by the Company. No securities transaction tax will be imposed upon the transfer of the Notes.

Tax Treaties

At the date of this Offering Circular, Korea has tax treaties with, inter alia, Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Ireland, Italy, Japan, Luxembourg, The Netherlands, New Zealand, Norway, Singapore, Sweden, Switzerland, the United Kingdom and the United States of America, under which the rate of withholding tax on interest is reduced, generally to between 5 and 16.5% (including local income tax), and the tax on capital gains is often eliminated.

Each holder of the Notes should inquire whether such holder is entitled to the benefit of a tax treaty with respect to any transaction involving the Notes. It is the responsibility of the party claiming the benefits of a tax treaty in respect of interest payments to file with the payer or the Company a certificate as to his tax residence. In the absence of sufficient proof, the payer or the Company must withhold taxes in accordance with the above discussion.

Furthermore, in order for a Non-Resident to claim the benefit of a tax rate reduction or tax exemption on certain Korean source income (such as interest or capital gains) under an applicable tax treaty, Korean tax law requires such Non-Resident (or its agents) to submit an application (for reduced withholding tax rate, "application for entitlement to reduced tax rate," and in the case of exemptions from withholding tax, "application for tax exemption," along with a certificate of tax residency of such Non-Resident issued by a competent authority of the Non-Resident's country of tax residence, subject to certain exceptions) as the beneficial owner of such Korean source income ("BO application"). Such application should be submitted to the withholding agent prior to the payment date of the relevant income. Subject to certain exceptions, where the relevant income is paid to an overseas investment vehicle (which is not the beneficial owner of such income) ("OIV"), a beneficial owner claiming the benefit of an applicable tax treaty with respect to such income must submit its BO application to such OIV, which must submit an OIV report and a schedule of beneficial owners (and the BO applications collected from each beneficial owner, in case of the application for tax exemption) to the withholding agent prior to the payment date of such income. As one of the exceptions, effective from January 1, 2020, an OIV that was not established for the purpose of unfairly reducing Korean income tax or corporation tax liabilities and bears tax liabilities in the country of which it is a resident of is deemed as the beneficial owner of the Korean source income. The benefits under a tax treaty between Korea and the country of which the OIV is a resident will apply with respect to the relevant income paid to such OIV, subject to certain application requirements as prescribed by the Corporation Income Tax or Income Tax Law. In the case of a tax exemption application, the withholding agent is required to submit such applications (together with the applicable OIV report in the case of income paid to an OIV) to the relevant district tax office by the ninth day of the month following the date of the payment of such income. However, this requirement does not apply to tax exemptions under Korean tax laws such as the STTCL.

Withholding and Gross Up

As mentioned above, interest on the Notes paid to Non-Residents without a permanent establishment in Korea is exempt from any withholding or deduction on account of income tax or corporation tax pursuant to STTCL if the Notes are deemed to be issued outside Korea under the STTCL. However, in the event that the payer or the Company is required by law to make any withholding or deduction for or on account of any Korean taxes (as more fully described in "Terms and Conditions of the Notes — Taxation") the Company has agreed to pay (subject to the customary exceptions as set out in "Terms and Conditions of the Notes — Taxation") such Additional Amounts as may be necessary in order that the net amounts received by the holder of any Note after such withholding or deduction shall equal the respective amounts which would have been received by such holder in the absence of such withholding or deduction.

SUBSCRIPTION AND SALE

Subject to the terms and conditions in a Purchase Agreement dated September 25, 2025 (the "Purchase Agreement"), each Manager named below has severally agreed to purchase, and the Company has agreed to sell to each Manager, the principal amount of the Notes set forth opposite the Manager's name.

Managers	Principal Amount of Notes
Citigroup Global Markets Limited	US$100,000,000
The Hongkong and Shanghai Banking Corporation Limited	100,000,000
KB Securities Hong Kong Limited	100,000,000
Total	US$300,000,000

The Purchase Agreement provides that the Company will pay the Managers an underwriting commission and reimburse the Managers for certain of their expenses incurred in connection with the issue of the Notes. The Company has agreed to indemnify the Managers against certain liabilities, including liabilities under the Securities Act or to contribute to payments which the Managers may be required to make in respect of any such liabilities. The Purchase Agreement may be terminated in certain circumstances prior to payment of the issue price to the Company.

The Company has been advised that the Managers propose to resell the Notes at the issue price set forth on the cover page of this Offering Circular. The price at which the Notes are offered and other selling terms may be changed from time to time without notice by the Managers. The Managers may offer the Notes in various jurisdictions through certain of their affiliates.

The Notes are a new issue of securities with no established trading market. The Company has been advised by the Managers that they intend to make a market in the Notes, but they are not obligated to do so and may discontinue market making at any time without notice. No assurance can be given as to the liquidity of the trading market for the Notes.

In connection with the Offering, the Managers may purchase and sell Notes in the open market. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the Managers of a greater number of Notes than they are required to purchase in the Offering. Stabilizing transactions consist of certain bids or purchases made for the purpose of preventing or retarding a decline in the market price of the Notes while the Offering is in progress. These activities by the Stabilization Managers, as well as other purchases by the Stabilization Managers for their own accounts, may stabilize, maintain or otherwise affect the market price of the Notes. As a result, the price of the Notes may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the Stabilization Managers at any time. These transactions may be effected in the open market or otherwise.

The Managers and their respective affiliates are full service financial institutions engaged in various activities, which may include trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Certain of the Managers and their respective affiliates have, from time to time, provided, and may in the future provide, various financial advisory, commercial and investment banking services and other services to the Company and to persons and entities with relationships with the Company, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Managers and their respective affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and financial instruments for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and trading activities may involve or relate to the Company's assets, securities and/or instruments or the assets, securities and/or instruments of persons and entities related to the Company. The Managers and their respective affiliates may also communicate independent investment recommendations,

market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments. Each Manager and/or its affiliate(s) may place orders, purchase Notes and be allocated Notes for asset management and/or proprietary purposes (and such orders, purchase and allocations may be material), acting as investor for their own accounts and not with a view to distribution, and may in that capacity retain, purchase or sell for its own account such securities and any securities of the Company or related investments and may offer or sell such securities or other investments otherwise than in connection with the offering of the Notes. Accordingly, references herein to the Notes being offered should be read as including any offering of the Notes to the Managers and/or their respective affiliates acting in such capacity. Such persons do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

Any offer or sale in the United States will be made by affiliates of the Managers who are broker-dealers registered under the Exchange Act.

If you purchase Notes in this Offering, you will be deemed to have made representations and agreements as described under "Transfer Restrictions."

Important Notice to CMIs (including private banks)

This notice to CMIs (including private banks) is a summary of certain obligations the SFC Code imposes on CMIs, which require the attention and cooperation of other CMIs (including private banks). Certain CMIs may also be acting as OCs for this offering and are subject to additional requirements under the SFC Code.

Prospective investors who are our directors, employees or major shareholders, a CMI or its group companies would be considered under the SFC Code as having an Association with us, the CMI or the relevant group company. CMIs should specifically disclose whether their investor clients have any Association when submitting orders for the Notes. In addition, private banks should take all reasonable steps to identify whether their investor clients may have any Associations with us or any CMI (including its group companies) and inform the Managers accordingly.

CMIs are informed that, unless otherwise notified, the marketing and investor targeting strategy for this offering includes institutional investors, sovereign wealth funds, pension funds, hedge funds, family offices and high net worth individuals, in each case, subject to the selling restrictions set out elsewhere in this Offering Circular.

CMIs should ensure that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e., two or more corresponding or identical orders placed via two or more CMIs). CMIs should inquire with their investor clients regarding any orders which appear unusual or irregular. CMIs should disclose the identities of all investors when submitting orders for the Notes (except for omnibus orders where underlying investor information may need to be provided to any OCs when submitting orders). Failure to provide underlying investor information for omnibus orders, where required to do so, may result in that order being rejected. CMIs should not place "X-orders" into the order book.

CMIs should segregate and clearly identify their own proprietary orders (and those of their group companies, including private banks as the case may be) in the order book and book messages.

CMIs (including private banks) should not offer any rebates to prospective investors or pass on any rebates provided by the Company. In addition, CMIs (including private banks) should not enter into arrangements which may result in prospective investors paying different prices for the Notes.

The SFC Code requires that a CMI disclose complete and accurate information in a timely manner on the status of the order book and other relevant information it receives to targeted investors for them to make an informed decision. In order to do this, those Managers in control of the order book should consider disclosing order book updates to all CMIs.

When placing an order for the Notes, private banks should disclose, at the same time, whether such order is placed other than on a "principal" basis (whereby it is deploying its own balance sheet for onward selling to investors). Private banks who do not provide such disclosure are hereby deemed to be placing their order on such a "principal" basis. Otherwise, such order may be considered to be an omnibus order pursuant to the SFC Code. Private banks should be aware that placing an order on a "principal" basis may require the relevant affiliated Managers (if any) to categorize it as a proprietary order and apply the "proprietary orders" requirements of the SFC Code to such order.

In relation to omnibus orders, when submitting such orders, CMIs (including private banks) that are subject to the SFC Code should disclose underlying investor information in respect of each order constituting the relevant omnibus order (failure to provide such information may result in that order being rejected). Underlying investor information in relation to omnibus orders should consist of:

- the name of each underlying investor;
- a unique identification number for each investor;
- whether an underlying investor has any "Associations" (as used in the SFC Code);
- whether any underlying investor order is a "Proprietary Order" (as used in the SFC Code); and
- whether any underlying investor order is a duplicate order.

Underlying investor information in relation to omnibus orders should be sent to: DCM.Omnibus@citi.com; hk_syndicate_omnibus@hsbc.com.hk; andrew.park@kbsec.hk.

To the extent information being disclosed by CMIs and investors is personal and/or confidential in nature, CMIs (including private banks) agree and warrant: (A) to take appropriate steps to safeguard the transmission of such information to any OCs; and (B) that they have obtained the necessary consents from the underlying investors to disclose such information to any OCs. By submitting an order and providing such information to any OCs, each CMI (including private banks) further warrants that they and the underlying investors have understood and consented to the collection, disclosure, use and transfer of such information by any OCs and/or any other third parties as may be required by the SFC Code, including to us, relevant regulators and/or any other third parties as may be required by the SFC Code, for the purpose of complying with the SFC Code, during the bookbuilding process for this offering. CMIs that receive such underlying investor information are reminded that such information should be used only for submitting orders in this offering. The relevant Managers may be asked to demonstrate compliance with their obligations under the SFC Code and may request other CMIs (including private banks) to provide evidence showing compliance with the obligations above (in particular, that the necessary consents have been obtained). In such event, other CMIs (including private banks) are required to provide the relevant Manager with such evidence within the timeline requested.

Selling Restrictions

Hong Kong

Each Manager has represented and agreed that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (i) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "SFO") and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "C(WUMP)O") or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "Financial Instruments and Exchange Act"). Accordingly, each Manager has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

Korea

The Notes have not been registered under the FSCMA. Accordingly, the Notes may not be offered, sold or delivered, directly or indirectly, in Korea or to, or for the account or benefit of, any resident of Korea (as such term is defined under the Foreign Exchange Transactions Act of Korea and the regulations thereunder) or to others for re-offering or resale, directly or indirectly, in Korea or to, or for the account or benefit of, any resident of Korea, except as otherwise permitted under applicable Korean laws and regulations. In addition, during the first year after the issuance of the Notes, the Notes may not be transferred to any resident of Korea other than a Korean QIB who is registered with the KOFIA as a Korean QIB as defined in the Regulation on Securities Issuance, Public Disclosure, etc., provided that the amount of the Notes acquired by such Korean QIBs in the primary market is limited to no more than 20% of the aggregate principal amount of the Notes.

Singapore

Each Manager has acknowledged that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Manager has represented, warranted and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the "**SFA**")) pursuant to Section 274 of the SFA or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

European Economic Area

In relation to each Member State of the European Economic Area, each Manager has represented, warranted and agreed that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Circular to the public in that Member State except that it may make an offer of such Notes to the public in that Member State:

(a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;

(b) subject to any other restriction and obtaining the prior consent of the relevant Manager nominated by the Company for any such offer, at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation); or

(c) at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Notes referred to in (a) to (c) above shall require the Company or any Manager to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an "offer of notes to the public" in relation to any Notes in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes and the expression "Prospectus Regulation" means Regulation (EU) 2017/1129 (as amended).

United Kingdom

Each Manager has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to us; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom

United States

The Notes have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States. The Notes are being offered and sold outside of the United States in reliance on Regulation S.

Dubai International Financial Centre

Each Manager has represented and agreed that it has not offered and will not offer the Notes to any person in the Dubai International Financial Centre unless such offer is: (i) an "Exempt Offer" in accordance with the Market Rules 2012 of the Dubai Financial Services Authority (the "DFSA") and (ii) made only to persons who meet the Professional Client (as defined in the DFSA) criteria set out in Rule 2.3.2 of the DFSA Conduct of Business Module.

Italy

The offering of the Notes has not been registered with the *Commissione Nazionale per le Societàe la Borsa* ("CONSOB") pursuant to Italian securities legislation and, accordingly, the Notes may not be offered, sold or delivered, nor may copies of this Offering Circular or of any other document relating to any Notes be distributed in Italy, except in accordance with any Italian securities, tax and other applicable laws and regulations.

Each Manager has represented and agreed that it has not offered, sold or delivered, and will not offer, sell or deliver any Notes or distribute any copy of this Offering Circular or any other document relating to the Notes in Italy except:

(a) to qualified investors (*investitori qualificati*), as defined pursuant to Article 100 of Legislative Decree No. 58 of February 24, 1998 (the "Financial Services Act") and Article 34-*ter*, paragraph 1, letter (b) of CONSOB Regulation No. 11971 of May 14, 1999 (the "Issuers Regulation"), all as amended from time to time; or

(b) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Issuers Regulation.

In any event, any offer, sale or delivery of the Notes or distribution of copies of this Offering Circular or any other document relating to the Notes in Italy under paragraphs (a) or (b) above must be:

(i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in Italy in accordance with the Financial Services Act, Legislative Decree No. 385 of September 1, 1993 (the "Banking Act") and CONSOB Regulation No. 20307 of February 15, 2018, all as amended from time to time;

(ii) in compliance with Article 129 of the Banking Act, as amended from time to time, and the implementing guidelines of the Bank of Italy, as amended from time to time; and

(iii) in compliance with any other applicable laws and regulations, including any limitation or requirement which may be imposed from time to time by CONSOB or the Bank of Italy or other competent authority.

Switzerland

This Offering Circular is not intended to constitute an offer or solicitation to purchase or invest in the Notes described herein. The Notes may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland, and will not be listed on the SIX Swiss Exchange ("SIX") or on any other exchange or regulated trading facility in Switzerland. Neither this Offering Circular nor any other offering or marketing material relating to the Notes constitutes a prospectus as such term is understood pursuant to article 652a or article 1156 of the Swiss Code of Obligations or a listing prospectus within the meaning of the listing rules of the SIX or any other regulated trading facility in Switzerland or a simplified prospectus or a prospectus as such term is defined in the Swiss Collective Investment Scheme Act, and neither this Offering Circular nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this Offering Circular nor any other offering or marketing material relating to the offering, us or the Notes have been or will be filed with or approved by any Swiss regulatory authority. The Notes are not subject to the supervision by any Swiss regulatory authority, e.g., the Swiss Financial Markets Supervisory Authority, and investors in the Notes will not benefit from protection or supervision by such authority.

General

If a jurisdiction requires that the offering be made by a licensed broker or dealer and any Manager or any affiliate of any Manager is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by that Manager or its affiliate on behalf of the Company in such jurisdiction.

TRANSFER RESTRICTIONS

Because of the following restrictions, purchasers are advised to consult with legal counsel prior to making any offer, resale, pledge or other transfers of the Notes.

Transfer Restrictions Under Korean Law

Each purchaser of the Notes, by accepting delivery of this Offering Circular, will be deemed to have acknowledged and represented and agreed as follows:

1. The Notes have not been and will not be registered under the FSCMA. Accordingly, the Notes may not be offered, sold or delivered, directly or indirectly, in Korea or to, or for the account or benefit of, any resident of Korea (as such term is defined under the Foreign Exchange Transaction Law of Korea and its Enforcement Decree), except as otherwise permitted under applicable Korean laws and regulations.

   In addition, until the expiration of one year after the issuance of the Notes, the Notes may not be transferred to any resident of Korea other than to a Korean QIB registered with KOFIA as a Korean QIB as defined in the Regulation on Securities Issuance, Public Disclosure, etc. of Korea, provided that the amount of the Notes acquired by such Korean QIBs in the primary market is limited to no more than 20 percent of the aggregate issue amount of the Notes.

2. The Notes will bear legends to the effect as described in paragraph 1 above.

Transfer Restrictions Applicable to the Notes

The Notes have not been and will not be registered under the Securities Act. The Notes may not be offered or sold to any person in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

Except in certain limited circumstances, interests in the Notes may only be held through interests in the Global Note. Such interests in the Global Note will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream and their respective direct and indirect participants. See "Terms and Conditions of the Notes" and "The Global Note."

Each purchaser of the Notes, by accepting delivery of this Offering Circular, will be deemed to have acknowledged and represented and agreed as follows:

1. The Notes have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state of the United States and are subject to significant restrictions on transfer.

2. Such purchaser will not offer, sell, pledge or otherwise transfer any interest in the Notes except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

3. The Notes will bear legends to the following effect, unless the Company determines otherwise in compliance with applicable law, and such purchaser will observe the restrictions contained therein:

THE NOTES EVIDENCED HEREBY (THE "NOTES") HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE NOTES MAY NOT BE OFFERED OR SOLD DIRECTLY OR INDIRECTLY WITHIN THE UNITED STATES, AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

THE NOTES HAVE NOT BEEN REGISTERED WITH THE FINANCIAL SERVICES COMMISSION OF KOREA UNDER THE FINANCIAL INVESTMENT SERVICES AND CAPITAL MARKETS ACT OF KOREA. ACCORDINGLY, THE NOTES HAVE NOT BEEN OFFERED, SOLD OR DELIVERED AND WILL NOT BE OFFERED, SOLD OR DELIVERED, DIRECTLY OR INDIRECTLY, IN KOREA OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY RESIDENT OF KOREA (AS DEFINED IN THE FOREIGN EXCHANGE TRANSACTION LAW OF KOREA AND THE REGULATIONS THEREUNDER), OR TO ANY OTHER PERSON FOR REOFFERING, RESALE OR RE-DELIVERY, DIRECTLY OR INDIRECTLY, IN KOREA OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY RESIDENT OF KOREA, EXCEPT AS OTHERWISE PERMITTED BY APPLICABLE KOREAN LAWS AND REGULATIONS. IN ADDITION, WITHIN ONE YEAR FOLLOWING THE ISSUANCE OF THE NOTES, THE NOTES MAY NOT BE TRANSFERRED TO ANY RESIDENT OF KOREA OTHER THAN A QUALIFIED INSTITUTIONAL BUYER (OR A "KOREAN QIB," AS DEFINED IN THE REGULATION ON SECURITIES ISSUANCE, PUBLIC DISCLOSURE, ETC. OF KOREA) REGISTERED WITH THE KOREA FINANCIAL INVESTMENT ASSOCIATION AS A KOREAN QIB, PROVIDED THAT THE AMOUNT OF THE NOTES ACQUIRED BY SUCH KOREAN QIBS IN THE PRIMARY MARKET IS LIMITED TO NO MORE THAN 20 PERCENT OF THE AGGREGATE ISSUE AMOUNT OF THE NOTES.

LEGAL MATTERS

Certain legal matters with respect to the issue and sale of the Notes will be passed upon for the Company by Lee & Ko and for the Managers by Cleary Gottlieb Steen & Hamilton LLP. Lee & Ko may rely on the opinion of Cleary Gottlieb Steen & Hamilton LLP with respect to matters of New York law, and Cleary Gottlieb Steen & Hamilton LLP may rely on the opinion of Lee & Ko with respect to matters of Korean law.

INDEPENDENT ACCOUNTANTS

The consolidated financial statements of the Company as of and for the years ended December 31, 2024 and 2023 included in this Offering Circular have been audited by Samil PricewaterhouseCoopers, independent accountants, as stated in their report appearing herein.

With respect to the unaudited condensed consolidated interim financial statements of the Company as of June 30, 2025 and for the six-month periods ended June 30, 2025 and 2024 included herein, Samil PricewaterhouseCoopers reported that they applied limited procedures in accordance with professional standards for review of such information. However, their separate report dated August 14, 2025, appearing herein, states that they did not audit and do not express an opinion on such unaudited interim financial information. Accordingly, the degree of reliance on their report on such information should be restricted in light of the limited nature of the review procedures applied.

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Report on Review of Condensed Consolidated Interim Financial Statements

(English Translation of a Report Originally Issued in Korean)

To the Shareholders and Board of Directors of
KB Capital Co., Ltd.

Reviewed financial statements

We have reviewed the accompanying condensed consolidated interim financial statements of KB Capital Co., Ltd. and its subsidiaries (collectively referred to as the "Group"), These condensed consolidated interim financial statements consist of the condensed consolidated interim statement of financial position of the Group as at June 30, 2025, and the related condensed consolidated interim statements of comprehensive income, changes in equity and cash flows for the three-month and six-month periods ended June 30, 2025 and 2024, and material accounting policy information and other selected explanatory notes, expressed in Korean won.

Management's responsibility for the Financial Statements

Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (Korean IFRS) 1034 *Interim Financial Reporting*, and for such internal control as management determines is necessary to enable the preparation of the condensed consolidated interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

We conducted our review in accordance with quarterly or semi-annual review standards established by the Securities and Futures Commission of the Republic of Korea. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Korean Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with Korean IFRS 1034 *Interim Financial Reporting*.

Other matters
We have audited the consolidated statement of financial position of the Group as at December 31, 2024, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, not presented herein, in accordance with Korean Standards on Auditing. We expressed an unqualified opinion on those financial statements in our audit report dated March 4, 2025. The consolidated statement of financial position as at December 31, 2024, presented herein for comparative purposes, is consistent, in all material respects, with the above audited consolidated statement of financial position as at December 31, 2024.

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

/s/ Samil PricewaterhouseCoopers

Seoul, Korea
August 13, 2025

This report is effective as of August 13, 2025, the review report date. Certain subsequent events or circumstances, which may occur between the review report date and the time of reading this report, could have a material impact on the accompanying condensed consolidated interim financial statements and notes thereto. Accordingly, the readers of the review report should understand that there is a possibility that the above review report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

KB Capital Co., Ltd. and Subsidiaries
Consolidated Interim Statements of Financial Position
June 30, 2025 and December 31, 2024

(In Korean won)	Notes	June 30, 2025	December 31, 2024
		(Unaudited)	
Assets			
Cash and cash equivalents	29	₩ 386,740,135,902	₩ 576,739,591,115
Financial assets at fair value through profit or loss	5,7	1,366,243,451,614	1,181,963,383,551
Derivative financial assets	5,8	64,964,955,334	94,879,710,185
Investments in associates and joint ventures	9	37,785,641,480	37,625,484,651
Financial assets at amortized cost	5,10,29	12,053,973,285,074	12,165,352,345,322
Lease assets	5,11	4,003,776,877,974	3,927,225,146,475
Property and equipment	12,29	42,908,244,252	47,739,663,009
Intangible assets	13	62,796,589,114	65,684,727,083
Other assets	14,29	30,706,578,641	30,550,301,289
Net defined benefit assets	17	9,781,664,928	12,185,009,188
Total assets		₩ 18,059,677,424,313	₩ 18,139,945,361,868
Liabilities			
Derivative financial liabilities	5,8	₩ 202,795,513	₩ 1,286,315,765
Debts	5,15,29,30	1,046,157,457,318	1,192,062,660,598
Debentures	5,16,29,30	13,337,299,287,852	13,372,294,130,977
Provisions		8,324,353,566	7,452,912,029
Net defined benefit liabilities		82,976,832	115,702,466
Current income tax liabilities		30,418,282,190	39,108,541,789
Other financial liabilities	5,18,29,30	816,413,437,908	830,350,530,669
Other liabilities	19	173,089,403,080	170,047,223,781
Deferred income tax liabilities		57,924,828,483	47,375,695,478
Total liabilities		15,469,912,822,742	15,660,093,713,552
Equity			
Share capital		160,875,735,000	160,875,735,000
Hybrid securities	20,30	499,101,120,000	499,101,120,000
Capital surplus		329,083,891,677	329,083,891,677
Accumulated other comprehensive loss	21	(16,857,373,548)	(16,781,000,894)
Retained earnings	22	1,600,178,501,401	1,490,063,409,468
Equity attributable to Shareholder of the Parent Company		2,572,381,874,530	2,462,343,155,251
Non-controlling interests		17,382,727,041	17,508,493,065
Total equity		2,589,764,601,571	2,479,851,648,316
Total liabilities and equity		₩ 18,059,677,424,313	₩ 18,139,945,361,868

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

KB Capital Co., Ltd. and Subsidiaries

Consolidated Interim Statements of Comprehensive Income

Three-Month and Six-Month Periods Ended June 30, 2025 and 2024

(In Korean won)	Notes	2025		2024	
		Three months	Six months	Three months	Six months
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Interest income	6,23,29	₩ 251,688,582,727	₩ 513,121,068,590	₩ 253,582,705,020	₩ 494,701,059,370
Interest expense	23,29	(137,544,959,141)	(281,405,015,768)	(136,467,062,877)	(263,468,505,257)
Net interest income		114,143,623,586	231,716,052,822	117,115,642,143	231,232,554,113
Fee and commission income	6,24	6,700,997,993	11,845,189,827	7,563,672,305	11,841,699,245
Fee and commission expense	24,29	(3,932,667,980)	(8,431,453,427)	(3,901,381,636)	(7,079,509,238)
Net fee and commission income		2,768,330,013	3,413,736,400	3,662,290,669	4,762,190,007
Net gains on financial instruments at fair value through profit or loss	6,7	23,344,999,936	32,381,146,313	14,620,323,559	14,690,626,853
Lease income	6,25, 29	375,777,952,390	743,009,095,390	355,125,579,041	688,101,072,298
Lease expense	25	(319,102,300,687)	(627,403,695,063)	(302,392,136,366)	(584,062,085,678)
Net lease income		56,675,651,703	115,605,400,327	52,733,442,675	104,038,986,620
Provision for credit losses	29	(71,135,930,385)	(121,839,206,052)	(51,407,038,086)	(96,795,560,519)
General and administrative expenses	26,29	(41,417,708,645)	(80,926,474,045)	(37,742,884,551)	(76,283,017,171)
Net other operating expenses	6,27,29	(13,372,246,346)	(19,032,513,335)	(383,710,090)	(4,200,764,142)
Net operating income		71,006,719,862	161,318,142,430	98,598,066,319	177,445,015,761
Share of profit of investments in associates and joint ventures	9	188,808,791	160,200,722	51,067,445	28,682,564
Net other non-operating income		1,103,363,217	1,931,345,594	388,624,120	1,070,385,015
Net non-operating income	29	1,292,172,008	2,091,546,316	439,691,565	1,099,067,579
Profit before income tax		72,298,891,870	163,409,688,746	99,037,757,884	178,544,083,340
Income tax expense		(17,237,933,078)	(38,296,148,984)	(22,797,042,018)	(40,059,447,505)
Profit for the period		55,060,958,792	125,113,539,762	76,240,715,866	138,484,635,835
Items that will not be reclassified to profit or loss:					
Remeasurements of net defined benefit liability		61,877,493	(46,816,367)	(33,804,371)	85,376,058
Share of other comprehensive income (loss) of associates and joint ventures	9	-	-	-	-
		61,877,493	(46,816,367)	(33,804,371)	85,376,058
Items that may be reclassified subsequently to profit or loss:					
Gains (losses) on cash flow hedging instruments	8	1,450,235,847	2,579,167,130	96,586,933	(356,520,193)
Exchange differences on translating foreign operations		(3,241,904,160)	(3,706,153,279)	(324,055,127)	288,731,453
		(1,791,668,313)	(1,126,986,149)	(227,468,194)	(67,788,740)

The above consolidated interim statements of comprehensive income should be read in conjunction with the accompanying notes.

KB Capital Co., Ltd. and Subsidiaries

Consolidated Interim Statements of Comprehensive Income (Cont'd)

Three-Month and Six-Month Periods Ended June 30, 2025 and 2024

(In Korean won)	Notes	2025		2024	
		Three months	Six months	Three months	Six months
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Other comprehensive income (loss) for the period, net of tax		₩ (1,729,790,820)	₩ (1,173,802,516)	₩ (261,272,565)	₩ 17,587,318
Total comprehensive income for the period		₩ 53,331,167,972	₩ 123,939,737,246	₩ 75,979,443,301	₩ 138,502,223,153
Profit for the period attributable to:					
Shareholder of the parent company	22	₩ 54,694,045,610	₩ 124,141,875,924	₩ 75,619,839,802	₩ 137,172,759,138
Non-controlling interests		366,913,182	971,663,838	620,876,064	1,311,876,697
		₩ 55,060,958,792	₩ 125,113,539,762	₩ 76,240,715,866	₩ 138,484,635,835
Total comprehensive income for the period attributable to:					
Shareholder of the parent company		₩ 54,075,257,218	₩ 124,065,503,270	₩ 75,499,053,468	₩ 137,151,656,240
Non-controlling interests		(744,089,246)	(125,766,024)	480,389,833	1,350,566,913
		₩ 53,331,167,972	₩ 123,939,737,246	₩ 75,979,443,301	₩ 138,502,223,153

The above consolidated interim statements of comprehensive income should be read in conjunction with the accompanying notes.

KB Capital Co., Ltd. and Subsidiaries

Consolidated Interim Statements of Changes in Equity

Six-Month Periods Ended June 30, 2025 and 2024

(In Korean won)

	Equity attributable to shareholder of the Parent Company							
	Share Capital	Hybrid Securities	Capital Surplus	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total	Non-controlling Interests	Total Equity
Balance at January 1, 2024	₩ 160,875,735,000	₩ 499,101,120,000	₩ 329,083,891,677	₩ (20,348,733,856)	₩ 1,295,838,356,050	₩ 2,264,550,368,871	₩ 14,012,321,835	₩ 2,278,562,690,706
Total comprehensive income								
Profit for the period	-	-	-	-	137,172,759,138	137,172,759,138	1,311,876,697	138,484,635,835
Remeasurements of net defined benefit liability	-	-	-	87,491,569	-	87,491,569	(2,115,511)	85,376,058
Share of other comprehensive loss of associates and joint ventures	-	-	-	-	-	-	-	-
Gains (losses) on cash flow hedging instruments	-	-	-	(356,520,193)	-	(356,520,193)	-	(356,520,193)
Exchange differences on translating foreign operations	-	-	-	247,925,726	-	247,925,726	40,805,727	288,731,453
Total comprehensive income for the period	-	-	-	(21,102,898)	137,172,759,138	137,151,656,240	1,350,566,913	138,502,223,153
Transactions with shareholder								
Dividend on hybrid securities	-	-	-	-	(13,867,386,601)	(13,867,386,601)	-	(13,867,386,601)
Total transactions with shareholder	-	-	-	-	(13,867,386,601)	(13,867,386,601)	-	(13,867,386,601)
Balance at June 30, 2024 (Unaudited)	₩ 160,875,735,000	₩ 499,101,120,000	₩ 329,083,891,677	₩ (20,369,836,754)	₩ 1,419,143,728,587	₩ 2,387,834,638,510	₩ 15,362,888,748	₩ 2,403,197,527,258
Balance at January 1, 2025	₩ 160,875,735,000	₩ 499,101,120,000	₩ 329,083,891,677	₩ (16,781,000,894)	₩ 1,490,063,409,468	₩ 2,462,343,155,251	₩ 17,508,493,065	₩ 2,479,851,648,316
Total comprehensive income								
Profit for the period	-	-	-	-	124,141,875,924	124,141,875,924	971,663,838	125,113,539,762
Remeasurements of net defined benefit liability	-	-	-	(46,816,367)	-	(46,816,367)	-	(46,816,367)
Share of other comprehensive income of associates and joint ventures	-	-	-	-	-	-	-	-
Gains (losses) on cash flow hedging instruments	-	-	-	2,579,167,130	-	2,579,167,130	-	2,579,167,130
Exchange differences on translating foreign operations	-	-	-	(2,608,723,417)	-	(2,608,723,417)	(1,097,429,862)	(3,706,153,279)
Total comprehensive income for the period	-	-	-	(76,372,654)	124,141,875,924	124,065,503,270	(125,766,024)	123,939,737,246
Transactions with shareholder								
Dividend on hybrid securities	-	-	-	-	(14,026,783,991)	(14,026,783,991)	-	(14,026,783,991)
Total transactions with shareholder	-	-	-	-	(14,026,783,991)	(14,026,783,991)	-	(14,026,783,991)
Balance at June 30, 2025 (Unaudited)	₩ 160,875,735,000	₩ 499,101,120,000	₩ 329,083,891,677	₩ (16,857,373,548)	₩ 1,600,178,501,401	₩ 2,572,381,874,530	₩ 17,382,727,041	₩ 2,589,764,601,571

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

KB Capital Co., Ltd. and Subsidiaries
Consolidated Interim Statements of Cash Flows
Six-Month Periods Ended June 30, 2025 and 2024

(In Korean won)	Notes	2025 (Unaudited)	2024 (Unaudited)
Cash flows from operating activities			
Cash used in operations	30	₩ (97,326,722,521)	₩ (867,357,944,951)
Interest received		549,527,698,588	520,493,851,724
Interest paid		(275,255,977,451)	(223,879,536,444)
Dividend income received		21,214,251,630	20,043,618,392
Income taxes paid		(37,394,592,840)	(10,753,079,870)
Net cash outflow from operating activities		160,764,657,406	(561,453,091,149)
Cash flows from investing activities			
Disposal of financial assets at fair value through profit or loss	5	44,151,067,750	42,887,845,029
Decrease in tenancy deposit		579,000,000	500,915,606
Decrease in other deposit provided		2,223,041,972	3,704,390,000
Disposal of property and equipment		152,080,246	545,118,226
Disposal of intangible assets		-	1,119,061,075
Acquisition of financial assets at fair value through profit or loss	5	(217,314,497,130)	(248,146,489,727)
Increase in tenancy deposit		(170,765,369)	(1,557,139,946)
Increase in other deposit provided		(2,753,965,579)	(3,099,888,210)
Acquisition of property and equipment		(1,189,055,333)	(3,212,276,652)
Acquisition of intangible assets		(666,347,489)	(7,064,135,737)
Net cash outflow from investing activities		(174,989,440,932)	(214,322,600,336)
Cash flows from financing activities			
Increase in debts		235,354,780,783	204,167,693,850
Increase in debentures		2,097,132,342,000	3,105,968,123,100
Increase in non-controlling interests liabilities		188,030,975	44,359,549
Decrease in debts		(390,000,000,000)	(530,000,000,000)
Decrease in debentures		(2,101,700,000,000)	(2,063,700,000,000)
Redemption of principal elements of lease payments		(2,332,484,158)	(2,339,837,581)
Dividends paid on hybrid securities		(14,078,000,000)	(13,916,500,000)
Net cash inflow from financing activities		(175,435,330,400)	700,223,838,918
Effects of exchange rate changes on cash and cash equivalents		(339,341,287)	17,026,940,142
Net increase (decrease) in cash and cash equivalents		(189,999,455,213)	(58,524,912,425)
Cash and cash equivalents at the beginning of the period		576,739,591,115	389,089,344,379
Cash and cash equivalents at the end of the period		₩ 386,740,135,902	₩ 330,564,431,954

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

1. General Information

The general information of KB Capital Co., Ltd. and its subsidiaries (the "Group") is as follows:

1.1 The Parent Company

KB Capital Co., Ltd. (the "Company") was established in September 1989 and is engaged in the facilities lease, installment financing and factoring.

Upon incorporation, the Company's stock amounted to ₩ 10 billion. As a result of several capital increases by issuing new stocks and reduction of capital since incorporation, as of June 30, 2025, the Company's stock amounted to ₩ 160.9 billion. On March 20, 2014, KB Financial Group Inc. purchased 11,180,630 common shares from Woori Finance Holdings Co., Ltd. and became the Company's largest shareholder. The Company became a wholly owned subsidiary of KB Financial Group Inc. on July 7, 2017 by comprehensive exchange of shares with KB Financial Group Inc.

As of December 31, 2024, the Company's shareholder and its percentage of ownership are as follows:

Shareholder	Number of shares owned	Percentage of ownership (%)
KB Financial Group Inc.	32,175,147	100.00

1.2 Consolidated Subsidiary

Details of the consolidated subsidiaries as of June 30, 2025, are as follows:

Subsidiary	Location	Ownership interests (%)	Month of reporting date	Industry
KB KOLAO LEASING Co., LTD.	Laos	51.0	December	Auto installment financing
PT Sunindo Kookmin Best Finance	Indonesia	85.0	December	Auto installment financing
KB Auto Fifth Asset Securitization Specialty Co., Ltd.	Republic of Korea	0.5	December	Asset-backed securitization
KB Jefferies private Investment trust No. 2	Republic of Korea	95.24	December	Investment banking business
Hanwha Global Infrastructure Private Fund 37	Republic of Korea	99.01	December	Investment banking business
KB BXC GREEN CREDIT Infrastructure Private Investment Trust No.2	Republic of Korea	95.41	December	Investment banking business
KB Fintech	Republic of Korea	95.95	December	Application software development and supply business
Leadcap 1st Co., Ltd.	Republic of Korea	-	December	Asset-backed securitization

1.3 Financial Information of Consolidated Subsidiaries

Summarized financial information for consolidated subsidiaries as of June 30, 2025 and December 31, 2024, is as follows:

(In thousands of Korean won)	June 30, 2025			2025		
Subsidiary	Assets	Liabilities	Equity	Operating income	Profit (loss) for the period	Total comprehensive income (loss)
KB KOLAO LEASING Co., LTD.	₩ 136,023,491	₩ 112,595,474	₩ 23,428,017	₩ 11,647,718	₩ 1,985,741	₩ 1,985,741
PT Sunindo Kookmin Best Finance	159,456,223	139,424,036	20,032,187	9,331,731	539,163	539,163
KB Auto Fifth Asset Securitization Specialty Co., Ltd	171,198,317	171,197,602	715	5,045,926	2	2
KB Jefferies private Investment trust No. 2	11,842,360	9,147	11,833,213	2,048,515	162,970	162,970
Hanwha Global Infrastructure Private Fund 37	8,474,486	234,699	8,239,787	594,150	219,534	219,534
KB BXC GREEN CREDIT Infrastructure Private Investment Trust No.2	1,903,133	2,097	1,901,036	202,289	46,905	46,905
KB Fintech	3,707,899	7,483,226	(3,775,327)	2,470,314	(1,988,378)	(1,988,378)
Leadcap 1st Co., Ltd.	60,045,667	60,633,865	(588,198)	1,355,594	58	58

1.3 Financial Information of Consolidated Subsidiaries (Cont'd)

(In thousands of Korean won)	December 31, 2024			2024		
Subsidiary	**Assets**	**Liabilities**	**Equity**	**Operating income**	**Profit (loss) for the period**	**Total comprehensive income (loss)**
KB KOLAO LEASING Co., LTD.	₩ 158,353,815	₩ 135,205,194	₩ 23,148,621	₩ 22,871,082	₩ 4,208,711	₩ 4,208,711
PT Sunindo Kookmin Best Finance	160,120,041	138,884,877	21,235,164	16,170,252	828,364	828,364
KB Auto Fifth Asset Securitization Specialty Co., Ltd	209,972,535	209,971,817	718	13,225,644	698	698
KB Jefferies private Investment trust No. 2	8,498,575	385,123	8,113,452	2,432,935	1,233,540	1,233,540
Hanwha Global Infrastructure Private Fund 37	9,256,471	860,236	8,396,235	1,539,347	467,529	467,529
KB BXC GREEN CREDIT Infrastructure Private Investment Trust No.2	1,699,742	69,939	1,629,803	198,738	42,989	42,989
KB Fintech	1,759,181	3,546,130	(1,786,949)	1,729,605	(5,627,399)	(5,627,399)
Leadcap 1st Co., Ltd.	60,201,494	60,789,750	(588,256)	2,564,437	(588,257)	(588,257)

2. Material Accounting Policies

2.1 Basis of Preparation

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

Certain information attached to the Korean language financial statements, but not required for a fair presentation of the Group's financial position, financial performance or cash flows, is not presented in the accompanying consolidated interim financial statements.

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

The Group's consolidated interim financial statements for the six-month period ended June 30, 2025, have been prepared in accordance with Korean IFRS No. 1034 “Interim Financial Reporting” and contain less information than is required in annual consolidated financial statements. Selected explanatory notes include descriptions of transactions or events that are significant in understanding change in financial position and financial performance of the Group since the end of the previous annual reporting period. These consolidated interim financial statements have been prepared in accordance with Korean IFRS which is effective or early adopted as of June 30, 2025.

2.2 Changes in accounting policies and disclosures

2.2.1 New and amended standards and interpretations adopted by the Group

The Group has applied the following new and amended standards for the first time for its annual reporting period commencing January 1, 2025.

(1) *Amendment of Korean IFRS No. 1021 "The Effects of Changes in Foreign Exchange Rates” and Korean IFRS No. 1101 “First-time Adoption of International Financial Reporting Standards” - Lack of exchangeability*

It requires an assessment of the exchangeability of a currency, and if it is not exchangeable with another currency, the spot exchange rate shall be estimated and relevant information disclosed. These amendments do not have a significant impact on the financial statements.

2.2.2 New and amended standards and interpretations not adopted by the Group

The following are the accounting standards that have been established or announced but have not yet been implemented, which the Group has not applied.

(1) *Amendment of Korean IFRS No. 1109 "Financial Instruments" and No. 1107 "Financial Instruments: Disclosures"*

To address issues raised in practice and incorporate new requirements, Korean IFRS No. 1109 "Financial Instruments" and No. 1107 "Financial Instruments: Disclosures" have been amended. The amendments are effective for annual reporting periods beginning on or after January 1, 2026, with early application permitted. The main amendments are as follows. The Group is currently reviewing the impact of these amendments on its financial statements.

- Permitting the deeming of financial liabilities as settled (derecognized) through an electronic payment system if certain criteria are met before the payment date
- Clarified and added additional guidance for assessing whether a financial asset meets the criteria of being solely payments of principal and interest.
- Disclose, for each type of financial instrument, the effect of contractual terms that change the timing or amount of contractual cash flows on the entity and the extent to which the entity is exposed.
- Additional disclosures for equity instruments designated as financial assets measured at fair value through other comprehensive income.

(2) *Korean IFRS Accounting Standards Annual Improvements Volume 11*

Korean IFRS Accounting Standards Annual Improvements Volume 11 will be effective for annual reporting periods beginning on or after January 1, 2026, with early application permitted. These amendments do not have a significant impact on the financial statements.

- Korean IFRS No. 1101 "First-time adoption of International Financial Reporting Standards": Hedge accounting by a first-time adopter
- Korean IFRS No. 1107 "Financial Instruments: Disclosures": Gain or loss on derecognition, Application guidance
- Korean IFRS No. 1109 "Financial Instruments": Derecognition of lease liabilities, Definition of transaction price
- Korean IFRS No. 1110 "Consolidated Financial Statements": Determination of a 'de facto agent'
- Korean IFRS No. 1007 "Statement of Cash Flows": Cost method

2.3 Material accounting policies

The material accounting policies and calculation methods applied in the preparation of these consolidated interim financial statements are the same as those applied to the consolidated financial statements for the year ended December 31, 2024, except for the impact of changes due to adopting new and amended standards and interpretations described in Note 2.2.1 and below paragraph.

Income tax expense for the interim period is measured applying the expected average annual income tax rate for the expected total annual income.

3. Critical Accounting Estimates and Assumptions

The preparation of financial statements requires the Group to make estimates and assumptions concerning the future. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4. Financial Risk Management

The Group is exposed to a variety of financial risks such as market risk (currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk, and liquidity risk due to its various activities.

The consolidated interim financial statements do not include all financial risk management and disclosure requirements required by the annual consolidated financial statements. These refer to the consolidated financial statements for the year ended December 31, 2024.

The Group's risk management departments and other risk management policies have not changed significantly since the end of the reporting period.

5. Fair Value Measurements of Financial Instruments

The fair value is defined as the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The best estimation of fair value of financial instruments is the quoted price in the active market. The Group believes that valuation methods used for measuring financial instruments at fair value are reasonable and fair value recognized in the consolidated statements of financial position are appropriate. However, the fair value of financial instruments recognized in the consolidated statements of financial position may change if other valuation methods or assumptions are used. Additionally, as there are a variety of valuation techniques and assumptions in measuring the fair value, it may be difficult to reasonably compare the fair value with that of another financial institution.

(1) Determination of the fair value

- Financial instruments are measured at fair value using a quoted market price in active markets.

- Financial instruments measured at fair value using observable market price and generally accepted pricing model.

- The fair value of financial instruments that are not measured at fair value in the consolidated statement of financial position is the quoted price if there is an active market. When there is no active market, financial instruments are measured at discounted cash flow using similar financial product's market interest rate. The carrying value of short-term receivables, short-term payables with no specified interest rate, and floating rate financial instruments with maturities less than one year, is regarded as a representative of fair value because it is a reasonable approximation of fair value, the fair value and the carrying amount are the same.

Carrying amount and fair value of the financial instruments whose fair values are disclosed as of June 30, 2025 and December 31, 2024, are as follows:

(In thousands of Korean won)	June 30, 2025		December 31, 2024	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Financial assets				
Loans at amortized cost	₩ 11,869,566,233	₩ 11,729,845,800	₩ 11,981,517,675	₩ 11,920,613,940
Other financial assets at amortized cost	184,407,052	181,198,965	183,834,670	180,652,702
Finance lease receivables	385,533,772	352,602,397	377,719,526	347,650,070
	₩ 12,439,507,057	₩ 12,263,647,162	₩ 12,543,071,871	₩ 12,448,916,712
Financial liabilities				
Debts	₩ 1,046,157,457	₩ 1,041,562,031	₩ 1,192,062,661	₩ 1,189,084,547
Debentures	13,337,299,288	13,575,132,668	13,372,294,131	13,568,836,123
Other financial liabilities	816,413,438	810,631,431	830,350,531	820,666,157
	₩ 15,199,870,183	₩ 15,427,326,130	₩ 15,394,707,323	₩ 15,578,586,827

5. Fair Value Measurements of Financial Instruments (Cont'd)

(2) Fair value hierarchy

The Group classifies fair value hierarchy levels as levels 1, 2 and 3 based on observability of inputs used to measure the fair values of financial instruments. Items that are measured at fair value are categorized by the fair value hierarchy levels, and the defined levels are as follows:

- Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current trading price. These instruments are classified as level 1.

- Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instruments are classified as level 2.

- If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. The unlisted equity securities are included in this level.

(3) Fair value hierarchy classifications of the financial assets and liabilities that are measured at fair value as of June 30, 2025 and December 31, 2024, are as follows:

(In thousands of Korean won)	June 30, 2025			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets				
Financial assets at fair value through profit or loss	₩ 822,595	₩ -	₩ 1,365,420,857	₩ 1,366,243,452
Derivative financial assets	-	64,964,955	-	64,964,955
	₩ 822,595	₩ 64,964,955	₩ 1,365,420,857	₩ 1,431,208,407
Financial liabilities				
Derivative financial liabilities	₩ -	₩ 202,796	₩ -	₩ 202,796

(In thousands of Korean won)	December 31, 2024			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets				
Financial assets at fair value through profit or loss	₩ 746,451	₩ -	₩ 1,181,216,932	₩ 1,181,963,384
Derivative financial assets	-	94,879,710	-	94,879,710
	₩ 746,451	₩ 94,879,710	₩ 1,181,216,932	₩ 1,276,843,094
Financial liabilities				
Derivative financial liabilities	₩ -	₩ 1,286,316	₩ -	₩ 1,286,316

5. Fair Value Measurements of Financial Instruments (Cont'd)

(4) The fair value hierarchy of financial assets and liabilities whose fair values are disclosed as of June 30, 2025 and December 31, 2024, are as follows:

(In thousands of Korean won)	June 30, 2025			
	Fair value			Total
	Level 1	Level 2	Level 3	
Financial assets				
Loans at amortized cost	₩ -	₩ -	₩ 11,729,845,800	₩ 11,729,845,800
Other financial assets at amortized cost	-	-	181,198,965	181,198,965
Finance lease receivables	-	-	352,602,397	352,602,397
	₩ -	₩ -	₩ 12,263,647,162	₩ 12,263,647,162
Financial liabilities				
Debts	₩ -	₩ 864,893,096	₩ 176,668,936	₩ 1,041,562,031
Debentures	-	13,338,165,875	236,966,793	13,575,132,668
Other financial liabilities	-	-	810,631,431	810,631,431
	₩ -	₩ 14,203,058,971	₩ 1,224,267,159	₩ 15,427,326,130

(In thousands of Korean won)	December 31, 2024			
	Fair value			Total
	Level 1	Level 2	Level 3	
Financial assets				
Loans at amortized cost	₩ -	₩ -	₩ 11,920,613,940	₩ 11,920,613,940
Other financial assets at amortized cost	-	-	180,652,702	180,652,702
Finance lease receivables	-	-	347,650,070	347,650,070
	₩ -	₩ -	₩ 12,448,916,712	₩ 12,448,916,712
Financial liabilities				
Debts	₩ -	₩ 994,551,849	₩ 194,532,699	₩ 1,189,084,547
Debentures	-	13,291,721,428	277,114,695	13,568,836,123
Other financial liabilities	-	-	820,666,157	820,666,157
	₩ -	₩ 14,286,273,277	₩ 1,292,313,551	₩ 15,578,586,828

5. Fair Value Measurements of Financial Instruments (Cont'd)

(5) Valuation techniques and the inputs

Following table explains the valuation techniques used in fair value measurement of Level 2 and Level 3, and significant unobservable inputs:

Classification	Level	Valuation techniques	Significant unobservable inputs
Financial instruments measured at fair value in the consolidated statement of financial position			
Financial assets at fair value through profit or loss			
Equity securities, Debt securities	3	Discounted cash flows and Net asset value method In order to estimate future cash flows, assumptions, not based on either observable quoted price or ratios, such as ratio of increase in sales, ratio of net operating income before tax and weighted-average cost of capital, are used in part. To discount cash flows, weighted-average cost of capital is computed by Capital Asset Pricing Model.	Ratio of increase in sales, Ratio of net operating income before tax, Weighted-average cost of capital, Net asset value, Volatility
Derivative financial instruments designated for hedging purposes	2	The Group uses the valuation results provided by external professional valuation agencies. These agencies reasonably estimate future expected cash flows in their valuation process.	Contractual cash flows, Discount rate
Financial instruments whose fair values are disclosed in the consolidated statement of financial position			
Financial assets	3	Discounted cash flows Fair values of financial assets are measured by discounting future cash flows of debt instruments with market interest rate in which the base interest rate is reflected	Discount rate, Base rate
Financial liabilities	2,3	Discounted cash flows Fair values of financial liabilities are measured by discounting future cash flows of debt instruments with market interest rate in which the base interest rate is reflected	Discount rate, Base rate

5. Fair Value Measurements of Financial Instruments (Cont'd)

(6) Valuation policy and process for fair value measurement categorized within Level 3

The Group uses external, independent and qualified third-party valuation service or internal valuation models to determine the fair value of the financial assets at the end of every reporting period.

Where a reclassification between the levels of the fair value hierarchy occurs for a financial asset or liability, the Group's policy is to recognize such transfers as having occurred at the beginning of the reporting period.

(7) Details of changes in Level 3 of the fair value hierarchy for the six-month periods ended June 30, 2025 and 2024, are as follows:

(In thousands of Korean won)	2025				
	Beginning balance	**Acquisition**	**Disposal**	**Profit for the period**	**Ending balance**
Financial assets at fair value through profit or loss	₩ 1,181,216,932	₩ 217,314,497	₩ (44,203,483)	₩ 11,092,910	₩ 1,365,420,857

(In thousands of Korean won)	2024				
	Beginning balance	**Acquisition**	**Disposal**	**Loss for the period**	**Ending balance**
Financial assets at fair value through profit or loss	₩ 744,715,577	₩ 248,135,210	₩ (42,344,305)	₩ (5,581,098)	₩ 944,925,384

5. Fair Value Measurements of Financial Instruments (Cont'd)

(8) Information about fair value measurements using unobservable inputs of financial instruments which are categorized within Level 3 as of June 30, 2025 and December 31, 2024, are as follows:

(In thousands of Korean won)

		June 30, 2025			
Classification	**Fair value**	**Valuation techniques**	**Unobservable inputs**	**Range of unobservable inputs (%)**	**Relationship of unobservable inputs to fair value**
Financial assets at fair value through profit or loss	₩ 1,365,420,857	Income approach, Asset value approach, Monte Carlo Simulation Model, Hull and White Model, CRR Binomial Model	Discount rate	7.52 ~ 13.23	The lower the discount rate, the higher the fair value
			Growth rate	-	The higher the growth rate, the higher the fair value
			Volatility of underlying assets	24.53 ~ 37.98	The higher the volatility, the higher the fair value change
			Interest rate volatility	0.49 ~ 0.64	The higher the volatility, the higher the fair value change
			Asset value	-	The higher the price of asset, the higher the fair value

(In thousands of Korean won)

		December 31, 2024			
Classification	**Fair value**	**Valuation techniques**	**Unobservable inputs**	**Range of unobservable inputs (%)**	**Relationship of unobservable inputs to fair value**
Financial assets at fair value through profit or loss	₩ 1,181,216,932	Income approach, Asset value approach, Monte Carlo Simulation Model, Hull and White Model, CRR Binomial Model	Discount rate	7.26 ~ 13.20	The lower the discount rate, the higher the fair value
			Growth rate	-	The higher the growth rate, the higher the fair value
			Volatility of underlying assets	35.92 ~ 36.37	The higher the volatility, the higher the fair value change
			Interest rate volatility	0.47 ~ 0.72	The higher the volatility, the higher the fair value change
			Asset value	-	The higher the price of asset, the higher the fair value

5. Fair Value Measurements of Financial Instruments (Cont'd)

(9) The results of the sensitivity analysis from changes in inputs of financial instruments which are categorized within Level 3 as of June 30, 2025 and December 31, 2024, are as follows:

(In thousands of Korean won)	June 30, 2025		December 31, 2024	
	Favorable changes	Unfavorable changes	Favorable changes	Unfavorable changes
Financial assets at fair value through profit or loss(*)	₩ 3,890,122	₩ (3,491,106)	₩ 2,894,123	₩ (2,502,361)

(*) The fair value was calculated by increasing or decreasing the key unobservable inputs (discount rate by 1 percentage point, growth rate by 0.5 percentage point, volatility by 10 percentage points, and asset value by 1 percentage point).

6. Segment Information

The Group has a single reportable segment. Enterprise-wide level information of the Group for the six-month periods ended June 30, 2025 and 2024, are as follows:

(1) Information on financial products and services

The Group's products can be classified as follows, and the profit by product recognized for the six-month periods ended June 30, 2025 and 2024, are as follows:

(In thousands of Korean won)	2025	2024	Major product
Interest income	₩ 513,121,069	₩ 494,701,059	Loans, loans for installment and others
Fee and commission income	11,845,190	11,841,699	Commission income of the financial guarantees and others
Lease income	743,009,095	688,101,072	Lease assets and others
Profit from financial assets at fair value through profit or loss	62,162,457	46,367,419	Gain on valuation of financial assets at fair value through profit or loss and others
Other operating income	51,715,908	53,716,192	Gains on disposal of loans and others
	₩ 1,381,853,719	₩ 1,294,727,441	

(2) Information on geographical areas

The operating results of the revenues from external customers of the Group for the six-month periods ended June 30, 2025 and 2024, are as follows:

(In thousands of Korean won)	2025	2024
Domestic	₩ 1,357,993,707	₩ 1,276,041,851
Overseas	23,860,012	18,685,590
	₩ 1,381,853,719	₩ 1,294,727,441

7. Financial Assets at Fair Value through Profit or Loss

(1) Financial assets at fair value through profit or loss include the following classes of financial assets as of June 30, 2025 and December 31, 2024, are as follows:

(In thousands of Korean won)		June 30, 2025		December 31, 2024
Debt securities				
Capital contributions	₩	608,798,623	₩	512,205,336
Beneficiary certificates		633,179,554		567,529,010
Others		37,321,497		36,969,785
		1,279,299,674		1,116,704,131
Equity securities				
Stocks		46,616,208		25,321,743
Hybrid securities		40,327,570		39,937,510
		86,943,778		65,259,253
	₩	1,366,243,452	₩	1,181,963,384

(2) Net gains or losses on financial instruments at fair value through profit or loss for the six-month periods ended June 30, 2025 and 2024, are as follows:

(In thousands of Korean won)		2025		2024
Gains on financial instruments at fair value through profit or loss				
Gain on valuation	₩	40,892,816	₩	25,780,261
Gain on disposal		55,390		543,540
Dividend income		21,014,251		19,646,118
Interest income		200,000		397,500
		62,162,457		46,367,419
Losses on financial instruments at fair value through profit or loss				
Loss on valuation		(29,673,506)		(31,676,792)
Loss on disposal		(107,805)		-
		(29,781,311)		(31,676,792)
	₩	32,381,146	₩	14,690,627

8. Derivative Financial Instruments and Hedge Accounting

The Group enters into derivative financial instruments, specifically currency swaps and currency forwards, to manage foreign exchange risk arising from assets and liabilities of its consolidated subsidiaries.

(1) Details of derivative financial instruments held for trading as of June 30, 2025 and December 31, 2024, are as follows:

(In thousands of Korean won, In USD)	June 30, 2025			December 31, 2024		
	Notional amount	Assets	Liabilities	Notional amount	Assets	Liabilities
Currency						
Forwards	USD 15,335,564	₩ 615,353	₩ 202,796	USD 12,606,013	₩ -	₩ 1,286,316

(2) Fair values of derivative financial instruments designated as hedging instruments as of June 30, 2025 and December 31, 2024, are as follows:

(In thousands of Korean won, In USD)	June 30, 2025			December 31, 2024		
	Notional amount	Assets	Liabilities	Notional amount	Assets	Liabilities
Currency						
Swaps	USD 300,000,000	₩ 64,349,602	₩ -	USD 300,000,000	₩94,879,710	₩ -

(3) Gains and losses on hedging instruments and the related gains and losses on hedged items for the six-month periods ended June 30, 2025 and 2024, are as follows:

(In thousands of Korean won)	2025	2024
Gains and losses related to the hedged risk of hedged items	₩ (30,667,190)	₩ 29,537,355
Ineffective portion of gains and losses on cash flow hedges	137,082	134,339
	₩ (30,530,108)	₩ 29,671,695

8. Derivative Financial Instruments and Hedge Accounting (Cont'd)

(4) Amounts recognized in other comprehensive income and reclassified from equity to profit or loss in relation to derivative financial instruments designated as cash flow hedges for the six-month periods ended June 30, 2025 and 2024, are as follows:

(In thousands of Korean won)	2025	2024
Amount recognized in other comprehensive income	₩ (30,667,190)	₩ 29,537,355
Amount reclassified from other comprehensive income to profit or loss	34,171,493	(30,021,758)
Income tax effect	(925,136)	127,882
	₩ 2,579,167	₩ (356,520)

(5) Average price conditions of forecasted notional cash flows designated as cash flow hedges as of June 30, 2025 and December 31, 2024, are as follows:

(In thousands of Korean won)	June 30, 2025		December 31, 2024	
	Cash flow hedge		Cash flow hedge	
	Nominal amount of the hedging instrument	Average price condition (USD/KRW)	Nominal amount of the hedging instrument	Average price condition (USD/KRW)
1 year	₩ 340,110,000	1,133.70	₩ 340,110,000	1,133.70
2 years	-	-	-	-
3 years	-	-	-	-
4 years	-	-	-	-
5 years	-	-	-	-
Over 5 years	-	-	-	-
	₩ 340,110,000	1,133.70	₩ 340,110,000	1,133.70

(6) Details of the items designated as hedged in cash flow hedge relationships using derivative financial instruments as of June 30, 2025 and December 31, 2024, are as follows:

(In thousands of Korean won)	Foreign currency hedging reserve		Changes in fair value	
	June 30, 2025	December 31, 2024	June 30, 2025	December 31, 2024
Hedge accounting				
Currency risk	₩ (3,311,566)	₩ (5,890,733)	₩ 30,667,190	₩ (54,180,000)

9. Investments in Associates

(1) Details of investments in associates as of June 30, 2025 and December 31, 2024, are as follows:

(In thousands of Korean won)	June 30, 2025					
	Percentage of ownership	Acquisition cost	Share of net asset amount	Carrying amount	Industry	Location
KB Founders Club 2022 Fund	66.67%	₩ 20,000,000	₩ 20,115,927	₩ 20,115,927	Investment finance	Republic of Korea
KB Bio Private Equity Investment Ⅳ Fund	24.19%	7,500,000	7,668,277	7,668,277	Investment finance	Republic of Korea
Shinhan Global Mobility Fund 1	24.56%	1,400,000	1,279,515	1,279,515	Investment finance	Republic of Korea
SKB Next Unicorn K-Battery Fund No.1	24.84%	2,000,000	1,829,669	1,829,669	Investment finance	Republic of Korea
Reboot Private Equity Fund	21.54%	7,000,000	6,892,253	6,892,253	Investment finance	Republic of Korea
		₩ 37,900,000	₩ 37,785,641	₩ 37,785,641		

(In thousands of Korean won)	December 31, 2024					
	Percentage of ownership	Acquisition cost	Share of net asset amount	Carrying amount	Industry	Location
KB Founders Club 2022 Fund	66.67%	₩ 20,000,000	₩ 20,166,046	₩ 20,166,046	Investment finance	Republic of Korea
KB Bio Private Equity Investment Ⅳ Fund	24.19%	7,500,000	7,369,339	7,369,339	Investment finance	Republic of Korea
Shinhan Global Mobility Fund 1	24.56%	1,400,000	1,294,091	1,294,091	Investment finance	Republic of Korea
SKB Next Unicorn K-Battery Fund No.1	24.84%	2,000,000	1,850,058	1,850,058	Investment finance	Republic of Korea
Reboot Private Equity Fund	21.54%	7,000,000	6,945,951	6,945,951	Investment finance	Republic of Korea
		₩ 37,900,000	₩ 37,625,485	₩ 37,625,485		

9. Investments in Associates (Cont'd)

(2) Details of changes in investments in associates and joint ventures for the six-month periods ended June 30, 2025 and 2024, are as follows:

(In thousands of Korean won)

	2025					
	Beginning balance	Acquisition	Gains (losses) on equity method accounting	Disposal	Others	Ending balance
KB Founders Club 2022 Fund	₩ 20,166,046	₩ -	₩ (50,119)	₩ -	₩ -	₩ 20,115,927
KB Bio Private Equity Investment Ⅳ Fund	7,369,339	-	298,938	-	-	7,668,277
Shinhan Global Mobility Fund 1	1,294,091	-	(14,576)	-	-	1,279,515
SKB Next Unicorn K-Battery Fund No.1	1,850,058	-	(20,389)	-	-	1,829,669
Reboot Private Equity Fund	6,945,951	-	(53,654)	-	(44)	6,892,253
	₩ 37,625,485	₩ -	₩ 160,200	₩ -	₩ (44)	₩ 37,785,641

(In thousands of Korean won)

	2024					
	Beginning balance	Acquisition	Gains (losses) on equity method accounting	Disposal	Others	Ending balance
KB Founders Club 2022 Fund	₩ 19,756,513	₩ -	₩ (123,613)	₩ -	₩ -	₩ 19,632,900
KB Bio Private Equity Investment Ⅳ Fund	6,770,765	-	187,546	-	-	6,958,311
Shinhan Global Mobility Fund 1	1,323,505	-	(15,153)	-	-	1,308,352
SKB Next Unicorn K-Battery Fund No.1	1,890,430	-	(20,098)	-	-	1,870,332
	₩ 29,741,213	₩ -	₩ 28,682	₩ -	₩ -	₩ 29,769,895

9. Investments in Associates (Cont'd)

(3) The condensed financial information on the associate and joint venture, adjustment to the carrying amount of the Group's interest in the joint venture as of June 30, 2025 and December 31, 2024, and for the six-month periods ended June 30, 2025 and 2024, are as follows:

(In thousands of Korean won)

	June 30, 2025						
	Total assets	Total liabilities	Share capital	Equity	Share of net asset amount	Unrealized gain	Consolidated carrying amount
KB Founders Club 2022 Fund	₩ 32,095,512	₩ 1,921,622	₩ 30,000,000	₩ 30,173,890	₩ 20,115,927	₩ -	₩ 20,115,927
KB Bio Private Equity Investment Ⅳ Fund	31,695,548	-	31,000,000	31,695,548	7,668,277	-	7,668,277
Shinhan Global Mobility Fund 1	5,317,208	107,753	5,700,000	5,209,455	1,279,515	-	1,279,515
SKB Next Unicorn K-Battery Fund No.1	7,364,418	-	7,700,000	7,364,418	1,829,669	-	1,829,669
Reboot Private Equity Fund	32,126,786	127,041	32,500,000	31,999,745	6,892,253	-	6,892,253

(In thousands of Korean won)

	December 31, 2024						
	Total assets	Total liabilities	Share capital	Equity	Share of net asset amount	Unrealized gain	Consolidated carrying amount
KB Founders Club 2022 Fund	₩ 31,870,759	₩ 1,621,690	₩ 30,000,000	₩ 30,249,069	₩ 20,166,046	₩ -	₩ 20,166,046
KB Bio Private Equity Investment Ⅳ Fund	30,459,936	-	31,000,000	30,459,936	7,369,339	-	7,369,339
Shinhan Global Mobility Fund 1	5,320,021	51,222	5,700,000	5,268,799	1,294,091	-	1,294,091
SKB Next Unicorn K-Battery Fund No.1	7,446,482	-	7,700,000	7,446,482	1,850,058	-	1,850,058
Reboot Private Equity Fund	32,376,080	127,024	32,500,000	32,249,056	6,945,951	-	6,945,951

9. Investments in Associates (Cont'd)

(In thousands of Korean won)	2025			
	Operating income	Profit for the period	Other comprehensive income	Total comprehensive income (loss)
KB Founders Club 2022 Fund	₩ 576,882	₩ (75,179)	₩ -	₩ (75,179)
KB Bio Private Equity Investment Ⅳ Fund	134	1,235,612	-	1,235,612
Shinhan Global Mobility Fund 1	50	(59,345)	-	(59,345)
SKB Next Unicorn K-Battery Fund No.1	88	(82,064)	-	(82,064)
Reboot Private Equity Fund	4,301	(249,108)	-	(249,108)

(In thousands of Korean won)	2024			
	Operating income	Profit for the period	Other comprehensive income	Total comprehensive income (loss)
KB Founders Club 2022 Fund	₩ 292,605	₩ (185,420)	₩ -	₩ (185,420)
KB Bio Private Equity Investment Ⅳ Fund	399	775,187	-	775,187
Shinhan Global Mobility Fund 1	-	(61,697)	-	(61,697)
SKB Next Unicorn K-Battery Fund No.1	286	(80,886)	-	(80,886)

10. Financial Assets at Amortized Cost

(1) Details of financial assets at amortized cost as of June 30, 2025 and December 31, 2024, are as follows:

(In thousands of Korean won)	June 30, 2025				
	Principal	Present value premium (discount)	Deferred loan origination fees and costs	Allowances	Carrying amount
Loans	₩ 8,758,197,630	₩ 661	₩ 46,098,443	₩ (293,624,154)	₩ 8,510,672,580
Loans for installment	3,420,433,488	(3,850,164)	25,950,901	(83,640,572)	3,358,893,653
Other receivables	200,576,160	(669,470)	-	(15,499,637)	184,407,052
	₩ 12,379,207,278	₩ (4,518,973)	₩ 72,049,344	₩ (392,764,363)	₩ 12,053,973,285

(In thousands of Korean won)	December 31, 2024				
	Principal	Present value premium (discount)	Deferred loan origination fees and costs	Allowances	Carrying amount
Loans	₩ 8,835,248,281	₩ 3,748	₩ 43,268,717	₩ (293,137,897)	₩ 8,585,382,849
Loans for installment	3,452,962,609	(5,934,861)	21,420,652	(72,313,574)	3,396,134,826
Other receivables	196,879,106	(565,848)	-	(12,478,588)	183,834,670
	₩ 12,485,089,996	₩ (6,496,961)	₩ 64,689,369	₩ (377,930,059)	₩ 12,165,352,345

(2) Restricted dues from financial institutions as of June 30, 2025 and December 31, 2024, are as follows:

(In thousands of Korean won)	Financial institution	June 30, 2025	December 31, 2024	Reason for restriction
Temporary deposits	KB Kookmin Bank	₩ 3,000	₩ 3,000	Checking account deposits
Temporary deposits	BANK OF LAOS	253,734	272,695	Business guarantee deposit
Temporary deposits	Citibank Korea Inc.	12,254,800	12,891,658	Monetary claim trust
		₩ 12,511,534	₩ 13,167,353	

10. Financial Assets at Amortized Cost (Cont'd)

(3) Changes in the discount (premium) on present value of financial assets at amortized cost for the six-month periods ended June 30, 2025 and 2024, are as follows:

(In thousands of Korean won)	2025			
	Beginning balance	Increase	Decrease	Ending balance
Loans	₩ 3,748	₩ (105,171)	₩ 102,084	₩ 661
Loans for installment	(5,934,861)	(533,895)	2,618,592	(3,850,164)
Other receivables	(565,848)	(301,396)	197,774	(669,470)
	₩ (6,496,961)	₩ (940,462)	₩ 2,918,450	₩ (4,518,973)

(In thousands of Korean won)	2024			
	Beginning balance	Increase	Decrease	Ending balance
Loans	₩ 20,918	₩ -	₩ (11,543)	₩ 9,375
Loans for installment	(10,863,195)	(2,128,415)	3,983,203	(9,008,407)
Other receivables	(674,115)	(330,673)	262,013	(742,775)
	₩ (11,516,392)	₩ (2,459,088)	₩ 4,233,673	₩ (9,741,807)

(4) Changes in the Deferred loan origination fees and costs related to financial assets at amortized cost for the six-month periods ended June 30, 2025 and 2024, are as follows:

(In thousands of Korean won)	2025			
	Beginning balance	Increase	Decrease	Ending balance
Loans	₩ 43,268,717	₩ 18,303,621	₩ (15,473,895)	₩ 46,098,443
Loans for installment	21,420,652	12,224,062	(7,693,813)	25,950,901
	₩ 64,689,369	₩ 30,527,683	₩ (23,167,708)	₩ 72,049,344

(In thousands of Korean won)	2024			
	Beginning balance	Increase	Decrease	Ending balance
Loans	₩ 44,893,242	₩ 11,921,131	₩ (15,134,999)	₩ 41,679,374
Loans for installment	16,044,045	12,685,599	(8,086,280)	20,643,364
	₩ 60,937,287	₩ 24,606,730	₩ (23,221,279)	₩ 62,322,738

10. Financial Assets at Amortized Cost (Cont'd)

(5) Changes in the allowances for the six-month periods ended June 30, 2025 and 2024, are as follows:

(In thousands of Korean won)

		2025							
			Transfer between stages						
		Beginning	Transfer to 12-month expected credit losses	Transfer to lifetime expected credit losses (non-impaired)	Transfer to lifetime expected credit losses (impaired)	Write-offs and disposals	Provision (reversal)(*)	Others (change of currency ratio, etc.)	Ending
Loans									
The financial instruments applying 12-month expected credit losses		₩ 95,249,071	₩ 10,133,095	₩ (7,271,367)	₩ (2,753,874)	₩ -	₩ (1,771,531)	₩ 17,708	₩ 93,603,102
The financial instruments applying lifetime expected credit losses	Non-impaired	79,270,254	(4,679,266)	22,069,450	(17,247,349)	-	(12,576,412)	(115)	66,836,562
	Impaired	118,618,572	(5,453,829)	(14,798,084)	20,001,223	(89,523,160)	104,337,631	2,137	133,184,490
Loans for installment									
The financial instruments applying 12-month expected credit losses		21,673,845	1,923,887	(2,863,658)	(648,257)	-	3,356,282	(227,391)	23,214,708
The financial instruments applying lifetime expected credit losses	Non-impaired	17,937,319	(1,723,745)	5,195,865	(5,514,174)	-	(480,752)	(41,990)	15,372,523
	Impaired	32,702,410	(200,142)	(2,332,206)	6,162,431	(14,304,782)	23,087,564	(61,934)	45,053,341
Other receivables		12,478,588	-	-	-	(486,955)	3,508,004	-	15,499,637
		₩ 377,930,059	₩ -	₩ -	₩ -	₩ (104,314,897)	₩ 119,460,786	₩ (311,585)	₩ 392,764,363

10. Financial Assets at Amortized Cost (Cont'd)

(In thousands of Korean won)

		2024							
			Transfer between stages						
		Beginning	Transfer to 12-month expected credit losses	Transfer to lifetime expected credit losses (non-impaired)	Transfer to lifetime expected credit losses (impaired)	Write-offs and disposals	Provision (reversal)(*)	Others (change of currency ratio, etc.)	Ending
Loans									
The financial instruments applying 12-month expected credit losses		₩ 86,154,518	₩ 10,803,699	₩ (5,528,718)	₩ (2,622,415)	₩ -	₩ (262,498)	₩ (54,024)	₩ 88,490,562
The financial instruments applying lifetime expected credit losses	Non-impaired	96,365,195	(7,237,419)	13,904,545	(17,567,281)	-	(14,638,773)	30	70,826,297
	Impaired	110,266,197	(3,566,280)	(8,375,827)	20,189,696	(89,154,099)	90,187,736	(171)	119,547,252
Loans for installment									
The financial instruments applying 12-month expected credit losses		16,934,090	1,998,275	(1,239,890)	(310,199)	-	2,665,040	84,829	20,132,145
The financial instruments applying lifetime expected credit losses	Non-impaired	9,495,449	(1,776,555)	2,254,056	(2,676,558)	-	3,604,995	3,880	10,905,267
	Impaired	16,107,697	(221,720)	(1,014,166)	2,986,757	(6,390,748)	11,616,290	22,062	23,106,172
Other receivables		9,446,760	-	-	-	(458,393)	1,977,689	-	10,966,056
		₩ 344,769,906	₩ -	₩ -	₩ -	₩ (96,003,240)	₩ 95,150,479	₩ 56,606	₩ 343,973,751

(*) The amounts include ₩ 6,437,619 thousand and ₩ 6,705,567 thousand from the recovery of written-off receivables in the current and prior periods, respectively.

10. Financial Assets at Amortized Cost (Cont'd)

(6) Changes in financial assets at amortized cost except for due from financial institutions classified as cash and cash equivalents for the six-month periods ended June 30, 2025 and 2024, are as follows:

(In thousands of Korean won)

		2025						
			Transfer between stages					
		Beginning	Transfer to 12-month expected credit losses	Transfer to lifetime expected credit losses (non-impaired)	Transfer to lifetime expected credit losses (impaired)	Write-offs and disposals	Net changes (execution, repayment and others)	Ending
Loans								
The financial instruments applying 12-month expected credit losses		₩ 7,992,066,458	₩ 68,237,746	₩ (271,530,860)	₩ (84,437,601)	₩ (105,904)	₩ 141,396,685	₩ 7,845,626,524
The financial instruments applying lifetime expected credit losses	Non-impaired	670,209,816	(58,928,369)	293,178,022	(64,638,403)	(4,369,463)	(110,069,984)	725,381,619
	Impaired	216,244,472	(9,309,377)	(21,647,162)	149,076,003	(114,732,972)	13,657,627	233,288,591
Loans for installment								
The financial instruments applying 12-month expected credit losses		3,204,143,672	35,818,402	(118,790,216)	(11,864,095)	(9,258)	23,151,763	3,132,450,268
The financial instruments applying lifetime expected credit losses	Non-impaired	218,591,688	(35,439,623)	122,527,176	(25,951,180)	(310,141)	(29,760,447)	249,657,473
	Impaired	45,713,040	(378,779)	(3,736,960)	37,815,276	(14,824,070)	(4,162,023)	60,426,484
Other receivables		196,313,258	-	-	-	(486,955)	4,080,387	199,906,690
		₩ 12,543,282,404	₩ -	₩ -	₩ -	₩ (134,838,763)	₩ 38,294,008	₩ 12,446,737,649

10. Financial Assets at Amortized Cost (Cont'd)

(In thousands of Korean won)

		2024						
			Transfer between stages					
		Beginning	Transfer to 12-month expected credit losses	Transfer to lifetime expected credit losses (non-impaired)	Transfer to lifetime expected credit losses (impaired)	Write-offs and disposals	Net changes (execution, repayment and others)	Ending
Loans								
The financial instruments applying 12-month expected credit losses		₩ 7,187,755,732	₩ 112,963,321	₩ (224,482,825)	₩ (48,398,866)	₩ -	₩ 830,305,374	₩ 7,858,142,736
The financial instruments applying lifetime expected credit losses	Non-impaired	722,849,552	(106,855,810)	236,662,143	(69,045,071)	(3,012,439)	(140,946,982)	639,651,393
	Impaired	225,927,688	(6,107,511)	(12,179,318)	117,443,938	(113,716,233)	7,229,212	218,597,776
Loans for installment								
The financial instruments applying 12-month expected credit losses		3,062,152,678	54,494,009	(83,226,584)	(8,530,269)	-	244,032,840	3,268,922,674
The financial instruments applying lifetime expected credit losses	Non-impaired	171,411,937	(54,073,884)	84,768,915	(14,285,950)	(120,110)	(21,520,382)	166,180,526
	Impaired	22,947,695	(420,125)	(1,542,331)	22,816,218	(6,739,373)	(4,055,634)	33,006,450
Other receivables		198,063,628	-	-	-	(458,393)	(18,831,777)	178,773,458
		₩ 11,591,108,910	₩ -	₩ -	₩ -	₩ (124,046,548)	₩ 896,212,651	₩ 12,363,275,013

11. Leases

(1) Lease assets as of June 30, 2025 and December 31, 2024, consist of:

(In thousands of Korean won)		June 30, 2025		December 31, 2024
Financial lease receivables				
Principal	₩	398,875,083	₩	391,528,764
Deferred loan origination fees and costs		7,876,089		6,525,940
Allowances for loan losses		(21,217,400)		(20,335,178)
		385,533,772		377,719,526
Prepaid leased assets		24,021,385		18,921,822
Operating lease assets				
Operating lease assets		2,999,338,590		3,093,776,214
Accumulated depreciation		(929,342,831)		(991,318,636)
		2,069,995,759		2,102,457,578
Prepaid rental assets		22,105,306		20,487,762
Rental assets				
Rental assets		1,927,597,226		1,868,553,928
Accumulated depreciation		(425,476,570)		(460,915,470)
		1,502,120,656		1,407,638,458
	₩	4,003,776,878	₩	3,927,225,146

(2) Changes in deferred loan origination fees and costs related to financial lease receivables for the six-month periods ended June 30, 2025 and 2024, are as follows:

(In thousands of Korean won)	2025			
	Beginning balance	Increase	Decrease	Ending balance
Financial lease receivables	₩ 6,525,940	₩ 3,516,554	₩ (2,166,405)	₩ 7,876,089

(In thousands of Korean won)	2024			
	Beginning balance	Increase	Decrease	Ending balance
Financial lease receivables	₩ 7,795,268	₩ 1,888,161	₩ (2,952,049)	₩ 6,731,380

11. Leases (Cont'd)

(3) Changes in allowances for loan losses for the six-month periods ended June 30, 2025 and 2024, are as follows:

(In thousands of Korean won)

		2025						
			Transfer between stages					
		Beginning	Transfer to 12-month expected credit losses	Transfer to lifetime expected credit losses (non-impaired)	Transfer to lifetime expected credit losses (impaired)	Write-offs and disposals	Provision (reversal)(*)	Ending
Finance lease receivables								
The financial instruments applying 12-month expected credit losses		₩ 195,691	₩ 10,044	₩ (22,373)	₩ (6,646)	₩ -	₩ (8,860)	₩ 167,856
The financial instruments applying lifetime expected credit losses	Non-impaired	374,405	(10,044)	602,280	(139,076)	-	(424,997)	402,568
	Impaired	19,765,082	-	(579,907)	145,722	(8,576,059)	9,892,138	20,646,976
		₩ 20,335,178	₩ -	₩ -	₩ -	₩ (8,576,059)	₩ 9,458,281	₩ 21,217,400

11. Leases (Cont'd)

(In thousands of Korean won)

		2024						
			Transfer between stages					
		Beginning	Transfer to 12-month expected credit losses	Transfer to lifetime expected credit losses (non-impaired)	Transfer to lifetime expected credit losses (impaired)	Write-offs and disposals	Provision (reversal)(*)	Ending
Finance lease receivables								
The financial instruments applying 12-month expected credit losses		₩ 212,603	₩ 39,615	₩ (5,413)	₩ (6,092)	₩ -	₩ (56,883)	₩ 183,830
The financial instruments applying lifetime expected credit losses	Non-impaired	425,442	(39,615)	342,534	(160,083)	-	(254,752)	313,526
	Impaired	16,787,484	-	(337,121)	166,175	(7,856,874)	8,472,920	17,232,584
		₩ 17,425,529	₩ -	₩ -	₩ -	₩ (7,856,874)	₩ 8,161,285	₩ 17,729,940

(*) The amounts include ₩ 400,228 thousand and ₩ 372,545 thousand from the recovery of written-off receivables in the current and prior periods, respectively.

11. Leases (Cont'd)

(4) Changes in finance lease receivables for the six-month periods ended June 30, 2025 and 2024, are as follows:

(In thousands of Korean won)

		2025						
			Transfer between stages					
		Beginning	Transfer to 12-month expected credit losses	Transfer to lifetime expected credit losses (non-impaired)	Transfer to lifetime expected credit losses (impaired)	Write-offs and disposals	Net changes (execution, repayment and others)	Ending
Finance lease receivables								
The financial instruments applying 12-month expected credit losses		₩ 341,144,799	₩ 1,600,690	₩ (8,232,513)	₩ (492,781)	₩ -	₩ 11,354,501	₩ 345,374,696
The financial instruments applying lifetime expected credit losses	Non-impaired	28,436,506	(1,600,690)	10,030,719	(4,744,446)	-	(1,756,952)	30,365,137
	Impaired	28,473,399	-	(1,798,206)	5,237,227	(8,576,059)	7,674,978	31,011,339
		₩ 398,054,704	₩ -	₩ -	₩ -	₩ (8,576,059)	₩ 17,272,527	₩ 406,751,172

11. Leases (Cont'd)

(In thousands of Korean won)

		2024						
			Transfer between stages					
		Beginning	Transfer to 12-month expected credit losses	Transfer to lifetime expected credit losses (non-impaired)	Transfer to lifetime expected credit losses (impaired)	Write-offs and disposals	Net changes (execution, repayment and others)	Ending
Finance lease receivables								
The financial instruments applying 12-month expected credit losses		₩ 391,247,220	₩ 8,142,261	₩ (8,408,681)	₩ (644,903)	₩ -	₩ (35,658,470)	₩ 354,677,427
The financial instruments applying lifetime expected credit losses	Non-impaired	39,713,178	(8,142,261)	9,038,740	(5,564,928)	-	(7,997,295)	27,047,434
	Impaired	24,389,149	-	(630,059)	6,209,831	(7,856,874)	4,912,209	27,024,256
		₩ 455,349,547	₩ -	₩ -	₩ -	₩ (7,856,874)	₩ (38,743,556)	₩ 408,749,117

12. Property and Equipment

Details of property and equipment as of June 30, 2025 and December 31, 2024, are as follows:

(In thousands of Korean won)	June 30, 2025		
	Acquisition cost	Accumulated depreciation	Carrying amount
Land	₩ 4,107,565	₩ -	₩ 4,107,565
Buildings	17,262,824	(5,908,255)	11,354,569
Leasehold improvements	8,394,888	(6,780,487)	1,614,401
Equipment	65,684,912	(56,391,122)	9,293,790
Vehicles	910,129	(580,740)	329,389
Right-of-use assets	23,143,805	(6,935,275)	16,208,530
	₩ 119,504,123	₩ (76,595,879)	₩ 42,908,244

(In thousands of Korean won)	December 31, 2024		
	Acquisition cost	Accumulated depreciation	Carrying amount
Land	₩ 4,118,468	₩ -	₩ 4,118,468
Buildings	17,948,055	(5,615,549)	12,332,506
Leasehold improvements	8,052,403	(6,442,233)	1,610,170
Equipment	65,202,392	(52,645,279)	12,557,113
Vehicles	984,396	(547,345)	437,051
Right-of-use assets	23,130,084	(6,445,729)	16,684,355
	₩ 119,435,798	₩ (71,696,135)	₩ 47,739,663

13. Intangible Assets

Details of intangible assets as of June 30, 2025 and December 31, 2024, are as follows:

(In thousands of Korean won)	June 30, 2025			
	Acquisition cost	Accumulated amortization	Accumulated impairment	Carrying amount
Goodwill	₩ 43,274,606	₩ -	₩ (2,926,413)	₩ 40,348,193
Development cost	28,461,325	(15,572,630)	-	12,888,695
Membership deposit	10,184,090	-	(727,144)	9,456,946
Other intangible assets	1,533,483	(1,430,729)	-	102,754
	₩ 83,453,504	₩ (17,003,359)	₩ (3,653,557)	₩ 62,796,588

(In thousands of Korean won)	December 31, 2024			
	Acquisition cost	Accumulated amortization	Accumulated impairment	Carrying amount
Goodwill	₩ 43,532,276	₩ -	₩ (2,926,413)	₩ 40,605,863
Development cost	27,795,925	(12,316,741)	-	15,479,184
Membership deposit	10,184,090	-	(727,144)	9,456,946
Other intangible assets	1,615,850	(1,473,116)	-	142,734
	₩ 83,128,141	₩ (13,789,857)	₩ (3,653,557)	₩ 65,684,727

14. Other Assets

Details of other assets as of June 30, 2025 and December 31, 2024, are as follows:

(In thousands of Korean won)	June 30, 2025	December 31, 2024
Prepaid expenses	₩ 27,469,457	₩ 24,362,553
Advance payments	171,372	110,310
Prepaid value-added tax	3,065,750	6,077,438
	₩ 30,706,579	₩ 30,550,301

15. Debts

Details of debts as of June 30, 2025 and December 31, 2024, are as follows:

(In thousands of Korean won)	June 30, 2025		December 31, 2024	
	Interest rate (%)	Amount	Interest rate (%)	Amount
General debts	SOFR+1.45%~2.25%, JIBOR+0.50~1.40%, 4.70%~7.50%	₩ 196,668,936	SOFR+1.71%~2.25%, JIBOR+1.00~1.40%, CoF+1.25%~1.5%, 4.70%~7.50%	₩ 214,532,699
Commercial paper	1.73% ~ 4.63%	860,000,000	1.73% ~ 4.75%	1,000,000,000
		1,056,668,936		1,214,532,699
Present value discount		(10,511,479)		(22,470,038)
		₩ 1,046,157,457		₩ 1,192,062,661

16. Debentures

Details of debentures as of June 30, 2025 and December 31, 2024, are as follows:

(In thousands of Korean won)	June 30, 2025		December 31, 2024	
	Interest rate (%)	Amount	Interest rate (%)	Amount
Carrying amount of debentures				
Public issues	1.61% ~ 7.16%	₩ 12,709,000,000	1.50% ~ 7.68%	₩ 12,669,000,000
Private issues	-	-	9.50%	3,000,000
Securitization bonds	4.7%, CD rate +1.3%	231,000,000	4.7%, CD rate +1.3%	269,700,000
Foreign currency bonds	1.50%	406,920,000	1.50%	441,000,000
		13,346,920,000		13,382,700,000
Discount on debentures		(9,620,712)		(10,405,869)
		₩ 13,337,299,288		₩ 13,372,294,131

17. Net Defined Benefit Liabilities (assets)

(1) Details of post-employment benefits recognized in profit or loss as employee compensation and benefits for the six-month periods ended June 30, 2025 and 2024, are as follows:

(In thousands of Korean won)	2025	2024
Current service cost	₩ 2,421,087	₩ 2,266,135
Past service cost	186,661	-
Net interest expenses of net defined benefit liabilities	(221,969)	(305,921)
Post-employment benefits	₩ 2,385,779	₩ 1,960,214

(2) Details of net defined benefit liabilities as of June 30, 2025 and December 31, 2024, are as follows:

(In thousands of Korean won)	June 30, 2025	December 31, 2024
Present value of defined benefit obligations	₩ 50,478,962	₩ 48,628,432
Fair value of plan assets	(60,177,650)	(60,697,739)
Net defined benefit liabilities (assets)	₩ (9,698,688)	₩ (12,069,307)

17. Net Defined Benefit Liabilities (assets) (Cont'd)

(3) Defined Contribution Plans

The amounts recognized as expenses in relation to the defined contribution plan for the current and prior years were ₩ 175,844 thousand and ₩ 45,900 thousand, respectively.

18. Other Financial Liabilities

Other financial liabilities as of June 30, 2025 and December 31, 2024, are as follows:

(In thousands of Korean won)		June 30, 2025		December 31, 2024
Refundable lease deposits				
Refundable lease deposits	₩	661,320,291	₩	674,558,819
Present value discount		(75,590,194)		(75,748,724)
		585,730,097		598,810,095
Deposits received		6,650,247		6,623,366
Non-trade payables		88,297,539		71,978,175
Accrued expenses		109,127,942		127,280,779
General withholdings		9,504,712		8,973,570
Lease liabilities		16,370,582		16,140,258
Non-controlling interest		732,319		544,288
	₩	816,413,438	₩	830,350,531

19. Other Liabilities

Other liabilities as of June 30, 2025 and December 31, 2024, are as follows:

(In thousands of Korean won)		June 30, 2025		December 31, 2024
Advance receipts	₩	83,013,500	₩	79,474,426
Unearned income		88,865,577		89,501,579
VAT withheld and others		1,210,326		1,071,219
	₩	173,089,403	₩	170,047,224

20. Hybrid securities

(1) Details of hybrid securities as of June 30, 2025 and December 31, 2024, are as follows:

(In thousands of Korean won)	Issue date	Maturity date	Interest rate	June 30, 2025	December 31, 2024
Hybrid securities	2015.03.27	2045.03.27	7.84%	₩ 50,000,000	₩ 50,000,000
Issuance costs				(153,500)	(153,500)
Hybrid securities	2015.09.24	2045.09.24	5.99%	50,000,000	50,000,000
Issuance costs				(103,800)	(103,800)
Hybrid securities	2016.03.29	2046.03.29	6.41%	50,000,000	50,000,000
Issuance costs				(109,300)	(109,300)
Hybrid securities	2016.06.28	2046.06.28	6.47%	50,000,000	50,000,000
Issuance costs				(103,800)	(103,800)
Hybrid securities	2016.11.28	2046.11.28	6.95%	50,000,000	50,000,000
Issuance costs				(103,800)	(103,800)
Hybrid securities	2017.04.27	2047.04.27	7.66%	50,000,000	50,000,000
Issuance costs				(103,820)	(103,820)
Hybrid securities	2020.09.25	2050.09.25	3.38%	100,000,000	100,000,000
Issuance costs				(110,440)	(110,440)
Hybrid securities	2022.02.17	2052.02.17	4.49%	100,000,000	100,000,000
Issuance costs				(110,420)	(110,420)
				₩ 499,101,120	₩ 499,101,120

As of June 30, 2025 and December 31, 2024, all hybrid securities issued by the Group are owned by KB Financial Group Inc.

At the date of maturity, the contractual agreements allow the Group to indefinitely extend the maturity date with the same contractual terms and delay payment of interest if certain requirements are met. In addition, the Group can exercise its right to early repayment after 5 years after issuing hybrid securities.

The above hybrid securities' rates are reset every 5 years after issuance by reflecting the change in the interest rate of 5-year treasury bonds and adding a step-up rate of 2.00% only once at the first interest reset date.

20. Hybrid securities (Cont'd)

(2) The interest rates of the hybrid securities, adjusted due to the reset after five years, are as follows:

	Issue date	Interest rate before change	Interest rate after change
Hybrid securities	2015.03.27	6.55%	7.84%
Hybrid securities	2015.09.24	4.61%	5.99%
Hybrid securities	2016.03.29	4.40%	6.41%
Hybrid securities	2016.06.28	4.06%	6.47%
Hybrid securities	2016.11.28	4.74%	6.95%
Hybrid securities	2017.04.27	4.43%	7.66%

21. Accumulated Other Comprehensive Loss

Details of accumulated other comprehensive loss as of June 30, 2025 and December 31, 2024, are as follows:

(In thousands of Korean won)	June 30, 2025	December 31, 2024
Remeasurements of net defined benefit liabilities	₩ (5,335,072)	₩ (5,288,256)
Gains on equity method accounting	38,892	38,892
Exchange differences on translating foreign operations	(8,249,628)	(5,640,904)
Losses on valuation of cash flow hedge derivatives	(3,311,566)	(5,890,733)
	₩ (16,857,374)	₩ (16,781,001)

22. Retained Earnings

(1) Retained earnings as of June 30, 2025 and December 31, 2024, consist of:

(In thousands of Korean won)	June 30, 2025	December 31, 2024
Legal reserves(*)	₩ 12,173,000	₩ 12,173,000
Regulatory reserve for credit losses	140,900,409	127,731,541
Retained earnings before appropriation	1,447,105,092	1,350,158,868
	₩ 1,600,178,501	₩ 1,490,063,409

(*) In accordance with Article 458 of the Commercial Act, the Group reserves at least 10% of the cash dividend as reserve for profits every fiscal period until the amount reaches 50% of the share capital.

22. Retained Earnings (Cont'd)

(2) Details of the regulatory reserve for credit losses as of June 30, 2025 and December 31, 2024, are as follows:

(In thousands of Korean won)	June 30, 2025	December 31, 2024
Beginning balance	₩ 140,900,409	₩ 127,731,541
Amounts estimated to be appropriated	1,401,601	13,168,867
Ending balance	₩ 142,302,010	₩ 140,900,409

(3) Adjusted profit after reflecting the provision of regulatory reserve for credit losses and the regulatory reserve for credit losses the three-month and six-month periods ended June 30, 2025 and 2024, are as follows:

(In thousands of Korean won)	2025		2024	
	Three-month	Six-month	Three-month	Six-month
Profit for the period	₩ 54,694,046	₩ 124,141,876	₩ 75,619,840	₩ 137,172,759
Dividends on hybrid securities	(7,087,203)	(14,026,784)	(6,917,481)	(13,867,387)
Expected provision (reversal) of regulatory reserve for credit losses	2,151,127	(1,401,601)	(4,872,034)	(15,700,821)
Adjusted profit after provision of regulatory reserve for credit losses and dividends on hybrid securities(*)	₩ 49,757,970	₩ 108,713,491	₩ 63,830,325	₩ 107,604,551

(*) Adjusted profit after provision of regulatory reserve for credit losses and dividends (interests) on hybrid securities are not based on Korean IFRS. The amount is calculated reflecting dividends (interests) on hybrid securities and provision (reversal) of the reserve before tax to the profit for the period of the Parent Company.

23. Net Interest Income

Details of interest income and interest expenses for the six-month periods ended June 30, 2025 and 2024, are as follows:

(In thousands of Korean won)	2025		2024	
	Three-month	Six-month	Three-month	Six-month
Interest income				
Cash and cash equivalent	₩ 1,605,134	₩ 3,944,487	₩ 3,536,562	₩ 6,496,189
Loans and loans for installment	249,988,357	508,981,912	249,894,598	487,942,858
Others	95,092	194,670	151,545	262,012
	251,688,583	513,121,069	253,582,705	494,701,059
Interest expenses				
Debts	(10,300,355)	(21,012,653)	(18,044,140)	(37,782,965)
Debentures	(127,090,691)	(260,092,637)	(118,362,400)	(225,567,087)
Others	(153,914)	(299,726)	(60,524)	(118,452)
	(137,544,959)	(281,405,016)	(136,467,063)	(263,468,505)
	₩ 114,143,624	₩ 231,716,053	₩ 117,115,642	₩ 231,232,554

24. Net Fee and Commission Income (Expense)

Details of fee and commission income, and fee and commission expense for the six-month periods ended June 30, 2025 and 2024, are as follows:

(In thousands of Korean won)	2025		2024	
	Three-month	Six-month	Three-month	Six-month
Fee and commission income				
Commission income of the financial guarantees and others	₩ 6,700,998	₩ 11,845,190	₩ 7,563,672	₩ 11,841,699
Fee and commission expense				
Commission expenses and others	(3,932,668)	(8,431,453)	(3,901,381)	(7,079,509)
	₩ 2,768,330	₩ 3,413,737	₩ 3,662,291	₩ 4,762,190

25. Net Lease Income

Details of lease income and lease expenses for the six-month periods ended June 30, 2025 and 2024, are as follows:

(In thousands of Korean won)	2025		2024	
	Three-month	Six-month	Three-month	Six-month
Lease income				
Income on financial lease receivables	₩ 5,562,935	₩ 11,208,417	₩ 5,925,700	₩ 11,976,877
Operating lease income	207,716,578	418,435,413	215,848,287	434,100,552
Lease cancellation revenues	10,545,039	21,693,782	9,019,075	18,043,341
Depreciation of unearned lease receipts	6,485,283	13,426,949	6,289,161	12,937,991
Revenues on disposal of operating lease assets	144,848,204	277,076,590	118,002,152	210,971,697
Others	619,913	1,167,944	41,204	70,614
	375,777,952	743,009,095	355,125,579	688,101,072
Lease expenses				
Expenses on disposal of operating lease assets	(143,880,670)	(275,596,183)	(116,784,813)	(210,540,627)
Depreciation of operating lease assets	(154,720,570)	(310,471,210)	(164,712,062)	(331,415,337)
Depreciation of present value discount for refundable lease deposits	(6,485,283)	(13,426,949)	(6,289,161)	(12,937,991)
Operating lease insurance expenses	(7,036,246)	(14,190,122)	(8,131,096)	(15,852,785)
Operating lease vehicle maintenance expenses	(3,465,535)	(7,245,330)	(3,800,957)	(8,323,308)
Others	(3,513,997)	(6,473,902)	(2,674,047)	(4,992,037)
	(319,102,301)	(627,403,696)	(302,392,136)	(584,062,085)
	₩ 56,675,651	₩ 115,605,399	₩ 52,733,443	₩ 104,038,987

26. General and Administrative Expenses

Details of general and administrative expenses for the six-month periods ended June 30, 2025 and 2024, are as follows:

(In thousands of Korean won)	2025		2024	
	Three-month	Six-month	Three-month	Six-month
Employee Benefits				
Salaries	₩ 12,203,823	₩ 23,932,676	₩ 11,631,140	₩ 22,928,132
Bonus	4,662,527	9,911,890	5,198,895	10,360,748
Miscellaneous benefits	249,955	1,398,958	327,841	1,418,665
Post-employment benefits(*)	1,208,512	2,561,621	989,290	2,602,409
Welfare expenses	3,373,351	6,822,626	3,356,384	6,879,365
Share-based payments	2,754,501	2,981,112	1,614,340	2,546,997
	24,452,669	47,608,883	23,117,890	46,736,316
Depreciation and amortization				
Depreciation	2,390,136	4,821,380	2,598,123	5,229,200
Amortization	1,575,649	3,286,803	1,805,762	3,582,718
Depreciation of right-of-use assets	1,524,599	3,029,514	1,338,890	2,644,905
	5,490,384	11,137,697	5,742,775	11,456,823
Other general and administrative expenses				
Service fees	305,002	609,341	369,882	748,059
Maintenance	3,154,363	7,026,155	2,786,314	5,399,827
Communication	597,387	1,211,332	623,258	1,217,028
Advertising	4,088,987	6,439,845	2,244,910	4,381,546
Taxes and public dues	2,115,931	4,381,290	1,590,768	3,632,467
Operating promotion expenses	420,193	930,905	399,029	925,952
Training	91,645	169,392	158,130	224,771
Publication	26,072	59,831	51,424	115,741
Travel	221,522	430,972	184,882	446,376
Rental expense	226,669	491,436	259,313	583,966
Others	226,885	429,395	214,310	414,145
	11,474,656	22,179,894	8,882,220	18,089,878
	₩ 41,417,709	₩ 80,926,474	₩ 37,742,885	₩ 76,283,017

(*) No severance benefits due to mutually agreed resignations were recognized for the current interim period, while such benefits amounted to ₩ 596,295 thousand for the prior interim period.

27. Net Other Operating Income (Expenses)

Details of other operating income and other operating expenses for the six-month periods ended June 30, 2025 and 2024, are as follows:

(In thousands of Korean won)	2025		2024	
	Three-month	Six-month	Three-month	Six-month
Other operating income				
Gains on disposal of loans	₩ 5,606,468	₩ 12,813,810	₩ 8,301,594	₩ 16,952,475
Gains on foreign currency transaction	216,660	480,345	554,776	865,074
Gains on foreign currency translation	23,192,849	34,185,252	2,154,725	5,071,736
Gains on derivative transactions	346,616	346,616	20,367	20,367
Gains on valuation of derivatives	1,379,991	1,792,847	12,410,107	30,157,233
Others	1,805,517	2,097,038	426,973	649,307
	32,548,101	51,715,908	23,868,542	53,716,192
Other operating expenses				
Losses on disposal of loans	(5,476,777)	(6,299,266)	(414,576)	(770,439)
Losses on foreign currency transaction	(8,383)	(9,099)	(24,210)	(27,160)
Losses on foreign currency translation	4,631,144	(5,329,331)	(13,140,201)	(30,494,043)
Losses on derivative transactions	(180,928)	(548,905)	(25,247)	(26,015)
Losses on valuation of derivatives	(33,498,293)	(34,171,493)	(351,992)	(980,682)
Sales commission	(258,430)	(511,990)	(1,627,852)	(3,529,827)
Dispatch commission	(4,951,894)	(10,035,947)	(5,162,302)	(10,623,176)
Others	(6,176,786)	(13,842,390)	(3,505,872)	(11,465,614)
	(45,920,347)	(70,748,421)	(24,252,252)	(57,916,956)
	₩ (13,372,246)	₩ (19,032,513)	₩ (383,710)	₩ (4,200,764)

28. Contingent Liabilities and Commitments

(1) Details of key terms and conditions of the Group's major borrowing agreements as of June 30, 2025 and December 31, 2024, are as follows:

(In thousands of Korean won, in IDR and USD)			June 30, 2025		December 31, 2024	
Creditor		Currency	Committed amount	Used amount	Committed amount	Used amount
Shinhan Bank	Commercial paper	KRW	90,000,000	-	90,000,000	-
Woori Bank	Loans	KRW	50,000,000	-	50,000,000	-
Nonghyup Bank	Loans	KRW	50,000,000	-	50,000,000	-
iM Bank	Loans	KRW	30,000,000	-	30,000,000	-
Standard Chartered Bank	Loans	KRW	50,000,000	-	50,000,000	-
Bank of China (Seoul Branch)	Loans	KRW	30,000,000	-	30,000,000	-
Korea Development Bank	Loans	KRW	50,000,000	-	50,000,000	-
KEB Hana Bank	Loans	KRW	30,000,000	-	30,000,000	-
The Kwangju Bank	Loans	KRW	20,000,000	-	20,000,000	-
KB Kookmin Bank	Loans	USD	33,500,000	33,500,000	33,500,000	33,500,000
ANZ Bank (Lao Branch)	Loans	USD	15,000,000	1,998,292	15,000,000	10,368,816
Bank Permata	Loans	IDR	200,000,000,000	52,500,000,005	200,000,000,000	87,500,000,003
SMBC Bank (Indonesia)	Loans	IDR	450,000,000,000	354,500,000,000	450,000,000,000	430,000,000,000
Shinhan Bank (Indonesia)	Loans	IDR	450,000,000,000	350,000,000,000	350,000,000,000	350,000,000,000
J-Trust Bank (Indonesia)	Loans	IDR	100,000,000,000	47,037,186,096	100,000,000,000	63,577,801,656
PT Bank KB Bukopin (Indonesia)	Loans	IDR	60,000,000,000	60,000,000,000	60,000,000,000	60,000,000,000
Mandiri Bank (Indonesia)	Loans	IDR	700,000,000,000	278,750,208,333	600,000,000,000	433,958,333,333
Woori Bank (Indonesia)	Loans	IDR	-	-	120,000,000,000	-
Standard Chartered (Indonesia)	Loans	IDR	385,000,000,000	250,000,000,000	-	-
KEB Hana Bank (Indonesia)	Loans	IDR	140,000,000,000	140,000,000,000	-	-

28. Contingent Liabilities and Commitments (Cont'd)

(2) The Group has no outstanding payment guarantees as of June 30, 2024 and December 31, 2024.

(3) Among pending lawsuits as of June 30, 2025, there are 52 cases that the Group is defendant (litigation amount: ₩ 2,185 million), and 37 cases that the Group is plaintiff (litigation amount: ₩ 4,124 million). As of December 31, 2024, there were 46 cases that the Group was defendant (litigation amount: ₩ 3,148 million), and 26 cases that the Group was plaintiff (litigation amount: ₩ 842 million).

(4) As of June 30, 2025 and December 31, 2024, according to the agreement, KB KOLAO LEASING Co., LTD. disposes affiliated receivables, which are overdue for more than three months, of LVMC Holdings (formerly, Kolao Holdings) to Lanexang Leasing Co., Ltd.

(5) As of June 30, 2025 and December 31, 2024, with respect to shares of PT Sunindo Parama Finance, the Group and PT Sunindo Primasura shall retain for five years from May 18, 2020, the date the share purchase was completed. If one party sells all or part of the shares, provides them as collateral, trades or disposed of them, the other party could exercise a call option through a written proposal including transfer price, payment method and others provided by the counterparty.

(6) As of June 30, 2025 and December 31, 2024, the unused committed balances under the Group's credit line agreements are as follows:

(In thousands of Korean won)	June 30, 2025		December 31, 2024	
	Agreement amount	Unused committed balance	Agreement amount	Unused committed balance
Credit line agreement	₩ 2,524,811,654	₩ 892,630,857	₩ 2,459,672,432	₩ 815,986,300

(7) As of June 30, 2025 and December 31, 2024, the unused purchase amounts under the securities purchase agreements entered into by the Group are as follows:

(In thousands of Korean won)	June 30, 2025		December 31, 2024	
	Agreement amount	Unused purchase amount	Agreement amount	Unused purchase amount
Securities purchase agreement	₩ 1,934,007,328	₩ 468,742,886	₩ 1,862,065,528	₩ 551,128,583

(8) The Group manages written-off receivables for which claims against the debtor have not lapsed due to reasons such as the non-expiration of the statute of limitations under relevant laws or the non-collection of receivables after the write-off. The balance of such written-off receivables as of June 30, 2025 and December 31, 2024 amounts to ₩ 391,054,711 and ₩ 392,390,215 thousand.

28. Contingent Liabilities and Commitments (Cont'd)

(9) As of June 30, 2025 and December 31, 2024, the details of the guarantees provided to the Group by Seoul Guarantee Insurance Company are as follows:

(In thousands of Korean won)	June 30, 2025	December 31, 2024
Performance guarantee	₩ 17,146,065	₩ 17,600,979

29. Related Party Transactions

(1) The related parties of the Group as of June 30, 2025, are as follows:

	Remark
Parent Company	KB Financial Group Inc.
Investment in associates	KB Founders Club 2022 Fund, KB Bio Private Equity Investment Ⅳ Fund, Shinhan Global Mobility Fund 1, SKB Next Unicorn K-Battery Fund No.1, Reboot Private Equity Fund
Other related parties	KB Kookmin Bank, KB Kookmin Card Co., Ltd., KB Securities Co., Ltd., KB Insurance Co., Ltd., KB Life Insurance Co., Ltd., KB Data System Co., Ltd., KB Savings Bank Co., Ltd., KB Investment Co., Ltd, PT Bank KB Bukopin Tbk, KB Intellectual Property Fund No.2, KB Digital Innovation Investment Fund Limited Partnership, KB-NAU Special Situation Corporate Restructuring Private Equity Fund, KB Smart Scale up Fund, KB-SOLIDUS Healthcare Investment Fund, KB Aircraft Private Special Asset Fund No.1, KB-NP Green ESG New Technology Venture Capital Fund, KB UK HSBC Senior Private Investment Trust No.1, KB-Badgers Future Mobility ESG FUND Ⅰ, KB Global Platform Fund No.2, KB Digital Platform Fund, KB Mezzanine Capital 4th Private Equity Fund, KB Global Private Real Estate Fund No.22 (FoFs), KB-Stonebridge Secondary Private Equity Fund, KB Prime Digital Platform Fund, U-KB Credit No1. Private Equity, KB Core Plus Blind Private Real Estate Investment Trust No.1, KB Scale up Fund Ⅱ, KB Pre-IPO No.2 (TCB) Investment Fund, KB Global Platform Fund, KB Apax Global buyout Private Fund 1, PineStreet PECP global VI Private Investment Trust No.21, Shinhan InfraRed VI Private Investment Trust No.2, KB-SBI Global Strategic Capital Fund, KB-IMM New Star Real Estate Private Fund 1, KB Global Senior Private Debt Private Fund No.2,KB Income Focus blind Private Real Estate Investment Trust No.1, KB-LB Middle Market Enterprises Innovation Private Equity Fund, Semicolon Susong REITs Co. Apax, etc.

29. Related Party Transactions (Cont'd)

(2) Outstanding balances arising from the related party transactions as of June 30, 2025 and December 31, 2024, are as follows:

(In thousands of Korean won)

Name of entity		June 30, 2025	December 31, 2024
KB Financial Group Inc.	Accounts receivable	₩ 4,840	₩ 11,014
	Accrued income	72,243	-
	Accrued expenses	9,831,066	9,847,653
	Non-trade payables	29,992,400	38,389,097
KB Kookmin Bank	Cash and cash equivalents	84,454,049	447,398,661
	Due from banks	3,000	3,000
	Accrued income	11,905	10,870
	Tenancy deposit	2,776,652	2,676,850
	Right-of-use assets	427,060	-
	Debts	50,461,400	54,711,000
	Accrued expenses	2,561,174	385,741
	Lease liabilities	465,668	-
KB Kookmin Card Co., Ltd.	Accrued income	307	221
	Accrued expenses	26,304,171	21,544,649
KB Securities Co., Ltd.	Cash and cash equivalents	-	2,489,286
	Tenancy deposit	402,783	322,475
	Right-of-use assets	1,155,676	1,351,385
	Debentures	10,000,000	-
	Non-controlling interest	650,737	461,157
	Accrued expenses	862,500	-
	Lease liabilities	1,228,025	1,464,563
KB Insurance Co., Ltd.	Prepaid expenses	9,798,242	9,419,428
	Tenancy deposit	9,757	9,467
	Accrued expenses	22,143	23,100
KB Life Insurance Co., Ltd.	Prepaid expenses	119,605	250,808
KB Logistics Private Real Estate Investment Trust No.3(*1)	Loans	-	20,000,000
	Allowance for doubtful accounts	-	(50,920)
	Accrued income	-	(359)
PT Bank KB Bukopin Tbk	Financial assets at fair value through profit or loss	602,640	590,328
Total assets		₩ 99,838,759	₩ 484,482,514
Total liabilities		₩ 132,379,284	₩ 126,826,960

(*1) It was sold during the current period and is no longer classified as a related party.

29. Related Party Transactions (Cont'd)

(3) Profit and loss arising from transactions with related parties for the six-month periods ended June 30, 2025 and 2024, are as follows:

(In thousands of Korean won)

Name of entity		2025	2024
KB Financial Group Inc.	Non-operating income	₩ 72,243	₩ 62,491
	General and administrative expenses	6,875	6,176
	Interest expenses	-	2,964,000
KB Kookmin Bank	Interest income	100,652	118,321
	Non-operating income	74,286	110,150
	Interest expenses	2,085,878	2,116,017
	Fee and commission expense	418,060	370,871
	General and administrative expenses	214,690	163,298
	Other operating expenses	2,188,742	1,926,104
	Income from financial assets at fair value through profit or loss	396,563	-
	Expense from financial assets at fair value through profit or loss	(88,541)	92,855
KB Kookmin Card Co., Ltd.	Other operating expenses	891,147	527,893
	General and administrative expenses	24,642	-
	Non-operating income	27,118	61,158
KB Securities Co., Ltd.	Interest income	29,315	19,510
	Lease income	97,473	-
	Interest expenses	885,308	28,380
	General and administrative expenses	329,206	324,983
	Fee and commission expense	2	-
KB Insurance Co., Ltd.	Non-operating income	73,972	71,963
	Fee and commission expense	8,458,963	4,825,246
	General and administrative expenses	13,397	91,633
	Other operating expenses	-	229
KB Life Insurance Co., Ltd.	Insurance expenses	131,203	10,952
	Fee and commission income	102	88
KB Data System Co., Ltd.	General and administrative expenses	3,274,310	718,360
	Other operating expenses	974,744	989,313
KB Savings Bank Co., Ltd.	Interest income	-	794,095
	Fee and commission income	102	-
KB Bio Private Equity Investment Ⅳ Fund	Fee and commission income	46,118	93,255

29. Related Party Transactions (Cont'd)

(In thousands of Korean won)

Name of entity		2025	2024
KB Logistics Private Real Estate Investment Trust No.3(*1)	Interest income	₩ (109,433)	₩ 596,727
	Provision for (reversal of) credit loss	6,809,767	365
New Star One Firm 2023, 1st Co., Ltd.(*2)	Interest income	-	454,597
	Provision for (reversal of) credit loss	-	(70,309)
PT Bank KB Bukopin Tbk	Gain on valuation of financial assets at fair value through profit or loss	62,568	-
	Loss on valuation of financial assets at fair value through profit or loss	-	305,640
Total profit		₩ 871,079	₩ 2,382,355
Total loss		₩ 26,618,393	₩ 15,392,006

(*1) It was sold during the current period and is no longer classified as a related party. The transaction amount represents the amount incurred prior to its exclusion as a related party.
(*2) It was liquidated during the prior period and is no longer classified as a related party. The transaction amount represents the amount incurred prior to its exclusion as a related party.

(4) There were no loan arrangements with related parties as of June 30, 2025, while those as of December 31, 2024, are as follows:

(In thousands of Korean won)

		December 31, 2024		
	Related party	Commitment provided	Loan Execution	Unused commitment
Other related party	KB Logistics Private Real Estate Investment Trust No.3(*)	₩ 20,000,000	₩ 20,000,000	₩ -

(*) It was sold during the current period and is no longer classified as a related party.

29. Related Party Transactions (Cont'd)

(5) Significant lending transactions with related parties for the six-month periods ended June 30, 2025 and 2024, are as follows:

(In thousands of Korean won)

		June 30, 2025				
Type	Related party	Beginning balance	Loans	Repayments	Others	Ending balance
Other related party	KB Logistics Private Real Estate Investment Trust No.3(*1)	₩ 20,000,000	₩ -	₩ -	₩ (20,000,000)	₩ -
Other related party	KB Kookmin Card Co., Ltd.(*2)	447,398,661	-	362,944,612	-	84,454,049
Other related party	KB Securities Co., Ltd.(*2)	2,489,286	-	2,489,286	-	-

(*1) It was sold during the current period and is no longer classified as a related party.
(*2) Increases and decreases in ordinary deposits, which occur frequently in the course of business, are presented on a net basis.

(In thousands of Korean won)

		June 30, 2025				
Type	Related party	Beginning balance	Loans	Repayments	Others	Ending balance
Other related party	KB Logistics Private Real Estate Investment Trust No.3(*1)	₩ 20,000,000	₩ -	₩ -	₩ -	₩ 20,000,000
Other related party	New Star One Firm 2023, 1st Co., Ltd.(*2)	30,000,000	-	30,000,000	-	-
Other related party	KB Kookmin Bank(*3)	227,889,594	-	90,624,931	-	137,264,663
Other related party	KB Securities Co., Ltd.(*3)	2,287,887	188,440	-	-	2,476,327
Other related party	KB Savings Bank Co., Ltd.	20,000,000	-	20,000,000	-	-
Other related party	Able Dongtan 1st Co., Ltd.(*4)	13,312,000	-	-	(13,312,000)	-

(*1) It was sold during the current period and is no longer classified as a related party.
(*2) It was liquidated during the prior period and is no longer classified as a related party.

29. Related Party Transactions (Cont'd)

(*3) Increases and decreases in ordinary deposits, which occur frequently in the course of business, are presented on a net basis.
(*4) It was excluded from the subsidiaries of KB Securities during the prior period and, as of the end of the prior period, is no longer classified as a related party of the Company.

(6) Significant borrowing transactions with related parties for the six-month periods ended June 30, 2025 and 2024, are as follows:

(In thousands of Korean won)			2025			
Type	**Related party**	**Account title**	**Beginning balance**	**Borrowings (Repayments)**	**Others (Exchange rate fluctuations)**	**Ending balance**
Other related party	KB Kookmin Bank	Debts	₩ 54,711,000	₩ -	₩ (4,249,600)	₩ 50,461,400
Other related party	KB Securities Co., Ltd.	Debentures	-	10,000,000	-	10,000,000

(In thousands of Korean won)		2024			
Type	**Related party**	**Beginning balance**	**Borrowings (Repayments)**	**Others (Exchange rate fluctuations)**	**Ending balance**
Parent company	KB Financial Group	₩ 200,000,000	₩ -	₩ -	₩ 200,000,000
Other related party	KB Kookmin Bank	41,622,300	8,335,200	2,577,100	52,534,600

(7) The amount acquired by KB Securities Co., Ltd. among corporate bonds and hybrid securities issued by the Group during the six-month periods ended June 30, 2025 and 2024 is ₩ 60,000,000 thousand and ₩ 130,000,000 thousand.

29. Related Party Transactions (Cont'd)

(8) Capital or equity transactions with related parties for the six-month periods ended June 30,2025 and 2024, are as follows:

(In thousands of Korean won)

Type	Related party	Details	2025	2024
Parent company	KB Financial Group Inc.	Dividend paid	₩ 14,026,784	₩ 13,867,387
Other related party	KB-TS Technology Venture Private Equity Fund	Purchase (redemption) of security investment	-	(440,000)
Other related party	KB Smart Scale up Fund	Purchase (redemption) of security investment	(2,350,000)	-
Other related party	KB Aircraft Private Special Asset Fund No.1	Purchase (redemption) of security investment	(1,803,904)	(1,737,664)
Other related party	KB-NP Green ESG New Technology Venture Capital Fund	Purchase (redemption) of security investment	2,610,000	2,610,000
Other related party	KB UK HSBC Senior Private Investment Trust No.1	Purchase (redemption) of security investment	183,750	(941,844)
Other related party	KB-Badgers Future Mobility ESG FUND Ⅰ	Purchase (redemption) of security investment	-	2,212,000
Other related party	KB Global Platform Fund No.2	Purchase (redemption) of security investment	800,000	1,200,000
Other related party	KB-NAU Special Situation Corporate Restructuring Private Equity Fund	Purchase (redemption) of security investment	(138,821)	(433,324)
Other related party	KB Digital Platform Fund	Purchase (redemption) of security investment	1,000,000	1,000,000
Other related party	KB Mezzanine Capital 4th Private Equity Fund	Purchase (redemption) of security investment	579,597	2,162,518
Other related party	KB Global Private Real Estate Fund No.22 (FoFs)	Purchase (redemption) of security investment	3,350,564	(393,963)
Other related party	KB Digital Innovation Investment Fund Limited Partnership	Purchase (redemption) of security investment	(325,000)	(720,000)
Other related party	KB-Stonebridge Secondary Private Equity Fund	Purchase (redemption) of security investment	(624,220)	-
Other related party	U-KB Credit No1. Private Equity	Purchase (redemption) of security investment	-	15,504
Other related party	KB Core Plus Blind Private Real Estate Investment Trust No.1	Purchase (redemption) of security investment	4,515,000	-
Other related party	KB Scale up Fund Ⅱ	Purchase (redemption) of security investment	-	1,500,000
Other related party	KB Pre-IPO No.2 (TCB) Investment Fund	Purchase (redemption) of security investment	(110,000)	(1,000,000)
Other related party	KB Global Platform Fund	Purchase (redemption) of security investment	(940,000)	(670,000)

29. Related Party Transactions (Cont'd)

(In thousands of Korean won)

Type	Related party	Details	2025	2024
Other related party	KB Apax Global buyout Private Fund 1	Purchase (redemption) of security investment	₩ 796,260	₩ 343,140
Other related party	PineStreet PECP global VI Private Investment Trust No.21	Purchase (redemption) of security investment	688,077	5,136,319
Other related party	KB Intellectual Property Fund No.2	Purchase (redemption) of security investment	(90,000)	(140,000)
Other related party	Shinhan InfraRed VI Private Investment Trust No.2	Purchase (redemption) of security investment	1,133,543	4,600,000
Other related party	KB-SBI Global Strategic Capital Fund	Purchase (redemption) of security investment	572,500	-
Other related party	KB-IMM New Star Real Estate Private Fund 1	Purchase (redemption) of security investment	940,533	-
Other related party	KB Global Senior Private Debt Private Fund No.2	Purchase (redemption) of security investment	2,357,155	-
Other related party	KB Income Focus blind Private Real Estate Investment Trust No.1	Purchase (redemption) of security investment	6,451,613	-
Other related party	KB-LB Middle Market Enterprises Innovation Private Equity Fund	Purchase (redemption) of security investment	184,800	-
Other related party	Semicolon Susong REITs Co. Ltd	Purchase (redemption) of security investment	10,500,000	-

29. Related Party Transactions (Cont'd)

(9) The payment guarantees and unused commitment provided by the Group to related parties for the six-month periods ended June 30, 2025 and 2024, are as follows:

(In thousands of Korean won)

Type	Related party	Details	2025	2024
Entity under common control	KB-Stonebridge Secondary Private Equity Fund	Purchase of security investment	₩ 172,780	₩ 172,780
Entity under common control	KB-NAU Special Situation Corporate Restructuring Private Equity Fund	Purchase of security investment	154,000	754,000
Entity under common control	KB Digital Platform Fund	Purchase of security investment	3,400,000	4,400,000
Entity under common control	KB-SOLIDUS Healthcare Investment Fund	Purchase of security investment	1,316,667	1,316,667
Entity under common control	KB Aircraft Private Special Asset Fund No.1	Purchase of security investment	3,192,777	3,192,777
Entity under common control	KB-NP Green ESG New Technology Venture Capital Fund	Purchase of security investment	315,000	2,925,000
Entity under common control	KB UK HSBC Senior Private Investment Trust No.1	Purchase of security investment	1,356,715	433,965
Entity under common control	KB Prime Digital Platform Fund	Purchase of security investment	375,000	375,000
Entity under common control	KB-Badgers Future Mobility ESG FUND Ⅰ	Purchase of security investment	5,982,000	5,982,000
Entity under common control	KB Scale up Fund Ⅱ	Purchase of security investment	5,500,000	5,500,000
Entity under common control	KB Global Platform Fund No.2	Purchase of security investment	4,400,000	5,200,000
Entity under common control	KB Global Private Real Estate Fund No.22 (FoFs)	Purchase of security investment	3,652,716	7,003,280
Entity under common control	KB Mezzanine Capital 4th Private Equity Fund	Purchase of security investment	1,617,368	2,974,868
Entity under common control	U-KB Credit No1. Private Equity	Purchase of security investment	8,302,326	8,302,326
Entity under common control	KB Core Plus Blind Private Real Estate Investment Trust No.1	Purchase of security investment	3,875,000	8,390,000
Entity under common control	KB Apax Global buyout Private Fund 1	Purchase of security investment	12,534,032	13,330,292
Entity under common control	PineStreet PECP global VI Private Investment Trust No.21	Purchase of security investment	7,325,468	8,013,544
Entity under common control	Shinhan InfraRed VI Private Investment Trust No.2	Purchase of security investment	8,110,957	9,244,500
Entity under common control	KB-SBI Global Strategic Capital Fund	Purchase of security investment	3,584,317	4,156,817
Entity under common control	KB-IMM New Star Real Estate Private Fund 1	Purchase of security investment	1,737,708	2,867,625
Entity under common control	KB Global Senior Private Debt Private Fund No.2	Purchase of security investment	10,679,645	13,036,800

29. Related Party Transactions (Cont'd)

(In thousands of Korean won)

Type	Related party	Details	2025	2024
Entity under common control	KB Income Focus blind Private Real Estate Investment Trust No.1	Purchase of security investment	₩ 13,548,387	₩ -
Entity under common control	KB-LB Middle Market Enterprises Innovation Private Equity Fund	Purchase of security investment	2,815,200	-

(10) The payment guarantees and unused commitment provided by related parties to the Group for the six-month periods ended June 30, 2025 and 2024, are as follows:

(In thousands of Korean won)

Type	Related party	Details	2025	2024
Other related party	KB Kookmin Card Co., Ltd.	KRW loan agreement	₩ 54,093,787	₩ 58,912,323
Other related party	KB Investment Co., Ltd	Loss sharing agreement	600,000	600,000
Other related party	KB Securities Co., Ltd.	Purchase of security investment	125,755	337,699
Other related party	KB Kookmin Bank	Other foreign currency agreement	5,025,255	5,463,668

(11) Compensation to key management for the six-month periods ended June 30,2025 and 2024, consists of:

(In thousands of Korean won)	2025	2024
Short-term employee benefits	₩ 1,820,333	₩ 1,702,762
Post-employment benefits	139,321	45,417
Share-based payments	2,981,112	2,546,997
	₩ 4,940,766	₩ 4,295,176

The key management includes legally registered directors and major executives, having important authority and responsibility for the planning, operating and controlling of the management of the Group.

30. Cash Flows Statement

(1) Cash flows from operating activities for the six-month periods ended June 30,2025 and 2024, are as follows:

(In thousands of Korean won)		2025		2024
Profit for the period	₩	125,113,540	₩	138,484,636
Adjustments for:				
Interest income		(524,329,486)		(506,677,936)
Interest expense		281,405,016		263,468,505
Dividend income		(21,214,252)		(20,043,618)
Income tax expense		38,296,149		40,059,448
		(225,842,573)		(223,193,601)
Add expenses without cash outflow				
Provision for credit losses(*)		121,839,206		96,495,561
Provision for financial guarantee liabilities		-		300,000
Post-employment benefits		2,385,778		1,960,214
Depreciation		4,821,380		5,229,200
Amortization		3,286,803		3,582,718
Depreciation of right-of-use assets		3,029,514		2,644,905
Share-based payments		2,981,112		2,546,997
Depreciation on operating lease assets		310,471,210		331,415,337
Depreciation of unearned lease receipts		13,426,949		12,937,991
Loss on foreign currency translation		5,329,331		30,494,043
Loss on valuation of financial assets at fair value through profit or loss		29,673,506		31,676,792
Loss on disposal of financial assets at fair value through profit or loss		107,805		-
Loss on derivative transactions		34,171,493		980,682
Provision for restoration cost		30,441		10,553
Loss on disposal of property and equipment		305		-
Impairment loss on intangible assets		7		-
Loss on equity method accounting		138,737		158,863
		531,693,577		520,433,856
Deduct revenue without cash inflow				
Gain on valuation of financial assets at fair value through profit or loss		(40,892,816)		(25,780,261)
Gain on disposal of financial assets at fair value through profit or loss		(55,390)		(543,540)
Gain on valuation of derivatives		(1,792,847)		(30,157,233)
Depreciation of unearned lease receipts		(13,426,949)		(12,937,991)
Gain on foreign currency translation		(34,185,252)		(5,071,736)
Gain on disposal of property and equipment		(52,800)		(13,260)

30. Cash Flows Statement (Cont'd)

(In thousands of Korean won)	2025	2024
Gain on equity method accounting	₩ (298,938)	₩ (187,545)
	(90,704,992)	(74,691,566)
Change in operating assets and liabilities		
Increase (decrease) in financial assets at amortized cost	(3,845,066)	(882,318,921)
Increase (decrease) in deferred loan origination cost	(31,354,950)	(24,808,095)
Increase (decrease) in present value premium	639,066	2,128,415
Increase (decrease) in lease assets	(397,873,111)	(274,303,892)
Increase (decrease) in prepaid VAT	3,011,689	1,819,700
Increase (decrease) in prepaid expenses	1,085,021	(3,392,424)
Increase (decrease) in general withholdings	571,657	417,909
Increase (decrease) in non-trade payables	16,101,937	(15,150,996)
Increase (decrease) in accrued expenses	(17,526,823)	(13,659,520)
Increase (decrease) in lease rental deposits	(13,238,528)	(17,994,581)
Increase (decrease) in deposits for letter of guarantees and others	31,345	271,617
Increase (decrease) in VAT withheld	152,342	135,500
Increase (decrease) in advance receipts	3,539,074	(2,499,719)
Increase (decrease) in unearned income	146,133	226,790
Increase (decrease) in net defined benefit assets	(46,043)	(243,557)
Increase (decrease) in provisions for restoration cost	(33,485)	-
Increase (decrease) in other provisions	1,096,575	980,504
Increase (decrease) in derivative liabilities	(43,108)	
	(437,586,275)	(1,228,391,270)
Cash used in operations	₩ (104,326,723)	₩ (867,357,945)

(*) It consists of bad debt expenses and transfers (reversals) of other provisions.

30. Cash Flows Statement (Cont'd)

(2) Changes in liabilities and hybrid securities arising from financial activities for the six-month periods ended June 30, 2025 and 2024, are as follows:

(In thousands of Korean won)	Debts	Debentures	Derivative financial liabilities	Lease liabilities	Hybrid securities
At January 1, 2024	₩ 2,218,357,454	₩ 11,019,677,501	₩ 21,094	₩ 7,691,899	₩ 499,101,120
Cash flows	(325,832,306)	1,042,268,123	-	(2,339,838)	-
Other non-financial changes(*)	1,882,814	33,101,647	746,916	1,727,758	-
At June 30, 2024	₩ 1,894,407,962	₩ 12,095,047,272	₩ 768,010	7,079,819	₩ 499,101,120
At January 1, 2025	₩ 1,192,062,661	₩ 13,372,294,131	₩ 1,286,316	16,140,258	₩ 499,101,120
Cash flows	(154,645,219)	(4,567,658)	-	(2,332,484)	-
Other non-financial changes(*)	8,740,017	(30,427,186)	(1,083,520)	2,562,808	-
At June 30, 2025	₩ 1,046,157,457	₩ 13,337,299,288	₩ 202,796	₩ 16,370,582	₩ 499,101,120

(*) Other changes include interest payments which are presented as operating cash flows in the statement of cash flows.

(3) Significant transactions not affecting cash flows for the six-month periods ended June 30, 2025 and 2024, are as follows:

(In thousands of Korean won)	2025	2024
Allowances for loans and others	₩ 88,205,763	₩ 80,851,177

(4) The total cash outflow for leases for the six-month periods ended June 30, 2025 and 2024 are ₩ 2,950,648 thousand and ₩ 3,040,271 thousand.

Independent Auditors' Report

(English Translation of a Report Originally Issued in Korean)

To the Board of Directors and Shareholders of KB Capital Co., Ltd.

Opinion

We have audited the consolidated financial statements of KB Capital Co., Ltd. and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statements of financial position as at December 31, 2024 and 2023, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and statements of cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (Korean IFRS).

Basis for Opinion

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

Other Matter

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

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Korean Standards on Auditing will always detect a material misstatement when

it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management′s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group′s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor′s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor′s report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

/s/ Samil PricewaterhouseCoopers

Seoul, Korea
March 4, 2025

This report is effective as of March 4, 2025, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying consolidated financial statements and notes thereto. Accordingly, the readers of the audit report should understand that there is a possibility that the above audit report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

KB Capital Co., Ltd. and Subsidiaries
Consolidated Statements of Financial Position
December 31, 2024 and 2023

(In Korean won)	Notes	December 31, 2024	December 31, 2023
Assets			
Cash and cash equivalents	4,7,38	₩ 576,739,591,115	₩ 389,089,344,379
Financial assets at fair value through profit or loss	4,5,8	1,181,963,383,551	745,698,456,132
Derivative financial assets	4,5,9	94,879,710,185	36,491,806,725
Investments in associates	10	37,625,484,651	29,741,212,745
Financial assets at amortized cost	4,5,11,38	12,165,352,345,322	11,246,339,003,574
Lease assets	4,5,12	3,927,225,146,475	3,979,438,438,594
Property and equipment	13,16,38	47,739,663,009	43,865,502,411
Intangible assets	14	65,684,727,083	68,863,514,482
Other assets	15,38	30,550,301,289	31,507,327,004
Net defined benefit assets	20	12,185,009,188	14,215,989,228
Total assets		₩ 18,139,945,361,868	₩ 16,585,250,595,274
Liabilities			
Derivative financial liabilities		₩ 1,286,315,765	₩ 21,093,979
Debts	4,5,17,38	1,192,062,660,598	2,218,357,454,226
Debentures	4,5,18,38	13,372,294,130,977	11,019,677,500,653
Provisions	19	7,452,912,029	5,098,442,759
Net defined benefit liabilities	20	115,702,466	-
Current income tax liabilities		39,108,541,789	11,614,945,014
Other financial liabilities	4,5,16,21,38	830,350,530,669	831,671,669,697
Other liabilities	22	170,047,223,781	163,395,728,904
Deferred income tax liabilities	36	47,375,695,478	56,851,069,336
Total liabilities		15,660,093,713,552	14,306,687,904,568
Equity			
Share capital	1,24	160,875,735,000	160,875,735,000
Hybrid securities	25	499,101,120,000	499,101,120,000
Capital surplus	26	329,083,891,677	329,083,891,677
Accumulated other comprehensive loss	27	(16,781,000,894)	(20,348,733,856)
Retained earnings	28	1,490,063,409,468	1,295,838,356,050
Equity attributable to Shareholder of the Parent Company		2,462,343,155,251	2,264,550,368,871
Non-controlling interests		17,508,493,065	14,012,321,835
Total equity		2,479,851,648,316	2,278,562,690,706
Total liabilities and equity		₩ 18,139,945,361,868	₩ 16,585,250,595,274

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

KB Capital Co., Ltd. and Subsidiaries
Consolidated Statements of Comprehensive Income
Years Ended December 31, 2024 and 2023

(In Korean won)	Notes	2024	2023
Interest income	6,29,38	₩ 1,014,677,844,353	₩ 880,482,948,814
Interest expense	29	(554,818,000,292)	(430,102,837,003)
Net interest income		459,859,844,061	450,380,111,811
Fee and commission income	6,30,38	25,652,720,362	14,917,442,946
Fee and commission expense	30,38	(15,761,008,086)	(11,565,037,775)
Net fee and commission income		9,891,712,276	3,352,405,171
Net gains on financial instruments at fair value through profit or loss		31,711,063,351	56,251,938,299
Lease income	6,31	1,397,461,598,806	1,305,810,665,130
Lease expense	31	(1,183,306,218,446)	(1,112,799,211,320)
Net lease income		214,155,380,360	193,011,453,810
Provision for credit losses	32	(237,488,841,521)	(267,769,135,593)
General and administrative expenses	33,38	(171,053,583,265)	(158,196,947,192)
Net other operating income (expenses)	34,38	(17,575,833,135)	(42,240,765,550)
Net operating income		289,499,742,127	234,789,060,756
Share of profit of investments in associates and joint ventures	10	884,271,906	(496,253,127)
Net other non-operating income (expenses)		(825,370,252)	731,761,120
Net non-operating income	35	58,901,654	235,507,993
Profit before income tax	36	289,558,643,781	235,024,568,749
Income tax expense	36	(65,048,301,010)	(46,751,203,838)
Profit for the year		224,510,342,771	188,273,364,911
Items that will not be reclassified to profit or loss:			
Remeasurements of net defined benefit liability	20	(1,920,623,595)	(3,417,157,538)
Share of other comprehensive income (loss) of associates and joint ventures	10	-	(1,659,437)
		(1,920,623,595)	(3,418,816,975)
Items that may be reclassified subsequently to profit or loss:			
Gains (losses) on cash flow hedging instruments	9	2,963,396,098	(154,103,300)
Exchange differences on translating foreign operations		3,552,087,659	(2,134,634,142)
		6,515,483,757	(2,288,737,442)
Other comprehensive income (loss) for the year, net of tax		4,594,860,162	(5,707,554,417)
Total comprehensive income for the year		₩ 229,105,202,933	₩ 182,565,810,494
Profit for the year attributable to:			
Shareholder of the parent company	28	₩ 222,041,299,941	₩ 186,504,693,739
Non-controlling interests		2,469,042,830	1,768,671,172
		₩ 224,510,342,771	₩ 188,273,364,911
Total comprehensive income for the year attributable to:			
Shareholder of the parent company		₩ 225,609,032,903	₩ 182,075,243,880
Non-controlling interests		3,496,170,030	490,566,614
		₩ 229,105,202,933	₩ 182,565,810,494

The above consolidated statements of comprehensive income should be read in conjunction with the accompanying notes.

KB Capital Co., Ltd. and Subsidiaries
Consolidated Statements of Changes in Equity
Years Ended December 31, 2024 and 2023

(In Korean won)

	Equity attributable to shareholder of the Parent Company							
	Share Capital	Hybrid Securities	Capital Surplus	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total	Non-controlling Interests	Total Equity
Balance at January 1, 2023	₩ 160,875,735,000	₩ 499,101,120,000	₩ 330,214,027,176	₩ (15,919,283,997)	₩ 1,137,164,026,549	₩ 2,111,435,624,728	₩ 13,323,561,559	₩ 2,124,759,186,287
Total comprehensive income								
Profit for the year	-	-	-	-	186,504,693,739	186,504,693,739	1,768,671,172	188,273,364,911
Remeasurements of net defined benefit liability	-	-	-	(3,417,157,538)	-	(3,417,157,538)	-	(3,417,157,538)
Share of other comprehensive loss of associates and joint ventures	-	-	-	(1,659,437)	-	(1,659,437)	-	(1,659,437)
Gains (losses) on cash flow hedging instruments	-	-	-	(154,103,300)	-	(154,103,300)	-	(154,103,300)
Exchange differences on translating foreign operations	-	-	-	(856,529,584)	-	(856,529,584)	(1,278,104,558)	(2,134,634,142)
Total comprehensive income for the year	-	-	-	(4,429,449,859)	186,504,693,739	182,075,243,880	490,566,614	182,565,810,494
Transactions with shareholder								
Dividend on hybrid securities	-	-	-	-	(27,830,364,238)	(27,830,364,238)	-	(27,830,364,238)
Changes in scope of consolidation	-	-	(1,130,135,499)	-	-	(1,130,135,499)	198,193,662	(931,941,837)
Total transactions with shareholder	-	-	(1,130,135,499)	-	(27,830,364,238)	(28,960,499,737)	198,193,662	(28,762,306,075)
Balance at December 31, 2023	₩ 160,875,735,000	₩ 499,101,120,000	₩ 329,083,891,677	₩ (20,348,733,856)	₩ 1,295,838,356,050	₩ 2,264,550,368,871	₩ 14,012,321,835	₩ 2,278,562,690,706
Balance at January 1, 2024	₩ 160,875,735,000	₩ 499,101,120,000	₩ 329,083,891,677	₩ (20,348,733,856)	₩ 1,295,838,356,050	₩ 2,264,550,368,871	₩ 14,012,321,835	₩ 2,278,562,690,706
Total comprehensive income								
Profit for the year	-	-	-	-	222,041,299,941	222,041,299,941	2,469,042,830	224,510,342,771
Remeasurements of net defined benefit liability	-	-	-	(1,918,508,084)	-	(1,918,508,084)	(2,115,511)	(1,920,623,595)
Gains (losses) on cash flow hedging instruments	-	-	-	2,963,396,098	-	2,963,396,098	-	2,963,396,098
Exchange differences on translating foreign operations	-	-	-	2,522,844,948	-	2,522,844,948	1,029,242,711	3,552,087,659
Total comprehensive income for the year	-	-	-	3,567,732,962	222,041,299,941	225,609,032,903	3,496,170,030	229,105,202,933
Transactions with shareholder								
Dividend on hybrid securities	-	-	-	-	(27,816,246,523)	(27,816,246,523)	-	(27,816,246,523)
Changes in scope of consolidation	-	-	-	-	-	-	1,200	1,200
Total transactions with shareholder	-	-	-	-	(27,816,246,523)	(27,816,246,523)	1,200	(27,816,245,323)
Balance at December 31, 2024	₩ 160,875,735,000	₩ 499,101,120,000	₩ 329,083,891,677	₩ (16,781,000,894)	₩ 1,490,063,409,468	₩ 2,462,343,155,251	₩ 17,508,493,065	₩ 2,479,851,648,316

KB Capital Co., Ltd. and Subsidiaries
Consolidated Statements of Changes in Equity
Years Ended December 31, 2024 and 2023

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

KB Capital Co., Ltd. and Subsidiaries
Consolidated Statements of Cash Flows
Years Ended December 31, 2024 and 2023

(In Korean won)	Notes	2024	2023
Cash flows from operating activities			
Cash used in operations	40	₩ (1,108,615,273,773)	₩ (1,078,544,763,315)
Interest received		1,076,502,447,031	953,270,593,938
Interest paid		(493,832,843,715)	(362,553,470,210)
Dividend income received		39,582,374,443	17,937,175,783
Income taxes paid		(47,442,257,787)	(84,482,530,086)
Net cash outflow from operating activities		(533,805,553,801)	(554,372,993,890)
Cash flows from investing activities			
Disposal of financial assets at fair value through profit or loss	8	91,331,589,803	68,154,460,123
Disposal of investments in associates		-	86,956,522
Disposal of investments in joint ventures		-	20,113,000,000
Decrease in tenancy deposit		911,525,606	7,958,109,280
Decrease in other deposit provided		6,439,072,958	3,901,200,000
Disposal of property and equipment		34,141,155	609,562,991
Disposal of intangible assets		1,000,000,000	661,400,000
Acquisition of financial assets at fair value through profit or loss	8	(535,467,828,314)	(285,675,383,793)
Purchase of investments in associates		(7,000,000,000)	(4,000,000,000)
Increase in tenancy deposit		(1,714,249,449)	(6,118,053,070)
Increase in other deposit provided		(5,780,614,370)	(5,405,914,445)
Acquisition of property and equipment		(4,827,243,015)	(8,566,685,313)
Acquisition of intangible assets		(7,571,019,791)	(11,958,145,046)
Net cash flows from the change in subsidiaries		-	(6,943,808,638)
Net cash outflow from investing activities		(462,644,625,417)	(227,183,301,389)
Cash flows from financing activities			
Increase in debts		317,607,495,792	636,479,881,862
Increase in debentures		6,512,125,869,600	4,612,986,140,900
Increase in non-controlling interests liabilities		105,659,432	438,628,479
Increase in non-controlling interests		1,200	-
Decrease in debts		(1,330,000,000,000)	(719,100,000,000)
Decrease in debentures		(4,283,400,000,000)	(4,247,900,000,000)
Redemption of principal elements of lease payments		(4,763,830,645)	(4,513,970,607)
Dividends paid on hybrid securities	25	(27,833,000,000)	(26,035,072,467)
Decrease in non-controlling interests		-	(54,180,160)
Net cash inflow from financing activities		1,183,842,195,379	252,301,428,007
Effects of exchange rate changes on cash and cash equivalents		258,230,575	1,018,580,627
Net increase (decrease) in cash and cash equivalents		187,650,246,736	(528,236,286,645)
Cash and cash equivalents at the beginning of the year		389,089,344,379	917,325,631,024
Cash and cash equivalents at the end of the year		₩ 576,739,591,115	₩ 389,089,344,379

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

1. General Information

The general information of KB Capital Co., Ltd. and its subsidiaries (the "Group") is as follows:

1.1 The Parent Company

KB Capital Co., Ltd. (the "Company") was established in September 1989 and is engaged in the facilities lease, installment financing and factoring.

Upon incorporation, the Company's stock amounted to ₩ 10 billion. As a result of several capital increases by issuing new stocks and reduction of capital since incorporation, as of December 31, 2024, the Company's stock amounted to ₩ 160.9 billion. On March 20, 2014, KB Financial Group Inc. purchased 11,180,630 common shares from Woori Finance Holdings Co., Ltd. and became the Company's largest shareholder. The Company became a wholly owned subsidiary of KB Financial Group Inc. on July 7, 2017 by comprehensive exchange of shares with KB Financial Group Inc.

As of December 31, 2024, the Company's shareholder and its percentage of ownership are as follows:

Shareholder	Number of shares owned	Percentage of ownership (%)
KB Financial Group Inc.	32,175,147	100.00

1.2 Consolidated Subsidiary

Details of the consolidated subsidiaries as of December 31, 2024, are as follows:

Subsidiary	Location	Ownership interests (%)	Month of reporting date	Industry
KB KOLAO LEASING Co., LTD.	Laos	51.0	December	Auto installment financing
PT Sunindo Kookmin Best Finance	Indonesia	85.0	December	Auto installment financing
KB Auto Fifth Asset Securitization Specialty Co., Ltd.	Republic of Korea	0.5	December	Asset-backed securitization
KB Jefferies private Investment trust No. 2	Republic of Korea	95.24	December	Investment trust
Hanwha Global Infrastructure Private Fund 37	Republic of Korea	99.01	December	Investment trust
KB BXC GREEN CREDIT Infrastructure Private Investment Trust No.2	Republic of Korea	95.41	December	Investment banking business
KB Fintech	Republic of Korea	95.95	December	Application software development and supply business
Leadcap 1st Co., Ltd.	Republic of Korea	-	December	Asset-backed securitization

1.3 Financial Information of Consolidated Subsidiaries

Summarized financial information for consolidated subsidiaries as of December 31, 2024 and December 31, 2023, is as follows:

(In thousands of Korean won)	December 31, 2024			2024		
Subsidiary	Assets	Liabilities	Equity	Operating income	Profit (loss) for the year	Total comprehensive income (loss)
KB KOLAO LEASING Co., LTD.	₩ 158,353,815	₩ 135,205,194	₩ 23,148,621	₩ 22,871,082	₩ 4,208,711	₩ 4,208,711
PT Sunindo Kookmin Best Finance	160,120,041	138,884,877	21,235,164	16,170,252	828,364	828,364
KB Auto Fifth Asset Securitization Specialty Co., Ltd	209,972,535	209,971,817	718	13,225,644	698	698
KB Jefferies private Investment trust No. 2	8,498,575	385,123	8,113,452	2,432,935	1,233,540	1,233,540
Hanwha Global Infrastructure Private Fund 37	9,256,471	860,236	8,396,235	1,539,347	467,529	467,529
KB BXC GREEN CREDIT Infrastructure Private Investment Trust No.2	1,699,742	69,939	1,629,803	198,738	42,989	42,989
KB Fintech	1,759,181	3,546,130	(1,786,949)	1,729,605	(5,627,399)	(5,627,399)
Leadcap 1st Co., Ltd.	60,201,494	60,789,750	(588,256)	2,564,437	(588,257)	(588,257)

1.3 Financial Information of Consolidated Subsidiaries (Cont'd)

(In thousands of Korean won)	December 31, 2023			2023		
Subsidiary	Assets	Liabilities	Equity	Operating income	Profit (loss) for the year	Total comprehensive income (loss)
KB KOLAO LEASING Co., LTD.	₩ 135,223,384	₩ 117,858,775	₩ 17,364,609	₩ 18,957,665	₩ 2,941,250	₩ 2,941,250
PT Sunindo Kookmin Best Finance	126,189,675	107,484,407	18,705,268	14,697,782	207,885	207,885
KB Auto Fifth Asset Securitization Specialty Co., Ltd	287,478,955	287,478,929	26	15,770,400	6	6
KB Jefferies private Investment trust No. 2	7,755,583	31,715	7,723,868	817,041	403,668	403,668
Hanwha Global Infrastructure Private Fund 37	6,224,333	4,900	6,219,433	360,071	(56,683)	(56,683)
KB BXC GREEN CREDIT Infrastructure Private Investment Trust No.2	201,494	24	201,470	4,303	(530)	(530)
KB Fintech	3,993,861	153,411	3,840,450	58,119	(427,748)	(427,748)

1.4 Changes in Scope for Consolidation

Subsidiary newly included in the consolidation during the year ended December 31, 2024 is as follows:

Name of Subsidiary	Reason for obtaining control
Leadcap 1st Co., Ltd.	Holds the power over relevant activities in the event of default and is exposed to variable returns through a capital replenishment agreement

2. Material Accounting Policies

2.1 Basis of Preparation

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

Certain information attached to the Korean language financial statements, but not required for a fair presentation of the Group's financial position, financial performance or cash flows, is not presented in the accompanying consolidated financial statements.

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

The preparation of the consolidated financial statements requires the use of certain critical accounting estimates. Management also needs to exercise judgment in applying the Group’s accounting policies. The areas that require a more complex and higher level of judgment or areas that require significant assumptions and estimations are disclosed in Note 3.

2.2 Changes in accounting policies and disclosures

2.2.1 New and amended standards and interpretations adopted by the Group

The Group has applied the following new and amended standards for the first time for its annual reporting period commencing January 1, 2024.

(1) *Amendment of Korean IFRS No.1001 "Presentation of Financial Statements" - Classification of Liabilities into Current and Non-Current and Non-current Liabilities with Covenants*

Liabilities are classified as current or non-current based on their substantive rights existing at the end of the reporting period, without considering the possibility of exercising the right to delay the payment or management's expectations. Also, if the transfer of equity instruments is included in the payment of liabilities, it is excluded if the option to pay with equity instruments is recognized separately from the liability in a compound financial instrument and meets the definition of equity instruments. Also, covenants that the Group is required to comply with after the end of the reporting period do not affect the classification of the liability at the end of the reporting period. If a liability, for which compliance with covenants is required within twelve months after the reporting period, is classified as a non-current liability at the end of the reporting period, the entity shall disclose information about the risk that the liability could become repayable within twelve months after the reporting period. These amendments do not have a significant impact on the financial statements.

(2) *Amendment of Korean IFRS No.1007 "Statement of Cash Flows" and No.1107 "Financial Instruments: Disclosures" – Disclosure of Supplier Finance Arrangements*

The amendments require disclosure of the effects of supplier finance arrangements on the Group's liabilities, cash flows and exposure to liquidity risk. These amendments do not have a significant impact on the financial statements.

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

The amendments require a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognize any amount of the gain or loss that relates to the right of use it retains. These amendments do not have a significant impact on the financial statements.

(4) *Amendment of Korean IFRS No.1001 "Presentation of Financial Statements" – Disclosure of Virtual Asset*

The amendments require additional disclosure for virtual assets held by the Group, virtual assets entrusted by customers to the Group, and the issuance and transfer of virtual assets. These amendments do not have a significant impact on the financial statements.

2.2.2 New and amended standards and interpretations not adopted by the Group

The following new and amended standards have been published that are not mandatory for December 31, 2024 reporting period and have not been adopted by the Group.

(1) *Amendment of Korean IFRS No.1021 "The Effects of Changes in Foreign Exchange Rates" and Korean IFRS No.1101 "First-time Adoption of International Financial Reporting Standards" - Lack of exchangeability*

It requires an assessment of the exchangeability of a currency, and if it is not exchangeable with another currency, the spot exchange rate shall be estimated and relevant information disclosed. The amendment is effective for annual reporting periods beginning on or after January 1, 2025, with early application permitted. The Group is currently reviewing the impact of these amendments on its financial statements.

(2) *Amendment of Korean IFRS No.1109 "Financial Instruments" and No.1107 "Financial Instruments: Disclosures"*

To address issues raised in practice and incorporate new requirements, Korean IFRS No.1109 "Financial Instruments" and No. 1107 "Financial Instruments: Disclosures" have been amended. The amendments are effective for annual reporting periods beginning on or after January 1, 2026, with early application permitted. The main amendments are as follows. The Group is currently reviewing the impact of these amendments on its financial statements.
- Permitting the deeming of financial liabilities as settled (derecognized) through an electronic payment system if certain criteria are met before the payment date
- Clarified and added additional guidance for assessing whether a financial asset meets the criteria of being solely payments of principal and interest.
- Disclose, for each type of financial instrument, the effect of contractual terms that change the timing or amount of contractual cash flows on the entity and the extent to which the entity is exposed.
- Additional disclosures for equity instruments designated as financial assets measured at fair value through other comprehensive income.

(3) *Korean IFRS Accounting Standards Annual Improvements Volume 11*

Korean IFRS Accounting Standards Annual Improvements Volume 11 will be effective for annual reporting periods beginning on or after January 1, 2026. These amendments do not have a significant impact on the financial statements.
- Korean IFRS No.1101 "First-time adoption of International Financial Reporting Standards": Hedge accounting by a first-time adopter
- Korean IFRS No.1107 "Financial Instruments: Disclosures": Gain or loss on derecognition, Application guidance
- Korean IFRS No.1109 "Financial Instruments": Derecognition of lease liabilities, Definition of transaction price
- Korean IFRS No.1110 "Consolidated Financial Statements": Determination of a 'de facto agent'
- Korean IFRS No.1007 "Statement of Cash Flows": Cost method

2.3 Consolidation

The Group prepares its consolidated financial statements in accordance with Korean International Financial Reporting Standard (K-IFRS) No.1110 “Consolidated Financial Statements”.

(1) Subsidiaries

Subsidiaries are companies that are controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are fully consolidated from the date when control is transferred to the Group and de-consolidated from the date when control is lost.

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

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

Intragroup balances of receivables and payables, income and expenses, and unrealized gains arising from transactions between entities within the Group are eliminated. In addition, where the accounting policies of subsidiaries differ, adjustments are made to ensure consistency with the accounting policies adopted by the Group.

2.3 Consolidation (Cont'd)

(2) Associates and joint ventures

Associates are entities over which the Group has significant influence over the financial and operating policy decisions. Investments in associates and joint ventures are initially recognized at cost and equity method is applied after initial recognition. Unrealized gains and losses resulting from transactions between the Group and associates are eliminated to the extent of the Group's share in associates. If the Group's share of losses of associates and joint ventures equals or exceeds its interest in the associates (including long-term interests that, in substance, form part of the Group's net investment in the associates), the Group discontinues recognizing its share of further losses. After the Group's interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. Also, the Group determines at each reporting period whether there is any objective evidence that the investments in the associates are impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associates and its carrying amount and recognizes the amount as non-operating expenses in the consolidated statement of comprehensive income. If associates or joint ventures use accounting policies other than those of the Group for like transactions and events in similar circumstances, if necessary, adjustments shall be made to make the associates or joint ventures' accounting policies conform to those of the Group when the associates or joint ventures' financial statements are used by the Group in applying the equity method.

2.4 Foreign currency translation

(1) Functional currency and presentation currency

The Group measures the items included in the consolidated financial statements using the currency ("functional currency") of the primary economic environment in which each operation is conducted. The consolidated financial statements are presented in the Group's functional currency, the Korean won (KRW).

(2) Foreign currency transactions and translation at the end of the reporting period

Foreign currency transactions are recognized in the functional currency using the exchange rate at the transaction date, or, for items that are remeasured, the exchange rate at the measurement date. Foreign exchange differences arising on settlement of such transactions or on translation of monetary foreign currency assets and liabilities are recognized in profit or loss. However, for qualifying cash flow hedges, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized in other comprehensive income.

2.4 Foreign currency translation (Cont'd)

All net foreign exchange differences, including those arising from debts and cash and cash equivalents, are presented as "Other income (expenses)" in the statement of profit or loss.

Foreign exchange differences arising from non-monetary financial assets and liabilities are reported as part of the gain or loss on changes in fair value. When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income, conversely, when a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

2.5 Property and Equipment

Property and equipment that qualify for recognition as an asset are measured at cost and subsequently carried at its cost less any accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditures that are directly attributable to the acquisition of the asset.

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

The depreciation method is straight-line method and estimated useful life of property and equipment is as follows:

Property and equipment	Estimated useful life
Buildings	40 years
Leasehold improvements	4 years
Equipment	4 years
Vehicles	4 years
Rental assets	5 years

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

2.6 Goodwill

Goodwill arising from a business combination is stated at cost at the acquisition date, being the date when control is obtained, net of accumulated impairment losses.

For impairment testing, goodwill is allocated to the Group's cash-generating units (or groups of cash-generating units) that are expected to benefit from the synergies of the business combination.

When a related cash-generating unit is disposed of, the amount of goodwill allocated to it is included in the determination of the gain or loss on disposal. Goodwill allocated to a cash-generating unit is tested for impairment annually, and whenever there is an indication of impairment. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of the goodwill allocated to the unit, and then to the other assets of the unit pro rata based on the carrying amount of each asset. Impairment losses on goodwill are recognized directly in profit or loss and are not reversed in subsequent periods.

2.7 Intangible Assets

Goodwill is measured in accordance with the method described in Note 2.6 and is stated at cost less accumulated impairment losses.

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

Internally generated intangible assets, such as software development costs, are recognized at the total amount of expenditures incurred after the point at which the recognition criteria—such as technical feasibility and probable future economic benefits—are met. Membership rights are not amortized as they have indefinite useful lives with no foreseeable limit on the period of use. The following intangible assets with finite useful lives are amortized on a straight-line basis over their estimated useful lives.

Intangible assets	Estimated useful life
Development cost	3~5 years
Other intangible assets	3~5 years

2.8 Impairment of non-financial assets

Irrespective of whether there is any indication of impairment, the Group tests (a) goodwill acquired in a business combination and (b) intangible assets with an indefinite useful life for impairment annually by comparing their carrying amount with their recoverable amount. Depreciable assets are tested for impairment whenever there is an indication that the asset may be impaired. An impairment loss is recognized for the amount by which the carrying amount of an asset exceeds its recoverable amount, the higher of value in use and fair value less costs of disposal. The Group assesses at the end of each reporting period whether there is any indication that an impairment loss recognized in prior periods for an asset, other than goodwill, may no longer exist or may have decreased, and an impairment loss recognized in prior periods for an asset other than goodwill shall be reversed.

2.9 Financial assets and financial liabilities

(1) Classification and measurement of financial assets

The Group classifies financial assets for subsequent measurement at amortized cost, fair value through other comprehensive income, or fair value through profit or loss, based on its business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, as summarized in the following table. For hybrid contracts that include a financial asset as the host contract, the Group does not separate embedded derivatives and instead classifies the entire hybrid contract according to the classification criteria for financial assets.

	Contractual cash flow characteristics	
Business model	**Solely payments of principal and interest**	**Otherwise**
Purpose of collecting contractual cash flows	Measured at amortized cost(*1)	
purpose of collecting contractual cash flows and selling	Measured at fair value through other comprehensive income(*1)	Measured at fair value through profit or loss(*2)
purpose of selling, other	Measured at fair value through profit or loss	

(*1) They may be designated as measured at fair value through profit or loss to eliminate or significantly reduce an accounting mismatch (unable to cancel).
(*2) For equity instruments not held for trading, they may be designated as measured at fair value through other comprehensive income (unable to cancel).

2.9 Financial assets and financial liabilities (Cont'd)

(2) Classification and measurement of financial liabilities

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

(3) Impairment: financial assets and contract Assets

1) Recognition of expected credit losses (allowance for doubtful accounts)

The Group recognizes impairment for debt instruments measured at amortized cost or at fair value through other comprehensive income, lease receivables, commitments, and financial guarantee contracts in accordance with the expected credit loss impairment model.

The approaches of measuring expected credit losses in accordance with Korean IFRS are as follows:
- General approach: for financial assets and unused loan commitments not subject to the below 2 approaches
- Simplified approach: for trade receivables, contract assets, and lease receivables
- Credit-impaired approach: for financial assets that are credit-impaired at the time of acquisition

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

The Group assesses whether the credit risk has increased significantly using the following criteria, and if one or more of the following criteria are met, it is deemed as significant increase in credit risk.
- More than 30 days past due
- Decline in credit rating at the end of the reporting period by certain notches or more compared to the time of initial recognition
- As of the reporting date, the asset quality is classified below a certain category
- Other qualitative indicators

The Group defines default as meeting one or more of the following conditions:
- More than 90 days past due
- Personal debt restructuring, bankruptcy, etc.
- Write-off
- Sale of receivables due to credit deterioration

2.9 Financial assets and financial liabilities (Cont'd)

2) Forward-looking information

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

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

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

Key macroeconomic variables	Correlation between the major macroeconomic variables and the credit risk(*)
Domestic gross investment ratio	(-)
Export price index (basic classification)	(?)
Credit spread2	(+)
KRW/USD exchange rate (average data)	(+)

(*) The direction with respect to default rates refers to the economic relationship between changes in macroeconomic variables and changes in default rates. (+) indicates a positive relationship, (-) indicates a negative relationship, and (?) indicates that the direction is not clearly defined, meaning it can be either (+) or (–) depending on the macroeconomic conditions.

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

2.9 Financial assets and financial liabilities (Cont'd)

(4) Derecognition

A financial asset is derecognized when the contractual rights to the cash flows from the financial assets expire or the Group transfers substantially all the risks and rewards of ownership of the financial asset. If the Group neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, it assesses whether it has retained control of the asset in determining whether the asset should be derecognized.

If the Group retains control of the financial asset, it continues to recognize the asset to the extent of its continuing involvement in the asset. A financial liability is derecognized in the consolidated statement of financial position when the contractual obligation is discharged, cancelled, or expires.

2.10 Derivative Financial Instruments

The Group enters into numerous derivative financial instrument contracts such as currency forwards, interest rate swaps, currency swaps, and others for trading purposes or to manage its interest rate risk, currency risk, and others. These derivative financial instruments are presented as derivative financial instruments in the consolidated financial statements irrespective of transaction purpose and subsequent measurement requirement.

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

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

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

(1) Derivative financial instruments held for trading

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

2.10 Derivative Financial Instruments (Cont'd)

(2) Derivative financial instruments for fair value hedges

If derivative financial instruments are designated and qualify for fair value hedges, changes in fair value of the hedging instrument and changes in fair value of the hedged item attributable to the hedged risk are recognized in profit or loss as part of other operating income or expenses. If the hedged items are equity instruments for which the Group has elected to present changes in fair value in other comprehensive income, changes in fair value of the hedging instrument and changes in fair value of the hedged item attributable to the hedged risk are recognized in other comprehensive income. Fair value hedge accounting is discontinued prospectively if the hedging instrument expires or is sold, terminated or exercised, or the hedging relationship ceases to meet the qualifying criteria. Once fair value hedge accounting is discontinued, the adjustment to the carrying amount of a hedged item is amortized to profit or loss by the maturity of the financial instrument using the effective interest method.

(3) Derivative financial instruments for cash flow hedges

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

2.11 Offsetting

A financial asset and a financial liability are offset, and the net amount is presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

2.12 Lease

(1) Accounting policy for lessor

1) Lease classification criteria

The Group classifies a lease as a finance lease when the lease transaction substantially transfers the risks and rewards incidental to ownership of the leased asset to the lessee. This applies in the following cases:

i) Ownership of the leased asset is transferred to the lessee by the end of the lease term or earlier.

ii) At the inception of the lease, the lessee holds a bargain purchase option and it is reasonably certain that the option will be exercised.

iii) Even if ownership is not transferred, the lease term represents a substantial portion of the economic life of the leased asset.

iv) At the inception of the lease, the present value of the minimum lease payments, discounted at the interest rate implicit in the lease, amounts to substantially all of the fair value of the leased asset.

v) The leased asset is of a specialized nature such that only the lessee can use it without major modifications.

Leases that do not meet the criteria for classification as finance leases are classified as operating leases.

2) Operating leases

Operating lease assets are initially recognized at cost as of the lease commencement date. The cost includes interest and other similar finance charges incurred on borrowings used to acquire the operating lease assets up to the lease commencement date.

Depreciation of operating lease assets is accounted for in the same manner as other similar property, plant and equipment held by the Group. Minimum lease payments are recognized as lease income on a straight-line basis over the lease term. Variable lease payments are recognized in profit or loss in the period in which they are incurred.

In addition, if the recoverable amount of an operating lease asset that was previously impaired exceeds its carrying amount, the excess is recognized as a reversal of impairment loss, limited to the carrying amount that would have been determined net of depreciation had no impairment loss been recognized.

2.12 Lease (Cont'd)

3) Finance leases

Finance lease assets are recognized as finance lease receivables at an amount equal to the net investment in the lease. Interest income is recognized using the effective interest method on the outstanding net investment in the lease.

Minimum lease payments refer to the following amounts that the lessee is required to pay to the lessor in exchange for the right to use the leased asset:

i) Lease payments that are contractually specified to be paid by the lessee to the lessor at the commencement date of the lease.

ii) A guaranteed transfer amount, if ownership of the leased asset is to be transferred to the lessee at the end of the lease term.

iii) Any amounts guaranteed by a third party who is not related to the lessee or lessor and has the financial capability to fulfill the guarantee covering all or part of the residual value of the leased asset at the end of the lease term.

iv) The bargain purchase price, if the lessee is granted a bargain purchase option.

4) Initial direct costs of leases

For operating leases, initial direct costs such as fees and legal expenses that are directly and incrementally incurred during the negotiation and arrangement of the lease are recognized as a separate asset under "initial direct costs." These costs are amortized over the lease term in line with the recognition of lease income.

For finance leases, initial direct costs are included in the initial measurement of the finance lease receivable and are amortized over the lease term using the effective interest method, thereby reducing finance income.

5) Variable lease payments

Lease payments that are not fixed in amount and are determined based on factors other than the passage of time such as a percentage of sales, usage levels, price indices, or market interest rates are recognized in profit or loss in the period in which they are incurred.

6) Prepaid lease assets

Expenditures incurred in connection with finance lease contracts that have been entered into but not yet commenced as of the reporting date are recognized as prepaid lease assets.

7) Terminated leases

In the case of termination of an operating lease, any recoverable amount from the lessee or a

2.12 Lease (Cont'd)

lease guarantor related to the terminated lease contract is recognized as income in the reporting period in which the termination occurs.

(2) Accounting Policy for Lessees

The Group leases various assets including office spaces, vehicles, and IT equipment. Lease contracts are generally entered into for fixed periods and are negotiated individually, incorporating a wide range of terms and conditions. While the contracts do not impose specific restrictions, the leased assets may not be pledged as collateral for borrowings.

At the commencement date of a lease, the Group recognizes a right-of-use asset and a corresponding lease liability. Each lease payment is allocated between the repayment of the lease liability and the finance cost. The finance cost is recognized in profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the lease liability. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term, starting from the commencement date.

Lease assets and liabilities are initially measured at the present value of lease payments. The lease liability includes the net present value of the following lease payments:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable.
- Variable lease payments that depend on an index or a rate.

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

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

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

The right-of-use asset is depreciated from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. However, if it is reasonably certain that the Group will exercise a purchase option, the asset is depreciated over the useful life of the underlying asset.

2.12 Lease (Cont'd)

Lease payments for short-term leases and leases of low-value assets are recognized in profit or loss on a straight-line basis over the lease term. A short-term lease is defined as a lease with a lease term of 12 months or less.

The Group determines the lease term as the non-cancellable period of the lease, together with:

- periods covered by an extension option if the lessee is reasonably certain to exercise that option, and
- periods covered by a termination option if the lessee is reasonably certain not to exercise that option.

If both the lessee and the lessor have the right to terminate the lease without the consent of the other party, the enforceable period is determined by considering any contractual penalties or economic disincentives that would arise upon termination.

2.13 Income Tax

Income tax expense consists of current tax and deferred tax.

(1) Current income tax

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

(2) Deferred income tax

Deferred income tax is recognized for temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and their tax bases used in the computation of taxable income. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are recognized for deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized.

2.13 Income Tax (Cont'd)

However, deferred tax liabilities are not recognized for taxable temporary differences arising from the initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither accounting profit nor taxable profit (loss). Similarly, deferred tax assets are not recognized for deductible temporary differences arising from such transactions.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, associates, and joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences related to such investments are recognized only to the extent that it is probable that sufficient taxable profit will be available and that the temporary differences will reverse in the foreseeable future.

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

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

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

(3) Recognition of current and deferred income tax

Current and deferred income taxes are recognized in profit or loss, except when they arise from a transaction or event that is recognized outside profit or loss, either in other comprehensive income or directly in equity, or from a business combination. In the case of a business combination, the tax effects are accounted for as part of the acquisition accounting.

2.14 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Such provisions include warranty provisions, restoration provisions, and litigation provisions.

Provisions are measured at the present value of the expected expenditures required to settle the obligation. The increase in the provision due to the passage of time is recognized as an interest expense.

2.15 Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss incurred because a specified debtor fails to make payment when due under the original or modified terms of a debt instrument.

Financial guarantee liabilities are initially measured at fair value. The fair value is amortized over the term of the financial guarantee contract. After initial recognition, the liability is measured at the higher of:

- The amount determined in accordance with K-IFRS No.1109 “Financial Instruments as a provision” and

- The amount initially recognized less the cumulative amount of income recognized in accordance with K-IFRS No.1115 “Revenue from Contracts with Customers.”

2.16 Employee Compensation and Benefits

(1) Post-employment benefits

The Group operates both defined contribution and defined benefit retirement plans.

Under the defined contribution plan, the Group pays fixed contributions to a separate fund. Contributions are recognized as an expense when the employees render service.

For defined benefit plans, the defined benefit obligation is calculated at the end of each reporting period using the projected unit credit method by an independent actuary. Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding amounts included in net interest), and changes in the effect of the asset ceiling, are recognized in other comprehensive income in the period in which they arise and are immediately reflected in the consolidated statement of financial position. Remeasurements recognized in other comprehensive income are not reclassified to profit or loss in subsequent periods.

Past service costs are recognized in the period in which the plan amendment occurs. Net interest is calculated by applying the discount rate to the net defined benefit liability (asset) at the beginning of the period.

2.16 Employee Compensation and Benefits (Cont'd)

Components of defined benefit cost include service cost (comprising current service cost, past service cost, and gains or losses on settlements), net interest expense (income), and remeasurement components.

The Group recognizes service cost and net interest expense (income) in profit or loss, and remeasurement components in other comprehensive income. Gains or losses resulting from plan curtailments are treated as past service costs.

The defined benefit liability presented in the financial statements reflects the actual underfunding or overfunding of the defined benefit plan. Any surplus resulting from the calculation is recognized as an asset only to the extent that it represents the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions.

(2) Short-term employee benefits

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

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

(3) Share-based payment

Cash-settled share-based compensation granted to executives is recognized as a liability measured at fair value in exchange for services received. The share-based compensation expense and accrued liability are recognized over the vesting period. Until the liability is settled, the Group remeasures the fair value of the liability at the end of each reporting period and at the date of settlement, with any changes in fair value recognized in profit or loss as share-based payments.

(4) Termination benefits

A liability for termination benefits is recognized at the earlier of the date when the Group can no longer withdraw the offer of those benefits, or the date when the Group recognizes the costs of a restructuring that involves the payment of termination benefits.

2.17 Revenue Recognition

The Group recognizes revenues in accordance with the following steps.

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

(1) Interest income and expense

Interest income and interest expense are recognized in the statement of comprehensive income using the effective interest method. The effective interest method is a way of calculating the amortized cost of a financial asset or financial liability and allocating the interest income or interest expense over the relevant period.

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

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

(2) Fee and commission income

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

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

2.17 Revenue Recognition (Cont'd)

2) Fees earned as services are provided
Fees earned as services are provided are generally recognized as revenue when the related services are rendered. This includes asset management fees, custodial fees, and guarantee service fees charged over a specified period, which are recognized as revenue over the period in which the services are provided.

3) Fees earned upon completion of a significant act
Fees earned upon completion of a significant act are recognized as revenue when the act is completed. Commission on negotiation or participation in negotiation for the third party such as trading stocks or other securities, arranging merger and acquisition of business, is recognized as revenue when the transaction has been completed.

(3) Net gains or losses on financial assets and liabilities at fair value through profit or loss

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

- Gains or losses relating to financial instruments at fair value through profit or loss

- Gains or losses relating to derivative financial instruments for trading (including derivative financial instruments for hedging purpose but do not qualify for hedge accounting)

(4) Dividend income

Dividend income is recognized when the Group's right to receive payment is established. Dividend income is recognized in the appropriate line item of the statement of comprehensive income depending on the classification of the equity instrument.

2.18 Loan Origination Fees and Costs

Where the future economic benefits associated with loan origination fees and costs can be specifically identified and attributed to individual loan transactions, the Group defers such fees and costs and recognizes them as an adjustment to the carrying amount of the loan receivable. The deferred amounts are subsequently amortized or reversed and accounted for as an adjustment to interest income over the life of the loan.

2.19 Acquisition and Disposal of Loan Receivables

When the Group acquires loan receivables, any difference between the contractual interest rate under the purchase agreement and the customer's contractual rate is recognized as a present value premium or discount. This amount is amortized over the maturity of the acquired loan.

2.19 Acquisition and Disposal of Loan Receivables (Cont'd)

receivable using the effective interest method and is reflected in interest income.

Deferred loan origination fees and costs associated with the acquired loan receivables are also amortized using the effective interest method and are accounted for as adjustments to interest income.

Upon disposal of loan receivables, the Group recognizes the difference between the carrying amount and the proceeds from disposal as a gain or loss on disposal.

2.20 Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether the price is directly observable or estimated using a valuation technique. In estimating the fair value of an asset or liability, the Group considers the characteristics of the asset or liability that market participants would take into account when pricing the asset or liability at the measurement date.

Except for measurements that are similar to, but not defined as, fair value, such as share-based payment transactions within the scope of K-IFRS No. 1102 "Share-based Payment", lease transactions under K-IFRS No. 1116 "Leases", net realizable value of inventories under K-IFRS No. 1002 "Inventories", and value in use under K-IFRS No. 1036 "Impairment of Assets", fair value for measurement or disclosure purposes is determined in accordance with the principles described above.

Fair value measurements are classified into Level 1, Level 2, or Level 3 based on the observability of the inputs used in the valuation and the significance of those inputs to the overall fair value measurement. This classification is made for financial reporting purposes, as described below, and reflects the extent to which inputs are observable and relevant to the measurement at the reporting date.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period. These instruments are classified as Level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instruments are classified as Level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. The unlisted equity securities are included in this level.

3. Critical Accounting Estimates and Assumptions

The preparation of financial statements requires the Group to make estimates and assumptions concerning the future. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Since the results of accounting estimates are rarely identical to actual outcomes, they inherently involve significant risks that could lead to material adjustments.

The estimates and assumptions regarding management's judgments and significant risks that could affect the carrying amounts of assets and liabilities in the next financial year are as follows. Additional information on significant judgments and estimates for certain items is included in the respective notes.

(1) Income tax

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

The Group is subject to additional income tax, calculated in accordance with the methods prescribed by tax laws, if a certain amount of taxable income for a given period is not used for investments, wage increases, and other specified purposes. Accordingly, the tax effects of this requirement should be reflected when measuring current income tax and deferred income tax for the period. Since the amount of income tax payable by the Group varies depending on the level of investments, wage increases, and other factors for each year, there is uncertainty in determining the ultimate tax effect (see Note 36).

(2) Fair value of financial instruments

The fair value of financial instruments not traded in an active market is determined using valuation techniques. As of the end of the reporting period, the Group makes judgments on the selection of various valuation techniques and assumptions based on prevailing market conditions (see Note 5).

(3) Impairment of financial assets

The loss allowance for financial assets is measured based on assumptions regarding the risk of default and expected loss rates. In setting these assumptions and selecting the input variables used in the impairment model, the Group exercises judgment by considering its historical experience, current market conditions, and forward-looking information as of the reporting date.

(4) Net defined benefit liabilities

The present value of the net defined benefit liability is affected by various factors determined using actuarial methods, particularly changes in the discount rate (see Note 20).

3. Critical Accounting Estimates and Assumptions (Cont'd)

(5) Impairment of goodwill

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

4. Financial Risk Management

The Group is exposed to a variety of financial risks through its operations and therefore requires the analysis, assessment, and determination of acceptable levels of complex risks, as well as the implementation of appropriate risk management strategies.

The Group's risk management procedures aim to enhance the soundness of investment and held assets by identifying the sources and magnitude of risks and making decisions to avoid or mitigate those risks.

To eliminate excessive financial risks and manage risks at an appropriate level, the Group adopts strategies to maximize risk-adjusted returns. These strategies include procedures for risk identification, measurement and assessment, control, monitoring, and reporting.

Risks are managed by the Risk Management Team in accordance with approved policies. The Risk Management Committee serves as the highest decision-making body for risk management, making strategic decisions such as the allocation of risk capital and the establishment of risk limits.

(1) Credit risk

Credit risk refers to the potential economic loss the Group may incur if a counterparty refuses to fulfill its contractual obligations within the agreed period or becomes unable to do so. The objective of credit risk management is to maintain credit risk exposures at a level acceptable to the Group and to optimize returns adjusted for such risks.

1) Credit risk management

To measure credit risk, the Group considers the probability of default by customers or counterparties under contractual obligations, the exposure to counterparties and the default exposure arising from interdependencies, as well as the loss given default.

2) Management of credit risk limits

To manage credit risk limits, the Group establishes appropriate credit exposure limits for shared borrowers, individual entities, and industry sectors through shared borrower management, total exposure control, and portfolio management. These limits are applied when extending credit and are designed to ensure that exposures remain within acceptable levels.

4. Financial Risk Management (Cont'd)

3) Maximum exposure to credit risk

The maximum exposure to credit risk for financial assets represents the worst-case scenario of potential loss, based on the carrying amount after impairment, without taking into account any collateral held or other credit enhancements.

For financial guarantees, the maximum exposure to credit risk is the maximum amount the Group would be required to pay if the guarantee is called upon by the counterparty. As of December 31,2024 and 2023, the maximum exposure to credit risk for financial assets, excluding equity instruments and without considering the value of collateral, is as follows.

(In thousands of Korean won)		December 31, 2024		December 31, 2023
Financial assets				
Deposits	₩	576,739,147	₩	389,088,841
Financial assets at fair value through profit or loss		1,116,704,131		702,344,908
Loan receivables measured at amortized cost(*)		11,981,517,675		11,057,722,136
Loans		8,585,382,849		7,843,747,062
Loans for installment		3,396,134,826		3,213,975,074
Other financial assets measured at amortized cost(*)		183,834,670		188,616,868
Finance lease receivables(*)		377,719,526		437,924,018
Derivative financial assets		94,879,710		36,491,807
		14,331,394,859		12,812,188,578
Off-balance sheet items				
Commitments		1,367,114,883		1,517,983,108
	₩	15,698,509,742	₩	14,330,171,686

(*) Netting of allowance

4. Financial Risk Management (Cont'd)

4) Credit risk of loan receivables at amortized cost and finance lease receivables

i) Credit risk exposure

Credit qualities of loan receivables at amortized cost and finance lease receivables as of December 31, 2024 and 2023, are as follows:

(In thousands of Korean won)

	December 31, 2024			
	12-month expected credit losses	Lifetime expected credit losses		
		Non-impaired	Impaired	Total(*)
Corporate				
Grade 1	₩ 37,250,000	₩ -	₩ -	₩ 37,250,000
Grade 2	4,072,961,703	260,031,467	-	4,332,993,170
Grade 3	99,783,808	-	-	99,783,808
Grade 4	-	10,111,884	-	10,111,884
Grade 5	-	10,000,000	72,384,992	82,384,992
	4,209,995,511	280,143,351	72,384,992	4,562,523,854
Retail				
Grade 1	1,450,794,112	3,589,238	700,207	1,455,083,557
Grade 2	3,483,505,297	63,809,255	29,069,472	3,576,384,024
Grade 3	2,161,155,934	79,472,600	12,974,669	2,253,603,203
Grade 4	211,443,836	186,624,082	13,374,564	411,442,482
Grade 5	20,461,616	303,598,109	161,927,005	485,986,730
	7,327,360,795	637,093,284	218,045,917	8,182,499,996
	₩ 11,537,356,306	₩ 917,236,635	₩ 290,430,909	₩ 12,745,023,850

(*) Not netting of allowance

(In thousands of Korean won)

	December 31, 2023			
	12-month expected credit losses	Lifetime expected credit losses		
		Non-impaired	Impaired	Total(*)
Corporate				
Grade 1	₩ 38,250,000	₩ -	₩ -	₩ 38,250,000
Grade 2	3,076,803,651	307,400,749	-	3,384,204,400
Grade 3	75,354,158	-	-	75,354,158
Grade 4	133,000	27,075,333	-	27,208,333
Grade 5	-	10,396,502	104,357,052	114,753,554
	3,190,540,809	344,872,584	104,357,052	3,639,770,445
Retail				
Grade 1	1,457,673,472	3,327,058	443,549	1,461,444,079
Grade 2	3,557,865,448	72,609,377	21,758,705	3,652,233,530
Grade 3	2,219,710,852	82,503,228	12,205,761	2,314,419,841
Grade 4	201,750,864	161,978,149	11,245,406	374,974,419
Grade 5	13,614,186	268,684,272	123,254,057	405,552,515
	7,450,614,822	589,102,084	168,907,478	8,208,624,384
	₩ 10,641,155,631	₩ 933,974,668	₩ 273,264,530	₩ 11,848,394,829

(*) Not netting of allowance

4. Financial Risk Management (Cont'd)

Grade	Corporate	Retail
Grade 1	AAA ~ A-	1000~869 points
Grade 2	BBB+ ~ BBB-	868~779 points
Grade 3	BB+ ~ B	778~670 points
Grade 4	B- ~ CCC	669~514 points
Grade 5	CC or under	513~1 points

ii) Credit risk mitigation through collateral

The quantification of credit risk mitigated through collateral and other credit enhancements held as of December 31, 2024 and 2023 is as follows:

(In thousands of Korean won)

	December 31, 2024			
	12-month expected credit losses	Lifetime expected credit losses		
		Non-impaired	Impaired	Total
Movable property	₩ 2,244,275,077	₩ 220,321,975	₩ 54,861,177	₩ 2,519,458,229
Real estate	1,567,782,766	127,670,786	18,896,745	1,714,350,297
	₩ 3,812,057,843	₩ 347,992,761	₩ 73,757,922	₩ 4,233,808,526

(In thousands of Korean won)

	December 31, 2023			
	12-month expected credit losses	Lifetime expected credit losses		
		Non-impaired	Impaired	Total
Movable property	₩ 2,277,690,724	₩ 193,286,007	₩ 36,441,513	₩ 2,507,418,244
Real estate	1,460,129,938	185,365,884	75,878,093	1,721,373,915
	₩ 3,737,820,662	₩ 378,651,891	₩ 112,319,606	₩ 4,228,792,159

4. Financial Risk Management (Cont'd)

5) Credit risk concentration analysis

i) Classifications of corporate loans included in loan receivables at amortized cost and finance lease receivables by industry as of December 31, 2024 and 2023, are as follows:

(In thousands of Korean won)	December 31, 2024		
	Corporate loans	Allowances	Carrying amount
Financial institutions	₩ 1,264,291,707	₩ (14,978,539)	₩ 1,249,313,168
Manufacturing	357,587,335	(2,850,666)	354,736,669
Service	-	-	-
Wholesale and retail	571,579,030	(2,014,130)	569,564,900
Construction	504,037,630	(5,501,645)	498,535,985
Public sector	-	-	-
Others	1,865,028,152	(29,858,241)	1,835,169,911
	₩ 4,562,523,854	₩ (55,203,221)	₩ 4,507,320,633

(In thousands of Korean won)	December 31, 2023		
	Corporate loans	Allowances	Carrying amount
Financial institutions	₩ 983,340,745	₩ (18,805,961)	₩ 964,534,784
Manufacturing	354,293,730	(835,721)	353,458,009
Service	64,685	(249)	64,436
Wholesale and retail	532,295,702	(2,230,415)	530,065,287
Construction	316,287,023	(3,308,510)	312,978,513
Public sector	250,127	(962)	249,165
Others	1,453,238,433	(49,389,408)	1,403,849,025
	₩ 3,639,770,445	₩ (74,571,226)	₩ 3,565,199,219

ii) Classifications of retail loans included in loan receivables at amortized cost and finance lease receivables by industry as of December 31, 2024 and 2023, are as follows:

(In thousands of Korean won)	December 31, 2024		
	Retail loans	Allowances	Carrying amount
Housing loan	₩ -	₩ -	₩ -
General loan	8,182,499,996	(330,583,427)	7,851,916,569
	₩ 8,182,499,996	₩ (330,583,427)	₩ 7,851,916,569

4. Financial Risk Management (Cont'd)

(In thousands of Korean won)	December 31, 2023		
	Retail loans	Allowances	Carrying amount
Housing loan	₩ -	₩ -	₩ -
General loan	8,208,624,384	(278,177,450)	7,930,446,934
	₩ 8,208,624,384	₩ (278,177,450)	₩ 7,930,446,934

iii) The country concentration of financial assets, excluding equity securities, as of December 31, 2024 and 2023, are as follows:

(In thousands of Korean won)	December 31, 2024		
	Amount	Allowances	Carrying amount
Deposits			
Korea	₩ 572,196,599	₩ -	₩ 572,196,599
Others	4,542,548	-	4,542,548
Financial assets at fair value through profit or loss			
Korea	1,097,276,234	-	1,097,276,234
Others	19,427,897	-	19,427,897
Loan receivables at amortized cost			
Korea	12,009,581,201	(361,025,295)	11,648,555,906
Others	337,387,945	(4,426,176)	332,961,769
Other receivables at amortized cost			
Korea	166,781,549	(12,450,765)	154,330,784
Others	29,531,709	(27,823)	29,503,886
Finance lease receivables			
Korea	392,614,280	(20,335,178)	372,279,102
Others	5,440,424	-	5,440,424
Derivative financial assets			
Korea	94,879,710	-	94,879,710
Others	-	-	-
	₩ 14,729,660,096	₩ (398,265,237)	₩ 14,331,394,859

4. Financial Risk Management (Cont'd)

(In thousands of Korean won)

	December 31, 2023		
	Amount	Allowances	Carrying amount
Deposits			
Korea	₩ 382,668,126	₩ -	₩ 382,668,126
Others	6,420,715	-	6,420,715
Financial assets at fair value through profit or loss			
Korea	688,446,037	-	688,446,037
Others	13,898,871	-	13,898,871
Loan receivables at amortized cost			
Korea	11,160,673,417	(332,770,842)	10,827,902,575
Others	232,371,865	(2,552,305)	229,819,560
Other receivables at amortized cost			
Korea	171,517,202	(9,430,653)	162,086,549
Others	26,546,427	(16,107)	26,530,320
Finance lease receivables			
Korea	455,349,547	(17,425,529)	437,924,018
Others	-	-	-
Derivative financial assets			
Korea	36,258,041	-	36,258,041
Others	-	-	-
	₩ 13,174,150,248	₩ (362,195,436)	₩ 12,811,954,812

(2) Market risk

Market risk refers to the risk that a financial institution may incur losses due to changes in market factors such as interest rates, stock prices, and foreign exchange rates. It arises from changes in interest rates, credit spreads, exchange rates, and other factors affecting unsettled financial instruments. All contracts are exposed to a certain degree of volatility depending on interest rates, credit spreads, exchange rates, and stock prices.

4. Financial Risk Management (Cont'd)

1) Management of market risk

Market risk management involves identifying the sources of risk by risk factor, measuring its magnitude, assessing its appropriateness, and making and implementing decisions to avoid, assume, or mitigate the risk.

The Group closely monitors market developments and the outputs of various industry working groups involved in the transition to new interest rate benchmarks, including announcements from regulatory authorities and committees related to alternative reference rate reform.

In response, the Group is negotiating with counterparties on transition and alternative plans for new interest rate benchmarks, working to minimize both financial and non-financial impacts and operational risks, and actively expressing its views as a market participant to ensure that benchmark rate reform progresses in a way that minimizes confusion among stakeholders.

2) Measurement of market risk

The Risk Management Committee allocates risk capital for market risk. The Risk Management Division measures limits such as VaR and loss limits by department and by risk factor on a daily basis, and regularly reports these to the Risk Management Committee.

3) Control of market risk limits

To control market risk limits, the Risk Management Committee sets VaR limits, loss limits, and risk capital limits by business unit, department, and risk factor at the beginning of each year. Desk-level and dealer-level limits are operated autonomously within the departmental limits, and investment limits are managed by risk managers within each department.

4. Financial Risk Management (Cont'd)

4) Market Risk Exposure

i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The carrying amounts of financial assets and liabilities exposed to interest rate risk as of December 31, 2024 and 2023, are as follows:

(In thousands of Korean won)	December 31, 2024		December 31, 2023	
	Financial Assets at Amortized Cost	Debts	Financial Assets at Amortized Cost	Debts
Within 3 months	₩ 72,032,800	₩ -	₩ 79,800,000	₩ 34,276,000
4~6 months	46,310,074	31,885,000	111,517,606	18,392,000
7~9 months	61,071,000	5,466,000	36,026,667	19,255,078
10~12 months	57,908,802	39,173,000	101,286,400	16,343,800
1~5 years	191,961,087	109,245,000	621,741,192	31,590,300
Over 5 years	92,320	-	241,189	-
	₩ 429,376,083	₩ 185,769,000	₩ 950,613,054	₩ 119,857,178

ii) Stock price risk

Equity price risk is the risk that the fair value or cash flows of a financial instrument will fluctuate due to changes in market prices other than interest rates or foreign exchange rates.

iii) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in exchange rates. The Group has certain investments in overseas operations, and the net assets of these overseas operations are exposed to currency risk.

In addition, the Group periodically assesses, manages, and reports foreign exchange exposure on receivables and payables denominated in foreign currencies.

4. Financial Risk Management (Cont'd)

The details of the Group's financial assets and liabilities exposed to currency risk as of December 31, 2024 and 2023, are as follows:

(In thousands of Korean won)		December 31, 2024		December 31, 2023
Foreign currency financial assets				
USD	₩	109,871,040	₩	87,959,456
THB		73,827		-
LAK		52,464,324		34,805,345
IDR		159,667,331		125,954,388
	₩	322,076,522	₩	248,719,189
Foreign currency financial liabilities				
USD	₩	491,168,803	₩	426,327,644
LAK		15,771,927		12,310,858
IDR		138,276,000		107,641,447
	₩	645,216,730	₩	546,279,949

5) Sensitivity analysis

i) Interest rate risk

The Group measures interest rate risk using interest rate VaR, which represents the maximum potential loss that could occur at a 99.90% confidence level. The results as of December 31, 2024 and 2023, are as follows:

(In thousands of Korean won)		December 31, 2024		December 31, 2023
Interest rate VaR	₩	226,277,033	₩	351,942,775

4. Financial Risk Management (Cont'd)

(3) Liquidity risk

Liquidity risk refers to the risk that the Group will be unable to meet its payment obligations on financial liabilities at maturity.

1) Management of liquidity risk

Liquidity risk management aims to prevent potential losses from cash shortages caused by mismatches in the maturities of assets and liabilities or unexpected cash outflows. This involves effectively managing liquidity shortfalls by covering all assets and liabilities on the consolidated statement of financial position, as well as off-balance sheet items such as derivatives that may generate cash flows.

The Group manages liquidity risk by grouping assets and liabilities into ALM accounts based on their nature, then preparing cash flow reports by various time bands (e.g., remaining maturity, contractual maturity). It monitors maturity gaps and gap ratios, ensuring that these remain within pre-established target ratios (limits).

The following table presents the contractual remaining maturities of the Group's financial liabilities in detail. The maturity analysis is based on the earliest contractual maturity dates and includes undiscounted cash flows for both principal and interest.

For liabilities with specified maturity dates, the remaining maturity is used for classification. Where maturity dates are not specified or require definition, classification is based on the nature of the instrument.

For financial guarantees and commitments, classification is based on the earliest possible date at which the counterparty can request payment or the Group can be required to make payment.

4. Financial Risk Management (Cont'd)

The remaining contractual maturities and amounts of the Group's financial liabilities and agreements, excluding derivative financial instruments, as of December 31, 2024 and 2023, are as follows:

(In thousands of Korean won)

	December 31, 2024					
	Debts	Debentures	Lease liabilities	Other financial liabilities	Agreement	Total
Within 3 months	₩ 321,382,649	₩ 1,052,671,763	₩ 1,297,498	₩ 180,155,938	₩ 1,367,114,883	₩ 2,922,622,731
4~6 months	131,321,520	1,305,226,502	1,091,335	42,596,412	-	1,480,235,769
7~9 months	259,350,700	1,152,209,347	815,491	39,076,212	-	1,451,451,750
10~12 months	97,526,986	1,554,431,055	689,572	37,251,784	-	1,689,899,397
1~5 years	421,917,537	9,192,446,203	13,671,068	517,025,404	-	10,145,060,212
Over 5 years	-	-	-	1,647,340	-	1,647,340
	₩ 1,231,499,392	₩ 14,256,984,870	₩ 17,564,964	₩ 817,753,090	₩ 1,367,114,883	₩ 17,690,917,199

(In thousands of Korean won)

	December 31, 2023					
	Debts	Debentures	Lease liabilities	Other financial liabilities	Agreement	Total
Within 3 months	₩ 138,725,101	₩ 1,151,844,464	₩ 1,418,136	₩ 168,784,085	₩ 1,517,983,108	₩ 2,978,754,894
4~6 months	414,093,378	1,013,540,857	1,038,807	39,913,614	-	1,468,586,656
7~9 months	332,853,230	1,132,533,270	962,396	37,452,418	-	1,503,801,314
10~12 months	484,994,385	1,271,382,840	847,972	43,574,195	-	1,800,799,392
1~5 years	931,638,129	7,220,823,718	3,776,516	546,816,077	-	8,703,054,440
Over 5 years	-	-	-	1,097,672	-	1,097,672
	₩ 2,302,304,223	₩ 11,790,125,149	₩ 8,043,827	₩ 837,638,061	₩ 1,517,983,108	₩ 16,456,094,368

4. Financial Risk Management (Cont'd)

The contractual cash flows of the Group's derivative financial instruments designated for cash flow hedges as of December 31 2024 and 2023, are as follows:

(In thousands of Korean won)

	December 31, 2024		
	Cash inflows from gross-settled derivative contracts	Cash outflows from gross-settled derivative contracts	Total
Within 3 months	₩ -	₩ -	₩ -
4~6 months	3,307,500	(2,219,218)	1,088,282
7~9 months	-	-	-
10~12 months	444,307,500	(342,329,218)	101,978,282
1~5 years	-	-	-
Over 5 years	-	-	-
	₩ 447,615,000	₩ (344,548,436)	₩ 103,066,564

(In thousands of Korean won)

	December 31, 2023		
	Cash inflows from gross-settled derivative contracts	Cash outflows from gross-settled derivative contracts	Total
Within 3 months	₩ -	₩ -	₩ -
4~6 months	2,901,150	(2,219,218)	681,932
7~9 months	-	-	-
10~12 months	2,901,150	(2,219,218)	681,932
1~5 years	392,622,300	(344,548,436)	48,073,864
Over 5 years	-	-	-
	₩ 398,424,600	₩ (348,986,872)	₩ 49,437,728

4. Financial Risk Management (Cont'd)

(4) Capital risk

The objective of the Group's capital management is to maintain a sound capital structure. The Group uses the adjusted capital ratio under the Regulation on Supervision of Specialized Credit Finance Companies as a capital management indicator. This ratio is calculated by dividing adjusted total assets by adjusted capital.

Details of the adjusted capital ratio as of December 31, 2024 and 2023, are as follows:

(In thousands of Korean won)		**December 31, 2024**		**December 31, 2023**
Adjusted total assets (A)	₩	17,692,614,835	₩	16,443,110,473
Adjusted capital (B)		2,535,055,549		2,338,316,841
Adjusted capital ratio (B/A)		14.33%		14.22%

5. Fair Value Measurements of Financial Instruments

The fair value is defined as the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The best estimation of fair value of financial instruments is the quoted price in the active market. The Group believes that valuation methods used for measuring financial instruments at fair value are reasonable and fair value recognized in the consolidated statements of financial position are appropriate. However, the fair value of financial instruments recognized in the consolidated statements of financial position may change if other valuation methods or assumptions are used. Additionally, as there are a variety of valuation techniques and assumptions in measuring the fair value, it may be difficult to reasonably compare the fair value with that of another financial institution.

(1) Determination of the fair value

- Financial instruments are measured at fair value using a quoted market price in active markets.
- Financial instruments measured at fair value using observable market price and generally accepted pricing model.
- The fair value of financial instruments that are not measured at fair value in the consolidated statement of financial position is the quoted price if there is an active market. When there is no active market, financial instruments are measured at discounted cash flow using similar financial product's market interest rate. The carrying value of short-term receivables, short-term payables with no specified interest rate, and floating rate financial instruments with maturities less than one year, is regarded as a representative of fair value because it is a reasonable approximation of fair value, the fair value and the carrying amount are the same.

Carrying amount and fair value of the financial instruments whose fair values are disclosed as of December 31, 2024 and 2023, are as follows:

(In thousands of Korean won)	December 31, 2024		December 31, 2023	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Loans at amortized cost	₩ 11,981,517,675	₩ 11,920,613,940	₩ 11,057,722,136	₩ 11,013,984,284
Other financial assets at amortized cost	183,834,670	180,652,702	188,616,868	188,592,754
Finance lease receivables	377,719,526	347,650,070	437,924,018	408,372,791
	₩ 12,543,071,871	₩ 12,448,916,712	₩ 11,684,263,022	₩ 11,610,949,829
Financial liabilities				
Debts	₩ 1,192,062,661	₩ 1,189,084,547	₩ 2,218,357,454	₩ 2,139,773,483
Debentures	13,372,294,131	13,568,836,123	11,019,677,501	11,088,620,663
Other financial liabilities	830,350,531	820,666,157	831,671,670	813,264,277
	₩ 15,394,707,323	₩ 15,578,586,827	₩ 14,069,706,625	₩ 14,041,658,423

5. Fair Value Measurements of Financial Instruments (Cont'd)

(2) Fair value hierarchy

The Group classifies fair value hierarchy levels as levels 1, 2 and 3 based on observability of inputs used to measure the fair values of financial instruments. Items that are measured at fair value are categorized by the fair value hierarchy levels, and the defined levels are as follows:

- Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current trading price. These instruments are classified as level 1.

- Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instruments are classified as level 2.

- If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. The unlisted equity securities are included in this level.

(3) Fair value hierarchy classifications of the financial assets and liabilities that are measured at fair value as of December 31, 2024 and 2023, are as follows:

(In thousands of Korean won)	December 31, 2024			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets				
Financial assets at fair value through profit or loss	₩ 746,451	₩ -	₩ 1,181,216,932	₩ 1,181,963,384
Derivative financial assets	-	94,879,710	-	94,879,710
	₩ 746,451	₩ 94,879,710	₩ 1,181,216,932	₩ 1,276,843,094
Financial liabilities				
Derivative financial liabilities	₩ -	₩ 1,286,316	₩ -	₩ 1,286,316

(In thousands of Korean won)	December 31, 2023			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets				
Financial assets at fair value through profit or loss	₩ 982,879	₩ -	₩ 744,715,577	₩ 745,698,456
Derivative financial assets	-	36,491,807	-	36,491,807
	₩ 982,879	₩ 36,491,807	₩ 744,715,577	₩ 782,190,263
Financial liabilities				
Derivative financial liabilities	₩ -	₩ 21,094	₩ -	₩ 21,094

5. Fair Value Measurements of Financial Instruments (Cont'd)

(4) The fair value hierarchy of financial assets and liabilities whose fair values are disclosed as of December 31, 2024 and 2023, are as follows:

(In thousands of Korean won)	December 31, 2024			
	Fair value			Total
	Level 1	Level 2	Level 3	
Financial assets				
Loans at amortized cost	₩ -	₩ -	₩ 11,920,613,940	₩ 11,920,613,940
Other financial assets at amortized cost	-	-	180,652,702	180,652,702
Finance lease receivables	-	-	347,650,070	347,650,070
	₩ -	₩ -	₩ 12,448,916,712	₩ 12,448,916,712
Financial liabilities				
Debts	₩ -	₩ 994,551,849	₩ 194,532,699	₩ 1,189,084,547
Debentures	-	13,291,721,428	277,114,695	13,568,836,123
Other financial liabilities	-	-	820,666,157	820,666,157
	₩ -	₩ 14,286,273,277	₩ 1,292,313,551	₩ 15,578,586,828

(In thousands of Korean won)	December 31, 2023			
	Fair value			Total
	Level 1	Level 2	Level 3	
Financial assets				
Loans at amortized cost	₩ -	₩ -	₩ 11,013,984,284	₩ 11,013,984,284
Other financial assets at amortized cost	-	-	188,592,754	188,592,754
Finance lease receivables	-	-	408,372,791	408,372,791
	₩ -	₩ -	₩ 11,610,949,829	₩ 11,610,949,829
Financial liabilities				
Debts	₩ -	₩ 1,786,191,072	₩ 353,582,411	₩ 2,139,773,483
Debentures	-	10,804,270,059	284,350,605	11,088,620,663
Other financial liabilities	-	-	813,264,277	813,264,277
	₩ -	₩ 12,590,461,130	₩ 1,451,197,294	₩ 14,041,658,424

5. Fair Value Measurements of Financial Instruments (Cont'd)

(5) Valuation techniques and the inputs

Following table explains the valuation techniques used in fair value measurement of Level 2 and Level 3, and significant unobservable inputs:

Classification	Level	Valuation techniques	Significant unobservable inputs
Financial instruments measured at fair value in the consolidated statement of financial position			
Financial assets at fair value through profit or loss			
Equity securities, Debt securities	3	Discounted cash flows and Net asset value method In order to estimate future cash flows, assumptions, not based on either observable quoted price or ratios, such as ratio of increase in sales, ratio of net operating income before tax and weighted-average cost of capital, are used in part. To discount cash flows, weighted-average cost of capital is computed by Capital Asset Pricing Model.	Ratio of increase in sales, Ratio of net operating income before tax, Weighted-average cost of capital, Net asset value, Volatility
Derivative financial instruments designated for hedging purposes	2	The Group uses the valuation results provided by external professional valuation agencies. These agencies reasonably estimate future expected cash flows in their valuation process.	Contractual cash flows, Discount rate
Financial instruments whose fair values are disclosed in the consolidated statement of financial position			
Financial assets		Discounted cash flows	Discount rate, Base rate
	3	Fair values of financial assets are measured by discounting future cash flows of debt instruments with market interest rate in which the base interest rate is reflected	
Financial liabilities		Discounted cash flows	Discount rate, Base rate
	2,3	Fair values of financial liabilities are measured by discounting future cash flows of debt instruments with market interest rate in which the base interest rate is reflected	

5. Fair Value Measurements of Financial Instruments (Cont'd)

(6) Valuation policy and process for fair value measurement categorized within Level 3

The Group uses external, independent and qualified third-party valuation service or internal valuation models to determine the fair value of the financial assets at the end of every reporting period.

Where a reclassification between the levels of the fair value hierarchy occurs for a financial asset or liability, the Group's policy is to recognize such transfers as having occurred at the beginning of the reporting period.

(7) Details of changes in Level 3 of the fair value hierarchy for the years ended December 31, 2024 and 2023, are as follows:

(In thousands of Korean won)	2024				
	Beginning balance	**Acquisition**	**Disposal**	**Loss for the year**	**Ending balance**
Financial assets at fair value through profit or loss	₩ 744,715,577	₩ 535,411,740	₩ (90,700,869)	₩ (8,209,516)	₩ 1,181,216,932

(In thousands of Korean won)	2023				
	Beginning balance	**Acquisition**	**Disposal**	**Profit for the year**	**Ending balance**
Financial assets at fair value through profit or loss	₩ 489,862,770	₩ 284,404,585	₩ (68,358,403)	₩ 38,806,624	₩ 744,715,577

5. Fair Value Measurements of Financial Instruments (Cont'd)

(8) Information about fair value measurements using unobservable inputs of financial instruments which are categorized within Level 3 as of December 31, 2024 and 2023, is as follows:

(In thousands of Korean won)

		December 31, 2024			
Classification	**Fair value**	**Valuation techniques**	**Unobservable inputs**	**Range of unobservable inputs (%)**	**Relationship of unobservable inputs to fair value**
Financial assets at fair value through profit or loss	₩ 1,181,216,932	Income approach, Asset value approach, Monte Carlo Simulation Model, Hull and White Model, CRR Binomial Model	Discount rate	7.26 ~ 13.20	The lower the discount rate, the higher the fair value
			Growth rate	-	The higher the growth rate, the higher the fair value
			Volatility of underlying assets	35.92 ~ 36.37	The higher the volatility, the higher the fair value change
			Interest rate volatility	0.47 ~ 0.72	The higher the volatility, the higher the fair value change
			Asset value	-	The higher the price of asset, the higher the fair value

(In thousands of Korean won)

		December 31, 2023			
Classification	**Fair value**	**Valuation techniques**	**Unobservable inputs**	**Range of unobservable inputs (%)**	**Relationship of unobservable inputs to fair value**
Financial assets at fair value through profit or loss	₩ 744,715,577	Income approach, Asset value approach, Monte Carlo Simulation Model, Hull and White Model, CRR Binomial Model	Discount rate	8.93 ~ 17.24	The lower the discount rate, the higher the fair value
			Growth rate	-	The higher the growth rate, the higher the fair value
			Volatility of underlying assets	29.98 ~ 76.22	The higher the volatility, the higher the fair value change
			Interest rate volatility	0.50 ~ 0.86	The higher the volatility, the higher the fair value change
			Asset value	-	The higher the price of asset, the higher the fair value

5. Fair Value Measurements of Financial Instruments (Cont'd)

(9) The results of the sensitivity analysis from changes in inputs of financial instruments which are categorized within Level 3 as of December 31, 2024 and 2023, are as follows:

(In thousands of Korean won)	December 31, 2024		December 31, 2023	
	Favorable changes	Unfavorable changes	Favorable changes	Unfavorable changes
Financial assets at fair value through profit or loss(*)	₩ 2,894,123	₩ (2,502,361)	₩ 1,402,924	₩ (1,358,111)

(*) The fair value was calculated by increasing or decreasing the key unobservable inputs (discount rate by 1 percentage point, growth rate by 0.5 percentage point, volatility by 10 percentage points, and asset value by 1 percentage point).

(10) The Group issued asset-backed bonds with loans as the underlying assets. The status of the underlying assets and the senior bonds related to these issuances as of December 31, 2024 and 2023, is as follows:

(In thousands of Korean won)	December 31, 2024			
	Carrying amount of underlying assets	Fair value of underlying assets	Carrying amount of senior bonds	Fair value of senior bonds
KB Auto Fifth Asset Securitization Specialty Co., Ltd(*)	₩ 383,856,341	₩ 381,390,757	₩ 209,594,013	₩ 217,114,695
Leadcap 1st Co, Ltd.	59,400,000	59,400,000	60,000,000	60,000,000

(In thousands of Korean won)	December 31, 2023			
	Carrying amount of underlying assets	Fair value of underlying assets	Carrying amount of senior bonds	Fair value of senior bonds
KB Auto Fifth Asset Securitization Specialty Co., Ltd(*)	₩ 415,041,200	₩ 388,007,831	₩ 286,906,251	₩ 284,350,605

(*) If the trust assets fail to meet the eligibility requirements, or if any other events stipulated in the asset securitization agreement occur, the Group is obligated to make early redemption of the asset-backed bonds.

6. Segment Information

The Group has a single reportable segment. Enterprise-wide level information of the Group for the years ended December 31, 2024 and 2023, are as follows:

(1) Information on financial products and services

The Group's products can be classified as follows, and the profit by product recognized for the years ended December 31, 2024 and 2023, is as follows:

(In thousands of Korean won)	2024	2023	Major product
Interest income	₩ 1,014,677,844	₩ 880,482,949	Loans, loans for installment and others
Fee and commission income	25,652,720	14,917,443	Unutilized commitment fee income and others
Lease income	1,397,461,599	1,305,810,665	Lease assets and others
Profit from financial assets at fair value through profit or loss	86,449,657	67,301,754	Gain on valuation of financial assets at fair value through profit or loss and others
Other operating income	96,245,544	26,913,428	Gains on disposal of loans and others
	₩ 2,620,487,364	₩ 2,295,426,239	

(2) Information on geographical areas

The operating results of the revenues from external customers of the Group for the years ended December 31, 2024 and 2023, are as follows:

(In thousands of Korean won)	2024	2023
Domestic	₩ 2,578,596,967	₩ 2,264,400,893
Overseas	41,890,397	31,025,347
	₩ 2,620,487,364	₩ 2,295,426,240

7. Cash and cash equivalents

Details of cash and cash equivalents as of December 31, 2024 and 2023, are as follows:

(In thousands of Korean won)		Financial institutions	Interest rate (%) as of 2024	**December 31, 2024**	**December 31, 2023**
Deposits in Korean Won	Cash	-	-	₩ 444	₩ 503
	Demand Deposits	Kookmin Bank and others	0.1 ~ 0.3	467,132,287	377,064,596
	Other Deposits	Mirae Asset Securities CO.,LTD. and others	0.3 ~ 3.0	106,250,706	9,525,582
				573,383,437	386,590,681
Deposits in foreign currencies	Other Deposits	BANK OF LAOS and others	0.0 ~ 2.0	3,356,154	2,498,663
				₩ 576,739,591	₩ 389,089,344

8. Financial Assets at Fair Value through Profit or Loss

(1) Financial assets at fair value through profit or loss include the following classes of financial assets as of December 31, 2024 and 2023, are as follows:

(In thousands of Korean won)	December 31, 2024	December 31, 2023
Debt securities		
Capital contributions	₩ 512,205,336	₩ 333,114,893
Beneficiary certificates	567,529,010	318,653,259
Hybrid securities	-	9,640,560
Others	36,969,785	40,936,196
	1,116,704,131	702,344,908
Equity securities		
Stocks	25,321,743	4,531,208
Hybrid securities	39,937,510	38,822,340
	65,259,253	43,353,548
	₩ 1,181,963,384	₩ 745,698,456

(2) Net gains or losses on financial instruments at fair value through profit or loss for years ended December 31, 2024 and 2023, are as follows:

(In thousands of Korean won)	2024	2023
Gains on financial instruments at fair value through profit or loss		
Gain on valuation	₩ 46,066,353	₩ 49,159,155
Gain on disposal	800,929	205,423
Dividend income	39,184,874	17,342,176
Interest income	397,501	595,000
	86,449,657	67,301,754
Losses on financial instruments at fair value through profit or loss		
Loss on valuation	54,568,385	10,580,068
Loss on disposal	170,209	409,366
Others	-	60,382
	54,738,594	11,049,816
	₩ 31,711,063	₩ 56,251,938

9. Derivative Financial Instruments and Hedge Accounting

The Group enters into derivative financial instruments, specifically currency swaps, to manage foreign exchange risk arising from assets and liabilities of its consolidated subsidiaries.

(1) Fair values of derivative financial instruments held for trading as of December 31, 2024 and 2023, are as follows:

(In thousands of Korean won)	December 31, 2024			December 31, 2023		
	Notional amount	Assets	Liabilities	Notional amount	Assets	Liabilities
Currency						
Forwards	₩ 18,530,840	₩ -	₩ 1,286,316	₩ 13,372,008	₩ 233,766	₩ 21,094

(2) Details of derivative financial instruments designated as hedging instruments as of December 31, 2024 and 2023, are as follows:

(In thousands of Korean won)	December 31, 2024			December 31, 2023		
	Notional amount	Assets	Liabilities	Notional amount	Assets	Liabilities
Currency						
Swaps	₩ 340,110,000	₩ 94,879,710	₩ -	₩ 340,110,000	₩ 36,258,041	₩ -

(3) Gains and losses on hedging instruments and the related gains and losses on hedged items for years ended December 31, 2024 and 2023, are as follows:

(In thousands of Korean won)	2024	2023
Gains and losses related to the hedged risk of hedged items	₩ 58,353,187	₩ 6,455,666
Ineffective portion of gains and losses on cash flow hedges	268,482	254,779
	₩ 58,621,669	₩ 6,710,445

(4) Amounts recognized in other comprehensive income and reclassified from equity to profit or loss in relation to derivative financial instruments designated as cash flow hedges for years ended December 31, 2024 and 2023, are as follows:

(In thousands of Korean won)	2024	2023
Amount recognized in other comprehensive income	₩ 58,353,187	₩ 6,455,666
Amount reclassified from other comprehensive income to profit or loss	(54,326,834)	(6,648,963)
Income tax effect	(1,062,957)	39,194
	₩ 2,963,396	₩ (154,103)

9. Derivative Financial Instruments and Hedge Accounting (Cont'd)

(5) Average price conditions of forecasted notional cash flows designated as cash flow hedges as of December 31, 2024 and 2023, are as follows:

(In thousands of Korean won)	December 31, 2024		December 31, 2023	
	Cash flow hedge		Cash flow hedge	
	Nominal amount of the hedging instrument	Average price condition (USD/KRW)	Nominal amount of the hedging instrument	Average price condition (USD/KRW)
1 year	₩ 340,110,000	1,133.7	₩ -	-
2 years	-	-	340,110,000	1,133.7
3 years	-	-	-	-
4 years	-	-	-	-
5 years	-	-	-	-
Over 5 years	-	-	-	-
	₩ 340,110,000	1,133.7	₩ 340,110,000	1,133.7

(6) Details of the items designated as hedged in cash flow hedge relationships using derivative financial instruments as of December 31, 2024 and 2023 are as follows:

(In thousands of Korean won)	Foreign currency hedging reserve		Changes in fair value	
	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Hedge accounting				
Currency risk	₩ (5,890,733)	₩ (8,854,129)	₩ (54,180,000)	₩ (6,630,000)

10. Investments in Associates

(1) Details of investments in associates as of December 31, 2024 and 2023, are as follows:

(In thousands of Korean won)	December 31, 2024					
	Percentage of ownership	Acquisition cost	Share of net asset amount	Carrying amount	Industry	Location
KB Founders Club 2022 Fund(*)	66.67%	₩ 20,000,000	₩ 20,166,046	₩ 20,166,046	Investment finance	Republic of Korea
KB Bio Private Equity Investment Ⅳ Fund	24.19%	7,500,000	7,369,339	7,369,339	Investment finance	Republic of Korea
Shinhan Global Mobility Fund 1	24.56%	1,400,000	1,294,091	1,294,091	Investment finance	Republic of Korea
SKB Next Unicorn K-Battery Fund No.1	24.84%	2,000,000	1,850,058	1,850,058	Investment finance	Republic of Korea
Reboot Private Equity Fund	21.54%	7,000,000	6,945,951	6,945,951	Investment finance	Republic of Korea
		₩ 37,900,000	₩ 37,625,485	₩ 37,625,485		

(In thousands of Korean won)	December 31, 2023					
	Percentage of ownership	Acquisition cost	Share of net asset amount	Carrying amount	Industry	Location
KB Founders Club 2022 Fund(*)	66.67%	₩ 20,000,000	₩ 19,765,513	₩ 19,765,513	Investment finance	Republic of Korea
KB Bio Private Equity Investment Ⅳ Fund	24.19%	7,500,000	6,770,765	6,770,765	Investment finance	Republic of Korea
Shinhan Global Mobility Fund 1	24.56%	1,400,000	1,323,505	1,323,505	Investment finance	Republic of Korea
SKB Next Unicorn K-Battery Fund No.1	24.84%	2,000,000	1,890,430	1,890,430	Investment finance	Republic of Korea
		₩ 30,900,000	₩ 29,741,213	₩ 29,741,213		

(*) The Group participates in the Investment Management Committee but does not exercise control over it.

10. Investments in Associates (Cont'd)

(2) Details of changes in investments in associates and joint ventures for the years ended December 31, 2024 and 2023, are as follows:

(In thousands of Korean won)

	December 31, 2024				
	Beginning balance	Acquisition	Gains (losses) on equity method accounting	Disposal	Ending balance
KB Founders Club 2022 Fund	₩ 19,756,513	₩ -	₩ 409,533	₩ -	₩ 20,166,046
KB Bio Private Equity Investment Ⅳ Fund	6,770,765	-	598,574	-	7,369,339
Shinhan Global Mobility Fund 1	1,323,505	-	(29,414)	-	1,294,091
SKB Next Unicorn K-Battery Fund No.1	1,890,430	-	(40,372)	-	1,850,058
Reboot Private Equity Fund(*)	-	7,000,000	(54,049)	-	6,945,951
	₩ 29,741,213	₩ 7,000,000	₩ 884,272	₩ -	₩ 37,625,485

(*) During the current period, the investment was newly acquired and included in investments in associates.

(In thousands of Korean won)

	December 31, 2023					
	Beginning balance	Acquisition	Gains (losses) on equity method accounting	Share of loss of investments in associates and joint ventures	Disposal	Ending balance
KG Capital (formerly, SY Auto Capital Co., Ltd.)(*)	₩ 19,161,998	₩ -	₩ 252,126	₩ (1,659)	₩ (19,412,465)	₩ -
KB Founders Club 2022 Fund	15,744,722	4,000,000	11,791	-	-	19,756,513
KB Bio Private Equity Investment Ⅳ Fund	7,492,209	-	(721,444)	-	-	6,770,765
Shinhan Global Mobility Fund 1	1,344,538	-	(21,033)	-	-	1,323,505
SKB Next Unicorn K-Battery Fund No.1	1,995,080	-	(17,693)	-	(86,957)	1,890,430
	₩ 45,738,547	₩ 4,000,000	₩ (496,253)	₩ (1,659)	₩ (19,499,422)	₩ 29,741,213

(*) During the prior period, the investment was sold and derecognized from joint ventures.

10. Investments in Associates (Cont'd)

(3) The condensed financial information on the associate and joint venture, adjustment to the carrying amount of the Group's interest in the joint venture as of December 31, 2024 and 2023, and for the years ended December 31, 2024 and 2023, are as follows:

(In thousands of Korean won)	December 31, 2024					
	Total assets	Total liabilities	Share capital	Equity	Share of net asset amount	Unrealized gain	Consolidated carrying amount
KB Founders Club 2022 Fund	₩ 31,870,759	₩ 1,621,690	₩ 30,000,000	₩ 30,249,069	₩ 20,166,046	₩ -	₩ 20,166,046
KB Bio Private Equity Investment Ⅳ Fund	30,459,936	-	31,000,000	30,459,936	7,369,339	-	7,369,339
Shinhan Global Mobility Fund 1	5,320,021	51,222	5,700,000	5,268,799	1,294,091	-	1,294,091
SKB Next Unicorn K-Battery Fund No.1	7,446,482	-	7,700,000	7,446,482	1,850,058	-	1,850,058
Reboot Private Equity Fund	32,376,080	127,024	32,500,000	32,249,056	6,945,951	-	6,945,951

(In thousands of Korean won)	December 31, 2023					
	Total assets	Total liabilities	Share capital	Equity	Share of net asset amount	Unrealized gain	Consolidated carrying amount
KB Founders Club 2022 Fund	₩ 30,656,472	₩ 1,021,703	₩ 30,000,000	₩ 29,634,769	₩ 19,756,513	₩ -	₩ 19,756,513
KB Bio Private Equity Investment Ⅳ Fund	28,148,121	162,290	31,000,000	27,985,831	6,770,765	-	6,770,765
Shinhan Global Mobility Fund 1	5,389,217	660	5,700,000	5,388,557	1,323,505	-	1,323,505
SKB Next Unicorn K-Battery Fund No.1	7,608,978	-	7,700,000	7,608,978	1,890,430	-	1,890,430

10. Investments in Associates (Cont'd)

(In thousands of Korean won)

	2024			
	Operating income	Profit (loss) for the year	Other comprehensive income (loss)	Total comprehensive income (loss)
KB Founders Club 2022 Fund	₩ 1,661,026	₩ 614,300	₩ -	₩ 614,300
KB Bio Private Equity Investment Ⅳ Fund	619	2,474,105	-	2,474,105
Shinhan Global Mobility Fund 1	-	(119,758)	-	(119,758)
SKB Next Unicorn K-Battery Fund No.1	418	(162,496)	-	(162,496)
Reboot Private Equity Fund	1,323	(250,944)	-	(250,944)

(In thousands of Korean won)

	2023			
	Operating income	Profit (loss) for the year	Other comprehensive income (loss)	Total comprehensive income (loss)
KB Founders Club 2022 Fund	₩ 704,656	₩ 17,686	₩ -	₩ 17,686
KB Bio Private Equity Investment Ⅳ Fund	1,336	(2,981,967)	-	(2,981,967)
Shinhan Global Mobility Fund 1	-	(114,937)	-	(114,937)
SKB Next Unicorn K-Battery Fund No.1	123,467	(87,124)	-	(87,124)

11. Financial Assets at Amortized Cost

(1) Details of financial assets at amortized cost as of December 31, 2024 and 2023, are as follows:

(In thousands of Korean won)	December 31, 2024				
	Principal	Present value premium (discount)	Deferred loan origination fees and costs	Allowances	Carrying amount
Loans	₩ 8,835,248,281	₩ 3,748	₩ 43,268,717	₩ (293,137,897)	₩ 8,585,382,849
Loans for installment	3,452,962,609	(5,934,861)	21,420,652	(72,313,574)	3,396,134,826
Other receivables	196,879,106	(565,848)	-	(12,478,588)	183,834,670
	₩ 12,485,089,996	₩ (6,496,961)	₩ 64,689,369	₩ (377,930,059)	₩ 12,165,352,345

(In thousands of Korean won)	December 31, 2023				
	Principal	Present value premium (discount)	Deferred loan origination fees and costs	Allowances	Carrying amount
Loans	₩ 8,091,618,811	₩ 20,919	₩ 44,893,242	₩ (292,785,910)	₩ 7,843,747,062
Loans for installment	3,251,331,460	(10,863,195)	16,044,045	(42,537,236)	3,213,975,074
Other receivables	198,737,743	(674,115)	-	(9,446,760)	188,616,868
	₩ 11,541,688,014	₩ (11,516,391)	₩ 60,937,287	₩ (344,769,906)	₩ 11,246,339,004

(2) Restricted dues from financial institutions as of December 31, 2024 and 2023, are as follows:

(In thousands of Korean won)	Financial institution	December 31, 2024	December 31, 2023	Reason for restriction
Temporary deposits	KB Kookmin Bank	₩ 3,000	₩ 3,000	Checking account deposits
Temporary deposits	BANK OF LAOS	272,695	253,824	Business guarantee deposit
Temporary deposits	Citibank Korea Inc.	12,891,658	14,237,949	Monetary claim trust
		₩ 13,167,353	₩ 14,494,773	

11. Financial Assets at Amortized Cost (Cont'd)

(3) Changes in the discount (premium) on present value of financial assets at amortized cost for the years ended December 31, 2024 and 2023, are as follows:

(In thousands of Korean won)

	2024			
	Beginning balance	Increase	Decrease	Ending balance
Loans	₩ 20,919	₩ -	₩ (17,171)	₩ 3,748
Loans for installment	(10,863,195)	(2,160,264)	7,088,598	(5,934,861)
Other receivables	(674,115)	(344,431)	452,698	(565,848)
	₩ (11,516,391)	₩ (2,504,695)	₩ 7,524,125	₩ (6,496,961)

(In thousands of Korean won)

	2023			
	Beginning balance	Increase	Decrease	Ending balance
Loans	₩ 83,946	₩ 1,601	₩ (64,628)	₩ 20,919
Loans for installment	(12,713,599)	(6,561,618)	8,412,022	(10,863,195)
Other receivables	(472,871)	(558,604)	357,360	(674,115)
	₩ (13,102,524)	₩ (7,118,621)	₩ 8,704,754	₩ (11,516,391)

(4) Changes in the Deferred loan origination fees and costs related to financial assets at amortized cost for the years ended December 31, 2024 and 2023, are as follows:

(In thousands of Korean won)

	2024			
	Beginning balance	Increase	Decrease	Ending balance
Loans	₩ 44,893,242	₩ 30,387,708	₩ (32,012,233)	₩ 43,268,717
Loans for installment	16,044,045	21,221,044	(15,844,437)	21,420,652
	₩ 60,937,287	₩ 51,608,752	₩ (47,856,670)	₩ 64,689,369

(In thousands of Korean won)

	2023			
	Beginning balance	Increase	Decrease	Ending balance
Loans	₩ 50,302,771	₩ 37,351,245	₩ (42,760,774)	₩ 44,893,242
Loans for installment	18,370,996	12,057,746	(14,384,697)	16,044,045
	₩ 68,673,767	₩ 49,408,991	₩ (57,145,471)	₩ 60,937,287

11. Financial Assets at Amortized Cost (Cont'd)

(5) Changes in the allowances for the years ended December 31, 2024 and 2023, are as follows:

(In thousands of Korean won)

		2024							
			Transfer between stages						
		Beginning	Transfer to 12-month expected credit losses	Transfer to lifetime expected credit losses (non-impaired)	Transfer to lifetime expected credit losses (impaired)	Write-offs and disposals	Provision (reversal)(*)	Others (change of currency ratio, etc.)	Ending
Loans									
The financial instruments applying 12-month expected credit losses		₩ 86,154,518	₩ 10,747,549	₩ (6,438,746)	₩ (3,339,191)	₩ -	₩ 8,221,838	₩ (96,897)	₩ 95,249,071
The financial instruments applying lifetime expected credit losses	Non-impaired	96,365,195	(6,382,889)	14,506,887	(6,440,203)	-	(18,772,059)	(6,677)	79,270,254
	Impaired	110,266,197	(4,364,660)	(8,068,141)	9,779,395	(180,160,658)	191,172,503	(6,064)	118,618,572
Loans for installment									
The financial instruments applying 12-month expected credit losses		16,934,090	1,580,920	(1,491,833)	(575,006)	-	4,927,898	297,776	21,673,845
The financial instruments applying lifetime expected credit losses	Non-impaired	9,495,449	(1,344,724)	2,513,577	(2,584,638)	-	9,830,701	26,954	17,937,319
	Impaired	16,107,697	(236,196)	(1,021,744)	3,159,643	(17,940,721)	32,532,914	100,817	32,702,410
Other receivables		9,446,760	-	-	-	(919,655)	3,951,483	-	12,478,588
		₩ 344,769,906	₩ -	₩ -	₩ -	₩ (199,021,034)	₩ 231,865,278	₩ 315,909	₩ 377,930,059

11. Financial Assets at Amortized Cost (Cont'd)

(In thousands of Korean won)

		2023							
			Transfer between stages						
		Beginning	Transfer to 12-month expected credit losses	Transfer to lifetime expected credit losses (non-impaired)	Transfer to lifetime expected credit losses (impaired)	Write-offs and disposals	Provision (reversal)(*)	Others (change of currency ratio, etc.)	Ending
Loans									
The financial instruments applying 12-month expected credit losses		₩ 74,288,036	₩ 8,214,343	₩ (5,799,794)	₩ (2,457,735)	₩ -	₩ 11,931,656	₩ (21,988)	₩ 86,154,518
The financial instruments applying lifetime expected credit losses	Non-impaired	52,016,573	(5,982,402)	19,028,736	(13,754,137)	-	45,056,300	125	96,365,195
	Impaired	86,461,348	(2,231,941)	(13,228,942)	16,211,872	(152,432,231)	175,486,091	-	110,266,197
Loans for installment									
The financial instruments applying 12-month expected credit losses		12,261,252	980,142	(926,944)	(315,113)	-	5,005,027	(70,274)	16,934,090
The financial instruments applying lifetime expected credit losses	Non-impaired	5,293,316	(878,921)	1,828,319	(992,438)	-	4,232,249	12,924	9,495,449
	Impaired	8,637,462	(101,221)	(901,375)	1,307,551	(10,391,401)	17,539,221	17,460	16,107,697
Other receivables		7,949,041	-	-	-	(1,070,928)	2,568,647	-	9,446,760
		₩ 246,907,028	₩ -	₩ -	₩ -	₩ (163,894,560)	₩ 261,819,191	₩ (61,753)	₩ 344,769,906

(*) The amounts include ₩ 12,046,466 thousand and ₩ 10,062,666 thousand from the recovery of written-off receivables in the current and prior periods, respectively.

11. Financial Assets at Amortized Cost (Cont'd)

(6) Changes in financial assets at amortized cost except for due from financial institutions classified as cash and cash equivalents for the years ended December 31, 2024 and 2023, are as follows:

(In thousands of Korean won)

		2024						
			Transfer between stages					
		Beginning	Transfer to 12-month expected credit losses	Transfer to lifetime expected credit losses (non-impaired)	Transfer to lifetime expected credit losses (impaired)	Write-offs and disposals	Net changes (execution, repayment and others)	Ending
Loans								
The financial instruments applying 12-month expected credit losses		₩ 7,187,755,732	₩ 92,738,294	₩ (257,334,089)	₩ (113,491,055)	₩ -	₩ 1,082,397,576	₩ 7,992,066,458
The financial instruments applying lifetime expected credit losses	Non-impaired	722,849,552	(84,982,686)	269,212,511	(40,401,888)	(5,433,901)	(191,033,772)	670,209,816
	Impaired	225,927,688	(7,755,608)	(11,878,422)	153,892,943	(310,697,693)	166,755,564	216,244,472
Loans for installment								
The financial instruments applying 12-month expected credit losses		3,062,152,678	44,313,198	(116,623,126)	(26,706,349)	-	241,007,271	3,204,143,672
The financial instruments applying lifetime expected credit losses	Non-impaired	171,411,937	(43,861,807)	118,163,463	(17,841,955)	(275,022)	(9,004,928)	218,591,688
	Impaired	22,947,695	(451,391)	(1,540,337)	44,548,304	(18,899,385)	(891,846)	45,713,040
Other receivables		198,063,628	-	-	-	(919,655)	(830,715)	196,313,258
		₩ 11,591,108,910	₩ -	₩ -	₩ -	₩ (336,225,656)	₩ 1,288,399,150	₩ 12,543,282,404

11. Financial Assets at Amortized Cost (Cont'd)

(In thousands of Korean won)

		2023						
			Transfer between stages					
		Beginning	Transfer to 12-month expected credit losses	Transfer to lifetime expected credit losses (non-impaired)	Transfer to lifetime expected credit losses (impaired)	Write-offs and disposals	Net changes (execution, repayment and others)	Ending
Loans								
The financial instruments applying 12-month expected credit losses		₩ 6,967,204,628	₩ 85,948,695	₩ (294,448,815)	₩ (101,808,073)	₩ -	₩ 530,859,297	₩ 7,187,755,732
The financial instruments applying lifetime expected credit losses	Non-impaired	640,572,234	(82,044,987)	314,123,071	(117,745,059)	(2,746,433)	(29,309,274)	722,849,552
	Impaired	156,424,666	(3,903,707)	(19,674,256)	219,553,132	(162,785,316)	36,313,169	225,927,688
Loans for installment								
The financial instruments applying 12-month expected credit losses		2,662,788,063	24,992,452	(100,901,257)	(14,256,385)	-	489,529,805	3,062,152,678
The financial instruments applying lifetime expected credit losses	Non-impaired	108,206,897	(24,802,573)	102,613,518	(6,949,966)	(95,927)	(7,560,012)	171,411,937
	Impaired	13,923,747	(189,880)	(1,712,261)	21,206,351	(10,619,619)	339,357	22,947,695
Other receivables		152,672,795	-	-	-	(1,070,928)	46,461,761	198,063,628
		₩ 10,701,793,030	₩ -	₩ -	₩ -	₩ (177,318,223)	₩ 1,066,634,103	₩ 11,591,108,910

12. Leases

(1) Lease assets as of December 31, 2024 and 2023, consist of:

(In thousands of Korean won)	December 31, 2024	December 31, 2023
Financial lease receivables		
Principal	₩ 391,528,764	₩ 447,554,279
Deferred loan origination fees and costs	6,525,940	7,795,268
Allowances for loan losses	(20,335,178)	(17,425,529)
	377,719,526	437,924,018
Prepaid leased assets	18,921,822	10,796,415
Operating lease assets		
Operating lease assets	3,093,776,214	3,192,808,439
Accumulated depreciation	(991,318,636)	(982,624,290)
	2,102,457,578	2,210,184,149
Prepaid rental assets	20,487,762	15,434,162
Rental assets		
Rental assets	1,868,553,928	1,821,055,736
Accumulated depreciation	(460,915,470)	(515,956,041)
	1,407,638,458	1,305,099,695
	₩ 3,927,225,146	₩ 3,979,438,439

(2) Changes in deferred loan origination fees and costs related to financial lease receivables for the years ended December 31, 2024 and 2023, are as follows:

(In thousands of Korean won)	2024			
	Beginning balance	Increase	Decrease	Ending balance
Financial lease receivables	₩ 7,795,268	₩ 4,048,439	₩ (5,317,768)	₩ 6,525,940

(In thousands of Korean won)	2023			
	Beginning balance	Increase	Decrease	Ending balance
Financial lease receivables	₩ 12,396,819	₩ 3,329,283	₩ (7,930,834)	₩ 7,795,268

12. Leases (Cont'd)

(3) Changes in allowances for loan losses for the years ended December 31, 2024 and 2023, are as follows:

(In thousands of Korean won)

		2024						
			Transfer between stages					
		Beginning	Transfer to 12-month expected credit losses	Transfer to lifetime expected credit losses (non-impaired)	Transfer to lifetime expected credit losses (impaired)	Write-offs and disposals	Provision (reversal)(*)	Ending
Finance lease receivables								
The financial instruments applying 12-month expected credit losses		₩ 212,603	₩ 26,792	₩ (8,457)	₩ (5,382)	₩ -	₩ (29,865)	₩ 195,691
The financial instruments applying lifetime expected credit losses	Non-impaired	425,442	(26,792)	464,961	(137,198)	-	(352,008)	374,405
	Impaired	16,787,484	-	(456,504)	142,580	(15,134,042)	18,425,564	19,765,082
		₩ 17,425,529	₩ -	₩ -	₩ -	₩ (15,134,042)	₩ 18,043,691	₩ 20,335,178

12. Leases (Cont'd)

(In thousands of Korean won)

		2023						
			Transfer between stages					
		Beginning	Transfer to 12-month expected credit losses	Transfer to lifetime expected credit losses (non-impaired)	Transfer to lifetime expected credit losses (impaired)	Write-offs and disposals	Provision (reversal)(*)	Ending
Finance lease receivables								
The financial instruments applying 12-month expected credit losses		₩ 323,223	₩ 54,597	₩ (7,943)	₩ (20,154)	₩ -	₩ (137,120)	₩ 212,603
The financial instruments applying lifetime expected credit losses	Non-impaired	398,414	(54,597)	666,859	(84,233)	-	(501,001)	425,442
	Impaired	10,965,623	-	(658,916)	104,387	(10,955,355)	17,331,745	16,787,484
		₩ 11,687,260	₩ -	₩ -	₩ -	₩ (10,955,355)	₩ 16,693,624	₩ 17,425,529

(*) The amounts include ₩ 656,585 thousand and ₩ 790,602 thousand from the recovery of written-off receivables in the current and prior periods, respectively.

12. Leases (Cont'd)

(4) Changes in finance lease receivables for the years ended December 31, 2024 and 2023, are as follows:

(In thousands of Korean won)

		2024						
			Transfer between stages					
		Beginning	Transfer to 12-month expected credit losses	Transfer to lifetime expected credit losses (non-impaired)	Transfer to lifetime expected credit losses (impaired)	Write-offs and disposals	Net changes (execution, repayment and others)	Ending
Finance lease receivables								
The financial instruments applying 12-month expected credit losses		₩ 391,247,220	₩ 4,290,349	₩ (11,254,016)	₩ (1,984,938)	₩ -	₩ (41,153,816)	₩ 341,144,799
The financial instruments applying lifetime expected credit losses	Non-impaired	39,713,178	(4,290,349)	12,119,222	(5,065,582)	-	(14,039,963)	28,436,506
	Impaired	24,389,149	-	(865,206)	7,050,520	(15,147,124)	13,046,060	28,473,399
		₩ 455,349,547	₩ -	₩ -	₩ -	₩ (15,147,124)	₩ (42,147,719)	₩ 398,054,704

12. Leases (Cont'd)

(In thousands of Korean won)

		2023						
			Transfer between stages					
		Beginning	Transfer to 12-month expected credit losses	Transfer to lifetime expected credit losses (non-impaired)	Transfer to lifetime expected credit losses (impaired)	Write-offs and disposals	Net changes (execution, repayment and others)	Ending
Finance lease receivables								
The financial instruments applying 12-month expected credit losses		₩ 533,056,333	₩ 10,861,685	₩ (13,787,960)	₩ (4,396,970)	₩ -	₩ (134,485,868)	₩ 391,247,220
The financial instruments applying lifetime expected credit losses	Non-impaired	53,000,353	(10,861,685)	15,292,735	(3,301,895)	-	(14,416,330)	39,713,178
	Impaired	17,942,041	-	(1,504,775)	7,698,865	(10,989,356)	11,242,374	24,389,149
		₩ 603,998,727	₩ -	₩ -	₩ -	₩ (10,989,356)	₩ (137,659,824)	₩ 455,349,547

12. Leases (Cont'd)

(5) Total investment in finance leases and net investment in leases as of December 31, 2024 and 2023, are as follows:

(In thousands of Korean won)

	December 31, 2024				
	Total investment in finance lease	Unearned interest income	Net investment in lease	Present value of minimum lease payments	Present value of unguaranteed residual value
Within 1 year	₩ 164,114,147	₩ (21,245,504)	₩ 142,868,643	₩ 96,368,227	₩ 46,500,417
More than 1 year and not more than 5 years	272,716,925	(24,056,804)	248,660,122	190,314,484	58,345,638
	₩ 436,831,072	₩ (45,302,308)	₩ 391,528,765	₩ 286,682,711	₩ 104,846,055

(In thousands of Korean won)

	December 31, 2023				
	Total investment in finance lease	Unearned interest income	Net investment in lease	Present value of minimum lease payments	Present value of unguaranteed residual value
Within 1 year	₩ 216,071,881	₩ (23,659,980)	₩ 192,411,901	₩ 124,372,892	₩ 68,039,009
More than 1 year and not more than 5 years	276,778,381	(21,636,003)	255,142,378	181,211,777	73,930,601
	₩ 492,850,262	₩ (45,295,983)	₩ 447,554,279	₩ 305,584,669	₩ 141,969,610

(6) Differences in total investment in finance leases and net investment in leases as of December 31, 2024 and 2023, are as follows:

(In thousands of Korean won)

December 31, 2024				
Total investment in finance lease	Carrying amount	Initial direct costs of finance leases	Net investment in lease	Differences
₩ 436,831,072	₩ 398,054,704	₩ 6,525,940	₩ 391,528,765	₩ 45,302,307

(In thousands of Korean won)

December 31, 2023				
Total investment in finance lease	Carrying amount	Initial direct costs of finance leases	Net investment in lease	Differences
₩ 492,850,262	₩ 455,349,547	₩ 7,795,268	₩ 447,554,279	₩ 45,295,983

12. Leases (Cont'd)

(7) Changes in Operating lease assets and rental assets for the years ended December 31, 2024 and 2023, are as follows:

(In thousands of Korean won)	2024				
	Beginning	**Increase**	**Decrease**	**Depreciation**	**Ending**
Operating lease assets and rental assets	₩ 3,515,283,844	₩ 1,714,483,404	₩ (1,063,367,570)	₩ (656,303,642)	₩ 3,510,096,036

(In thousands of Korean won)	2023				
	Beginning	**Increase**	**Decrease**	**Depreciation**	**Ending**
Operating lease assets and rental assets	₩ 3,373,004,221	₩ 1,759,510,400	₩ (949,840,297)	₩ (667,390,480)	₩ 3,515,283,844

(8) Future minimum lease payments by year expected for operating lease assets and rental assets as of December 31, 2024 and 2023, are as follows:

(In thousands of Korean won)	**December 31, 2024**	**December 31, 2023**
Within 1 year	₩ 803,064,676	₩ 840,493,284
More than 1 year and not more than 5 years	1,329,196,668	1,339,249,159
	₩ 2,132,261,344	₩ 2,179,742,443

13. Property and Equipment

(1) Details of property and equipment as of December 31, 2024 and 2023, are as follows:

(In thousands of Korean won)	December 31, 2024		
	Acquisition cost	Accumulated depreciation	Carrying amount
Land	₩ 4,118,468	₩ -	₩ 4,118,468
Buildings	17,948,055	(5,615,549)	12,332,506
Leasehold improvements	8,052,403	(6,442,233)	1,610,170
Equipment	65,202,392	(52,645,279)	12,557,113
Vehicles	984,396	(547,345)	437,051
Right-of-use assets	23,130,084	(6,445,729)	16,684,355
	₩ 119,435,798	₩ (71,696,135)	₩ 47,739,663

(In thousands of Korean won)	December 31, 2023		
	Acquisition cost	Accumulated depreciation	Carrying amount
Land	₩ 4,107,418	₩ -	₩ 4,107,418
Buildings	16,858,683	(4,773,612)	12,085,071
Leasehold improvements	7,144,952	(5,647,089)	1,497,863
Equipment	64,344,414	(46,939,629)	17,404,785
Vehicles	850,388	(337,820)	512,568
Right-of-use assets	16,504,730	(8,246,933)	8,257,797
	₩ 109,810,585	₩ (65,945,083)	₩ 43,865,502

(2) Changes in property and equipment for the years ended December 31, 2024 and 2023, are as follows:

(In thousands of Korean won)	December 31, 2024					
	Beginning balance	Acquisition	Disposal	Depreciation	Others	Ending balance
Land	₩ 4,107,418	₩ -	₩ -	₩ -	₩ 11,050	₩ 4,118,468
Buildings	12,085,071	478,776	-	(742,594)	511,253	12,332,506
Leasehold improvements	1,497,863	848,027	-	(747,065)	11,345	1,610,170
Equipment	17,404,785	3,402,909	(2,239)	(8,306,586)	58,244	12,557,113
Vehicles	512,568	97,531	(4,653)	(198,688)	30,293	437,051
Right-of-use assets	8,257,797	13,767,601	(1,472,623)	(5,210,720)	1,342,300	16,684,355
	₩ 43,865,502	₩ 18,594,844	₩ (1,479,515)	₩ (15,205,653)	₩ 1,964,485	₩ 47,739,663

13. Property and Equipment (Cont'd)

(In thousands of Korean won)

	December 31, 2023						
	Beginning balance	Acquisition	Disposal	Depreciation	Others	Business Combination	Ending balance
Land	₩ 4,103,439	₩ -	₩ -	₩ -	₩ 3,979	₩ -	₩ 4,107,418
Buildings	12,672,813	1,384,003	-	(729,273)	(1,242,472)	-	12,085,071
Leasehold improvements	1,619,453	655,610	-	(776,975)	(225)	-	1,497,863
Equipment	19,340,806	6,274,337	(462,972)	(7,759,791)	(28,053)	40,458	17,404,785
Vehicles	516,329	252,735	(29,084)	(195,771)	(31,641)	-	512,568
Right-of-use assets	9,738,102	3,147,666	(270,363)	(4,979,504)	349,577	272,319	8,257,797
	₩ 47,990,942	₩ 11,714,351	₩ (762,419)	₩ (14,441,314)	₩ (948,835)	₩ 312,777	₩ 43,865,502

14. Intangible Assets

(1) Details of intangible assets as of December 31, 2024 and 2023, are as follows:

(In thousands of Korean won)

	December 31, 2024			
	Acquisition cost	Accumulated amortization	Accumulated impairment	Carrying amount
Goodwill	₩ 40,605,863	₩ -	₩ -	₩ 40,605,863
Development cost	27,795,925	(12,316,741)	-	15,479,184
Membership deposit	10,184,090	-	(727,144)	9,456,946
Other intangible assets	1,615,850	(1,473,116)	-	142,734
	₩ 80,201,728	₩ (13,789,857)	₩ (727,144)	₩ 65,684,727

(In thousands of Korean won)

	December 31, 2023			
	Acquisition cost	Accumulated amortization	Accumulated impairment	Carrying amount
Goodwill	₩ 43,271,124	₩ -	₩ -	₩ 43,271,124
Development cost	20,640,124	(5,413,726)	-	15,226,398
Membership deposit	10,903,091	-	(727,144)	10,175,947
Other intangible assets	2,018,323	(1,828,278)	-	190,045
	₩ 76,832,662	₩ (7,242,004)	₩ (727,144)	₩ 68,863,514

14. Intangible Assets (Cont'd)

(2) Changes in intangible assets for the years ended December 31, 2024 and 2023, are as follows:

(In thousands of Korean won)

	December 31, 2024						
	Beginning balance	Acquisition	Disposal	Depreciation	Impairment	Others	Ending balance
Goodwill	₩ 43,271,124	₩ -	₩ -	₩ -	₩ (2,926,412)	₩ 261,151	₩ 40,605,863
Development cost	15,226,398	7,155,801	-	(6,903,015)	-	-	15,479,184
Membership deposit	10,175,947	280,999	(1,000,000)	-	-	-	9,456,946
Right-of-use assets	190,045	134,220	-	(194,039)	-	12,508	142,734
	₩ 68,863,514	₩ 7,571,020	₩ (1,000,000)	₩ (7,097,054)	₩ (2,926,412)	₩ 273,659	₩ 65,684,727

(In thousands of Korean won)

	December 31, 2023						
	Beginning balance	Acquisition	Disposal	Depreciation	Others	Business Combination	Ending balance
Goodwill	₩ 27,267,254	₩ 15,909,855	₩ -	₩ -	₩ 94,015	₩ -	₩ 43,271,124
Development cost	7,634,025	11,891,559	-	(4,299,186)	-	-	15,226,398
Membership deposit	8,813,947	2,022,000	(660,000)	-	-	-	10,175,947
Right-of-use assets	383,869	424,086	-	(640,563)	15,292	7,361	190,045
	₩ 44,099,095	₩ 30,247,500	₩ (660,000)	₩ (4,939,749)	₩ 109,307	₩ 7,361	₩ 68,863,514

14. Intangible Assets (Cont'd)

(3) Goodwill as of December 31, 2024 and 2023, is as follows:

(In thousands of Korean won)	December 31, 2024		December 31, 2023	
	Acquisition cost	Carrying amount	Acquisition cost	Carrying amount
Ssangyong Capital Co., Ltd(*1)	₩ 24,450,302	₩ 24,450,302	₩ 24,450,302	₩ 24,450,302
PT Sunindo Kookmin Best Finance(*2)	3,172,119	3,172,118	2,910,967	2,910,967
KB Fintech	15,909,855	12,983,443	15,909,855	15,909,855
	₩ 43,532,276	₩ 40,605,863	₩ 43,271,124	₩ 43,271,124

(*1) Goodwill recognized from the acquisition of the automobile installment financing and automobile leasing business segment.

(*2) This amount includes the effects of exchange rate fluctuations.

(4) Changes in accumulated impairment losses on goodwill for the years ended December 31, 2024, is as follows:

(In thousands of Korean won)	December 31, 2024			
	Beginning balance	Transfer-in	Others	Ending balance
Accumulated impairment losses on goodwill	₩ -	₩ 2,926,412	₩ -	₩ 2,926,412

(5) As of December 31, 2024, the details of goodwill allocated to each cash-generating unit for impairment testing and related information are as follows:

(In thousands of Korean won)	December 31, 2024			
	Goodwill Carrying amount	Excess of recoverable amount over(*2)	Discount rate	Perpetual growth rate
Ssangyong Capital Co., Ltd(*1)	₩ 24,450,302	₩ 318,401,000	4.36%	0.50%
PT Sunindo Kookmin Best Finance	3,172,119	2,707,124	15.06%	0.00%
KB Fintech	12,983,443	(2,926,412)	11.40%	0.00%
	₩ 40,605,864	₩ 318,181,712		

14. Intangible Assets (Cont'd)

(*1) Goodwill recognized from the acquisition of the automobile installment financing and automobile leasing business segment.
(*2) At the impairment testing date for the current period, the carrying amounts were compared with the recoverable amounts. In the case of KB Fintech (formerly Teamwink Co., Ltd.), the recoverable amount was less than the carrying amount, and an impairment loss was recognized.

15. Other Assets

Details of other assets as of December 31, 2024 and 2023, are as follows:

(In thousands of Korean won)	December 31, 2024	December 31, 2023
Prepaid expenses	₩ 24,362,553	₩ 25,293,457
Advance payments	110,310	386,813
Prepaid value-added tax	6,077,438	5,827,057
	₩ 30,550,301	₩ 31,507,327

16. Right-of-use Assets and Lease Liabilities

(1) Details of right-of-use assets as of December 31, 2024 and 2023, are as follows:

(In thousands of Korean won)	December 31, 2024		
	Acquisition cost	Accumulated amortization	Carrying amount
Real estate	₩ 19,804,590	₩ (5,077,084)	₩ 14,727,506
Vehicles	1,680,227	(776,345)	903,882
Others	1,645,267	(592,300)	1,052,967
	₩ 23,130,084	₩ (6,445,729)	₩ 16,684,355

(In thousands of Korean won)	December 31, 2023		
	Acquisition cost	Accumulated amortization	Carrying amount
Real estate	₩ 12,929,628	₩ (6,493,116)	₩ 6,436,512
Vehicles	1,805,943	(1,167,986)	637,957
Others	1,769,160	(585,832)	1,183,328
	₩ 16,504,731	₩ (8,246,934)	₩ 8,257,797

(2) Changes in right-of-use assets for the years ended December 31, 2024 and 2023, are as follows:

(In thousands of Korean won)	2024					
	Beginning balance	Acquisition	Disposal	Depreciation	Others	Ending balance
Real estate	₩ 6,436,512	₩ 12,218,383	₩ (1,198,842)	₩ (4,070,847)	₩ 1,342,300	₩ 14,727,506
Vehicles	637,957	973,045	(240,133)	(466,987)	-	903,882
Others	1,183,328	576,173	(33,648)	(672,886)	-	1,052,967
	₩ 8,257,797	₩ 13,767,601	₩ (1,472,623)	₩ (5,210,720)	₩ 1,342,300	₩ 16,684,355

(In thousands of Korean won)	2023						
	Beginning balance	Acquisition	Disposal	Depreciation	Others	Business Combination	Ending balance
Real estate	₩ 7,494,543	₩ 2,354,850	₩ (111,911)	₩ (3,920,224)	₩ 349,577	₩ 269,677	₩ 6,436,512
Vehicles	976,915	236,854	(106,026)	(469,786)	-	-	637,957
Others	1,266,644	555,962	(52,427)	(589,494)	-	2,643	1,183,328
	₩ 9,738,102	₩ 3,147,666	₩ (270,364)	₩ (4,979,504)	₩ 349,577	₩ 272,320	₩ 8,257,797

16. Right-of-use Assets and Lease Liabilities (Cont'd)

(3) Details of lease liabilities as of December 31, 2024 and 2023, are as follows:

(In thousands of Korean won)	December 31, 2024		
	Acquisition cost	Present value premium (discount)	Carrying amount
Real estate	₩ 15,930,892	₩ (1,349,934)	₩ 14,580,958
Vehicles	1,015,761	(41,133)	974,628
Others	618,311	(33,639)	584,672
	₩ 17,564,964	₩ (1,424,706)	₩ 16,140,258

(In thousands of Korean won)	December 31, 2023		
	Acquisition cost	Present value premium (discount)	Carrying amount
Real estate	₩ 6,662,359	₩ (295,882)	₩ 6,366,477
Vehicles	791,855	(25,381)	766,474
Others	589,613	(30,665)	558,948
	₩ 8,043,827	₩ (351,928)	₩ 7,691,899

(4) Changes in lease liabilities for the years ended December 31, 2024 and 2023, are as follows:

(In thousands of Korean won)	2024			
	Real estate	Vehicles	Others	Total
Beginning balance	₩ 6,366,477	₩ 766,474	₩ 558,948	₩ 7,691,899
Acquisition	12,738,244	952,356	228,704	13,919,304
Disposal	(1,371,190)	(312,118)	(16,561)	(1,699,869)
Amortization of present value discount	185,510	32,292	19,230	237,032
Payment	(3,854,816)	(464,376)	(205,649)	(4,524,841)
Others	516,733	-	-	516,733
Ending balance	₩ 14,580,958	₩ 974,628	₩ 584,672	₩ 16,140,258

16. Right-of-use Assets and Lease Liabilities (Cont'd)

(In thousands of Korean won)	2023			
	Real estate	Vehicles	Others	Total
Beginning balance	₩ 7,502,503	₩ 1,109,230	₩ 818,896	₩ 9,430,629
Acquisition	2,229,432	236,854	-	2,466,286
Disposal	(75,739)	(158,441)	(66,037)	(300,217)
Amortization of present value discount	207,587	35,852	21,218	264,657
Payment	(3,782,950)	(457,021)	(215,129)	(4,455,100)
Business Combination	15,967	-	-	15,967
Others	269,677	-	-	269,677
Ending balance	₩ 6,366,477	₩ 766,474	₩ 558,948	₩ 7,691,899

The amounts related to leases of low-value assets included in lease payments for the current and prior periods are ₩ 1,351,508 thousand and ₩ 1,172,055 thousand, respectively.

17. Debts

Details of debts as of December 31, 2024 and 2023, are as follows:

(In thousands of Korean won)	December 31, 2024		December 31, 2023	
	Interest rate (%)	Amount	Interest rate (%)	Amount
General debts	SOFR+1.71%~2.25%, JIBOR+1.00~1.40%, CoF+1.25%~1.5%, 4.70%~7.50%	₩ 214,532,699	SOFR+1.71%~2.25%, JIBOR+0.0%~1.50%, 2.40%~7.75%	₩ 353,582,411
Commercial paper	1.73% ~ 4.75%	1,000,000,000	1.37% ~ 4.76%	1,930,000,000
		1,214,532,699		2,283,582,411
Present value discount		(22,470,038)		(65,224,957)
		₩ 1,192,062,661		₩ 2,218,357,454

18. Debentures

Details of debentures as of December 31, 2024 and 2023, are as follows:

(In thousands of Korean won)	December 31, 2024		December 31, 2023	
	Interest rate (%)	Amount	Interest rate (%)	Amount
Carrying amount of debentures				
Public issues	1.50% ~ 7.68%	₩ 12,669,000,000	1.30% ~ 7.68%	₩ 10,355,000,000
Private issues	9.50%	3,000,000	-	-
Securitization bonds	4.7%, CD rate +1.3%	269,700,000	4.70%	287,100,000
Foreign currency bonds	1.50%	441,000,000	1.50%	386,820,000
		13,382,700,000		11,028,920,000
Discount on debentures		(10,405,869)		(9,242,499)
		₩ 13,372,294,131		₩ 11,019,677,501

19. Provisions

(1) Details of provisions as of December 31, 2024 and 2023, are as follows:

(In thousands of Korean won)	December 31, 2024	December 31, 2023
Provisions for restoration costs	₩ 454,580	₩ 432,967
Others	6,998,332	4,665,476
	₩ 7,452,912	₩ 5,098,443

(2) Changes in provisions for the years ended December 31, 2024 and 2023, are as follows:

(In thousands of Korean won)	2024			
	Beginning balance	Provision	Others	Ending balance
Provisions for restoration costs	₩ 432,967	₩ 15,988	₩ 5,625	₩ 454,580
Others	4,665,477	282,924	2,049,931	6,998,332
	₩ 5,098,444	₩ 298,912	₩ 2,055,556	₩ 7,452,912

(In thousands of Korean won)	2023			
	Beginning balance	Provision (reversal)	Others	Ending balance
Provisions for restoration costs	₩ 438,384	₩ (43,772)	₩ 38,355	₩ 432,967
Others	2,924,213	109,585	1,631,678	4,665,476
	₩ 3,362,597	₩ 65,813	₩ 1,670,033	₩ 5,098,443

20. Net Defined Benefit Liabilities (assets)

(1) Defined benefit plans

The Group operates defined benefit plans which have the following characteristics:

- The Group is obligated to pay the agreed benefits to current and former employees.
- The Group bears the actuarial risk (i.e., the risk that actual benefits paid will exceed expected benefits) and investment risk in substance.

The net defined benefit liabilities recognized in the consolidated statement of financial position are calculated by the independent actuary in accordance with actuarial valuation method.

The defined benefit obligation is calculated using the projected unit credit method. Assumptions based on market data and historical data such as discount rate, future salary increase rate, mortality, and consumer price index are used which are updated annually.

Actuarial assumptions may differ from actual results, due to changes in the market conditions, economic trends, and mortality trends which may affect net defined benefit liabilities and future payments. Actuarial gains and losses arising from changes in actuarial assumptions are recognized in the period incurred through other comprehensive income.

1) Details of post-employment benefits recognized in profit or loss as employee compensation and benefits for the years ended December 31, 2024 and 2023, are as follows:

(In thousands of Korean won)		2024		2023
Current service cost	₩	4,532,270	₩	4,058,260
Net interest expenses of net defined benefit liabilities		(611,841)		(1,004,240)
Post-employment benefits	₩	3,920,429	₩	3,054,020

2) Details of net defined benefit liabilities (assets) as of December 31, 2024 and 2023, are as follows:

(In thousands of Korean won)		December 31, 2024		December 31, 2023
Present value of defined benefit obligations	₩	48,628,432	₩	42,240,742
Fair value of plan assets		(60,697,739)		(56,456,731)
Net defined benefit liabilities (assets)	₩	(12,069,307)	₩	(14,215,989)

20. Net Defined Benefit Liabilities (assets) (Cont'd)

3) Changes in net defined benefit liabilities (assets) for the years ended December 31, 2024 and 2023, are as follows:

	2024		
(In thousands of Korean won)	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities (assets)
Beginning balance	₩ 42,240,742	₩ (56,456,731)	₩ (14,215,989)
Defined benefit costs recognized in profit or loss:			
Current service cost	4,532,270	-	4,532,270
Past service cost	-	-	-
Interest expense (income)	1,791,441	(2,403,282)	(611,841)
	6,323,711	(2,403,282)	3,920,429
Remeasurements:			
Return on plan assets (excluding amounts included in interest income)	-	(86,930)	(86,930)
Actuarial gains and losses by changes in financial assumptions	2,501,985	-	2,501,985
Actuarial gains and losses by experience adjustments	162,067	-	162,067
Actuarial gains and losses by changes in demographic assumptions	13,258	-	13,258
	2,677,310	(86,930)	2,590,380
Contributions			
Contributions by the Group	-	(4,200,000)	(4,200,000)
Payments			
Payments from plans	(2,925,443)	2,925,443	-
Payments from the Group	(266,950)	-	(266,950)
Others			
Transfer in (out)	579,062	(476,239)	102,823
Ending balance	₩ 48,628,432	₩ (60,697,739)	₩ (12,069,307)

20. Net Defined Benefit Liabilities (assets) (Cont'd)

	2023		
(In thousands of Korean won)	**Present value of defined benefit obligation**	**Fair value of plan assets**	**Net defined benefit liabilities (assets)**
Beginning balance	₩ 34,781,862	₩ (54,094,170)	₩ (19,312,308)
Defined benefit costs recognized in profit or loss:			
Current service cost	4,058,260	-	4,058,260
Past service cost	-	-	-
Interest expense (income)	1,780,230	(2,784,470)	(1,004,240)
	5,838,490	(2,784,470)	3,054,020
Remeasurements:			
Return on plan assets (excluding amounts included in interest income)	-	398,487	398,487
Actuarial gains and losses by changes in financial assumptions	3,187,457	-	3,187,457
Actuarial gains and losses by experience adjustments	1,057,021	-	1,057,021
	4,244,478	398,487	4,642,965
Contributions			
Contributions by the Group	-	(2,500,000)	(2,500,000)
Payments			
Payments from plans	(2,418,205)	2,431,084	12,879
Payments from the Group	(113,545)	-	(113,545)
Others			
Transfer in (out)	(92,338)	92,338	-
Ending balance	₩ 42,240,742	₩ (56,456,731)	₩ (14,215,989)

4) Details of fair value of plan assets as of December 31, 2024 and 2023, are as follows:

(In thousands of Korean won)	**December 31, 2024**	**December 31, 2023**
Due from financial institutions and others	₩ 60,697,739	₩ 56,456,731

5) Details of significant actuarial assumptions used as of December 31, 2024 and 2023, are as follows:

	December 31, 2024	**December 31, 2023**
Discount rate (%)	3.70	4.30
Salary increase rate (%)	4.00	4.00

20. Net Defined Benefit Liabilities (assets) (Cont'd)

6) Results of sensitivity analysis of significant actuarial assumptions as of December 31, 2024, assuming all other variables remain constant, are as follows:

		Effect on defined benefit obligation	
(In thousands of Korean won)	**Changes in assumptions**	**Increase in assumptions**	**Decrease in assumptions**
Discount rate	0.5%p	₩ 46,405,933	₩ 50,764,619
Salary increase rate	0.5%p	50,958,078	46,209,406
Turnover rate	0.5%p	48,479,427	48,546,780

Since there are correlations among actuarial assumptions, changes in assumptions are unlikely to occur independently. Therefore, the above sensitivity analysis may not reflect the actual changes in the defined benefit obligation. In addition, the present value of the defined benefit obligation in the above sensitivity analysis was measured using the projected unit credit method, which is the same method applied in measuring the defined benefit obligation in the consolidated statement of financial position of the Group.

7) Expected maturity analysis of defined benefit obligation as of December 31, 2024, are as follows:

(In thousands of Korean won)	**Up to 1 year**	**1~2 years**	**2~5 years**	**5~10 years**	**Total**
Pension benefits	₩ 1,359,425	₩ 3,301,152	₩ 12,610,243	₩ 27,955,604	₩ 45,226,424

8) The weighted average duration of the defined benefit obligation as of December 31, 2024 is 8.65 years.

(2) Defined Contribution Plans

The amounts recognized as expenses in relation to the defined contribution plan for the current and prior years were ₩ 254,338 thousand and ₩ 83,499 thousand, respectively.

21. Other Financial Liabilities

Other financial liabilities as of December 31, 2024 and 2023, are as follows:

(In thousands of Korean won)	December 31, 2024	December 31, 2023
Refundable lease deposits		
Refundable lease deposits	₩ 674,558,819	₩ 703,825,653
Present value discount	(75,748,724)	(73,866,479)
	598,810,095	629,959,174
Deposits received	6,623,366	6,483,411
Non-trade payables	71,978,175	69,869,724
Accrued expenses	127,280,779	108,489,545
General withholdings	8,973,570	8,739,289
Lease liabilities	16,140,258	7,691,899
Non-controlling interest	544,288	438,628
	₩ 830,350,531	₩ 831,671,670

22. Other Liabilities

Other liabilities as of December 31, 2024 and 2023, are as follows:

(In thousands of Korean won)	December 31, 2024	December 31, 2023
Advance receipts	₩ 79,474,426	₩ 82,179,223
Unearned income	89,501,579	80,256,587
VAT withheld and others	1,071,219	959,919
	₩ 170,047,224	₩ 163,395,729

23. Stock Grants

KB Financial Group Inc., the parent company of the Group, has entered into stock grant agreements with the Group's executives. In accordance with these agreements, KB Financial Group Inc. and the Group settle the expenses incurred. The Group recognizes the compensation amount incurred under the agreements as an expense and classifies it as employee benefits.

Under the stock grant agreement, the maximum number of shares to be granted is determined at the time of the initial agreement, and the actual number of shares to be granted is based on the achievement level of predetermined performance targets. Upon completion of the agreed service period, the Group may choose either to deliver registered common shares issued by KB Financial Group Inc. or to settle the amount in cash.

(1) Details of stock grants linked to long-term performance as of December 31, 2024, are as follows:

(In number of shares)

Tranche	Grant date	Number of granted shares(*1)	Vesting conditions(*2)
2023	Jan. 1, 2023	12,592	Services fulfillment, market performance(*3) 30%, and non-market performance(*4) 70%
2024	Jan. 1, 2024	19,767	Services fulfillment, market performance(*3) 30%, and non-market performance(*4) 70%
Deferred grant	2016	1,626	Satisfied
Deferred grant	2017	1,123	Satisfied
Deferred grant	2018	177	Satisfied
Deferred grant	2019	2,824	Satisfied
Deferred grant	2020	464	Satisfied
Deferred grant	2021	10,168	Satisfied
Deferred grant	2022	4,324	Satisfied
Deferred grant	2023	4,157	Satisfied
		57,222	

(*1) Granted shares represent the total number of shares initially granted to executives and employees who have residual shares as of December 31, 2024 (Deferred grants are residual shares vested as of December 31, 2024).

23. Stock Grants (Cont'd)

(*2) During the current year, the right to choose the timing of deferred payments (after the date of retirement), the payment ratio, and the payment period for long-term performance-based compensation was granted. Accordingly, a certain portion of the granted amount is deferred for up to five years following the confirmation of the deferred grant and the date of retirement.

(*3) Relative TSR (Total Shareholder Return): [(Fair value at the end of the contract - Fair value at the beginning of the contract) + (Total amount of dividend per share paid during the contract period)] / Fair value at the beginning of the contract

(*4) Performance results of company and employee

(2) Details of stock grants linked to short-term performance as of December 31, 2024, are as follows:

(In number of shares)

Tranche	Grant date	Estimated number of vested shares(*)	Vesting conditions
Stock granted in 2016	Jan. 1, 2016	356	Satisfied
Stock granted in 2017	Jan. 1, 2017	1,082	Satisfied
Stock granted in 2018	Jan. 1, 2018	1,455	Satisfied
Stock granted in 2019	Jan. 1, 2019	2,513	Satisfied
Stock granted in 2020	Jan. 1, 2020	3,733	Satisfied
Stock granted in 2021	Jan. 1, 2021	6,779	Satisfied
Stock granted in 2022	Jan. 1, 2022	11,926	Satisfied
Stock granted in 2023	Jan. 1, 2023	16,073	Satisfied
Stock granted in 2024	Jan. 1, 2024	122	Satisfied
		11,012	Proportional to service period
		55,051	

(*) Executives and employees were given the right of choice about the timing of the deferred payment (after the date of retirement), payment ratio, and payment period. Accordingly, a certain percentage of the granted shares is deferred for up to five years after the date of retirement after the deferred grant has been confirmed.

23. Stock Grants (Cont'd)

(3) Stock grants are measured at fair value using the Monte Carlo simulation model and assumptions used in measuring the fair value as of December 31, 2024, are as follows:

(In Korean won)	Risk-free rate (%)	Fair value (market performance condition)	Fair value (non-market performance condition)
Linked to long-term performance			
2023	2.69	68,992 ~ 87,156	68,992~87,156
2024	2.69	68,992 ~ 87,156	68,992~87,156
Deferred grant in 2016	2.69		47,153~87,156
Deferred grant in 2017	2.69		65,949~79,280
Deferred grant in 2018	2.69		87,156~87,156
Deferred grant in 2019	2.69		72,231~87,156
Deferred grant in 2020	2.69		87,156~87,156
Deferred grant in 2021	2.69		52,755~87,156
Deferred grant in 2022	2.69		68,992~87,156
Deferred grant in 2023	2.69		52,755~87,156
Linked to short-term performance			
Stock granted in 2016	2.69		87,156~87,156
Stock granted in 2017	2.69		65,949~87,156
Stock granted in 2018	2.69		65,949~87,156
Stock granted in 2019	2.69		72,231~87,156
Stock granted in 2020	2.69		75,790~87,156
Stock granted in 2021	2.69		52,755~87,156
Stock granted in 2022	2.69		52,755~87,156
Stock granted in 2023	2.69		68,992~82,774

Separately, the Group used the historical stock price volatility corresponding to the expected exercise period as the expected volatility, and forecasted the fair value by applying the stock price at the end of the reporting period as the underlying asset price. In addition, the Group used the average dividend yield over the past three years as the expected dividend yield.

(4) The accrued expenses for share-based payments related to stock grants are ₩ 8,067,070 thousand and ₩ 5,577,330 thousand as of December 31, 2024 and 2023, respectively, and the compensation costs amounting to ₩ 4,182,272 thousand and ₩ 1,986,686 thousand were recognized for the years ended December 31, 2024 and 2023, respectively.

24. Share Capital

As of December 31, 2024, the total number of shares authorized, the number of shares issued, and the par value per share by the Group are 100,000,000 shares, 32,175,147 shares, and ₩ 5,000 respectively.

25. Hybrid securities

(1) Details of hybrid securities as of December 31, 2024 and 2023, are as follows:

(In thousands of Korean won)	Issue date	Maturity date	Interest rate	December 31, 2024	December 31, 2023
Hybrid securities	2015.03.27	2045.03.27	6.55%	₩ 50,000,000	₩ 50,000,000
Issuance costs				(153,500)	(153,500)
Hybrid securities	2015.09.24	2045.09.24	5.99%	50,000,000	50,000,000
Issuance costs				(103,800)	(103,800)
Hybrid securities	2016.03.29	2046.03.29	6.33%	50,000,000	50,000,000
Issuance costs				(109,300)	(109,300)
Hybrid securities	2016.06.28	2046.06.28	6.47%	50,000,000	50,000,000
Issuance costs				(103,800)	(103,800)
Hybrid securities	2016.11.28	2046.11.28	6.95%	50,000,000	50,000,000
Issuance costs				(103,800)	(103,800)
Hybrid securities	2017.04.27	2047.04.27	7.66%	50,000,000	50,000,000
Issuance costs				(103,820)	(103,820)
Hybrid securities	2020.09.25	2050.09.25	3.38%	100,000,000	100,000,000
Issuance costs				(110,440)	(110,440)
Hybrid securities	2022.02.17	2052.02.17	4.49%	100,000,000	100,000,000
Issuance costs				(110,420)	(110,420)
				₩ 499,101,120	₩ 499,101,120

As of December 31, 2024, all hybrid securities issued by the Group are owned by KB Financial Group Inc.

At the date of maturity, the contractual agreements allow the Group to indefinitely extend the maturity date with the same contractual terms and delay payment of interest if certain requirements are met. In addition, the Group can exercise its right to early repayment after 5 years after issuing hybrid securities.

The above hybrid securities' rates are reset every 5 years after issuance by reflecting the change in the interest rate of 5-year treasury bonds and adding a step-up rate of 2.00% only once at the first interest reset date.

25. Hybrid securities (Cont'd)

(2) The interest rates of the hybrid securities, adjusted due to the reset after five years, are as follows:

	Issue date	Interest rate before change	Interest rate after change
Hybrid securities	2015.03.27	5.01%	6.55%
Hybrid securities	2015.09.24	4.61%	5.99%
Hybrid securities	2016.03.29	4.40%	6.33%
Hybrid securities	2016.06.28	4.06%	6.47%
Hybrid securities	2016.11.28	4.74%	6.95%
Hybrid securities	2017.04.27	4.43%	7.66%

26. Capital Surplus

Details of capital surplus as of December 31, 2024 and 2023, are as follows:

(In thousands of Korean won)	December 31, 2024	December 31, 2023
Paid-in capital in excess of par value	₩ 301,297,751	₩ 301,297,751
Gains on capital reduction	27,431,618	27,431,618
Consideration for conversion rights	486,265	486,265
Gains on disposal of treasury shares	286,762	286,762
Other capital surplus	(418,504)	(418,504)
	₩ 329,083,892	₩ 329,083,892

27. Accumulated Other Comprehensive Loss

Details of accumulated other comprehensive loss as of December 31, 2024 and 2023, are as follows:

(In thousands of Korean won)	December 31, 2024		
	Beginning balance	Valuation	Ending balance
Remeasurements of net defined benefit liabilities	₩ (3,369,748)	₩ (1,918,508)	₩ (5,288,256)
Gains (losses) on equity method accounting	38,892	-	38,892
Exchange differences on translating foreign operations	(8,163,749)	2,522,845	(5,640,904)
Gains (losses) on valuation of cash flow hedge derivatives	(8,854,129)	2,963,396	(5,890,733)
	₩ (20,348,734)	₩ 3,567,733	₩ (16,781,001)

27. Accumulated Other Comprehensive Loss (Cont'd)

(In thousands of Korean won)	December 31, 2023		
	Beginning balance	Valuation	Ending balance
Remeasurements of net defined benefit liabilities	₩ 47,410	₩ (3,417,158)	₩ (3,369,748)
Gains (losses) on equity method accounting	40,552	(1,660)	38,892
Exchange differences on translating foreign operations	(7,307,220)	(856,529)	(8,163,749)
Gains (losses) on valuation of cash flow hedge derivatives	(8,700,026)	(154,103)	(8,854,129)
	₩ (15,919,284)	₩ (4,429,450)	₩ (20,348,734)

28. Retained Earnings

(1) Retained earnings as of December 31, 2024 and 2023, consist of:

(In thousands of Korean won)	December 31, 2024	December 31, 2023
Legal reserves(*)	₩ 12,173,000	₩ 12,173,000
Regulatory reserve for credit losses	127,731,541	70,586,729
Retained earnings before appropriation	1,350,158,868	1,213,078,627
	₩ 1,490,063,409	₩ 1,295,838,356

(*) In accordance with Article 458 of the Commercial Act, the Group reserves at least 10% of the cash dividend as reserve for profits every fiscal period until the amount reaches 50% of the share capital.

(2) Details of the regulatory reserve for credit losses as of December 31, 2024 and 2023, are as follows:

(In thousands of Korean won)	December 31, 2024	December 31, 2023
Beginning balance	₩ 127,731,541	₩ 70,586,729
Amounts estimated to be appropriated	13,168,867	57,144,812
Ending balance	₩ 140,900,409	₩ 127,731,541

(3) Adjusted profit after reflecting the provision of regulatory reserve for credit losses and the regulatory reserve for credit losses for the years ended December 31, 2024 and 2023, is as follows:

28. Retained Earnings (Cont'd)

(In thousands of Korean won)	December 31, 2024	December 31, 2023
Profit for the year	₩ 222,041,300	₩ 186,504,694
Dividends (interests) on hybrid securities	(27,816,247)	(27,830,365)
Provision (reversal) of regulatory reserve for credit losses	(13,168,867)	(57,144,812)
Adjusted profit after provision of regulatory reserve for credit losses and dividends (interests) on hybrid securities(*)	181,056,185	101,529,517

(*) Adjusted profit after provision of regulatory reserve for credit losses and dividends (interests) on hybrid securities are not based on Korean IFRS. The amount is calculated reflecting dividends (interests) on hybrid securities and provision (reversal) of the reserve before tax to the profit for the year of the Parent Company.

(4) Changes in retained earnings for the years ended December 31, 2024 and 2023, are as follows:

(In thousands of Korean won)	2024	2023
Beginning	₩ 1,295,838,356	₩ 1,137,164,027
Profit for the year	222,041,300	186,504,694
Dividends (interests) on hybrid securities	(27,816,247)	(27,830,365)
Ending	₩ 1,490,063,409	₩ 1,295,838,356

29. Net Interest Income

Details of interest income and interest expenses for the years ended December 31, 2024 and 2023, are as follows:

(In thousands of Korean won)	2024	2023
Interest income		
Cash and cash equivalent	₩ 12,942,915	₩ 11,341,662
Loans and loans for installment	1,001,280,374	868,783,926
Others	454,555	357,361
	1,014,677,844	880,482,949
Interest expenses		
Debts	(67,955,733)	(76,484,087)
Debentures	(486,625,235)	(353,354,059)
Others	(237,032)	(264,691)
	554,818,000	430,102,837
	₩ 459,859,844	₩ 450,380,112

30. Net Fee and Commission Income

Details of fee and commission income and expense for the years ended December 31, 2024 and 2023, are as follows:

(In thousands of Korean won)	2024	2023
Fee and commission income		
Commission income of the financial guarantees and others	₩ 25,652,720	₩ 14,917,443
Fee and commission expense		
Commission expenses and others	(15,761,008)	(11,565,038)
	₩ 9,891,712	₩ 3,352,405

31. Net Lease Income

Details of lease income and lease expenses for the years ended December 31, 2024 and 2023, are as follows:

(In thousands of Korean won)	2024	2023
Lease income		
Income on financial lease receivables	₩ 23,350,374	₩ 26,265,799
Operating lease income	862,323,540	860,474,297
Lease cancellation revenues	37,304,760	33,804,996
Depreciation of unearned lease receipts	24,717,045	21,295,673
Revenues on disposal of operating lease assets	448,516,913	363,624,930
Others	1,248,967	344,970
	1,397,461,599	1,305,810,665
Lease expenses		
Expenses on disposal of operating lease assets	(447,128,721)	(366,767,857)
Depreciation of operating lease assets	(656,303,642)	(667,390,480)
Depreciation of present value discount for refundable lease deposits	(24,717,045)	(21,295,673)
Operating lease insurance expenses	(29,023,563)	(31,177,052)
Operating lease vehicle maintenance expenses	(15,700,837)	(16,852,982)
Others	(10,432,411)	(9,315,167)
	(1,183,306,219)	(1,112,799,211)
	₩ 214,155,380	₩ 193,011,454

32. Provision for Credit Losses

Details of provision for credit losses for the years ended December 31, 2024 and 2023, are as follows:

(In thousands of Korean won)		2024		2023
Provision for doubtful accounts	₩	237,205,918	₩	267,659,551
Other provision expenses (reversals)		282,924		109,585
	₩	237,488,842	₩	267,769,136

33. General and Administrative Expenses

Details of general and administrative expenses for the years ended December 31, 2024 and 2023, are as follows:

(In thousands of Korean won)		2024		2023
Employee Benefits				
Salaries	₩	47,184,347	₩	43,567,210
Bonus		26,067,912		20,986,945
Miscellaneous benefits		1,653,661		1,578,947
Post-employment benefits(*)		4,771,061		6,019,278
Welfare expenses		17,026,400		15,841,660
Share-based payments		4,182,272		1,986,686
		100,885,653		89,980,726
Depreciation and amortization				
Depreciation		10,004,933		9,461,810
Amortization		7,097,054		4,939,749
Depreciation of right-of-use assets		5,210,720		4,979,504
		22,312,707		19,381,063
Other general and administrative expenses				
Service fees		1,624,256		1,126,074
Maintenance		13,295,045		14,826,957
Communication		2,569,138		2,597,111
Advertising		16,511,215		16,978,975
Taxes and public dues		8,382,636		7,881,837
Operating promotion expenses		1,939,021		2,190,118
Training		451,552		407,693
Publication		251,656		284,023
Travel		846,599		800,262
Rental expense		1,136,724		931,788
Others		847,381		810,320
		47,855,223		48,835,158
	₩	171,053,583	₩	158,196,947

(*) Severance benefits due to mutually agreed resignations amounted to ₩ 596,295 thousand and ₩ 2,861,759 thousand for the current and prior periods, respectively.

34. Net Other Operating Income (Expenses)

Details of other operating income and other operating expenses for the years ended December 31, 2024 and 2023, are as follows:

(In thousands of Korean won)		2024		2023
Other operating income				
Gains on disposal of loans	₩	29,805,415	₩	14,310,122
Gains on foreign currency transaction		2,038,058		1,668,304
Gains on foreign currency translation		8,455,512		1,125,146
Gains on derivative transactions		775		176,864
Gains on valuation of derivatives		54,595,316		7,118,545
Others		1,350,468		2,514,447
		96,245,544		26,913,428
Other operating expenses				
Losses on disposal of loans		(6,613,279)		(802,778)
Losses on foreign currency transaction		(22,642)		(262,751)
Losses on foreign currency translation		(54,587,627)		(6,667,913)
Losses on derivative transactions		(887,501)		(377,521)
Losses on valuation of derivatives		(1,489,715)		(21,094)
Sales commission		(3,810,979)		(10,158,749)
Dispatch commission		(20,771,555)		(20,477,027)
Others		(25,638,079)		(30,386,361)
		(113,821,377)		(69,154,194)
Net other operating income (expenses)	₩	(17,575,833)	₩	(42,240,766)

35. Net Non-operating Income (Expenses)

Details of non-operating income and non-operating expenses for the years ended December 31, 2024 and 2023, are as follows:

(In thousands of Korean won)		2024		2023
Non-operating income				
Gains on equity method	₩	1,008,107	₩	263,917
Gains on disposal of property and equipment		27,250		128,967
Gains on disposal of intangible assets		-		1,400
Gains on restoration work		-		4,584
Reversal of restoration provisions		-		44,340
Gains on disposal of joint venture investment assets		-		700,535
Others		4,829,239		3,343,137
		5,864,596		4,486,880
Non-operating expenses				
Losses on equity method		(123,835)		(760,170)
Losses on disposal of property and equipment		-		(11,460)
Impairment losses on intangible assets		(2,926,412)		-
Losses on restoration work		(65,167)		(176,166)
Provision for restoration obligations		(15,988)		(568)
Donations		(2,549,700)		(3,156,943)
Others		(124,592)		(146,065)
		(5,805,694)		(4,251,372)
Net non-operating income	₩	58,902	₩	235,508

36. Income Tax Expense and Deferred Income Tax

(1) Details of income tax expense for the years ended December 31, 2024 and 2023, are as follows:

(In thousands of Korean won)	2024	2023
Income tax		
Current income tax expense	₩ 70,954,764	₩ 45,869,613
Adjustments of income tax of prior years recognized in current tax	(37,057)	1,935,496
Deferred income tax		
Temporary differences	(9,475,374)	(4,505,623)
Effect of changes in tax rate	-	(206,240)
Income tax recognized directly in equity	(379,097)	1,265,001
Effect of consolidated tax filing	3,985,065	2,392,957
Income tax expense	₩ 65,048,301	₩ 46,751,204

(2) Analysis of the relationship between net profit before income tax expense and income tax expense for the years ended December 31, 2024 and 2023, are as follows:

(In thousands of Korean won)	2024	2023
Profit before income tax expense	₩ 289,558,644	₩ 235,024,569
Income tax expense at the applicable tax rate	66,426,047	53,828,675
Adjustments:		
Non-taxable income	(7,344,239)	(7,502,953)
Non-deductible expenses	273,678	477,862
Deferred income tax due to changes in tax rate	-	(206,240)
Effect of consolidated tax filing	3,985,065	2,392,957
Others	1,707,750	(2,239,097)
Income tax expense	₩ 65,048,301	₩ 46,751,204
Effective tax rate (%)	22.46%	19.89%

36. Income Tax Expense and Deferred Income Tax (Cont'd)

(3) The details of income tax and deferred income tax amounts directly added to or deducted from equity as of December 31, 2024 and 2023, are as follows:

(In thousands of Korean won)	December 31, 2024		
	Pre-tax amount	Tax effect	Post-tax amount
Remeasurements of net defined benefit liability	₩ (7,180,831)	₩ 1,892,575	₩ (5,288,256)
Gains (losses) on cash flow hedging instruments	(8,003,713)	2,112,980	(5,890,733)
	₩ (15,184,544)	₩ 4,005,555	₩ (11,178,989)

(In thousands of Korean won)	December 31, 2023		
	Pre-tax amount	Tax effect	Post-tax amount
Remeasurements of net defined benefit liability	₩ (4,578,462)	₩ 1,208,714	₩ (3,369,748)
Gains (losses) on cash flow hedging instruments	(12,030,067)	3,175,938	(8,854,129)
	₩ (16,608,529)	₩ 4,384,652	₩ (12,223,877)

(4) Changes in deferred tax assets (liabilities) for the years ended December 31, 2024 and 2023, are as follows:

(In thousands of Korean won)	2024			
	Beginning	Recognized in profit or loss	Recognized in other comprehensive income	Ending
Deferred loan origination fees and costs and others	₩ (57,800,437)	₩ 2,460,338	₩ -	₩ (55,340,099)
Financial assets at fair value through profit or loss	(11,178,771)	3,809,351	-	(7,369,420)
Investments in associates and joint ventures	282,963	(233,447)	-	49,516
Net defined benefit liabilities	(25,537)	2,647	683,861	660,971
Property and equipment	(867,953)	47,149	-	(820,804)
Goodwill	(6,454,880)	-	-	(6,454,880)
Accounts payable	1,660,584	(335,344)	-	1,325,240
Accrued expenses	8,553,215	2,582,002	-	11,135,217
Operating lease income	7,394	-	-	7,394
Operating lease / Rental assets	1,079,235	(720,835)	-	358,400
Restoration provisions	114,303	5,706	-	120,009
Membership rights	87,666	-	-	87,666
Allowance for doubtful accounts	2,288,239	4,352,833	-	6,641,072
Hybrid securities	711,261	(4,423)	-	706,838
Other provisions	1,362,447	834,005	-	2,196,452
Accrued income	(159,863)	(52,354)	-	(212,217)
Right-of-use assets	(2,026,532)	(2,163,687)	-	(4,190,219)
Lease liabilities	1,971,864	2,170,334	-	4,142,198
Foreign currency bonds	12,779,576	14,264,472	-	27,044,048
Derivative liabilities	(9,572,123)	(14,413,162)	(1,062,958)	(25,048,243)
Others	336,280	(2,751,114)	-	(2,414,834)
	₩ (56,851,069)	₩ 9,854,471	₩ (379,097)	₩ (47,375,695)

36. Income Tax Expense and Deferred Income Tax (Cont'd)

(In thousands of Korean won)

	2023			
	Beginning	Recognized in profit or loss	Recognized in other comprehensive income	Ending
Deferred loan origination fees and costs and others	₩ (60,573,559)	₩ 2,773,122	₩ -	₩ (57,800,437)
Financial assets at fair value through profit or loss	(1,219,690)	(9,959,081)	-	(11,178,771)
Investments in associates and joint ventures	(3,482,159)	3,765,122	-	282,963
Net defined benefit liabilities	(798,767)	(452,577)	1,225,807	(25,537)
Property and equipment	(913,609)	45,656	-	(867,953)
Goodwill	(6,479,330)	24,450	-	(6,454,880)
Accounts payable	713,795	946,789	-	1,660,584
Accrued expenses	4,412,589	4,140,626	-	8,553,215
Operating lease income	7,422	-28	-	7,394
Operating lease / Rental assets	917,923	161,312	-	1,079,235
Restoration provisions	116,171	(1,868)	-	114,303
Membership rights	189,196	(101,530)	-	87,666
Allowance for doubtful accounts	1,770	2,286,469	-	2,288,239
Hybrid securities	714,654	(3,393)	-	711,261
Other provisions	1,058,255	304,192	-	1,362,447
Accrued income	(53,086)	(106,777)	-	(159,863)
Right-of-use assets	(2,488,903)	462,371	-	(2,026,532)
Lease liabilities	2,460,170	(488,306)	-	1,971,864
Foreign currency bonds	11,075,829	1,703,747	-	12,779,576
Derivative liabilities	(7,830,112)	(1,781,205)	39,194	(9,572,123)
Development costs	94,333	(94,333)	-	-
Others	514,175	(177,896)	-	336,280
	₩ (61,562,933)	₩ 3,446,862	₩ 1,265,001	₩ (56,851,069)

36. Income Tax Expense and Deferred Income Tax (Cont'd)

(5) Changes in cumulative temporary differences for the years ended December 31, 2024 and 2023, are as follows

(In thousands of Korean won)

	2024			
	Beginning	Decrease	Increase	Ending
Deductible temporary differences				
Foreign currency bonds	₩ 48,407,486	₩ 48,407,486	₩ 102,439,574	₩ 102,439,574
Accounts payable	6,290,091	6,290,091	5,019,850	5,019,850
Accrued expenses	32,398,543	32,398,543	42,178,854	42,178,854
Operating lease income	28,006	-	-	28,006
Operating lease / Rental assets	4,088,013	3,719,970	989,533	1,357,576
Restoration provisions	432,967	432,967	454,580	454,580
Membership rights	332,069	-	-	332,069
Allowance for doubtful accounts	9,071,175	10,660,889	27,148,893	25,559,179
Hybrid securities	2,694,172	1,795,292	1,778,538	2,677,418
Other provisions	5,160,783	5,160,783	8,319,893	8,319,893
Lease liabilities	7,469,181	7,469,181	15,690,142	15,690,142
Investments in associates and joint ventures	1,071,831	-	(884,272)	187,559
Investments in subsidiaries	-	-	7,407,869	7,407,869
Development costs	-	-	-	-
Net defined benefit liabilities	-	-	2,503,679	2,503,679
Others	1,273,781	111,421	(1,162,360)	-
	₩ 118,718,098	₩ 116,446,623	₩ 211,884,773	₩ 214,156,248
Unrecognized deferred income tax assets				
Allowance for doubtful accounts	403,604			403,604
	₩ 118,314,494			₩ 213,752,644
Taxable temporary differences				
Deferred loan origination fees and costs and others	₩ (218,941,051)	₩ (218,941,051)	₩ (209,621,586)	₩ (209,621,586)
Financial assets at fair value through profit or loss	(42,343,830)	(14,429,360)	-	(27,914,470)
Derivative liabilities	(36,258,041)	(36,258,041)	(94,879,710)	(94,879,710)
Property and equipment	(3,287,702)	(131,954)	46,640	(3,109,108)
Goodwill	(24,450,302)	-	-	(24,450,302)
Right-of-use assets	(7,676,258)	(7,676,258)	(15,872,041)	(15,872,041)
Accrued income	(605,541)	(605,541)	(803,851)	(803,851)
Net defined benefit liabilities	(96,730)	266,950	363,680	-
Others	-	-	(9,576,443)	(9,576,443)
	₩ (333,659,455)	₩ (277,775,255)	₩ (330,343,311)	₩ (386,227,511)

36. Income Tax Expense and Deferred Income Tax (Cont'd)

(In thousands of Korean won)

	2023			
	Beginning	Decrease	Increase	Ending
Deductible temporary differences				
Foreign currency bonds	₩ 41,795,586	₩ 41,795,586	₩ 48,407,486	₩ 48,407,486
Accounts payable	2,693,561	2,693,561	6,290,091	6,290,091
Accrued expenses	16,651,280	31,051,280	46,798,543	32,398,543
Operating lease income	28,006	-	-	28,006
Operating lease / Rental assets	3,463,859	2,807,011	3,431,165	4,088,013
Restoration provisions	438,384	438,384	432,967	432,967
Membership rights	713,944	381,875	-	332,069
Allowance for doubtful accounts	410,285	-	8,660,890	9,071,175
Hybrid securities	2,696,808	1,797,928	1,795,292	2,694,172
Other provisions	3,993,411	3,993,411	5,160,783	5,160,783
Lease liabilities	9,283,661	9,283,661	7,469,181	7,469,181
Investments in associates and joint ventures	(13,140,218)	-	14,212,049	1,071,831
Development costs	355,970	355,970	-	-
Others	1,859,663	-	(585,882)	1,273,781
	₩ 71,244,200	₩ 94,598,667	₩ 142,072,565	₩ 118,718,098
Unrecognized deferred income tax assets				
Allowance for doubtful accounts	403,604			403,604
	₩ 70,840,596			₩ 118,314,494
Taxable temporary differences				
Deferred loan origination fees and costs and others	₩ (228,579,465)	₩ (228,579,465)	₩ (218,941,051)	₩ (218,941,051)
Financial assets at fair value through profit or loss	(4,602,609)	-	(37,741,221)	(42,343,830)
Derivative liabilities	(29,547,596)	(29,547,596)	(36,258,041)	(36,258,041)
Property and equipment	(3,447,583)	(87,824)	72,057	(3,287,702)
Goodwill	(24,450,302)	-	-	(24,450,302)
Right-of-use assets	(9,392,087)	(9,392,087)	(7,676,258)	(7,676,258)
Accrued income	(200,328)	(200,328)	(605,541)	(605,541)
Net defined benefit liabilities	(3,014,213)	623,449	3,540,932	(96,730)
	₩ (303,234,183)	₩ (267,183,851)	₩ (297,609,123)	₩ (333,659,455)

37. Contingent Liabilities and Commitments

(1) Details of key terms and conditions of the Group's major borrowing agreements as of December 31, 2024 and 2023, are as follows:

(In thousands of Korean won, in IDR and USD)

Creditor		Currency	December 31, 2024		December 31, 2023	
			Committed amount	Used amount	Committed amount	Used amount
Shinhan Bank	Commercial paper	KRW	90,000,000	-	80,000,000	-
Woori Bank	Loans	KRW	50,000,000	-	50,000,000	-
Nonghyup Bank	Loans	KRW	50,000,000	-	50,000,000	-
iM Bank	Loans	KRW	30,000,000	-	30,000,000	-
Standard Chartered Bank	Loans	KRW	50,000,000	-	50,000,000	-
Bank of China (Seoul Branch)	Loans	KRW	30,000,000	-	30,000,000	-
Korea Development Bank	Loans	KRW	50,000,000	-	50,000,000	-
KEB Hana Bank	Loans	KRW	30,000,000	-	30,000,000	-
The Kwangju Bank	Loans	KRW	20,000,000	-	-	-
KB Kookmin Bank	Loans	USD	33,500,000	33,500,000	40,000,000	24,500,000
ANZ Bank (Lao Branch)	Loans	USD	15,000,000	10,368,816	15,000,000	14,434,907
Bank Permata	Loans	IDR	200,000,000,000	87,500,000,003	200,000,000,000	-
SMBC Bank (Indonesia)	Loans	IDR	450,000,000,000	430,000,000,000	200,000,000,000	195,500,000,000
Shinhan Bank (Indonesia)	Loans	IDR	350,000,000,000	350,000,000,000	250,000,000,000	250,000,000,000
IBK (Indonesia)	Loans	IDR	-	-	170,000,000,000	160,000,000,000
J-Trust Bank (Indonesia)	Loans	IDR	100,000,000,000	63,577,801,656	100,000,000,000	97,495,623,642
PT Bank KB Bukopin (Indonesia)	Loans	IDR	60,000,000,000	60,000,000,000	120,000,000,000	120,000,000,000
Mandiri Bank (Indonesia)	Loans	IDR	600,000,000,000	433,958,333,333	300,000,000,000	293,604,166,667
Woori Bank (Indonesia)	Loans	IDR	120,000,000,000	-	120,000,000,000	120,000,000,000

37. Contingent Liabilities and Commitments (Cont'd)

(2) The Group has no outstanding payment guarantees as of December 31, 2024 and 2023.

(3) Among pending lawsuits as of December 31, 2024, there are 46 cases that the Group is defendant (litigation amount: ₩ 3,148 million), and 26 cases that the Group is plaintiff (litigation amount: ₩ 842 million). As of December 31, 2023, there were 47 cases that the Group was defendant (litigation amount: ₩ 8,926 million), and 24 cases that the Group was plaintiff (litigation amount: ₩ 11,985 million).

(4) As of December 31, 2024 and 2023, according to the agreement, KB KOLAO LEASING Co., LTD. disposes affiliated receivables, which are overdue for more than three months, of LVMC Holdings (formerly, Kolao Holdings) to Lanexang Leasing Co., Ltd.

(5) As of December 31, 2024, with respect to shares of PT Sunindo Parama Finance, the Group and PT Sunindo Primasura shall retain for five years from May 18, 2020, the date the share purchase was completed. If one party sells all or part of the shares, provides them as collateral, trades or disposed of them, the other party could exercise a call option by providing a written proposal including transfer price, payment method and others against the counterparty.

(6) As of December 31, 2024 and 2023, the unused committed balances under the Group's credit line agreements are as follows:

(In thousands of Korean won)	December 31, 2024		December 31, 2023	
	Agreement amount	Unused committed balance	Agreement amount	Unused committed balance
Credit line agreement	₩ 2,459,672,432	₩ 815,986,300	₩ 2,510,510,678	₩ 1,054,240,187

(7) As of December 31, 2024 and 2023, the unused purchase amounts under the securities purchase agreements entered into by the Group are as follows:

(In thousands of Korean won)	December 31, 2024		December 31, 2023	
	Agreement amount	Unused purchase amount	Agreement amount	Unused purchase amount
Securities purchase agreement	₩ 1,862,065,528	₩ 551,128,583	₩ 1,231,420,299	₩ 463,742,922

(8) The Group manages written-off receivables for which claims against the debtor have not lapsed due to reasons such as the non-expiration of the statute of limitations under relevant laws or the non-collection of receivables after the write-off. The balance of such written-off receivables as of December 31, 2024 and 2023 amounts to ₩ 392,390,215 and ₩ 323,734,393 thousand.

37. Contingent Liabilities and Commitments (Cont'd)

(9) As of December 31, 2024 and 2023, the details of the guarantees provided to the Group by Seoul Guarantee Insurance Company are as follows:

(In thousands of Korean won)	December 31, 2024	December 31, 2023
Performance guarantee	₩ 17,600,979	₩ 15,917,076
Contract fulfillment guarantee	-	7,000

38. Related Party Transactions

(1) The related parties of the Group as of December 31, 2024, are as follows:

	Remark
Parent Company	KB Financial Group Inc.
Investment in associates	KB Founders Club 2022 Fund, KB Bio Private Equity Investment Ⅳ Fund, Shinhan Global Mobility Fund 1, SKB Next Unicorn K-Battery Fund No.1, SKB Next Unicorn K-Battery Fund No.1, Reboot Private Equity Fund
Other related parties	KB Kookmin Bank, KB Kookmin Card Co., Ltd., KB Insurance Co., Ltd., KB Securities Co., Ltd., KB Asset Management Co., Ltd., KB Savings Bank Co., Ltd., KB Real Estate Trust Co., Ltd., KB Investment Co., Ltd., KB Credit Information Co., Ltd., KB Data System Co., Ltd., KB Life Insurance Co., Ltd., KB-TS Technology Venture Private Equity Fund, KB Digital Innovation & Growth New Technology Business Investment Fund, KB Intellectual Property Fund 2, KB Digital Innovation Investment Fund Limited partnership, KB-NAU Special Situation Corporate Restructuring Private Equity Fund, etc.

38. Related Party Transactions (Cont'd)

(2) Outstanding balances arising from the related party transactions as of December 31, 2024 and 2023, are as follows:

(In thousands of Korean won)

Name of entity		December 31, 2024	December 31, 2023
KB Financial Group Inc.	Accounts receivable	₩ 11,014	₩ -
	Accrued expenses	9,847,653	7,874,475
	Non-trade payables	38,389,097	11,528,088
	Debts	-	200,000,000
KB Kookmin Bank	Cash and cash equivalents	447,398,661	227,889,594
	Due from banks	3,000	3,000
	Accrued income	10,870	10,751
	Tenancy deposit	2,676,850	2,756,118
	Right-of-use assets	-	483,531
	Debts	54,711,000	41,622,300
	Accrued expenses	385,741	252,869
	Lease liabilities	-	558,426
KB Kookmin Card Co., Ltd.	Accrued income	221	123
	Accrued expenses	21,544,649	25,041,979
KB Securities Co., Ltd.	Cash and cash equivalents	2,489,286	2,287,887
	Tenancy deposit	322,475	302,749
	Right-of-use assets	1,351,385	1,263,861
	Non-controlling interest	461,157	377,050
	Lease liabilities	1,464,563	1,390,462
KB Insurance Co., Ltd.	Prepaid expenses	9,419,428	5,205,024
	Tenancy deposit	9,467	6,846
	Accrued expenses	23,100	69,302
KB Credit Information Co., Ltd.	Accrued expenses	-	63,009
KB Life Insurance Co., Ltd.	Prepaid expenses	250,808	34,650
KB Savings Bank Co., Ltd.	Cash and cash equivalents	-	20,000,000
	Accrued income	-	214,136
KB Logistics Private Real Estate Investment Trust No.1	Loans	20,000,000	20,000,000
	Allowance for doubtful accounts	(50,920)	(45,588)
	Accrued income	(359)	-
New Star One Firm 2023, 1st Co., Ltd.(*1)	Loans	-	30,000,000
	Allowance for doubtful accounts	-	(70,309)

38. Related Party Transactions (Cont'd)

(In thousands of Korean won)

Name of entity		December 31, 2024	December 31, 2023
Able Dongtan 1st Co., Ltd.(*2)	Loans	₩ -	₩ 13,312,000
	Allowance for doubtful accounts	-	(3,477,094)
KB Mezzanine Capital 4th Private Equity Fund	Prepaid expenses	-	46,882
PT Bank KB Bukopin Tbk	Financial assets at fair value through profit or loss	590,328	-
Total assets		₩ 484,482,514	₩ 320,224,161
Total liabilities		₩ 126,826,960	₩ 288,777,960

(*1) It was liquidated during the current period and is no longer classified as a related party.
(*2) It was excluded from the subsidiaries of KB Securities during the current period and, as of the end of the current period, is no longer classified as a related party of the Company.

38. Related Party Transactions (Cont'd)

(3) Profit and loss arising from transactions with related parties for the years ended December 31, 2024 and 2023, are as follows:

(In thousands of Korean won)

Name of entity		2024	2023
KB Financial Group Inc.	Non-operating income	₩ 107,348	₩ -
	General and administrative expenses	14,595	16,114
	Interest expenses	4,940,000	5,303,717
KB Kookmin Bank	Interest income	219,474	370,945
	Non-operating income	243,877	198,505
	Interest expenses	4,082,429	4,219,733
	Fee and commission expense	783,884	1,293,930
	General and administrative expenses	329,614	273,282
	Other operating expenses	3,873,867	3,585,655
	Expense from financial instruments at fair value through profit or loss	138,534	298,020
KB Kookmin Card Co., Ltd.	Other operating income	-	5
	Other operating expenses	1,161,941	54,514
	Non-operating income	179,140	143,907
KB Securities Co., Ltd.	Interest income	54,531	2,963,982
	Lease income	-	2,233
	Fee and commission income	-	40,599
	Interest expenses	55,004	55,529
	General and administrative expenses	653,482	587,820
KB Insurance Co., Ltd.	Other operating income	143,296	153,765
	Fee and commission expense	10,869,899	8,678,746
	General and administrative expenses	142,953	229,397
	Other operating expenses	230	3
KB Credit Information Co., Ltd.	Other operating expenses	-	820,677
KB Life Insurance Co., Ltd.	Insurance expenses	48,422	1,892
	Fee and commission income	88	8,000
KB Data System Co., Ltd.	General and administrative expenses	1,276,380	3,610,675
	Other operating expenses	2,823,012	131,563
KB Savings Bank Co., Ltd	Interest income	794,095	214,136
	Non-operating income	-	92

38. Related Party Transactions (Cont'd)

(In thousands of Korean won)

Name of entity		2024	2023
KG Capital (formerly, SY Auto Capital Co., Ltd.)(*1)	Interest income	₩ -	₩ 293,085
	Lease income	-	16,419
	Other operating expenses	-	10,758
	Provision for (reversal of) credit loss	-	(54,920)
KB Bio Private Equity Investment Ⅳ Fund	Fee and commission income	140,137	102,427
KB Logistics Private Real Estate Investment Trust No.1	Interest income	1,200,189	1,200,000
	Provision for (reversal of) credit loss	5,332	17,873
New Star One Firm 2023, 1st Co., Ltd.(*2)	Interest income	454,597	-
	Provision for (reversal of) credit loss	(70,309)	70,309
Able Dongtan 1st Co., Ltd.(*3)	Provision for (reversal of) credit loss	-	3,477,094
PT Bank KB Bukopin Tbk	Gain on valuation of financial assets at fair value through profit or loss	-	20,064
	Loss on valuation of financial assets at fair value through profit or loss	268,320	220,704
Total profit		₩ 3,536,772	₩ 5,728,164
Total loss		₩ 31,397,589	₩ 32,903,085

(*1) It was sold during the prior period and is no longer classified as a related party.
(*2) It was liquidated during the current period and is no longer classified as a related party. The transaction amount represents the amount incurred prior to its exclusion as a related party.
(*3) It was excluded from related parties during the current period, and the transaction amount represents the amount incurred prior to its exclusion as a related party.

38. Related Party Transactions (Cont'd)

(4) Loan arrangements and funding transactions with related parties as of December 31, 2024 and 2023, are as follows:

(In thousands of Korean won)		December 31, 2024		
	Related party	Commitment provided	Loan Execution	Unused commitment
Loans	KB Logistics Private Real Estate Investment Trust No.1	₩ 20,000,000	₩ 20,000,000	₩ -

(In thousands of Korean won)		December 31, 2023		
	Related party	Commitment provided	Loan Execution	Unused commitment
Loans	KB Logistics Private Real Estate Investment Trust No.1	₩ 20,000,000	₩ 20,000,000	₩ -
Loans	New Star One Firm 2023, 1st Co., Ltd.(*1)	30,000,000	30,000,000	-
Loans	Able Dongtan 1st Co, Ltd.(*2)	17,900,000	17,900,000	-

(*1) It was liquidated during the current period and is no longer classified as a related party.
(*2) It was excluded from the subsidiaries of KB Securities during the current period and, as of the end of the current period, is no longer classified as a related party of the Company.

38. Related Party Transactions (Cont'd)

(5) Significant lending transactions with related parties for the years ended December 31, 2024 and 2023, are as follows:

(In thousands of Korean won)

			December 31, 2024			
Type	Related party	Beginning balance	Loans	Repayments	Others	Ending balance
Other related party	KB Logistics Private Real Estate Investment Trust No.1	₩ 20,000,000	₩ -	₩ -	₩ -	₩ 20,000,000
Other related party	New Star One Firm 2023, 1st Co., Ltd.(*1)	30,000,000	-	30,000,000	-	-
Other related party	KB Kookmin Bank(*2)	227,889,594	219,509,067	-	-	447,398,661
Other related party	KB Securities Co., Ltd.(*2)	2,287,887	201,399	-	-	2,489,286
Other related party	KB Savings Bank Co., Ltd.	20,000,000	-	20,000,000	-	-
Other related party	Able Dongtan 1st Co., Ltd.(*3)	13,312,000	-	-	(13,312,000)	-

(*1) It was liquidated during the current period and is no longer classified as a related party.
(*2) Increases and decreases in ordinary deposits, which occur frequently in the course of business, are presented on a net basis.
(*3) It was excluded from the subsidiaries of KB Securities during the current period and, as of the end of the current period, is no longer classified as a related party of the Company.

38. Related Party Transactions (Cont'd)

(In thousands of Korean won)

Type	Related party	2023 Beginning balance	Loans	Repayments	Ending balance
Joint venture	KG Capital (formerly, SY Auto Capital Co., Ltd.) (*1)	₩ 40,000,000	₩ -	₩ 40,000,000	₩ -
Other related parties	KB Logistics Private Real Estate Investment Trust No.1	20,000,000	-	-	20,000,000
Other related party	New Star One Firm 2023, 1st Co., Ltd.	-	30,000,000	-	30,000,000
Other related party	Able Dongtan 1st Co., Ltd	-	17,900,000	4,588,000	13,312,000
Other related party	KB Kookmin Bank(*2)	708,997,775	-	481,108,182	227,889,594
Other related party	KB Securities Co., Ltd.(*2)	1,951,052	336,834	-	2,287,887
Other related party	KB Savings Bank Co., Ltd.	-	20,000,000	-	20,000,000

(*1) It was sold during the prior period and is no longer classified as a joint venture.
(*2) Increases and decreases in ordinary deposits, which occur frequently in the course of business, are presented on a net basis.

(6) Significant borrowing transactions with related parties for the years ended December 31, 2024 and 2023, are as follows:

(In thousands of Korean won)

Type	Related party	2024 Beginning balance	Borrowings (Repayments)	Others (Exchange rate fluctuations)	Ending balance
Parent company	KB Financial Group	₩ 200,000,000	₩ -	₩ -	₩ 200,000,000
Other related party	KB Kookmin Bank	41,622,300	7,764,000	(141,300)	54,711,000

38. Related Party Transactions (Cont'd)

(In thousands of Korean won)

		2023			
Type	Related party	Beginning balance	Borrowings (Repayments)	Others (Exchange rate fluctuations)	Ending balance
Parent company	KB Financial Group	₩ 200,000,000	₩ -	₩ -	₩ 200,000,000
Other related party	KB Kookmin Bank	45,192,400	(4,435,550)	865,450	41,622,300

(7) Asset purchase transactions with related parties for the years ended December 31, 2024 and 2023, are as follows:

(In thousands of Korean won)

Type	Related party	Details	2024	2023
Loans	KG Capital (formerly, SY Auto Capital Co., Ltd.)(*)	Purchase of loans and instalments	₩ -	₩ 174,796,860

(*) It was sold during the prior period and is no longer classified as a joint venture. The asset purchase details are presented based on the amounts prior to its exclusion from the joint venture.

(8) The amount acquired by KB Securities Co., Ltd. among corporate bonds and hybrid securities issued by the Group during the years ended December 31, 2024 and 2023 is ₩ 220,000,000 thousand and ₩ 160,000,000 thousand.

38. Related Party Transactions (Cont'd)

(9) Capital or equity transactions with related parties for the years ended December 31, 2024 and 2023, are as follows:

(In thousands of Korean won)

Type	Related party	Details	2024	2023
Parent company	KB Financial Group Inc.	Dividend paid	₩ 27,816,247	₩ 27,830,364
Investment in associates	KB Founders Club 2022 Fund	Purchase (redemption) of security investment	-	4,000,000
Investment in associates	SKB Next Unicorn K-Battery Fund No.1	Purchase (redemption) of security investment	-	(86,957)
Investment in associates	Reboot Private Equity Fund	Purchase (redemption) of security investment	7,000,000	-
Other related party	PT Bank KB Bukopin Tbk	Capital increase	-	1,058,400
Other related party	KB-TS Technology Venture Private Equity Fund	Purchase (redemption) of security investment	(440,000)	(120,000)
Other related party	KB-Brain KOSDAQ Scale-up New Technology Business Investment Fund	Purchase (redemption) of security investment	-	(1,650,000)
Other related party	KB Smart Scale up Fund	Purchase (redemption) of security investment	(990,000)	1,400,000
Other related party	KB-SOLIDUS Healthcare Investment Fund	Purchase (redemption) of security investment	1,300,000	1,283,333
Other related party	KB Aircraft Private Special Asset Fund No.1	Purchase (redemption) of security investment	(3,505,856)	(3,125,058)
Other related party	KB-NP Green ESG New Technology Venture Capital Fund	Purchase (redemption) of security investment	5,940,000	3,330,000
Other related party	KB UK HSBC Senior Private Investment Trust No.1	Purchase (redemption) of security investment	(1,160,444)	5,396,526
Other related party	KB-Badgers Future Mobility ESG FUND Ⅰ	Purchase (redemption) of security investment	2,312,000	1,231,000
Other related party	KB Global Platform Fund No.2	Purchase (redemption) of security investment	2,400,000	2,400,000
Other related party	KB-NAU Special Situation Corporate Restructuring Private Equity Fund	Purchase (redemption) of security investment	(195,438)	(185,159)
Other related party	KB-KTB Technology Venture Fund	Purchase (redemption) of security investment	600,000	600,000
Other related party	KB New Deal Innovation Fund	Purchase (redemption) of security investment	-	3,200,000
Other related party	KB Digital Platform Fund	Purchase (redemption) of security investment	2,000,000	1,700,000
Other related party	KB Core Blind Private Real Estate Fund No.2	Purchase (redemption) of security investment	1,244,600	-

38. Related Party Transactions (Cont'd)

(In thousands of Korean won)

Type	Related party	Details	2024	2023
Other related party	KB Mezzanine Capital 4th Private Equity Fund	Purchase (redemption) of security investment	₩ 2,162,518	₩ 2,992,378
Other related party	KB Global Private Real Estate Fund No.22 (FoFs)	Purchase (redemption) of security investment	1,875,160	4,389,364
Other related party	KB Digital Innovation Investment Fund Limited Partnership	Purchase (redemption) of security investment	(720,000)	(335,000)
Other related party	KB-Stonebridge Secondary Private Equity Fund	Purchase (redemption) of security investment	(95,269)	(994,886)
Other related party	KB Prime Digital Platform Fund	Purchase (redemption) of security investment	300,000	525,000
Other related party	U-KB Credit No1. Private Equity	Purchase (redemption) of security investment	93,023	1,604,651
Other related party	KB Core Plus Blind Private Real Estate Investment Trust No.1	Purchase (redemption) of security investment	-	11,610,000
Other related party	KB Scale up Fund Ⅱ	Purchase (redemption) of security investment	1,500,000	1,500,000
Other related party	KB Pre-IPO No.2 (TCB) Investment Fund	Purchase (redemption) of security investment	(1,295,000)	(150,000)
Other related party	KB Global Platform Fund	Purchase (redemption) of security investment	(1,270,000)	-
Other related party	KB Apax Global buyout Private Fund 1	Purchase (redemption) of security investment	2,669,708	-
Other related party	PineStreet PECP global VI Private Investment Trust No.21	Purchase (redemption) of security investment	6,986,456	-
Other related party	KB Intellectual Property Fur No.2	Purchase (redemption) of security investment	(340,000)	-
Other related party	Shinhan InfraRed VI Private Investment Trust No.2	Purchase (redemption) of security investment	5,595,580	-
Other related party	KB-SBI Global Strategic Capital Fund	Purchase (redemption) of security investment	843,183	-
Other related party	KB-IMM New Star Real Estate Private Fund 1	Purchase (redemption) of security investment	2,132,375	-
Other related party	KB Global Senior Private Debt Private Fund No.2	Purchase (redemption) of security investment	1,963,200	-

(*) As of December 31, 2024, all hybrid securities issued by the Group are owned by KB Financial Group Inc.

38. Related Party Transactions (Cont'd)

(10) The payment guarantees and unused commitment provided by the Group to related parties for the years ended December 31, 2024 and 2023, are as follows:

(In thousands of Korean won)

Type	Related party	Details	2024	2023
Entity under common control	KB-TS Technology Venture Private Equity Fund	Purchase of security investment	₩ -	₩ 110,000
Entity under common control	KB-Stonebridge Secondary Private Equity Fund	Purchase of security investment	172,780	172,780
Entity under common control	KB-NAU Special Situation Corporate Restructuring Private Equity Fund	Purchase of security investment	754,000	2,248,000
Entity under common control	KB-KTB Technology Venture Fund	Purchase of security investment	-	600,000
Entity under common control	KB Digital Platform Fund	Purchase of security investment	4,400,000	6,400,000
Entity under common control	KB-SOLIDUS Healthcare Investment Fund	Purchase of security investment	1,316,667	2,616,667
Entity under common control	KB Core Blind Private Real Estate Fund No.2	Purchase of security investment	-	4,744,600
Entity under common control	KB Aircraft Private Special Asset Fund No.1	Purchase of security investment	3,192,777	3,192,777
Entity under common control	KB-NP Green ESG New Technology Venture Capital Fund	Purchase of security investment	2,925,000	8,865,000
Entity under common control	KB UK HSBC Senior Private Investment Trust No.1	Purchase of security investment	433,965	1,762,885
Entity under common control	KB Prime Digital Platform Fund	Purchase of security investment	375,000	675,000
Entity under common control	KB-Badgers Future Mobility ESG FUND Ⅰ	Purchase of security investment	5,982,000	8,294,000
Entity under common control	KB Scale up Fund Ⅱ	Purchase of security investment	5,500,000	7,000,000
Entity under common control	KB Global Platform Fund No.2	Purchase of security investment	5,200,000	7,600,000
Entity under common control	KB Global Private Real Estate Fund No.22 (FoFs)	Purchase of security investment	7,003,280	9,732,218
Entity under common control	KB Mezzanine Capital 4th Private Equity Fund	Purchase of security investment	2,974,868	5,137,386

38. Related Party Transactions (Cont'd)

(In thousands of Korean won)

Type	Related party	Details	2024	2023
Entity under common control	U-KB Credit No1. Private Equity	Purchase of security investment	₩ 8,302,326	₩ 8,395,349
Entity under common control	KB Core Plus Blind Private Real Estate Investment Trust No.1	Purchase of security investment	8,390,000	8,390,000
Entity under common control	KB Apax Global buyout Private Fund 1	Purchase of security investment	13,330,292	-
Entity under common control	PineStreet PECP global VI Private Investment Trust No.21	Purchase of security investment	8,013,544	-
Entity under common control	Shinhan InfraRed VI Private Investment Trust No.2	Purchase of security investment	9,244,500	-
Entity under common control	KB-SBI Global Strategic Capital Fund	Purchase of security investment	4,156,817	-
Entity under common control	KB-IMM New Star Real Estate Private Fund 1	Purchase of security investment	2,867,625	-
Entity under common control	KB Global Senior Private Debt Private Fund No.2	Purchase of security investment	13,036,800	-

38. Related Party Transactions (Cont'd)

(11) The payment guarantees and unused commitment provided by related parties to the Group for the years ended December 31, 2024 and 2023, are as follows:

(In thousands of Korean won)

Type	Related party	Details	2024	2023
Other related party	KB Kookmin Card Co., Ltd.	KRW loan agreement	₩ 58,912,323	₩ 54,963,810
Other related party	KB Investment Co., Ltd.	Loss sharing agreement	600,000	831,026
Other related party	KB Securities Co., Ltd.	Purchase of security investment	337,699	296,211
Other related party	KB Kookmin Bank	Other foreign currency agreement	5,463,668	38,660,223

(12) Compensation to key management for the years ended December 31, 2024 and 2023, consists of:

(In thousands of Korean won)	2024	2023
Short-term employee benefits	₩ 3,409,421	₩ 3,733,840
Post-employment benefits	84,583	203,056
Share-based payments	4,182,272	1,986,686
	₩ 7,676,276	₩ 5,923,582

The key management includes legally registered directors and major executives, having important authority and responsibility for the planning, operating and controlling of the management of the Group.

39. Cash Flows Statement

(1) Cash flows from operating activities for the years ended December 31, 2024 and 2023, are as follows:

(In thousands of Korean won)	2024	2023
Profit for the year	₩ 224,510,343	₩ 188,273,365
Adjustments for:		
Interest income	(1,038,028,218)	(906,748,748)
Interest expense	554,818,000	430,102,837
Dividend income	(39,582,374)	(17,937,176)
Income tax expense	65,048,301	46,751,204
	(457,744,291)	(447,831,883)
Add expenses without cash outflow		
Provision for credit losses(*)	237,488,842	267,769,136
Post-employment benefits	3,920,428	3,054,020
Depreciation	10,004,933	9,461,810
Amortization	7,097,054	4,939,749
Depreciation of right-of-use assets	5,210,720	4,979,504
Share-based payments	4,182,272	1,986,686
Depreciation on operating lease assets	656,303,642	667,390,480
Depreciation of unearned lease receipts	24,717,045	21,295,673
Loss on foreign currency translation	54,587,627	6,667,913
Loss on valuation of financial assets at fair value through profit or loss	54,568,385	10,640,450
Loss on disposal of financial assets at fair value through profit or loss	170,209	409,366
Loss on valuation of derivatives	1,489,715	21,094
Loss on derivative transactions	9,272	-
Provision for restoration cost	15,988	568
Loss on disposal of property and equipment	-	11,460
Impairment loss on intangible assets	2,926,412	-
Loss on equity method accounting	123,836	760,170
	1,062,816,380	999,388,079
Deduct revenue without cash inflow		
Gain on valuation of financial assets at fair value through profit or loss	(46,066,353)	(49,159,156)
Gain on disposal of financial assets at fair value through profit or loss	(800,929)	(205,423)
Gain on disposal of investment in joint ventures	-	(700,535)
Gain on valuation of derivatives	(54,595,316)	(7,118,545)
Depreciation of unearned lease receipts	(24,717,045)	(21,295,673)
Gain on foreign currency translation	(8,455,512)	(1,125,146)
Gain on disposal of property and equipment	(27,250)	(128,967)

39. Cash Flows Statement (Cont'd)

(In thousands of Korean won)	2024	2023
Gain on disposal of intangible assets	₩ -	₩ (1,400)
Reversal of restoration cost	-	(44,340)
Gain on equity method accounting	(1,008,108)	(263,917)
	(135,670,513)	(80,043,102)
Change in operating assets and liabilities		
Increase (decrease) in financial assets at amortized cost	(1,109,681,494)	(1,049,465,055)
Increase (decrease) in deferred loan origination cost	(52,459,571)	(49,873,665)
Increase (decrease) in present value premium	2,160,264	6,560,017
Increase (decrease) in lease assets	(621,354,800)	(678,792,440)
Increase (decrease) in prepaid VAT	(250,381)	(5,728,088)
Increase (decrease) in prepaid expenses	1,107,775	(4,233,581)
Increase (decrease) in general withholdings	251,829	2,002,065
Increase (decrease) in non-trade payables	2,392,145	34,205,258
Increase (decrease) in accrued expenses	2,592,407	(2,239,259)
Increase (decrease) in lease rental deposits	(29,266,834)	11,702,953
Increase (decrease) in deposits for letter of guarantees and others	135,241	247,575
Increase (decrease) in VAT withheld	101,101	(5,069,705)
Increase (decrease) in advance receipts	(2,704,797)	3,793,220
Increase (decrease) in unearned income	6,878,817	(414,318)
Increase (decrease) in net defined benefit assets	(4,466,950)	(2,613,545)
Increase (decrease) in provisions for restoration cost	(11,877)	(44,335)
Increase (decrease) in other provisions	2,049,932	1,631,681
	(1,802,527,193)	(1,738,331,222)
Cash used in operations	₩ (1,108,615,274)	₩ (1,078,544,763)

(*) It consists of bad debt expenses and transfers (reversals) of other provisions.

39. Cash Flows Statement (Cont'd)

(2) Changes in liabilities and hybrid securities arising from financial activities for the years ended December 31, 2024 and 2023, are as follows:

(In thousands of Korean won)	Debts	Debentures	Derivative financial liabilities	Lease liabilities	Hybrid securities
At January 1, 2023	₩ 2,267,631,517	₩ 10,642,062,154	₩ -	₩ 9,430,629	₩ 499,101,120
Cash flows	(82,620,118)	365,086,141	-	(4,513,971)	-
Other non-financial changes(*)	33,346,057	12,529,205	21,094	2,775,240	-
At December 31, 2023	₩ 2,218,357,454	₩ 11,019,677,501	₩ 21,094	₩ 7,691,899	₩ 499,101,120
At January 1, 2024	₩ 2,218,357,454	₩ 11,019,677,501	₩ 21,094	₩ 7,691,899	₩ 499,101,120
Cash flows	(1,012,392,504)	2,228,725,870	-	(4,763,831)	-
Other non-financial changes(*)	(13,902,288)	123,890,760	1,265,222	13,212,190	-
At December 31, 2024	₩ 1,192,062,661	₩ 13,372,294,131	₩ 1,286,316	₩ 16,140,258	₩ 499,101,120

(*) Other changes include interest payments which are presented as operating cash flows in the statement of cash flows.

(3) Significant transactions not affecting cash flows for the years ended December 31, 2024 and 2023, are as follows:

(In thousands of Korean won)	2024	2023
Allowances for loans and others	₩ 173,124,043	₩ 174,849,915

The total cash outflow for leases in 2024 and 2023 is ₩ 6,115,339 thousand and ₩ 5,686,026 thousand.

40. Unconsolidated Structured Entities

(1) The nature, purpose and activities of the unconsolidated structured entities and how the structured entities are financed, are as follows:

Nature	Purpose	Activity	Method of Financing
Structured financing	• Granting PF loans and stocks to SOC and real estate • Project financing, such as mergers and acquisitions	• Construction of SOC and real estate • Mergers and acquisitions	• Loan commitments through Credit Line, providing lines of credit and investment agreements
Investment funds	• Investment in beneficiary certificates • Investment in PEF and partnerships	• Management of fund assets • Payment of fund fees and allocation of fund profits	• Sales of beneficiary certificate instruments • Investment of managing partners and limited partners
Asset-backed securitization	• Early cash generation through transfer of securitization assets • Fees earned as services to SPC, such as providing lines of credit and ABCP purchase commitments	• Fulfillment of Asset-backed securitization plan • Purchase and transfer of securitization assets • Issuance and repayment of ABS and ABCP	• Issuance of ABS and ABCP based on securitization assets

40. Unconsolidated Structured Entities (Cont'd)

(2) Details of scale of unconsolidated structured entities and nature of the risks associated with the Group's interests in unconsolidated structured entities as of December 31, 2024 and 2023, are as follows:

(In thousands of Korean won)	December 31, 2024			
	Structured financing	Investment funds	Asset-backed securitization	Total
Total assets of unconsolidated structured entity	₩ 20,881,707,152	₩ 19,175,437,233	₩ 127,500,000	₩ 40,184,644,385
Carrying amount on financial statements				
Assets				
Financial assets at fair value through profit or loss	-	1,074,496,969	-	1,074,496,969
Loans at amortized cost	1,238,089,480	-	30,000,000	1,268,089,480
Investments in associates	-	37,625	-	37,625
	₩ 1,238,089,480	₩ 1,112,122,454	₩ 30,000,000	₩ 2,380,211,934
Maximum exposure to loss(*)				
Assets held	₩ 1,238,089,480	₩ 1,112,122,454	₩ 30,000,000	₩ 2,380,211,934
Purchase and investment commitments	-	506,175,871	-	506,175,871
Payment guarantee and unused credit	362,312,377	-	-	362,312,377
	₩ 1,600,401,857	₩ 1,618,298,325	₩ 30,000,000	₩ 3,248,700,182

(*) Maximum exposure to loss is measured based on carrying value of financial assets at fair value through profit or loss and credit line amount for loan agreement. In addition, maximum exposure to loss does not reflect the effect of the Group's risk-adverse activities to reduce exposed risks with regard to unconsolidated structured entities.

40. Unconsolidated Structured Entities (Cont'd)

(In thousands of Korean won)	December 31, 2023			
	Structured financing	Investment funds	Asset-backed securitization	Total
Total assets of unconsolidated structured entity	₩ 21,837,983,108	₩ 13,202,478,975	₩ 127,500,000	₩ 35,167,962,083
Carrying amount on financial statements				
Assets				
Financial assets at fair value through profit or loss	-	651,768,152	-	651,768,152
Loans at amortized cost	1,281,471,913	-	45,000,000	1,326,471,913
Investments in associates	-	29,741,213	-	29,741,213
	₩ 1,281,471,913	₩ 681,509,365	₩ 45,000,000	₩ 2,007,981,278
Maximum exposure to loss(*)				
Assets held	₩ 1,281,471,913	₩ 681,509,365	₩ 45,000,000	₩ 2,007,981,278
Purchase and investment commitments	-	440,219,626	-	440,219,626
Payment guarantee and unused credit	391,347,157	-	5,000,000	396,347,157
	₩ 1,672,819,070	₩ 1,121,728,992	₩ 50,000,000	₩ 2,844,548,061

(*) Maximum exposure to loss is measured based on carrying value of financial assets at fair value through profit or loss and credit line amount for loan agreement. In addition, maximum exposure to loss does not reflect the effect of the Group's risk-adverse activities to reduce exposed risks with regard to unconsolidated structured entities.

41. Approval of Issuance of the Consolidated Financial Statements

The issuance of the Group's consolidated financial statements as of and for the year ended December 31, 2024, was approved on February 4, 2025 by the Board of Directors.

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