

KB
LISTED
NYSE

국민의 평생
금융파트너

1Q18 Business Results

April, 2018

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Disclaimer Statement

1. The consolidated financial information of KB Financial Group Inc. (the “Group”) presented herein is based on the Korean International Financial Reporting Standards(K-IFRS). It is currently being reviewed by the Group’s independent auditor, and accordingly, is subject to change.
2. The consolidated financial information for 2018 presented herein is based on Korean IFRS9(K-IFRS9). Note that the financial results for previous years contained herein have not been restated retrospectively.
3. From 1Q18, for better peer comparison purpose, the Group reclassified certain interest income out of Net Gain/Loss on Financial Assets at FVPL under Other Operating Profit to Interest Income under Net Interest Income. Note that the financial results for 2017 contained herein have been restated retrospectively.
4. As Hyundai Securities became a wholly-owned subsidiary of the Group on October 19, 2016, the financial results of Hyundai Securities have been fully consolidated in the Group’s financial statements since 4Q16.
5. As KB Insurance and KB Capital became wholly-owned subsidiaries of the Group on July 7, 2017, the financial results of KB Insurance and KB Capital have been fully consolidated in the Group’s financial statements since 3Q17.
6. Totals may not sum due to rounding.

I. 1Q18 Financial Highlights – Overview

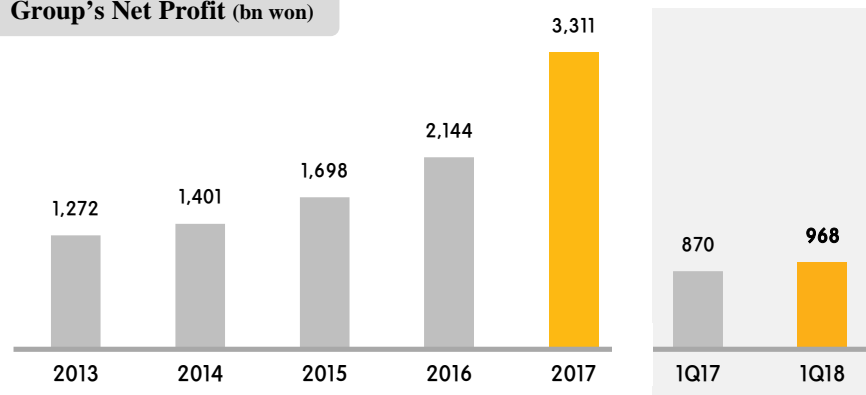
Group Profitability Overview

bn won, %	1Q18	1Q17	YoY	4Q17	QoQ
Net Interest Income	2,143.8	1,849.0	15.9	2,165.8	-1.0
Net Fee & Commission Income	628.9	520.6	20.8	527.9	19.1
Other Operating Profit	10.7	-60.7	N.A.	53.6	-80.0
Gross Operating Income	2,783.4	2,308.9	20.6	2,747.3	1.3
G&A Expenses	1,391.7	1,167.2	19.2	1,832.1	-24.0
Provision for Credit Losses	164.5	254.9	-35.5	68.3	140.8
Net Operating Profit	1,227.2	886.8	38.4	846.9	44.9
Net Non-Operating Profit	116.3	78.5	48.2	-120.2	N.A.
Profit for the Period	968.4	887.6	9.1	553.8	74.9
Profit attributable to controlling interests	968.2	870.1	11.3	553.7	74.9

Note 1) The financial results for 2018 is based on K-IFRS9

2) The financial results for 2017 have been restated in accordance with interest income reclassification in 1Q18
(Please see Disclaimer 3. on page 1)

Group's Net Profit (bn won)



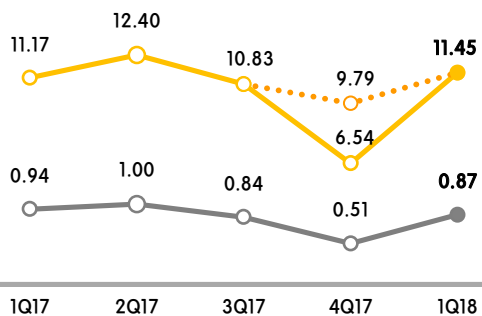
Note) Based on profit attributable to controlling interests

Highlights

- Group's Net Profit for 1Q18 increased by W98.1bn(11.3%) YoY to W968.2bn, mainly due to expanded Net Interest Income of the Bank, higher Fee & Commission Income from non-banking subsidiaries and consolidation effect from KB Insurance
- Group's Net Operating Profit for 1Q18 recorded W1,227.2bn, 38.4% up YoY, which is attributable to overall effort to enhance profitability and cost-efficiency of the Group and successful consolidation of KB Insurance
- Group's Net Interest Income for 1Q18 increased 15.9% YoY to W2,143.8bn on the back of solid loan growth mostly in corporate sector and NIM improvement of the Bank
- Group's Net Fee & Commission Income for 1Q18 also increased 20.8% YoY and 19.1% QoQ to W600bn level on quarterly basis, which is generally attributable to higher trust fee from the Bank and commissions received from the securities business
- Group's Other Operating Profit for 1Q18 decreased QoQ because of the absence of certain one off gain in 4Q17 and decreased insurance income, but significantly increased YoY due to consolidation effect from KB Insurance
- Group's G&A Expenses recorded W1,391.7bn, slightly up YoY due to KB Insurance consolidation. On a recurring basis, however, Group's cost efficiency has continuously improved
 - ※ CIR: FY2017) 51.8% → 1Q18) 49.6%
- Group's Provision for Credit Losses for 1Q18 recorded W164.5bn with 23bp of credit cost, which remain at a subnormal level even under IFRS9
- Group's Net Non-Operating Profit for 1Q18 recorded W116.3bn on the back of gains from sale of property, one of headquarter buildings of the Bank in Myeongdong
 - ※ One-off item for 1Q18
 - Gain on sale of the Bank's headquarter building: W115bn

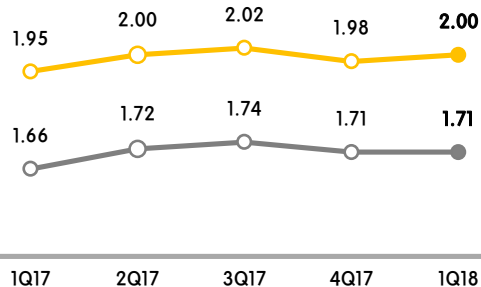
I. 1Q18 Financial Highlights – Key Financial Indicators

Group ROA, ROE (%)



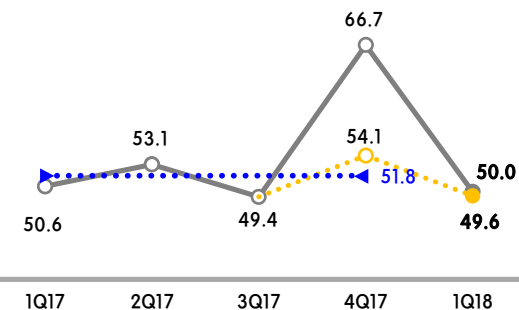
—○— ROA —○— ROE —○— ROE(Excl. non-recurring items)

NIM (%)



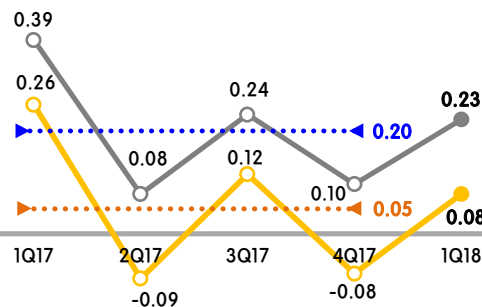
—○— Group —○— Bank

Group Cost-Income Ratio (CIR, %)



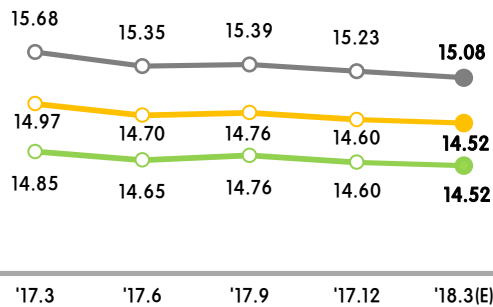
—○— CIR —○— CIR(Excl. non-recurring items)
 ▶—▶—▶ CIR(Cumulative, Excl. non-recurring items)

Credit Cost Ratio (%)



—○— Group —▶—▶—▶ Group(Cumulative)
 —○— Bank —▶—▶—▶ Bank(Cumulative)

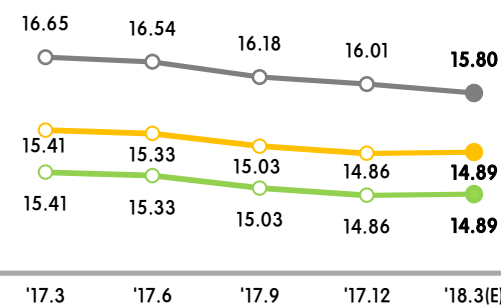
Group BIS Ratio (%)



—○— BIS —○— Tier1 —○— CET1

Note) Based on Basel III

Bank BIS Ratio (%)

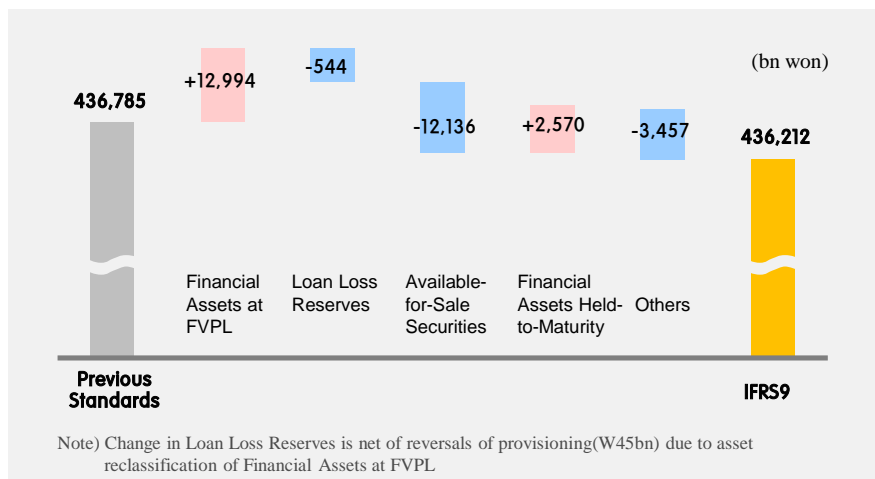


—○— BIS —○— Tier1 —○— CET1

Note) Based on Basel III

I. 1Q18 Financial Highlights – Financial Impact under IFRS9

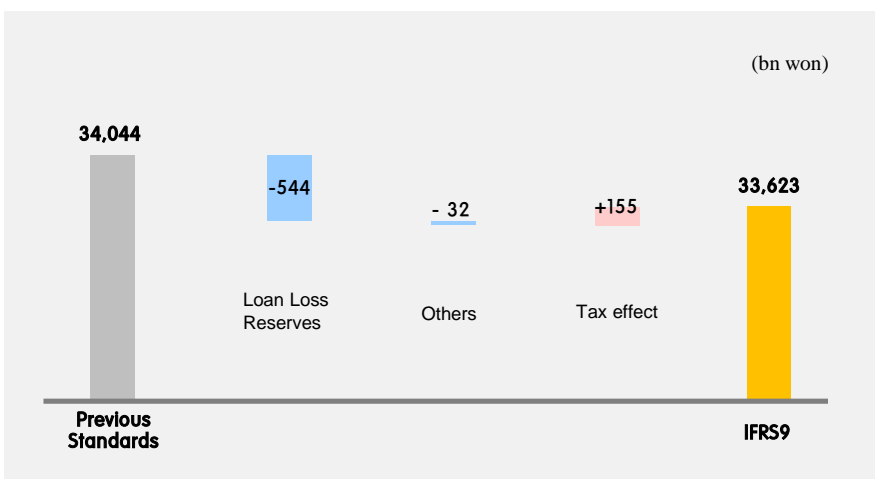
Changes in Total Assets (decreased by W573bn, 0.13%)



IFRS9 Opening Balance

bn won	Previous Standards	IFRS9	Gap
Financial Assets at FVPL	32,227	45,221	12,994
Loans (Loan Loss Reserves)	292,233	291,579	(654)
Available-for-Sale Securities at FVOCI	48,116	35,980	(12,136)
Financial Assets Held-to-Maturity	18,492	21,062	2,570
Others	45,717	42,370	(3,347)
Total Assets	436,785	436,212	(573)
Total Liabilities	402,741	402,589	(152)
Net Assets	34,044	33,623	(421)

Changes in Net Assets (decreased by W421bn, 1.24%)



Financial Impact under IFRS9

- As per beginning statements of financial condition under IFRS9 as of January 1, 2018, the Group's Total Assets and Net Assets decreased by W573bn(0.13%) and W421bn(1.24%) respectively, mainly due to increase in Loan Loss Reserves
- Upon reclassification of financial instruments under IFRS9, Financial Assets at FVPL and Financial Assets Held-to-Maturity increased by W12,994bn, W2,570bn, respectively. Meanwhile, Available-for-Sale Securities at FVOCI decreased by W12,136bn
- Increase of Financial Assets at FVPL may entail earnings volatility of the Group
- Under IFRS9, Loan Loss Reserves increased by W544bn as provisioning is projected on the basis of expected credit losses rather than incurred losses as in previous accounting standards. Out of W544bn, W289bn is from Koomin Bank and W206bn from KB Kookmin Card

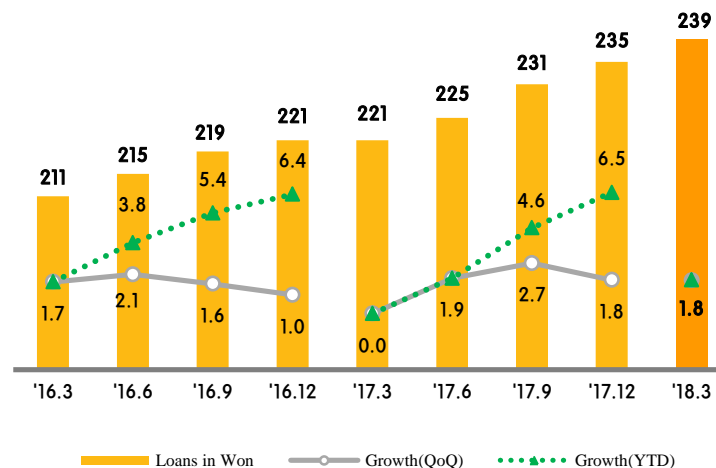
II. 1Q18 Financial Analysis – Net Interest Income

Group Net Interest Income

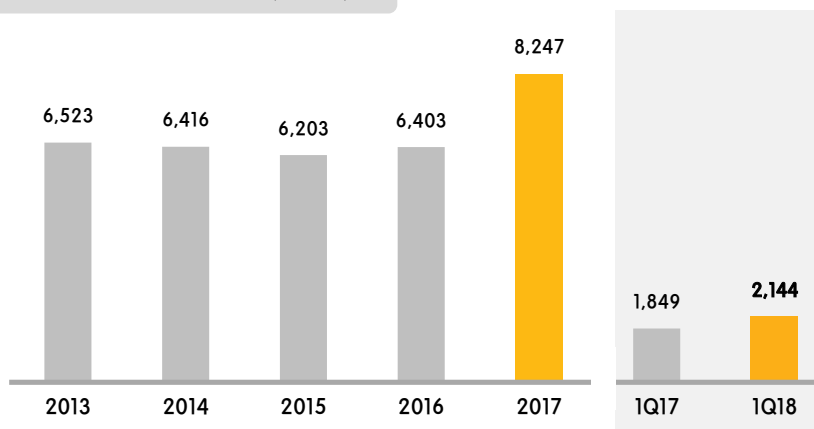
bn won, %	1Q18	1Q17	YoY	4Q17	QoQ
Interest Income	3,194.8	2,726.4	17.2	3,146.6	1.5
Loans	2,664.2	2,337.0	14.0	2,610.2	2.1
Financial Investments	476.1	340.9	39.7	472.5	0.8
Other	54.5	48.5	12.4	63.9	-14.7
Interest Expense	1,051.0	877.4	19.8	980.8	7.2
Deposits	655.7	579.7	13.1	611.2	7.3
Debts & Debentures	373.0	280.1	33.2	347.6	7.3
Other	22.3	17.6	26.7	22.0	1.4
Net Interest Income	2,143.8	1,849.0	15.9	2,165.8	-1.0

Note) The financial results for 2017 have been restated in accordance with interest income reclassification in 1Q18 (Please see Disclaimer 3. on page 1)

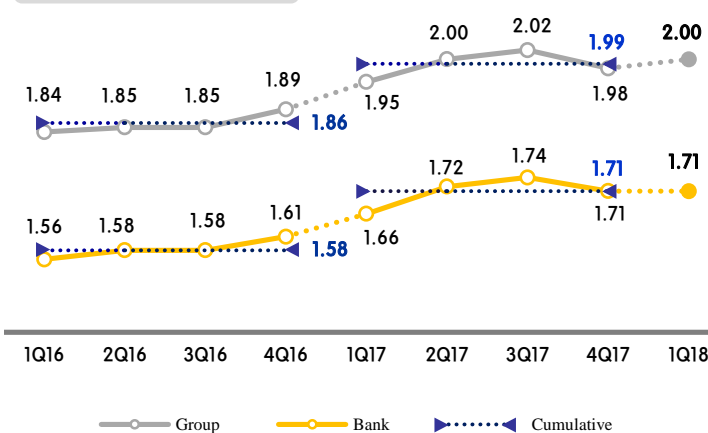
Loan Growth (tn won, %)



Net Interest Income (bn won)



NIM (%)



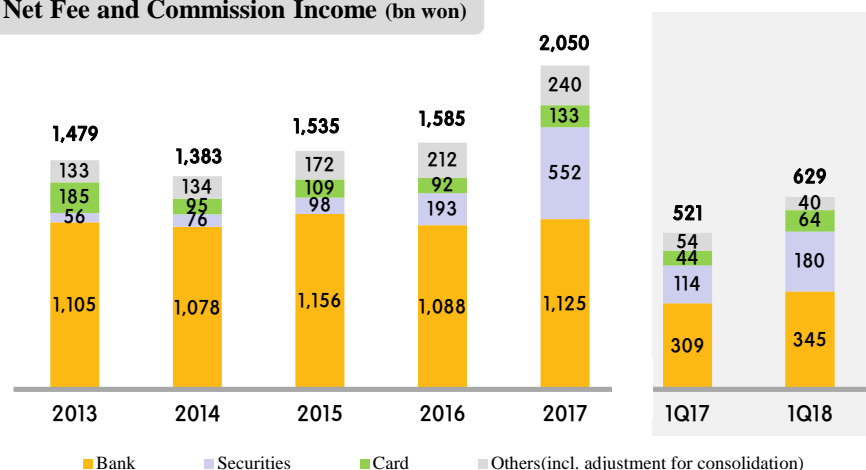
II. 1Q18 Financial Analysis – Non-Interest Income

Group Non-Interest Income

bn won, %	1Q18	1Q17	YoY	4Q17	QoQ
Net Fee and Commission Income	628.9	520.6	20.8	527.9	19.1
Credit Card Fees	112.2	109.9	2.1	73.2	53.3
Trusts	156.4	124.6	25.5	136.6	14.5
Agent Activity Fees (Incl. Bancassurance)	33.2	45.1	-26.4	32.9	0.9
Represent Securities (Incl. ITC Products)	57.9	42.5	36.2	54.0	7.2
Banking Activity Fees	51.0	45.5	12.1	48.2	5.8
Commissions Received on Securities Business	155.5	90.5	71.8	139.4	11.5
Other	62.7	62.5	0.3	43.6	43.8
Other Operating Income	10.7	-60.7	N.A.	53.6	-80.0
Net Non-Interest Income	639.6	459.9	39.1	581.5	10.0

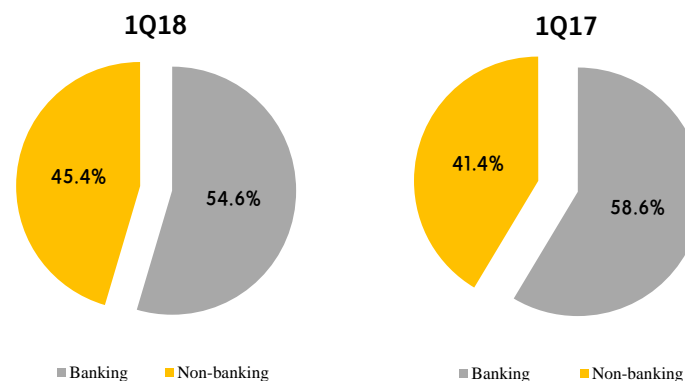
Note) The financial results for 2017 have been restated in accordance with interest income reclassification in 1Q18
(Please see Disclaimer 3. on page 1)

Net Fee and Commission Income (bn won)



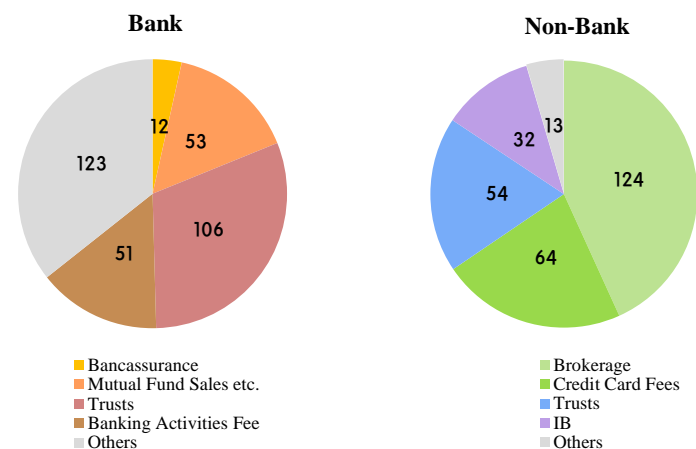
Note) Based on each subsidiary's Net Fee and Commission Income on the financial statements for group reporting

Net Fee and Commission Income Contribution



Note) Based on simple arithmetic sum of each subsidiary's Net Fee and Commission Income on the financial statements for group reporting

Composition of Net Fee and Commission Income (1Q18, bn won)



Note) Based on simple arithmetic sum of each subsidiary's Net Fee and Commission Income on the financial statements for group reporting

II. 1Q18 Financial Analysis – G&A Expenses, Provision for Loan Losses

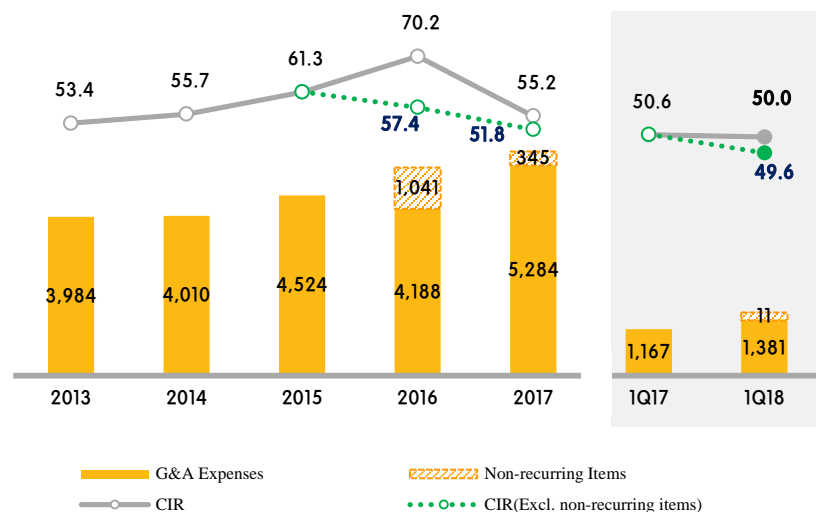
Group G&A Expenses

bn won, %	1Q18	1Q17	YoY	4Q17	QoQ
Employee Benefits	934.2	785.2	19.0	1,292.9	-27.7
Depreciation & Amortization	86.5	74.3	16.4	112.6	-23.2
Administrative Expenses	326.1	271.7	20.0	382.6	-14.8
Others	44.9	36.0	24.7	44.0	2.0
G&A Expenses	1,391.7	1,167.2	19.2	1,832.1	-24.0

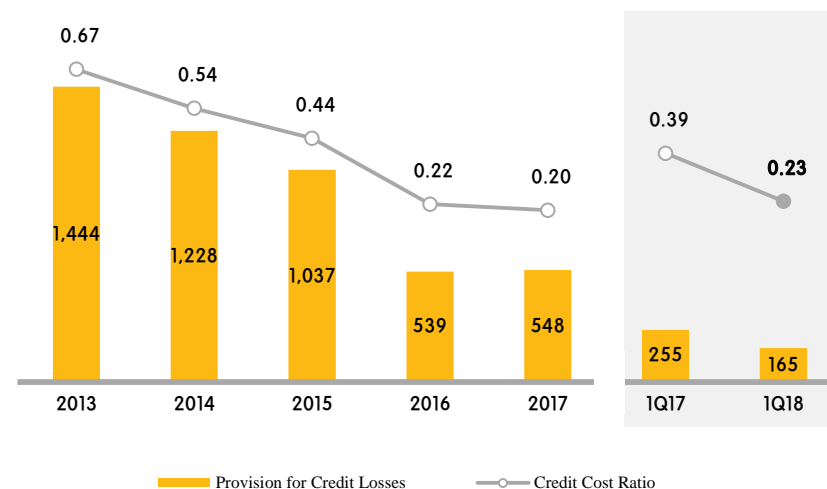
Group Provision for Credit Losses

bn won, %	1Q18	1Q17	YoY	4Q17	QoQ
Provision for Loan Losses	181.0	270.7	-33.1	77.4	133.9
Provision for Guarantees	-6.4	-10.0	N.A.	-2.5	N.A.
Provision for Unused Commitments	-9.9	-4.6	N.A.	-6.9	N.A.
Provision for Financial Guarantee Liabilities	-0.2	-1.2	N.A.	0.3	N.A.
Provision for Credit Losses	164.5	254.9	-35.5	68.3	140.8

G&A Expenses, CIR (bn won, %)



Provision for Credit Losses & Credit Cost Ratio (bn won, %)



Note) Non-recurring Items: one off items such as Early Retirement Program

II. 1Q18 Financial Analysis – Financial Position

Group Financial Position

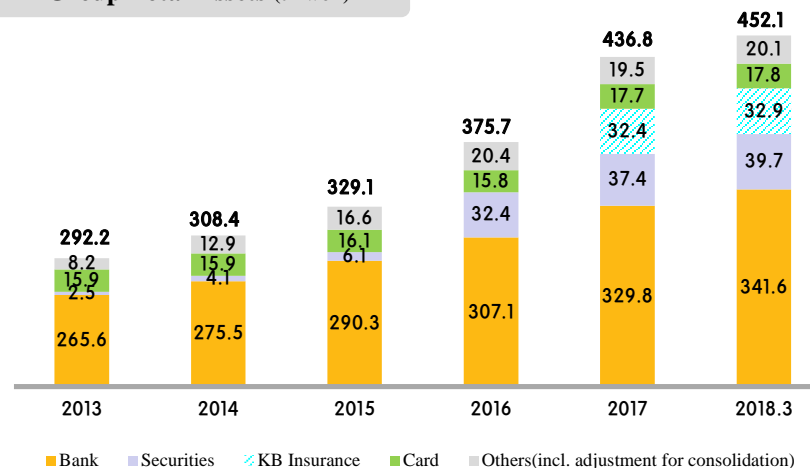
tn won, %	2018.3	2017.3	YoY	2017.12	YTD
Assets	452.1	380.9	18.7	436.8	3.5
Cash & Due from Financial Institutions	21.0	18.9	11.1	19.8	6.1
FVTPL ²⁾ Assets	48.5	28.2	72.0	32.2	50.6
Financial Investments	57.2	45.1	26.8	66.6	-14.1
Loans	295.3	267.5	10.4	290.1	1.8
Property & Equipment	5.0	4.3	16.3	5.1	-2.0
Other Assets	25.1	16.9	48.5	23.0	9.1
Liabilities	418.5	349.3	19.8	402.7	3.9
FVTPL ²⁾ Liabilities	12.7	11.4	11.4	12.0	5.8
Deposits	261.9	242.0	8.2	255.8	2.4
Debts	30.1	26.4	14.0	28.8	4.5
Debentures	47.4	35.3	34.3	45.0	5.3
Other Liabilities	66.4	34.2	94.2	61.1	8.7
Shareholders' Equity	33.6	31.6	6.3	34.1	-1.5
Share capital	2.1	2.1	0.0	2.1	0.0
Capital Surplus	17.1	17.0	0.6	17.1	0.0
Accumulated other Comprehensive income	0.1	0.4	-75.0	0.5	-80.0
Retained Earnings	15.2	12.6	20.6	15.1	0.7
Treasury shares	-0.9	-0.8	N.A.	-0.7	N.A.
Non-controlling interests	0.0	0.3	-100.0	0.0	0.0
Group Total Assets³⁾	696.7	601.2	15.9	672.0	3.7
AUM	244.5	222.5	9.9	234.9	4.1

Note 1) The financial results for 2018 is based on K-IFRS9

2) Fair Value Through Profit or Loss

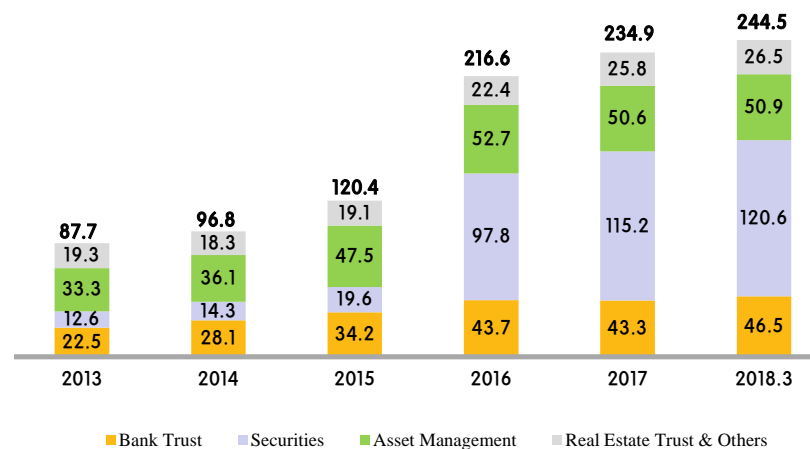
3) Based on simple arithmetic sum of each subsidiary's total assets on the financial statements for group reporting and AUM

Group Total Assets (tn won)



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

Group AUM (tn won)

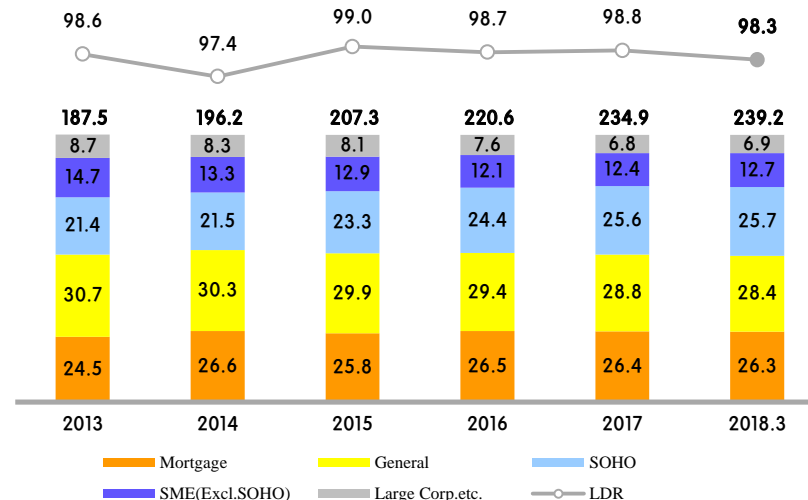


II. 1Q18 Financial Analysis – Assets & Liabilities

Bank Loans in Won

tn won, %	2018.3	2017.3	YoY	2017.12	YTD
Household	130.9	121.8	7.5	129.8	0.8
Mortgage	62.9	58.0	8.4	62.1	1.3
General	68.0	63.8	6.6	67.7	0.4
[Home Equity]	36.6	38.6	-5.2	37.8	-3.2
Corporate	108.3	98.8	9.6	105.1	3.0
SME	91.8	81.9	12.1	89.1	3.0
[SOHO]	61.5	54.5	12.8	60.1	2.3
Large Corp. etc.	16.5	16.9	-2.4	16.0	3.1
Total	239.2	220.6	8.4	234.9	1.8

Bank Loan Composition & Loan to Deposit Ratio (LDR, %)



Bank Deposits & Debentures in Won

tn won, %	2018.3	2017.3	YoY	2017.12	YTD
Deposits	243.5	225.7	7.9	238.1	2.3
Core Deposits	113.8	105.0	8.4	111.2	2.3
Time & Savings	126.7	117.6	7.7	123.0	3.0
[Time Deposits]	114.1	104.3	9.4	109.8	3.9
CD, RP, etc.	3.0	3.1	-3.2	3.9	-23.1
Debentures	16.2	11.1	45.9	15.3	5.9
Total	259.7	236.8	9.7	253.4	2.5

Card Assets

tn won, %	2018.3	2017.3	YoY	2017.12	YTD
Credit Card	15.7	14.1	11.3	15.2	3.3
Credit Sales	9.6	8.3	15.7	9.5	1.1
[Installments]	4.2	3.5	20.0	4.1	2.4
Card Loans	4.9	4.6	6.5	4.5	8.9
Cash Advance	1.2	1.2	0.0	1.2	0.0
Factoring, etc.	1.5	1.1	36.4	1.3	15.4
Total	17.2	15.2	13.2	16.5	4.2

III. 1Q18 Asset Quality – Group Overview

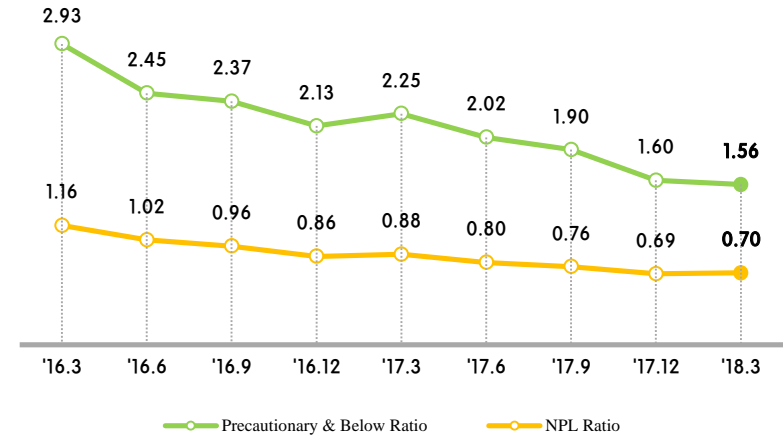
Group Asset Quality¹⁾

bn won, %	2018.3	2017.3	YoY	2017.12	YTD
Total Loans for NPL Classification	291,348.4	263,407.9	10.6	286,737.5	1.6
Precautionary	2,506.8	3,602.1	-30.4	2,592.7	-3.3
Substandard	706.0	1,017.2	-30.6	680.9	3.7
Doubtful	922.6	841.8	9.6	941.8	-2.0
Estimated Loss	402.4	460.6	-12.6	360.1	11.7
Substandard & Below Loans (NPL) (A)	2,031.0	2,319.5	-12.4	1,982.8	2.4
NPL Ratio	0.70%	0.88%	-0.18%p	0.69%	0.01%p
Loan Loss Reserves (B)	2,708.0	2,431.0	11.4	2,139.9	26.5
Reserve for Credit Losses ²⁾	2,203.4	2,161.3	1.9	2,513.8	-12.3
NPL Coverage Ratio (B/A)	133.3%	104.8%	28.5%p	107.9%	25.4%p

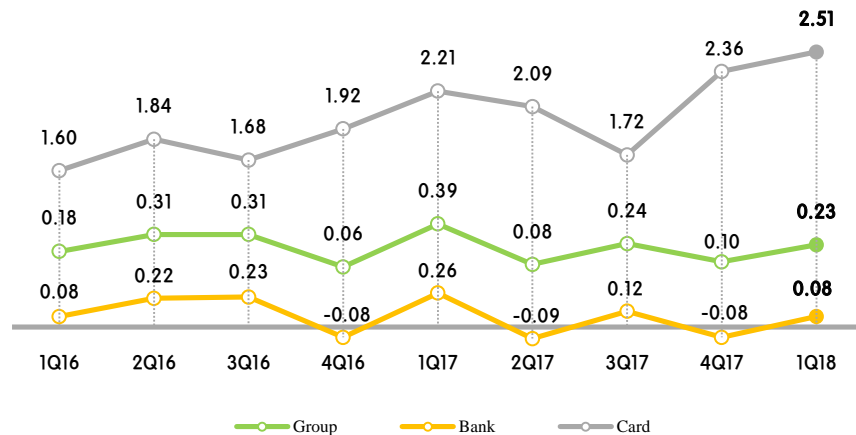
Note 1) Based on simple arithmetic sum of each subsidiary's figures

2) Excluding Reserve for Credit Losses for unused commitments, etc.

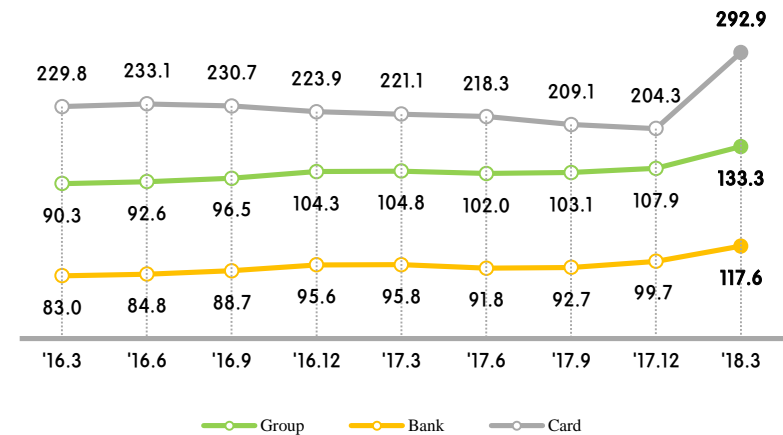
Precautionary & Below Ratio / NPL Ratio (%)



Credit Cost Ratio (%)



NPL Coverage Ratio (%)



III. 1Q18 Asset Quality – Bank & Card

Bank Asset Quality

bn won, %	2018.3	2017.3	YoY	2017.12	YTD
Total Loans for NPL Classification	253,214.4	234,604.4	7.9	249,361.5	1.5
Precautionary	1,349.3	2,220.2	-39.2	1,443.5	-6.5
Substandard	608.9	911.0	-33.2	592.1	2.8
Doubtful	600.0	604.2	-0.7	636.6	-5.7
Estimated Loss	266.5	305.7	-12.8	223.9	19.0
NPL Ratio	0.58%	0.78%	-0.20%p	0.58%	0.00%p
NPL Coverage Ratio	117.6%	95.8%	21.8%p	99.7%	17.9%p

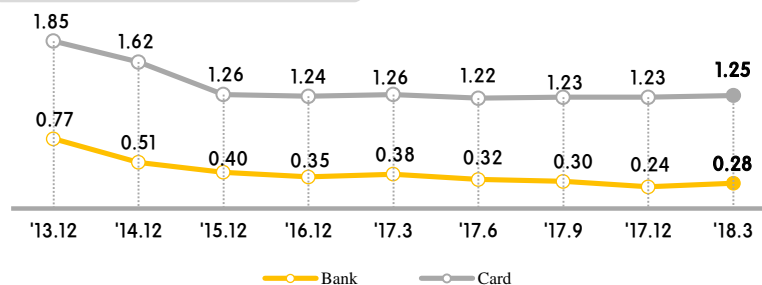
Card Asset Quality

bn won, %	2018.3	2017.3	YoY	2017.12	YTD
Total Loans for NPL Classification	17,158.6	15,241.2	12.6	16,534.8	3.8
Precautionary	723.9	703.8	2.9	733.8	-1.3
Substandard	2.6	3.0	-13.3	3.0	-13.3
Doubtful	197.0	158.3	24.4	187.4	5.1
Estimated Loss	40.2	43.8	-8.2	41.0	-2.0
NPL Ratio	1.40%	1.35%	0.05%p	1.40%	0.00%p
NPL Coverage Ratio	292.9%	221.1%	71.8%p	204.3%	88.6%p

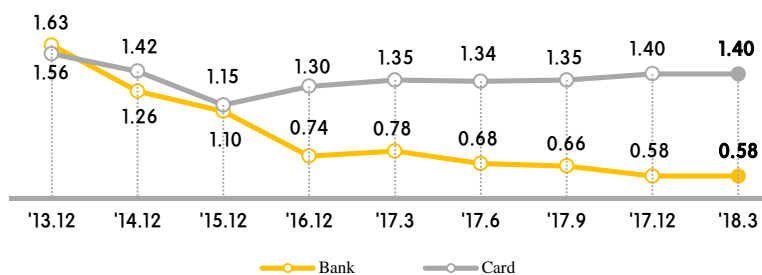
Bank & Card Provision for Loan Losses

bn won, %	1Q18	1Q17	YoY	4Q17	QoQ
Bank	47.9	154.6	-69.0	-46.7	N.A.
Household	33.1	31.5	5.1	38.7	-14.5
Corporate	14.8	123.1	-88.0	-85.4	N.A.
Card	105.5	83.0	27.1	97.1	8.7

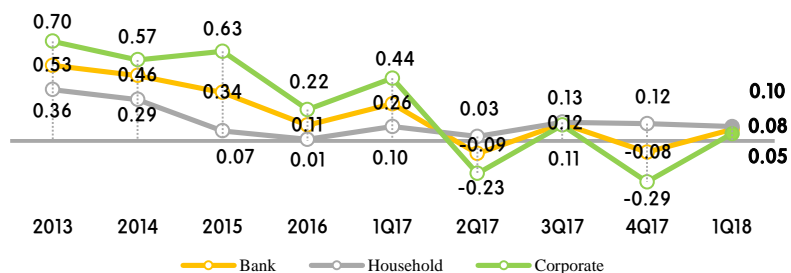
Delinquency Ratio (%)



NPL Ratio (%)



Bank Credit Cost Ratio (%)



IV. Appendix – Overview of Group Subsidiaries (1Q18)

bn won	Ownership	Total Assets	Shareholders' Equity	Profit for the Period	ROA	ROE
KB Kookmin Bank	100.0%	341,641.2	25,223.3	690.2	0.82%	10.92%
KB Securities	100.0%	39,738.1	4,349.5	78.8	0.82%	7.19%
KB Insurance	100.0%	32,918.2	3,218.4	94.8	1.16%	11.79%
KB Kookmin Card	100.0%	17,838.8	3,762.4	71.7	1.62%	7.35%
KB Life Insurance	100.0%	9,115.7	514.7	4.7	0.21%	3.57%
KB Asset Management	100.0%	191.5	117.8	11.4	23.21%	33.24%
KB Capital	100.0%	8,798.0	932.7	35.3	1.61%	15.16%
KB Savings Bank	100.0%	1,203.3	194.8	3.7	1.25%	7.54%
KB Real Estate Trust	100.0%	257.4	203.3	14.6	23.17%	29.01%
KB Investment	100.0%	371.4	139.5	0.2	0.22%	0.58%
KB Credit Information	100.0%	26.4	14.8	-0.4	N.A.	N.A.
KB Data Systems	100.0%	31.1	14.7	0.0	N.A.	N.A.

Note) Based on each subsidiary's financial statements for group reporting

IV. Appendix – Condensed Income Statement by Subsidiaries¹⁾

bn won	1Q18 Group								
		KB Kookmin Bank	KB Securities	KB Insurance	KB Kookmin Card	KB Life Insurance	KB Asset Management	KB Capital	Others ²⁾
Net Interest Income	2,143.8	1,465.3	123.8	145.6	284.0	46.9	0.4	77.2	0.6
Net Fee & Commission Income	628.9	345.4	180.3	-34.5	63.9	-3.1	26.3	28.7	21.9
Other Operating Profit	10.7	-118.2	-13.5	227.2	-26.0	-21.1	0.3	-19.8	-18.2
Gross Operating Income	2,783.4	1,692.5	290.6	338.3	321.9	22.7	27.0	86.1	4.3
G&A Expenses	1,391.7	847.4	177.8	206.2	112.3	15.8	12.3	20.9	-1.0
Provision for Credit Losses	164.5	30.9	0.3	2.8	108.3	-0.3	0.0	19.9	2.6
Net Operating Profit	1,227.2	814.2	112.5	129.3	101.3	7.2	14.7	45.3	2.7
Net Non-Operating Profit	116.3	124.2	-1.3	4.5	-2.7	0.0	-0.1	1.8	-10.1
Profit for the Period	968.4	690.2	78.9	94.9	71.7	4.7	11.4	35.4	-18.8
Profit attributable to controlling interests	968.2	690.2	78.8	94.8	71.7	4.7	11.4	35.3	-18.7

bn won	1Q17 Group								Others ²⁾
		KB Kookmin Bank	KB Securities	KB Kookmin Card	KB Life Insurance	KB Asset Management	KB Capital		
Net Interest Income	1,849.0	1,302.9	147.3	262.1	53.6	0.5	71.3	11.3	
Net Fee & Commission Income	520.6	309.1	114.4	44.0	-0.7	27.2	18.9	7.7	
Other Operating Profit	-60.7	9.2	-1.8	-13.5	-14.9	0.0	-12.4	-27.3	
Gross Operating Income	2,308.9	1,621.2	259.9	292.6	38.0	27.7	77.8	-8.3	
G&A Expenses	1,167.2	839.5	164.6	97.2	22.1	11.9	23.1	8.8	
Provision for Credit Losses	254.9	147.0	13.5	86.5	-0.3	0.3	6.9	1.0	
Net Operating Profit	886.8	634.7	81.8	108.9	16.2	15.5	47.8	-18.1	
Net Non-Operating Profit	78.5	37.5	5.6	-3.5	0.0	-0.1	-0.5	39.5	
Profit for the Period	887.6	663.5	63.8	83.3	12.9	12.0	36.4	15.7	
Profit attributable to controlling interests	870.1	663.5	63.8	83.3	12.9	12.0	36.5	-1.9	

Note 1) The financial results for 2018 is based on K-IFRS9

2) 'Others' includes financial results of the holding company, other subsidiaries and adjustment for consolidation