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1Q19 Business Results

April, 2019



Contents

- I. 1Q19 Financial Highlights
- II. 1Q19 Financial Analysis
- III. 1Q19 Asset Quality
- IV. Appendix

Disclaimer Statement

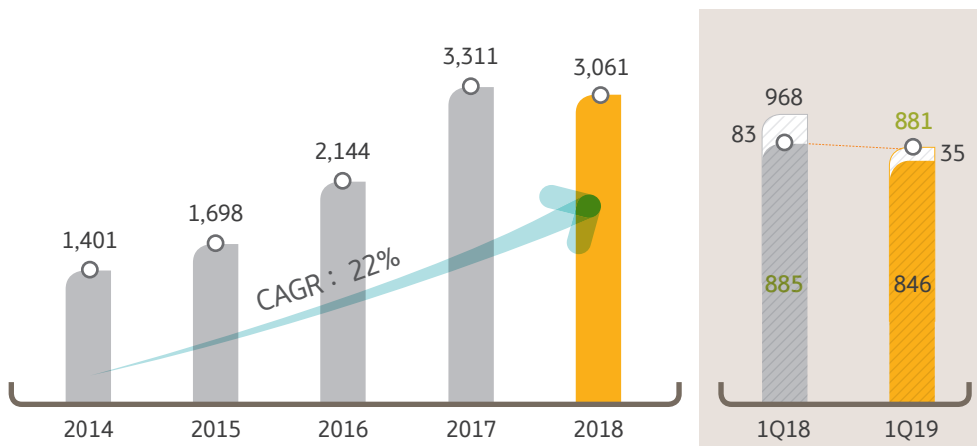
1. The consolidated financial information of KB Financial Group Inc. (the “Group”) presented herein is based on the Korean International Financial Reporting Standards(K-IFRS). It is currently being reviewed by the Group’s independent auditor, and accordingly, is subject to change.
2. The consolidated financial information presented herein is based on Korean IFRS9(K-IFRS9). Note that the financial results for years before 2017 contained herein have not been restated retrospectively.
3. From 2018, 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 beginning from the financial results for 2017 contained herein have been restated retrospectively.
4. 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.
5. Totals may not sum due to rounding.

1Q19 Financial Highlights(1)_ Overview

Group Profitability Overview

bn won, %	1Q19	1Q18	YoY	4Q18	QoQ
Net Interest Income	2,252.1	2,143.8	5.1	2,313.4	-2.6
Net Fee & Commission Income	550.6	628.9	-12.5	495.7	11.1
Other Operating Profit	62.1	10.7	480.4	-330.8	N.A.
Gross Operating Income	2,864.8	2,783.4	2.9	2,478.3	15.6
G&A Expenses	1,513.9	1,391.7	8.8	1,844.2	-17.9
Provision for Credit Losses	191.7	164.5	16.5	245.9	-22.0
Net Operating Profit	1,159.2	1,227.2	-5.5	388.2	198.6
Net Non-Operating Profit	6.7	116.3	-94.2	-62.0	N.A.
Profit for the Period	845.9	968.4	-12.6	192.7	339.0
Profit attributable to controlling interests	845.7	968.2	-12.7	192.4	339.6

Group's Net Profit¹⁾ (bn won)



Note 1) Based on profit attributable to controlling interests

2) Major non-recurring items

1Q18: Disposal gain of Kookmin Bank headquarter building (₩83bn)

1Q19: ERP costs (₩35bn)

Major non-recurring items²⁾

Highlights

Net Profit for 1Q19

₩845.7 bn
(-12.7% YoY)

Net Profit for 1Q19 recorded at ₩881bn when excluding non-recurring items such as disposal gain of the Bank's headquarter building and ERP costs

Gross Operating Income for 1Q19

₩2,864.8 bn
(+15.6% QoQ)

Increased by 15.6% QoQ with improved results in sales & trading and increased income from non-life insurance as well as increased Net Fee and Commission Income

Net Interest Income for 1Q19

₩2,252.1 bn
(+5.1% YoY)

Increased by 5.1% YoY mainly driven by the Bank's strong loan growth and improved interest income from other subsidiaries. Decreased marginally QoQ due to fewer number of business days

Net Fee & Commission Income for 1Q19

₩550.6 bn
(+11.1% QoQ)

Increased 11.1% QoQ despite the decrease in card merchant fees with improved earnings in trust and IB businesses

G&A Expenses for 1Q19

₩1,513.9 bn
(+8.8% YoY)

Increased 8.8% YoY due to recognition of some of the costs associated with ERP in 4Q18 as well as increased amortization costs

Credit Costs for 1Q19

0.21%
(0.05% Bank)

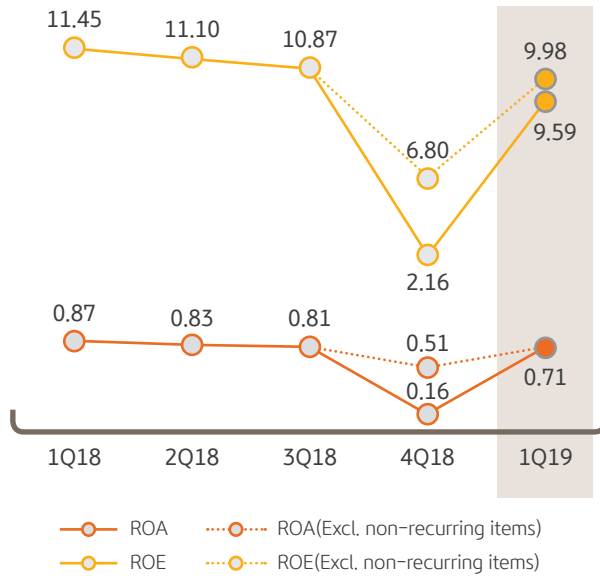
Credit cost recorded at 0.21% for the Group and 0.05% for the Bank, proving group-wide competency in asset quality and risk management

※ Non-recurring Items for 1Q19 (before tax)

·ERP costs ₩48bn

1Q19 Financial Highlights(2)_ Key Financial Indicators

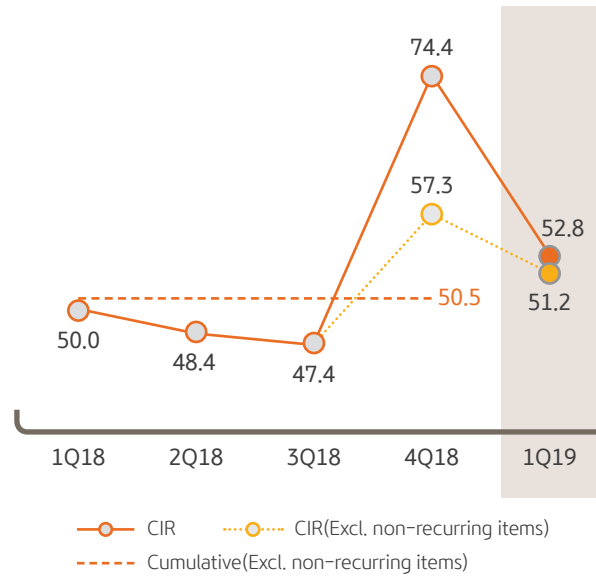
Group ROA, ROE (%)



Visible recovery of earnings fundamentals

- ROA and ROE for 1Q19 recorded 0.71%, 9.59% respectively
- 1Q19 ROE recorded at 9.98% on a recurring basis, excluding ERP costs
- The Group started to recover its earnings power with augmented results in sales & trading, better profitability in insurance business, and improvement in fee & commission

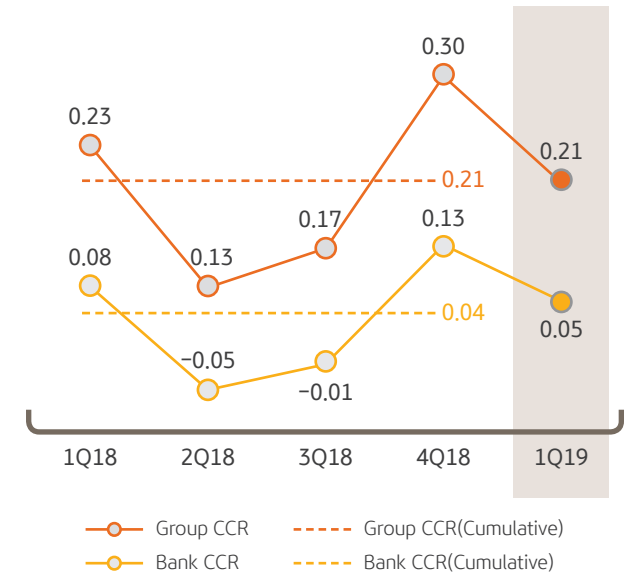
Group Cost-Income Ratio(CIR) (%)



Cost efficiency back at its recurring level

- CIR for 1Q19 recorded slightly higher than its recurring level at 52.8% with costs associated with last year's ERP and the seasonal contribution to employee welfare fund
- Excluding such ERP costs, CIR 1Q19 marked at 51.2%
- Recurring level of CIR is expected to improve based on cost savings from ERP and group-wide cost control efforts

Credit Cost Ratio(CCR) (%)

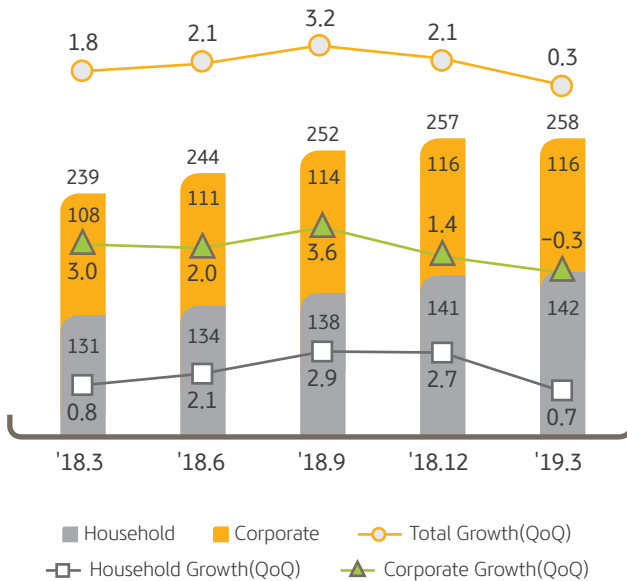


Quality growth and proven risk management competency

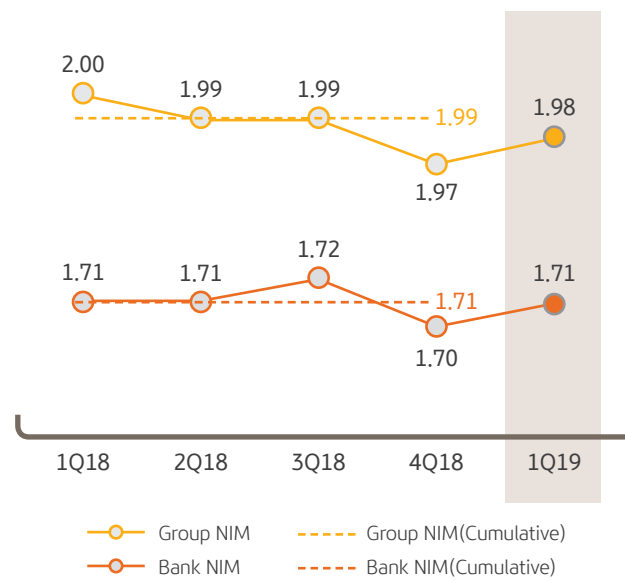
- Group's credit cost recorded at 0.21% maintaining a sub-normal level, and improved by 9bps from 4Q18 which had preemptive provisions
- Improvement in credit quality of loan portfolio and preemptive & conservative provisioning policy attributable to KB's competency in risk management
- 1Q19 Bank credit cost maintained at a low level at 0.05%

1Q19 Financial Highlights(3)_ Key Financial Indicators

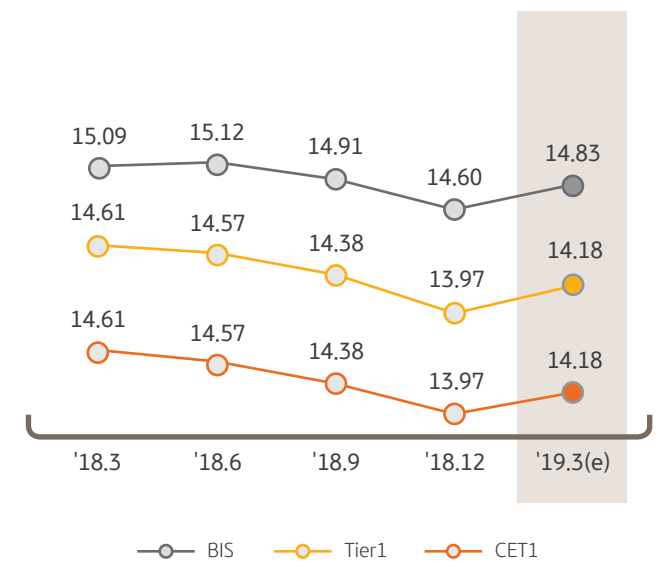
Loans in Won Growth (tn won, %)



NIM (%)



Group BIS Ratio (Based on Basel III, %)



Quality growth in low-risk & prime assets

- Loans in Won of the Bank reached to ₩258 tn, up 0.3% QoQ
- Household loans increased by 0.7%, driven by low-risk assets such as Jeonsae loans, while corporate loans, despite the continuing growth in prime SMEs, decreased by 0.3% QoQ due to increased repayments from large corporations
- KB intends to apply conservative credit policy, placing more value in soundness and profitability, while continuing robust growth in prime assets

Increased margins and growing non-interest income

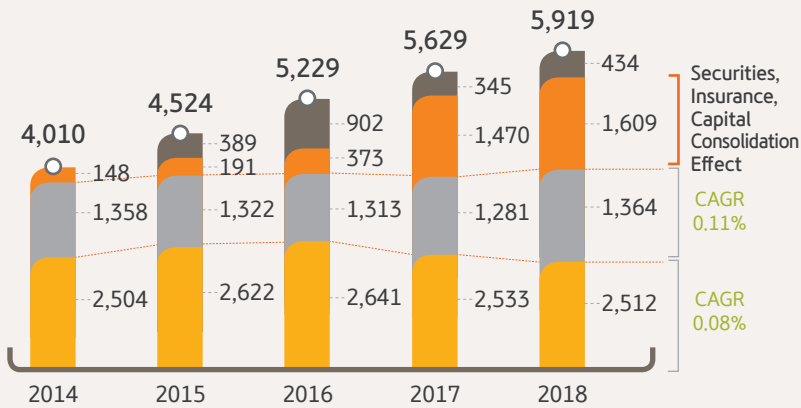
- Group and Bank NIM recorded 1.98%, 1.71% respectively, up by 1bp QoQ
- Slight increase in NIM mainly attributable to asset repricing effect as a result of increase in market rates as well as KB's effort to enhance overall asset yields
- KB aims to achieve more diversity in profit sources by continuing to expand its non-interest income sources while maintaining proper margins in lendings

The highest level of capital adequacy in the Korean financial industry

- Group BIS and CET1 ratios are expected to be 14.83% and 14.18% respectively as of the end of March 2019
- BIS ratio maintains the highest level of capital adequacy in the Korean financial industry and secures capital buffer in preparation for future risks from the potential economic downturn
- Bank BIS and CET1 ratios are expected to be 15.76%, 14.51% respectively as of the end of March 2019

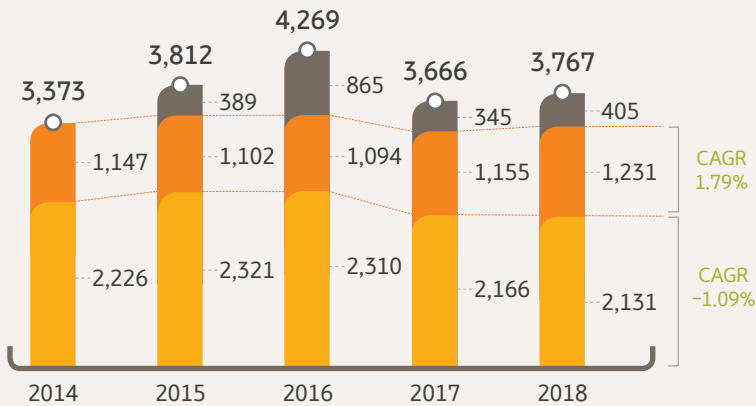
1Q19 Financial Highlights(4)_ Improved Cost Control & Sales Channels

Group G&A Expenses and Consolidation Effect of Subsidiaries (bn won)



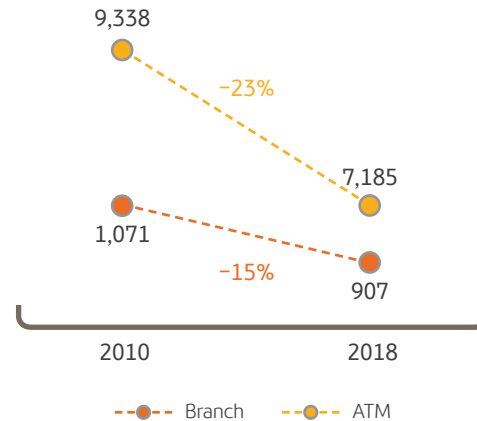
■ Employee Benefits(Excl. consolidation)
 ■ Securities, Insurance, Capital G&A Expenses
■ ERP Costs/Bonus Payouts
 ■ Other G&A Expenses(Excl. consolidation)

Bank G&A Expenses Control (bn won)



■ Employee Benefits
 ■ Other G&A Expenses
■ ERP Costs/Bonus Payouts

Slimmed-Down Bank Branches/ATMs



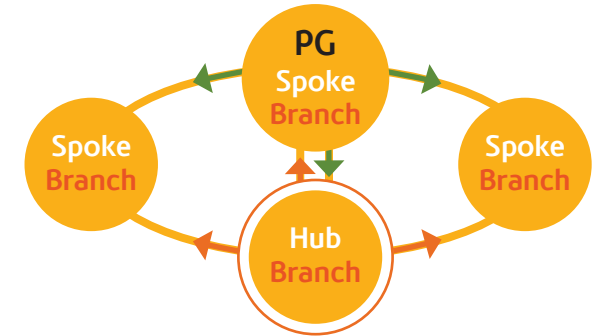
Multi-service Branch



- Two-way synergy achieved by offering both Bank and Securities services in a common branch
- Increased competency in individual and corporate wealth management

- Multi-service Branches are fast becoming a core area of business in contributing 75% of total revenue generated in referral sales
- A total of 67 WM Multi-service Branches in operation

Partnership Group(PG) / Hub & Spoke



- 138 Partnership Groups in Operation
 - Goals and achievements shared as one unit, increased efficiency in personnel management
 - Concentrations of sales in core areas such as Corporate Finance and Wealth Management
- Establishment of "Hubs" Dedicated to Corporate Finance
 - Efficiency achieved by concentration of manpower and sales force in Corporate Finance

Flexible Branch Service Hours



- Establishment of diversity and flexibility in service hours in response to the changing environment in banking and in better serving customer needs

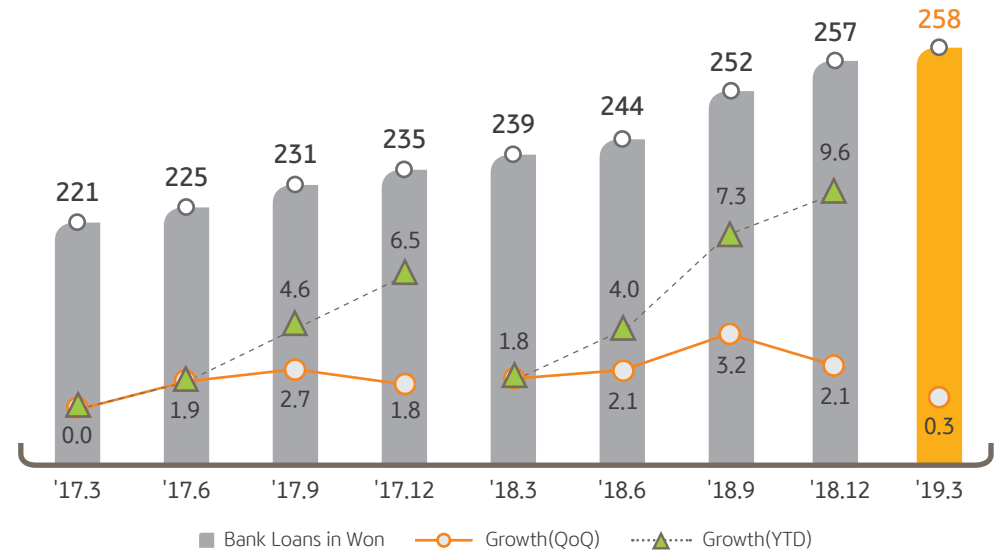
- 9 to 7 Bank and After Bank are two models currently in operation to expand marketing capability and continue to develop a sales network suited to the changing needs and demands of the banking industry
- A total of 44 branches with extended service hours in operation

1Q19 Financial Analysis_ Net Interest Income

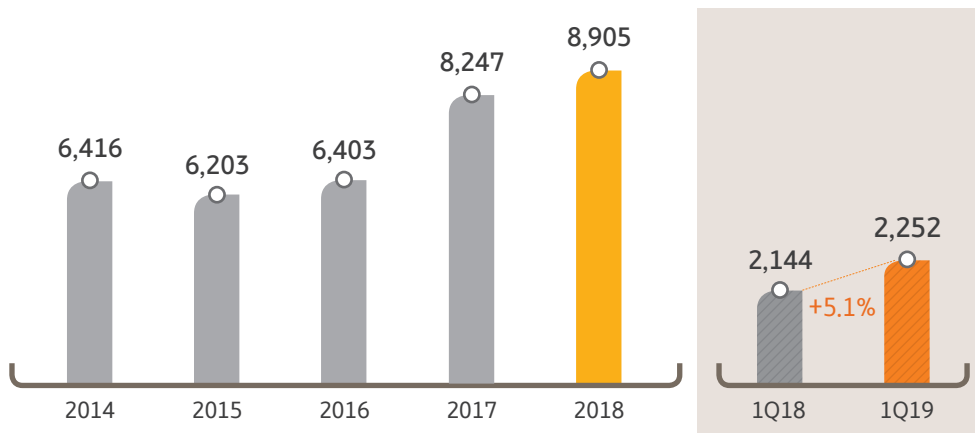
Group Net Interest Income

bn won, %	1Q19	1Q18	YoY	4Q18	QoQ
Interest Income	3,646.4	3,194.8	14.1	3,661.5	-0.4
Loans	3,069.3	2,664.2	15.2	3,061.9	0.2
Financial Investments	508.7	476.1	6.8	535.0	-4.9
Other	68.4	54.5	25.5	64.6	5.9
Interest Expense	1,394.3	1,051.0	32.7	1,348.1	3.4
Deposits	891.4	655.7	35.9	853.2	4.5
Debts & Debentures	471.0	373.0	26.3	470.6	0.1
Other	31.9	22.3	43.0	24.3	31.3
Net Interest Income	2,252.1	2,143.8	5.1	2,313.4	-2.6

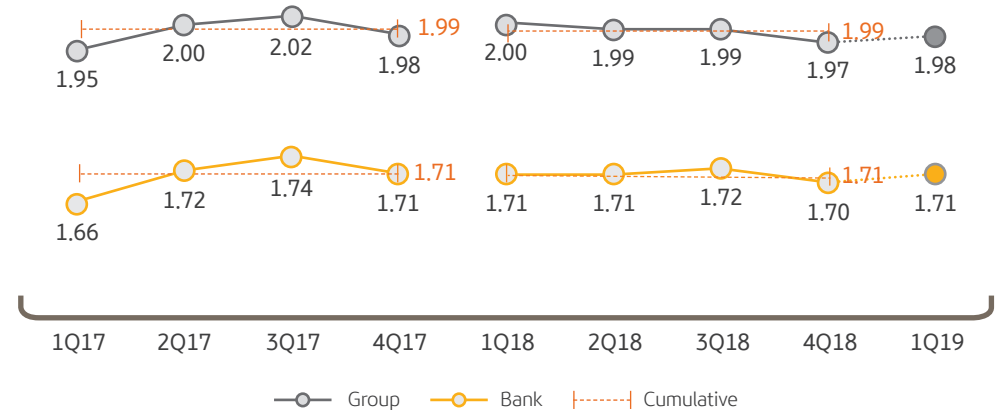
Loan Growth (tn won, %)



Net Interest Income (bn won)



NIM (%)

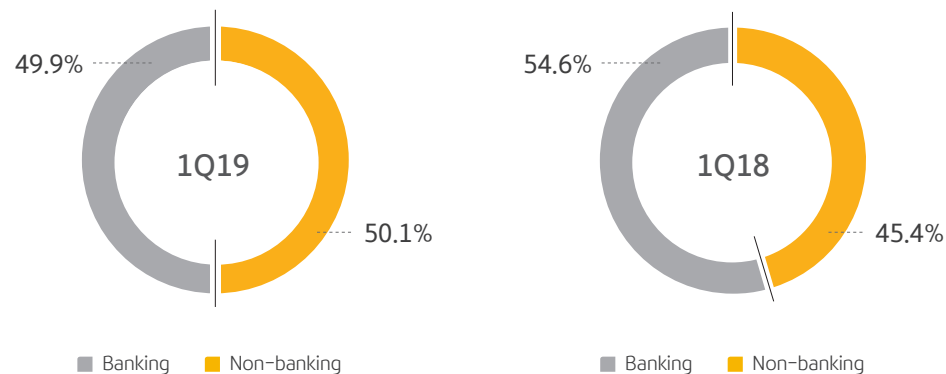


1Q19 Financial Analysis_ Net Non-Interest Income

Group Net Non-Interest Income

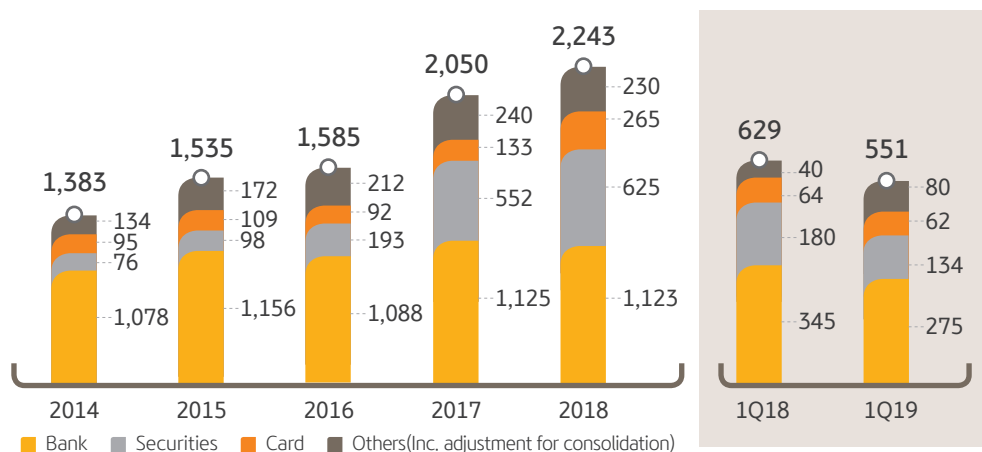
bn won, %	1Q19	1Q18	YoY	4Q18	QoQ
Net Fee & Commission Income	550.6	628.9	-12.5	495.7	11.1
Credit Card Fees	100.6	112.2	-10.3	127.5	-21.1
Trusts	129.5	156.4	-17.2	98.2	31.9
Agent Activity Fees (Incl. Bancassurance)	37.4	33.2	12.7	38.1	-1.8
Represent Securities (Incl. ITC Products)	34.8	57.9	-39.9	32.8	6.1
Banking Activity Fees	52.8	51.0	3.5	53.9	-2.0
Commissions Received on Securities Business	99.9	155.5	-35.8	93.4	7.0
Other	95.6	62.7	52.5	51.8	84.6
Other Operating Income	62.1	10.7	480.4	-330.8	N.A.
Net Non-Interest Income	612.7	639.6	-4.2	164.9	271.6

Net Fee & Commission Income Contribution



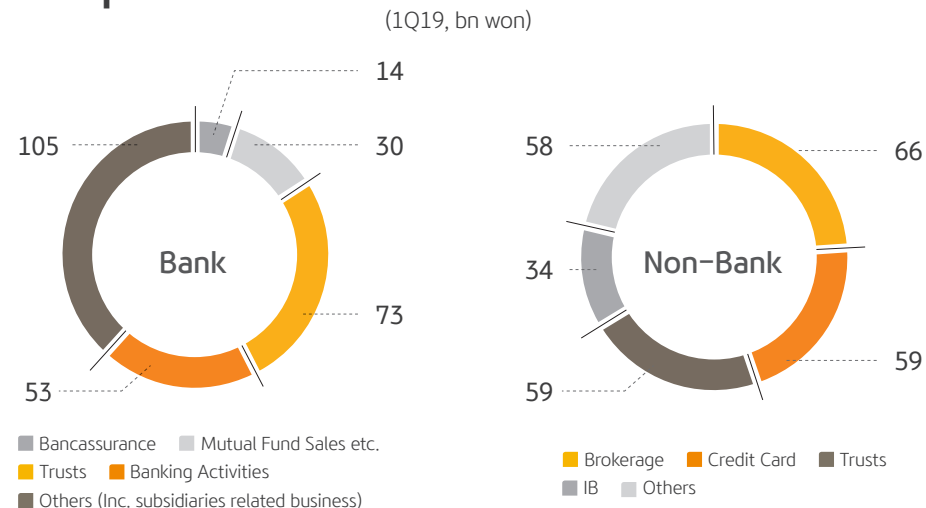
Note) Based on simple arithmetic sum of each subsidiary's Net Fee & Commission Income on the financial statements for group reporting

Net Fee & Commission Income (bn won)



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

Composition of Net Fee & Commission Income



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

1Q19 Financial Analysis_ G&A Expenses & Provision for Credit Losses

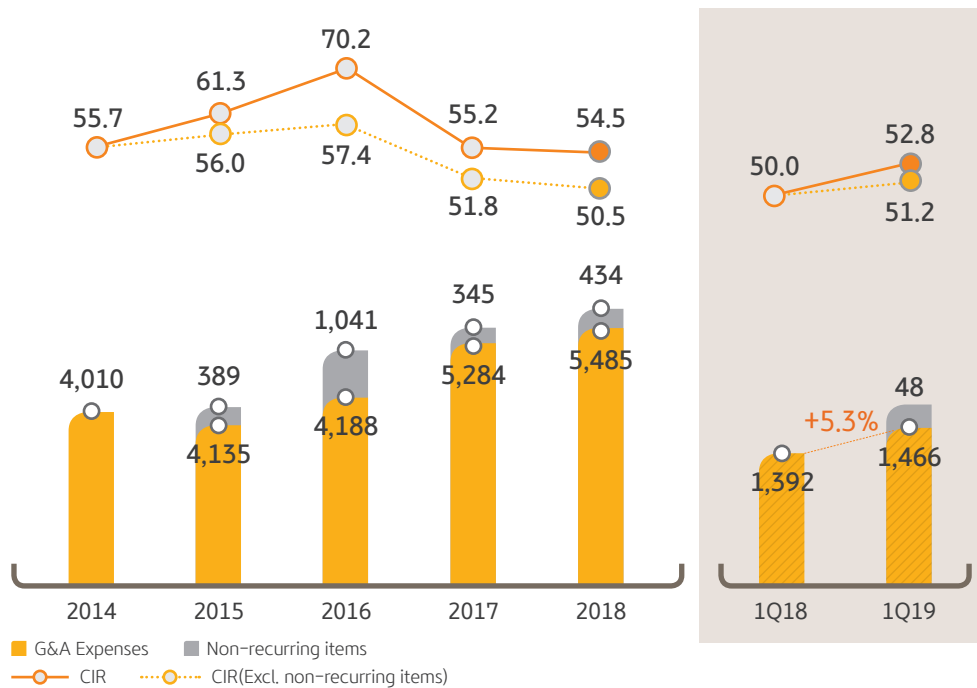
Group G&A Expenses

bn won, %	1Q19	1Q18	YoY	4Q18	QoQ
Employee Benefits	993.3	934.2	6.3	1,249.9	-20.5
Depreciation & Amortization	177.4	86.5	105.1	129.0	37.5
Administrative Expenses	292.9	326.1	-10.2	416.5	-29.7
Others	50.3	44.9	12.0	48.8	3.1
G&A Expenses	1,513.9	1,391.7	8.8	1,844.2	-17.9

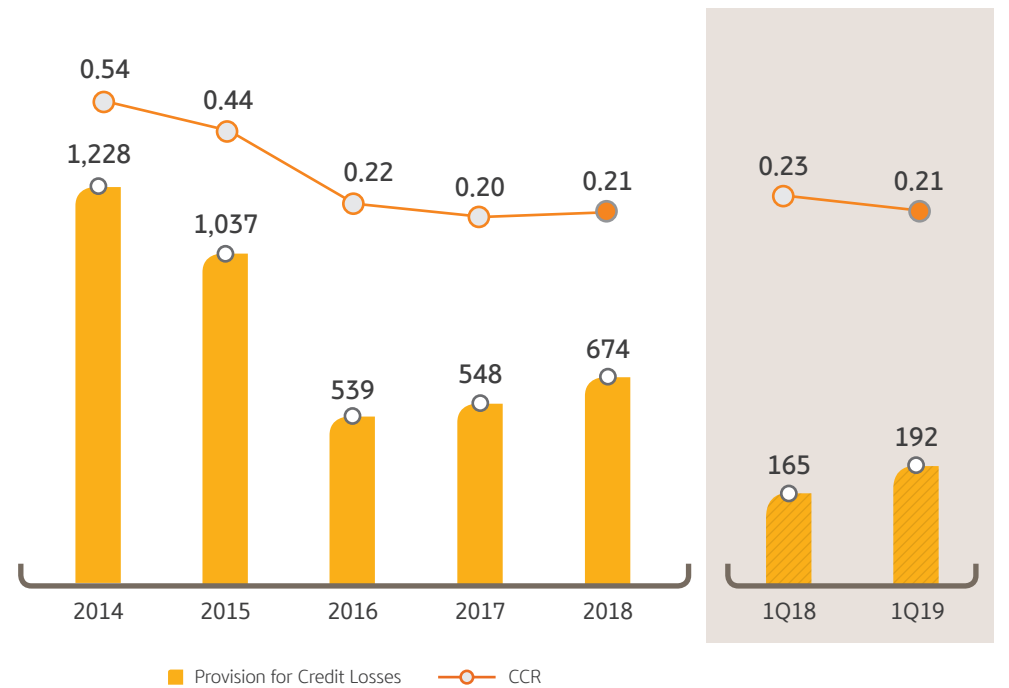
Group Provision for Credit Losses

bn won, %	1Q19	1Q18	YoY	4Q18	QoQ
Provision for Loan Losses	156.5	181.0	-13.5	243.8	-35.8
Provision for Guarantees	18.3	-6.4	N.A.	-2.6	N.A.
Provision for Unused Commitments	5.1	-9.9	N.A.	4.0	27.5
Provision for Financial Guarantee Liabilities	11.8	-0.2	N.A.	0.7	1,585.7
Provision for Credit Losses	191.7	164.5	16.5	245.9	-22.0

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



Provision for Credit Losses & CCR (bn won, %)



Note) Non-recurring items such as ERP costs, bonus payouts, etc.

1Q19 Financial Analysis_ Financial Position Overview

Group Financial Position

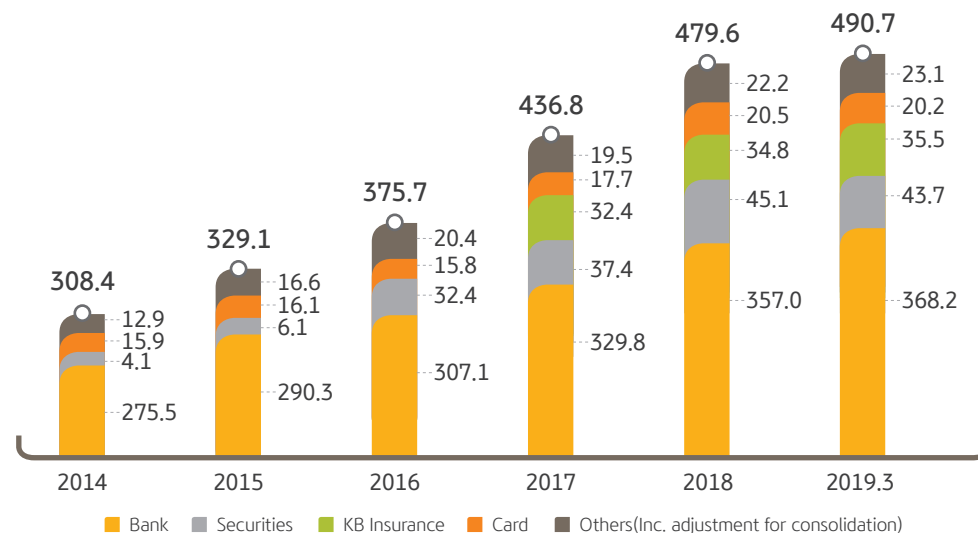
tn won, %	2019.3	2018.3	YoY	2018.12	YTD
Assets	490.7	451.6	8.7	479.6	2.3
Cash & Due from Financial Institutions	19.2	21.0	-8.6	20.3	-5.4
FVTPL ¹⁾ Assets	49.5	48.5	2.1	51.0	-2.9
Financial Investments	64.7	57.2	13.1	61.7	4.9
Loans	320.9	295.3	8.7	319.2	0.5
Tangible Assets	7.0	5.0	40.0	6.4	9.4
Other Assets	29.4	24.6	19.5	21.0	40.0
Liabilities	454.9	418.0	8.8	443.9	2.5
FVTPL ¹⁾ Liabilities	16.4	12.7	29.1	15.3	7.2
Deposits	282.7	261.9	7.9	276.8	2.1
Debts	31.0	30.1	3.0	33.0	-6.1
Debentures	51.7	47.4	9.1	53.3	-3.0
Other Liabilities	73.1	65.9	10.9	65.5	11.6
Shareholders' Equity	35.8	33.6	6.5	35.7	0.3
Share Capital	2.1	2.1	0.0	2.1	0.0
Capital Surplus	17.1	17.1	0.0	17.1	0.0
Accumulated Other Comprehensive Income	0.4	0.1	300.0	0.2	100.0
Retained Earnings	17.3	15.2	13.8	17.3	0.0
Treasury Shares	-1.1	-0.9	N.A.	-1.0	N.A.
Non-Controlling Interests	0.0	0.0	0.0	0.0	N.A.
Group Total Assets²⁾	744.8	696.7	6.9	731.8	1.8
AUM ³⁾	255.0	244.5	4.3	252.7	0.9

Note 1) Fair Value Through Profit or Loss

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

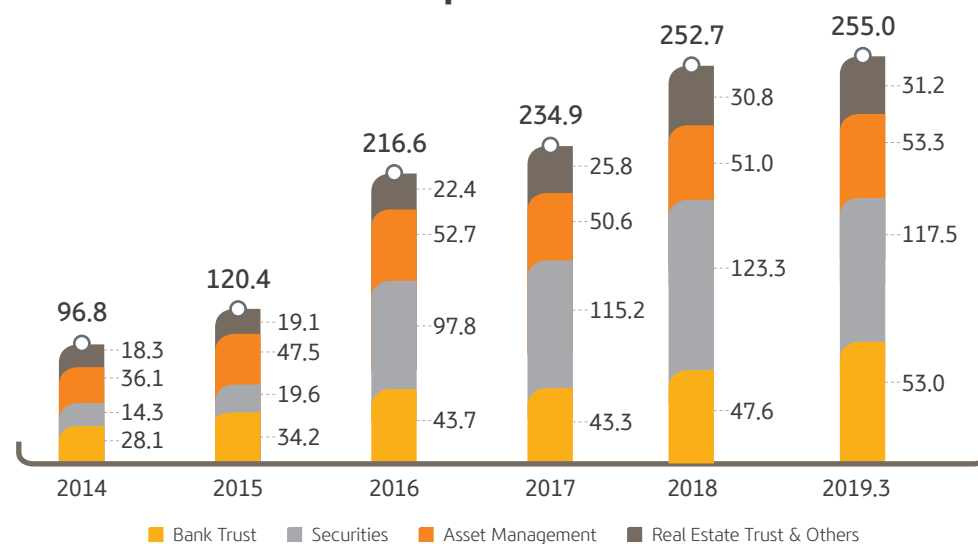
3) Including the Bank's trust asset not subject to group reporting

Group Assets (tn won)



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

Group AUM (tn won)



II. 1Q19 Financial Analysis_ Assets & Liabilities

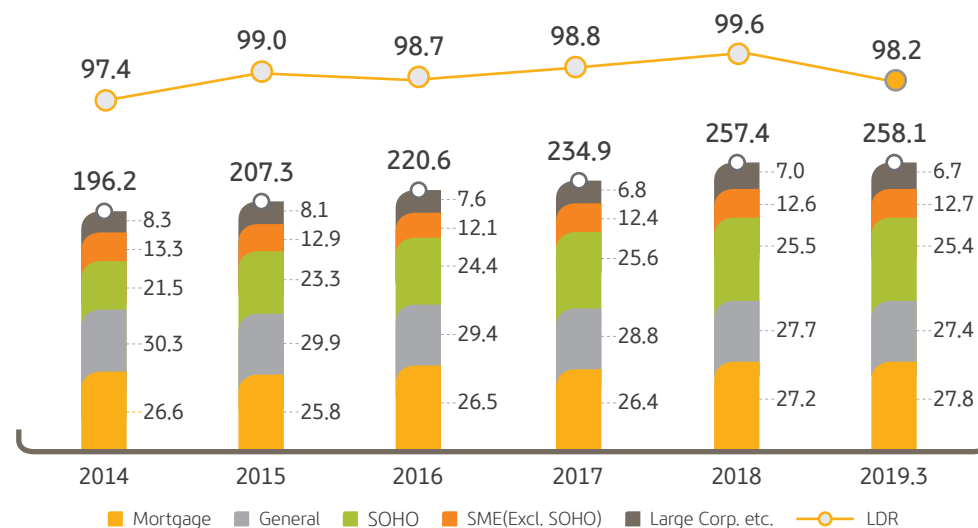
Bank Loans in Won

tn won, %	2019.3	2018.3	YoY	2018.12	YTD
Household	142.3	130.9	8.7	141.3	0.7
Mortgage	71.7	63.0	13.8	69.9	2.6
General	70.6	67.9	4.0	71.4	-1.1
[Home Equity]	33.6	36.6	-8.2	34.4	-2.3
Corporate	115.8	108.3	6.9	116.1	-0.3
SME	98.2	91.9	6.9	98.0	0.2
[SOHO]	65.5	61.5	6.5	65.6	-0.2
Large Corp. etc.	17.6	16.4	7.3	18.1	-2.8
Total	258.1	239.2	7.9	257.4	0.3

Bank Deposits & Debentures in Won

tn won, %	2019.3	2018.3	YoY	2018.12	YTD
Deposits	263.0	243.5	8.0	256.9	2.4
Core Deposits	115.7	113.8	1.7	112.8	2.6
Time & Savings	142.8	126.7	12.7	140.6	1.6
[Time Deposits]	130.0	114.1	13.9	127.4	2.0
CD, RP, etc.	4.5	3.0	50.0	3.5	28.6
Debentures	16.2	16.2	0.0	17.8	-9.0
Total	279.2	259.7	7.5	274.7	1.6

Loan Portfolio & LDR (tn won, %)



Card Assets

tn won, %	2019.3	2018.3	YoY	2018.12	YTD
Credit Card	16.9	15.7	7.6	17.3	-2.3
Credit Sales	10.7	9.6	11.5	11.1	-3.6
[Installments]	4.7	4.2	11.9	4.8	-2.1
Card Loans	5.0	4.8	4.2	4.9	2.0
Cash Advance	1.2	1.2	0.0	1.3	-7.7
Factoring, etc.	2.4	1.5	60.0	2.2	9.1
Total	19.3	17.2	12.2	19.5	-1.0

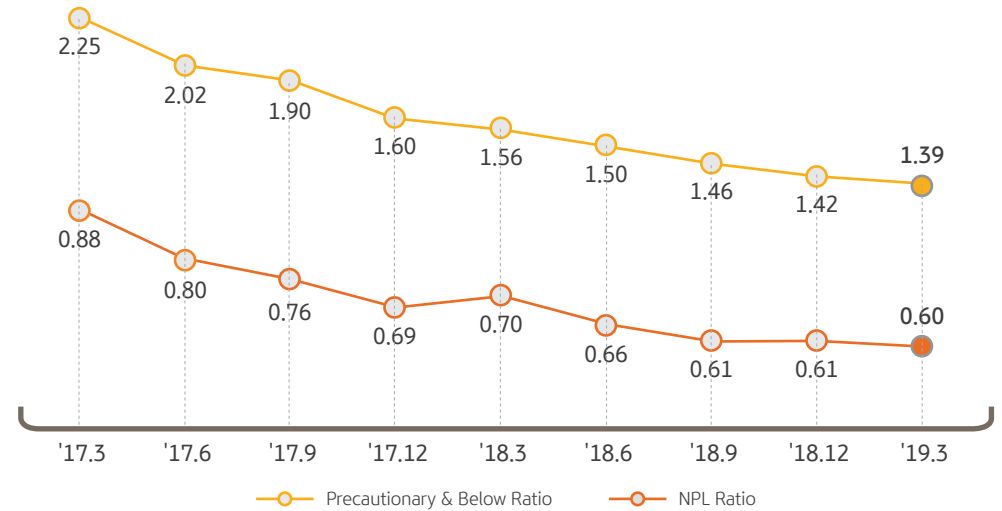
1Q19 Asset Quality_Group Overview

Group Asset Quality¹⁾

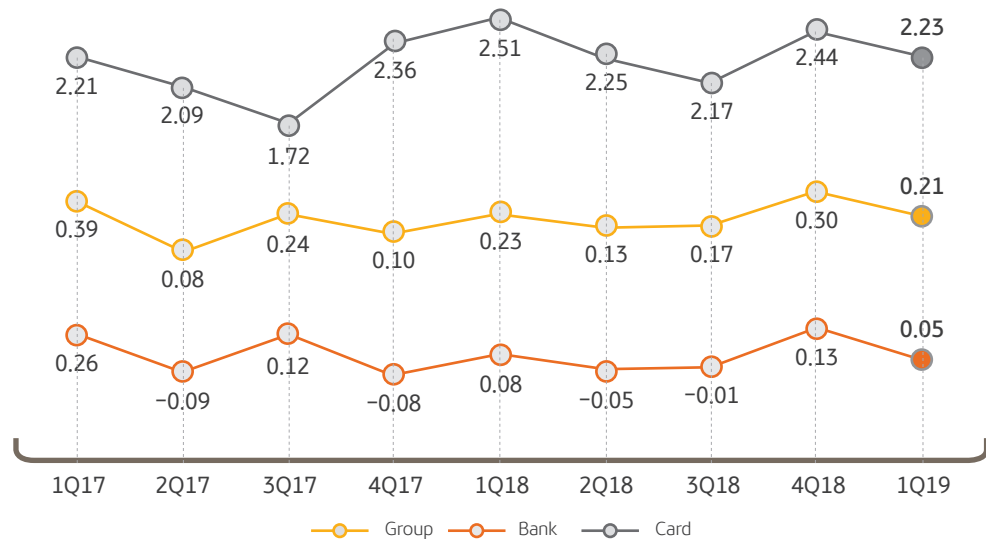
bn won, %	2019.3	2018.3	YoY	2018.12	YTD
Total Loans for NPL Classification	316,993.3	291,348.4	8.8	316,736.9	0.1
Precautionary	2,494.6	2,506.8	-0.5	2,591.5	-3.7
Substandard	722.9	706.0	2.4	694.9	4.0
Doubtful	843.1	922.6	-8.6	882.2	-4.4
Estimated Loss	343.8	402.4	-14.6	343.3	0.1
Substandard & Below Loans (NPL)(A)	1,909.8	2,031.0	-6.0	1,920.4	-0.6
NPL Ratio	0.60%	0.70%	-0.10%p	0.61%	-0.01%p
Loan Loss Reserves (B)	2,640.0	2,708.0	-2.5	2,667.6	-1.0
NPL Coverage Ratio (B/A)	138.2%	133.3%	4.9%p	138.9%	-0.7%p

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

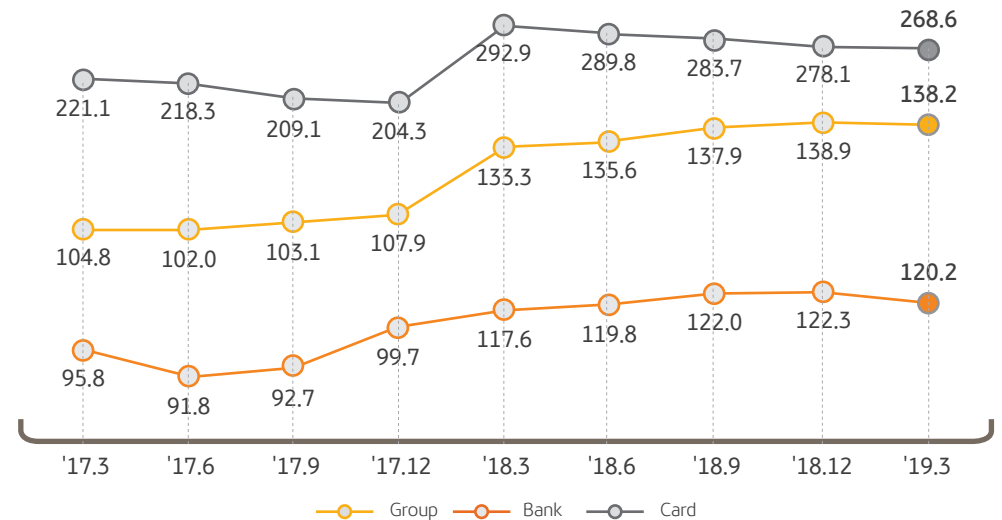
Precautionary & Below Ratio / NPL Ratio (%)



Credit Cost Ratio (%)



NPL Coverage Ratio (%)



1Q19 Asset Quality_Bank & Card

Bank Asset Quality

bn won, %	2019.3	2018.3	YoY	2018.12	YTD
Total Loans for NPL Classification	275,130.1	253,214.4	8.7	274,486.0	0.2
Precautionary	1,262.9	1,349.3	-6.4	1,245.7	1.4
Substandard	634.6	608.9	4.2	607.4	4.5
Doubtful	468.2	600.0	-22.0	505.5	-7.4
Estimated Loss	184.3	266.5	-30.8	194.7	-5.3
NPL Ratio	0.47%	0.58%	-0.11%p	0.48%	-0.01%p
NPL Coverage Ratio	120.2%	117.6%	2.6%p	122.3%	-2.1%p

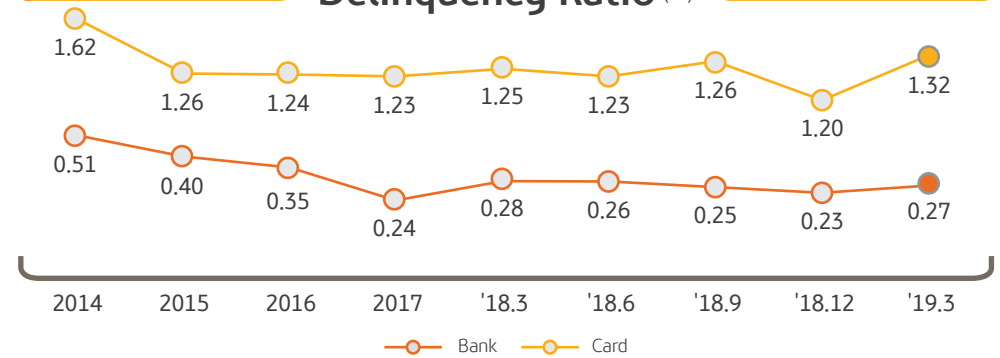
Card Asset Quality

bn won, %	2019.3	2018.3	YoY	2018.12	YTD
Total Loans for NPL Classification	19,286.8	17,158.6	12.4	19,499.6	-1.1
Precautionary	787.2	723.9	8.7	799.5	-1.5
Substandard	3.0	2.6	15.4	3.2	-6.3
Doubtful	231.5	197.0	17.5	217.5	6.4
Estimated Loss	46.9	40.2	16.7	48.6	-3.5
NPL Ratio	1.46%	1.40%	0.06%p	1.38%	0.08%p
NPL Coverage Ratio	268.6%	292.9%	-24.3%p	278.1%	-9.5%p

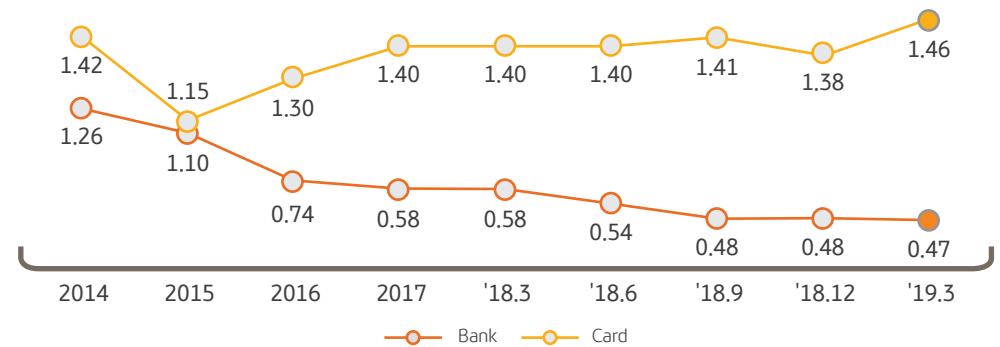
Provision for Loan Losses

bn won, %	1Q19	1Q18	YoY	4Q18	QoQ
Bank	35.7	47.9	-25.5	86.1	-58.5
Household	55.1	33.1	66.5	43.1	27.8
Corporate	-19.4	14.8	N.A.	43.0	N.A.
Card	108.1	105.5	2.5	114.8	-5.8

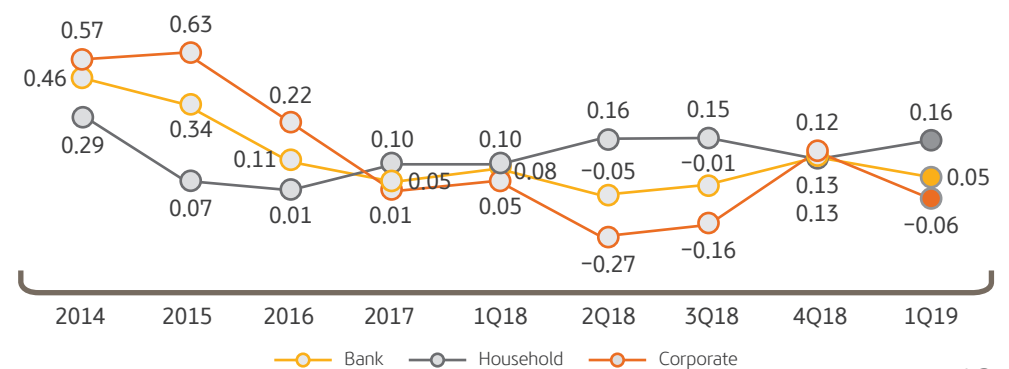
Delinquency Ratio (%)



NPL Ratio (%)



Bank Credit Cost Ratio (%)



IV. Appendix _ Overview of Group Subsidiaries¹⁾ (1Q19)

bn won	Ownership	Assets	Shareholders' Equity	Profit for the Period	ROA ²⁾	ROE ²⁾
KB Kookmin Bank	100.0%	368,232.4	26,645.9	572.8	0.64%	8.71%
KB Securities	100.0%	43,659.9	4,496.0	80.9	0.74%	7.32%
KB Insurance	100.0%	35,475.0	3,651.4	75.3	0.87%	8.56%
KB Kookmin Card	100.0%	20,212.0	3,830.8	78.0	1.55%	8.13%
KB Asset Management	100.0%	214.6	161.1	15.1	26.12%	39.78%
KB Capital	100.0%	9,685.3	1,079.9	32.4	1.39%	12.71%
KB Life Insurance	100.0%	9,904.4	583.2	9.1	0.38%	6.50%
KB Real Estate Trust	100.0%	327.0	247.3	16.1	21.06%	27.03%
KB Savings Bank	100.0%	1,340.6	201.6	4.9	1.46%	9.85%
KB Investment	100.0%	645.2	159.7	5.9	4.08%	15.26%
KB Data Systems	100.0%	36.9	17.8	1.4	14.73%	33.20%
KB Credit Information	100.0%	28.3	15.2	-0.1	N.A.	N.A.

Note 1) Based on each subsidiary's financial statements for group reporting 2) Annualized

IV. Appendix _ Condensed Income Statement by Subsidiaries

bn won	Group	1Q19							
		KB Kookmin Bank	KB Securities	KB Insurance	KB Kookmin Card	KB Asset Management	KB Capital	KB Life Insurance	Others ¹⁾
Net Interest Income	2,252.1	1,552.4	127.7	153.3	303.9	0.2	76.5	43.3	-5.2
Net Fee & Commission Income	550.6	274.8	134.4	-38.4	62.0	27.5	69.9	-3.1	23.5
Other Operating Profit	62.1	-26.4	16.4	181.2	-49.9	5.6	-49.8	-10.3	-4.7
Gross Operating Income	2,864.8	1,800.8	278.5	296.1	316.0	33.3	96.6	29.9	13.6
G&A Expenses	1,513.9	970.8	168.5	203.2	99.0	12.7	23.8	16.9	19.0
Provision for Credit Losses	191.7	54.4	1.2	-5.9	112.4	0.1	30.9	-0.2	-1.2
Net Operating Profit	1,159.2	775.6	108.8	98.8	104.6	20.5	41.9	13.2	-4.2
Net Non-Operating Profit	6.7	1.0	4.3	4.3	-1.4	-0.1	1.1	-0.1	-2.4
Profit for the Period	845.9	572.8	80.9	75.4	78.0	15.1	32.8	9.1	-18.2
Profit attributable to controlling interests	845.7	572.8	80.9	75.3	78.0	15.1	32.4	9.1	-17.9

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

Note 1) Includes financial results of the holding company, the other subsidiaries and adjustment for consolidation

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