KB Financial Group

Unwavering Trust, Rising KB Value

# KB Financial Group Value-up Plan

## Progress Report



April 24, 2025

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The Company's financial results reflect the Financial Supervisory Service's responses to inquiries relating to IFRS 17 starting with the fourth quarter of 2024, and the Company's financial results for 2022 and 2023 have accordingly been adjusted retroactively.

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# “ Efforts to Enhance Shareholder & Corporate Value ”

## Market Valuations and KB’s Commitment to Enhance Shareholder Value

### PBR[1)]
(Price to Book Ratio)

| As of the end of December 2022 | As of the end of December 2023 | As of the end of December 2024 |
|---|---|---|
| 0.45 x | 0.42 x | 0.62 x |

Note 1) Market capitalization ÷ total shareholders’ equity as of the end of each applicable fiscal year

### Total Shareholder Return Ratio
(Total Cash Dividends + Share Buybacks/Cancellations) ÷ Net Profit

| FY 2022 | FY 2023 | FY 2024 |
|---|---|---|
| 27.9% | 38.0% | 39.8% |

### Market Capitalization

| As of the end of December 2022 | As of the end of December 2023 | As of the end of December 2024 |
|---|---|---|
| KRW 19.8 tn. | KRW 21.8 tn. | KRW 32.6 tn. |

### EPS/DPS
Earnings Per Share
Dividends Per Share

| FY 2022 | FY 2023 | FY 2024 |
|---|---|---|
| KRW10,230/ KRW2,950 | KRW11,483/ KRW3,060 | KRW12,880/ KRW3,174 |

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# Ⅱ. KB Financial Group's Value-up Highlights

## ❶ KB's Value-up Framework, well-functioning as designed

## " KB's Value-up Framework, delivering 「Sustainability」 and 「Predictability」"

### Value-up Framework

**Principle** Pursue Industry-Leading Levels of Total Shareholder Return

**First Half** Return excess capital above 13% CET1 ratio as of the end of the previous year to shareholders

- Capital exceeding 13% CET1 ratio at year-end → Allocate as resources for shareholder returns for the following year
- Realize shareholder returns linked to year-end CET1 ratio → Improve predictability
- Maintain mid-13% CET1 ratio with accumulated capital throughout the year → Secure Sustainability

+

**Second Half** Additional returns with excess capital above 13.5% CET1 ratio throughout the year

- Capital exceeding 13.5% CET1 ratio in the 2nd half of the year (2H) → Utilize as resources for additional shareholder returns
- Accumulated capital throughout the year being used for additional share buybacks/ cancellations in 2H → Secure sustainable growth of quarterly DPS throughout the year

### Progress Report

**First Half**

- **KRW 1.76 tn. Total** (Excess capital of 13% CET1 as of the end of 2024)
  - Cash Dividends : KRW 1.24 tn. annually ※ YoY + 40 bn. (+3.3%)
  - Share Buybacks/Cancellations : KRW 520 bn.
- Secure sustainable growth via **'RoRWA-centric Mgmt. System'**

+

**Proactive Return**

- **KRW 400 bn. Total**
  - Cash Dividends : +KRW 100 bn. annually ※ 1.24 tn. → 1.34 tn.
  - Share Buybacks/Cancellations: +KRW 300 bn. ※ 520 bn. → 820 bn.
- **Proactive Return Amid Macro Uncertainty**
  → a strategic response to heightened market volatility

+

**Second Half**

- If the capital exceeding 13.5% in the 2H is confirmed
  - Immediate implementation of additional shareholder return (share buybacks/cancellations)
- DPS, Share Buybacks/Cancellations
  - Maintain gradual upward trend on a total annual amount basis

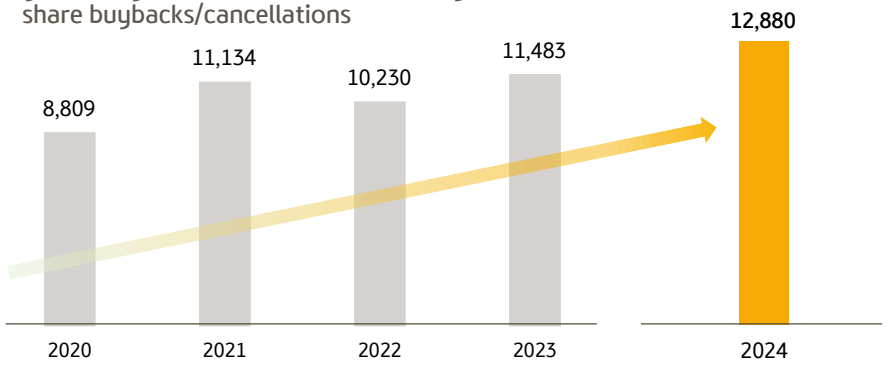
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❷ Reinforcement of the Group's Fundamentals and Management of Capital Ratios

# Strategic Shift from Absolute Asset/Profit Size To 'Per-Share Value Growth'

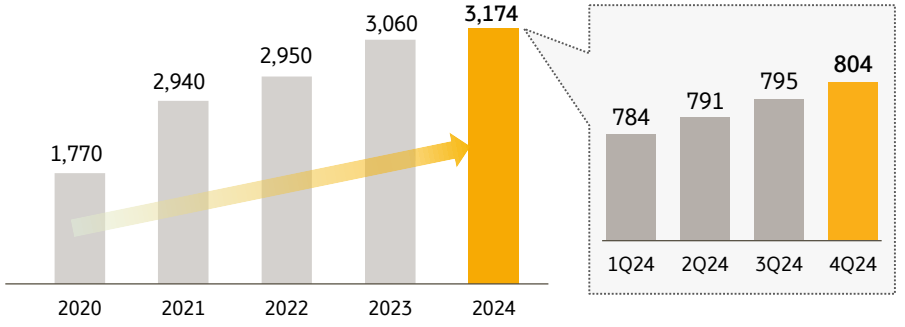
## Earnings Per Share (EPS) (KRW)

- Aim for an **annual average growth level of 10%** by strengthening profit-generating fundamentals and executing continuous share buybacks/cancellations



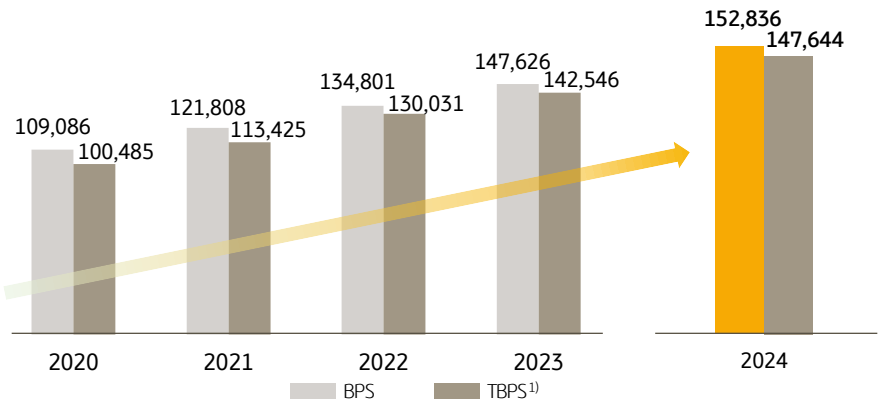

## Dividends Per Share (DPS) (KRW, %)

- Pursue increase in DPS through share buybacks/cancellations during the year
- Pursue gradual increase in total cash dividends considering dividend yield and market interest rate



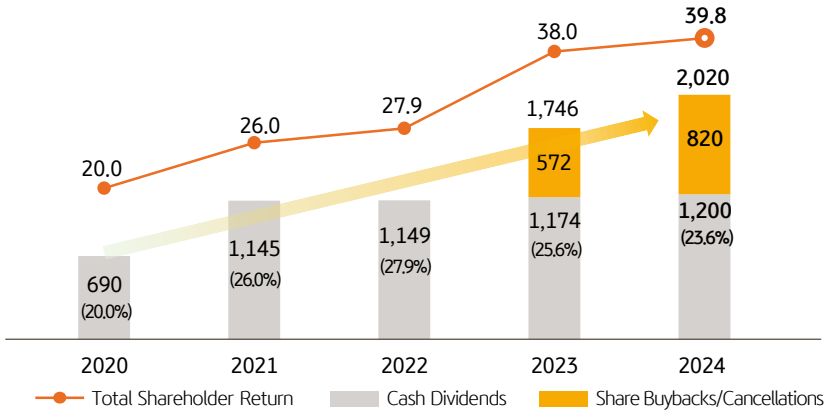

## Book-value Per Share (BPS) & Tangible Book-value Per Share (TBPS) (KRW)

- Continually monitor growth trend of intrinsic share value




## Total Shareholder Return (KRW bn., %)

- Drive higher total shareholder return through 'Per-Share Value Growth'




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Note 1) TBPS (Tangible Book-value Per Share): A metric that measures per-share asset value based on tangible assets only, excluding intangible assets such as goodwill, thereby providing a more conservative assessment of book value.

❷ Reinforcement of the Group's Fundamentals and Management of Capital Ratios

# Maintaining Stable Level of Capital Adequacy with RoRWA-centric Mgmt. System

## Establishing a balance between sustainable growth and shareholder returns

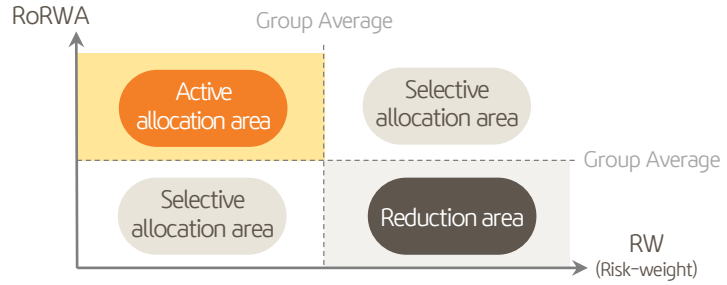
- Paradigm shift from absolute asset size growth to 'Per-Share Value Growth'
  → Manage RWA growth at a balanced point that enables sustainable growth and shareholder return capacity
- Despite uncontrollable external factors of RWA such as exchange rates, interest rates and market conditions,
  → Apply rigorous RWA management to controllable areas
  - Align asset growth with system growth levels, such as nominal GDP growth, while managing RWA growth through capital-light strategies

## RoRWA Enhancement Plan

- Manage RWA at each subsidiary level + 'More granular Business unit-level'
  → Establish and settle 「Business unit-level RoRWA management system」
- Utilize the industry's leading non-banking portfolio to expand non-interest and non-banking income to 40% level of the Group's gross operating profit and net profit
- Enhance cost efficiency through the adoption of generative AI, and minimize recurring cost increases while investing efficiently in future growth areas

## Optimization of Capital Allocation

- Reallocation of capital within portfolio
  → Allocation of capital on businesses with high RoRWA and low RW
- Maintain capital allocation on strategic growth areas, considering mid-to long-term strategies




## Top-management compensation system linked to corporate value

- Key financial targets(ROE, RoRWA, capital ratio, etc.) serve as core performance indicators for top-management evaluations, with compensation linked to strengthen execution

[ Key metrics in performance evaluation ]

| | | Key Metrics |
|---|---|---|
| Performance based Compen-sation | Short-term incentive compensation | • ROE, RoRWA, Capital Ratio, CIR, etc. |
| | Long-term incentive compensation | • Relative TSR, EPS, etc. |

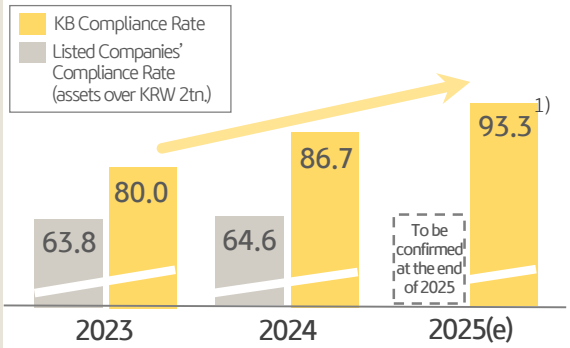
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# Demonstrate a leading role as a 'Market-Exemplary Corporate Model' contributing to the development of the nation and society

## ① Governance

- Strengthening independence of the Board and compliance rate of key corporate governance indicators in an effort to **set the model for corporate governance in Korea**

### [ Key Corporate Governance Indicators]




Note 1) Participated in AGM Date Dispersion Program in 2025

### [Board Independence & Diversity]_After 2025 AGM

- Chair → **Non-executive director** (77.8% of BoD)
- All committees under the Board, except the ESG Committee and Subsidiaries' Representative Director Nominating Committee, are comprised **solely of non-executive directors**
- Female non-executive directors → **42.9%**

### [Non-executive Director Appointment Process]

Continuously refining processes in compliance with the 'Best Practices in Governance for Banks and Bank Holding Companies'

## ② ESG

- Enhancing corporate value by improving non-financial performance through **reinforcement of the social role of finance** while boosting our financial performance at the same time

### [Social Contribution Strategies]

Goals by 2026

| Addressing the Low Birth Rate Issue | Empowering Future Generations | Job Support | Supporting Small Business Self-Reliance |
|---|---|---|---|
| Support for childcare/care facility recipients | Career, education, and financial literacy programs support | KB Good Job Program beneficiaries | Helping with SOHO business consulting programs |
| approx.52,000 recipients | approx.2 million recipients | approx.50,000 successful job placements | approx.70,000 cases |

※ Addressing the Low Birth Rate Issue (cumulative since 2018), Empowering Future Generations and Jon Support (cumulative since 2011), Supporting Small Business Self-Reliance (cumulative since 2016)

### [Climate Change Response]

| Goals by 2030 | Goals by 2040 | Goals by 2050 |
|---|---|---|
| ESG Finance | Operational Emissions (Scope 1&2) | Financed Emissions (Scope 3) |
| KRW 50 tn. | Net Zero | Net Zero |

- Received Grade AAA for 3 consecutive years from MSCI ESG Rating (First time among domestic financial companies)
- Included in DJSI World Index for 9 consecutive years

## ③ IR

- Operating various communication channels tailored to the specific needs of each stakeholder group, **mainly through the board of directors, CEO, and top management**

- **New Value-up Page**
  Centralize investor information on Group Website
  → Launched "Value-up Program Page" on the Group website
- **KB Investment Information Package**
  Key information packages to assist investors in decision making
  → Provided "Investor Kit" on the Group website
- **Value-up Online Briefing**
  Video briefing by the Group CEO on plans to enhance corporate value
  → Uploaded along with KB's Value-up Plan (Oct. '24)
- **Simultaneous Interpretation Service at Shareholder's Meeting**
  Provided simultaneous interpretation in English for international shareholders, both online and offline
  → Initiated since the AGM held in March 2025
- **Managements' Closer Engagement with Retail Investors**
  Dedicated communication channels for retail investors
  → Initiated an On-line Q&A Session (Feb. '25)
- **Strengthening of Domestic and International IR Activities**
  Increased the number of domestic and international NDRs and participations in conferences


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