



1Q17 Business Results

2017. 4. 20

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Disclaimer Statement

- 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.
- As Hyundai Securities became a wholly-owned subsidiary of the Group on October 19, 2016, the financial results of Hyundai Securities are consolidated in the Group’s financial statements from 4Q16.
- Totals may not sum due to rounding.

I . 1Q17 Financial Highlights – Overview

Group Profitability Overview

bn won, %	1Q17	1Q16	YoY	4Q16	QoQ
Net Interest Income	1,726.4	1,506.3	14.6	1,750.8	-1.4
Net Fee & Commission Income	520.6	368.2	41.4	476.9	9.2
Other Operating Profit	61.9	-33.8	N.A.	-422.9	N.A.
Gross Operating Income	2,308.9	1,840.7	25.4	1,804.8	27.9
G&A Expenses	1,167.2	1,053.8	10.8	2,110.7	-44.7
Provision for Credit Losses	254.9	119.0	114.2	31.5	709.2
Net Operating Profit	886.8	667.9	32.8	-337.4	N.A.
Net Non-Operating Profit	78.5	51.9	51.3	734.1	-89.3
Profit for the Period	887.6	554.2	60.2	463.2	91.6
Profit attributable to controlling interests	870.1	545.0	59.7	453.9	91.7

Profitability by Subsidiaries

bn won, %	1Q17	1Q16	YoY	4Q16	QoQ
KB Kookmin Bank	663.5	387.2	71.4	-200.7	N.A.
KB Securities	63.8	16.0	298.8	-133.5	N.A.
KB Kookmin Card	83.3	95.2	-12.5	81.7	2.0
KB Capital	36.5	19.2	90.1	19.2	90.1
Other Subsidiaries*	725.7	719.9	0.8	-24.0	N.A.
Adjustments	-702.7	-692.5	N.A.	711.2	N.A.
Group	870.1	545.0	59.7	453.9	91.7

Highlights

- Group's Net Profit for 1Q17 recorded ₩870.1 billion (+59.7% YoY) driven by higher interest income and fee & commission income
- Groups' Net Interest Income for 1Q17 increased 14.6% YoY driven by increased average loan balance and NIM improvement, but slightly declined QoQ despite the pick-up in NIM due to less operating days compared to previous quarter
- Group's Net Fee & Commission Income for 1Q17 is up 41.4% YoY, attributable to the consolidation of former Hyundai Securities, and up 9.2% QoQ largely due to higher trust income from the bank
- Group's Other Operating Profit for 1Q17 significantly improved due to absence of non-recurring losses incurred in previous quarter and increased gains on securities and derivatives from the bank and the securities subsidiary
- Group's Gross Operating Income recorded ₩2,308.9bn due to our effort to improve core income by strengthening non-banking business as well as continued NIM improvement
- Group's G&A Expenses increased 10.8% YoY attributable to the consolidation effect of Hyundai Securities, but slightly declined when excluding the consolidation effect
- Group's Provisions for Credit Losses for 1Q17 increased slightly QoQ due to base effect from write-backs in 4Q16 and provisioning for DSME

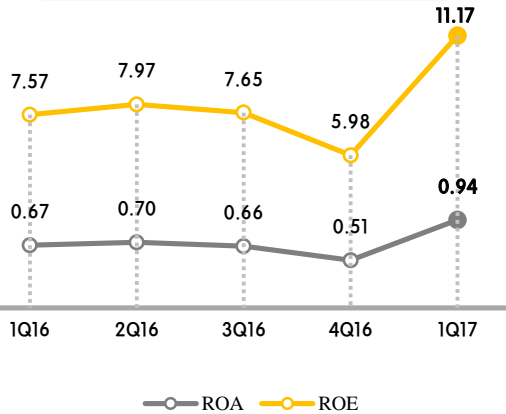
※ 1Q17 One-off(non-recurring) Items

- Disposal of Kookmin Bank's stake in Bank CenterCredit(BCC): ₩158bn

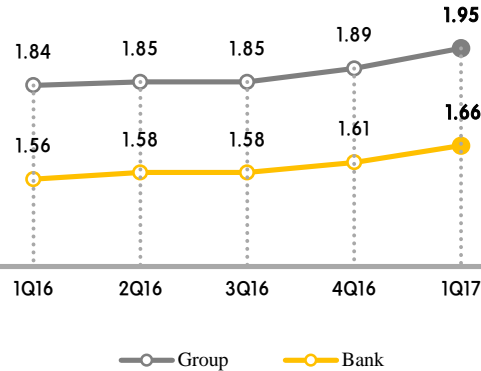
Note) Including dividend income of the holding company

I . 1Q17 Financial Highlights – Key Financial Indicators

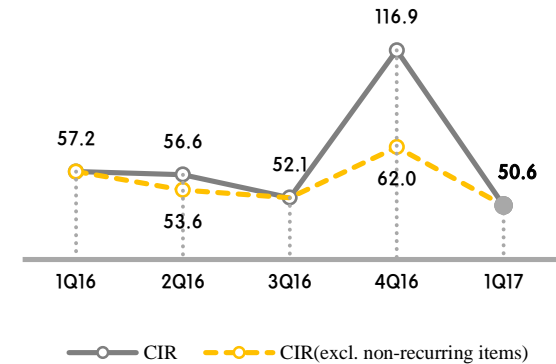
Group ROA, ROE (%)



NIM (%)

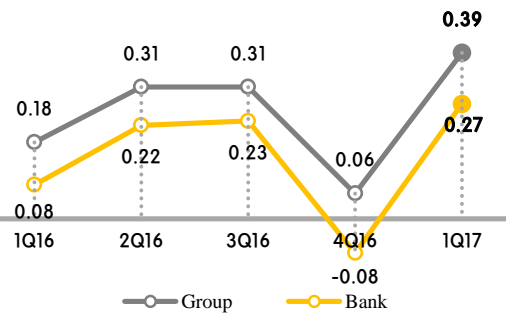


Group Cost-Income Ratio (CIR, %)

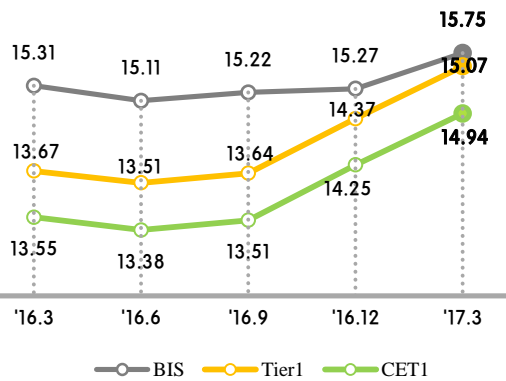


Note) CIR(excl. non-recurring items) excludes one-off items such as ERP costs

Credit Cost Ratio (%)

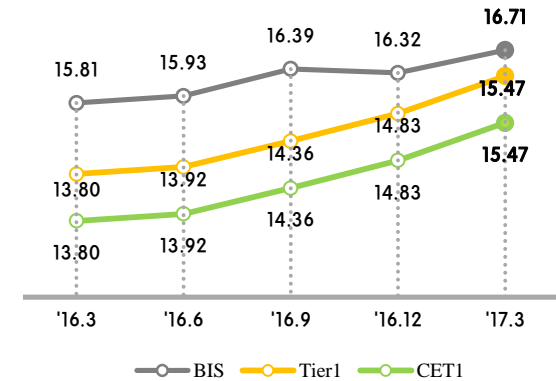


Group BIS Ratio (%)



Note) Basel III, provisional figures for March, 2017

Bank BIS Ratio (%)



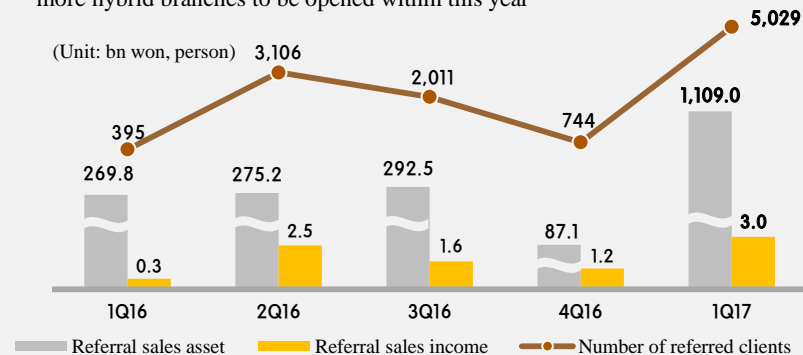
Note) Basel III, provisional figures for March, 2017

I . 1Q17 Financial Highlights – Strengthening Non-banking Sector

Synergy from newly-launched KB Securities

< WM referral sales >

- Referral sales increased due to the early establishment of co-marketing system between the bank and KB Securities
- WM assets expanded led by competitive products provided such as alternative investment and ELS products
- Thirty bank-securities hybrid branches generated 62% of referral sales with twenty more hybrid branches to be opened within this year



< CIB co-marketing >

- CIB collaborative revenue expanded on improved profitability of infrastructure and real estate financing business
- CIB business model was established by launching group-wide co-marketing system
- Collaboration opportunities are being pursued in various areas such as corporate bonds, IPO, securitization, M&A as well as real estate and infrastructure finance

bn won	2016		1Q17	YoY
	1Q	Cumulative		
Revenue	14.2	73.3	40.0	182%

Note) Based on revenue of completed deals

KB Insurance & KB Capital to become wholly-owned subsidiaries

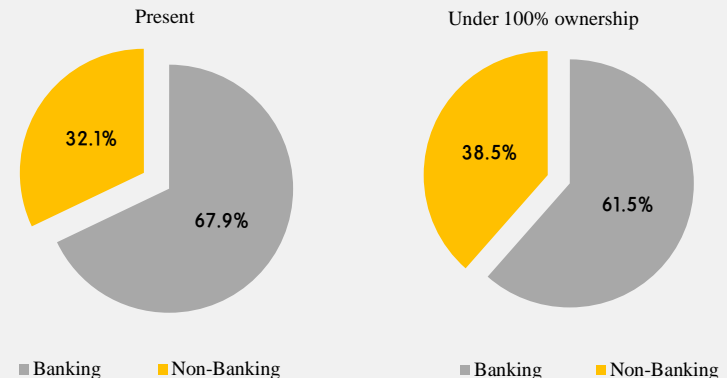
< Background >

Seeks to increase management efficiency at group level and maximize synergy among affiliates, thereby solidifying its position as a strong and efficient, comprehensive financial group

< Expected synergy >

- **KB Insurance:** Improving sales competitiveness by utilizing bank's nationwide branch network and launching joint products
- **KB Capital:** Benefitting from bank and card's broad client base, launch of joint products and utilization of referral marketing for its auto-financing business

< Change in Net Income composition after acquiring 100% stake >



Note 1) Based on simple arithmetic sum of net income from consolidated financial statements of each subsidiary

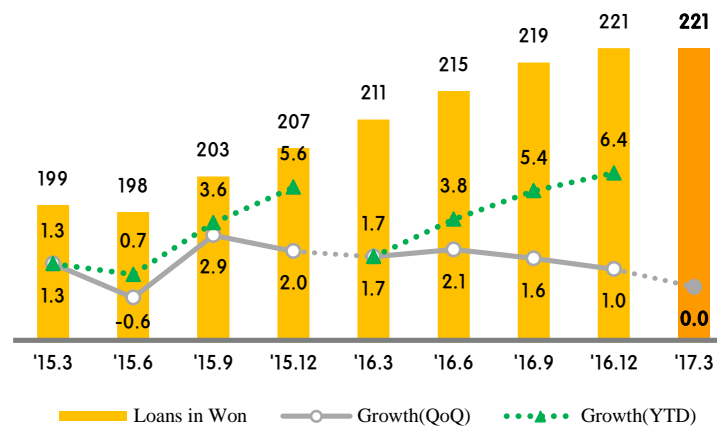
2) Excluding impact from BCC stake disposal

II. 1Q17 Financial Analysis – Net Interest Income

Group Net Interest Income

bn won, %	1Q17	1Q16	YoY	4Q16	QoQ
Interest Income	2,603.8	2,466.3	5.6	2,609.4	-0.2
Loans	2,337.0	2,173.7	7.5	2,334.1	0.1
Financial Investments	218.3	233.6	-6.5	215.2	1.4
Other	48.5	59.0	-17.8	60.1	-19.3
Interest Expense	877.4	960.0	-8.6	858.6	2.2
Deposits	579.7	678.5	-14.6	547.9	5.8
Debts & Debentures	280.1	267.4	4.7	295.1	-5.1
Other	17.6	14.1	24.8	15.6	12.8
Net Interest Income	1,726.4	1,506.3	14.6	1,750.8	-1.4

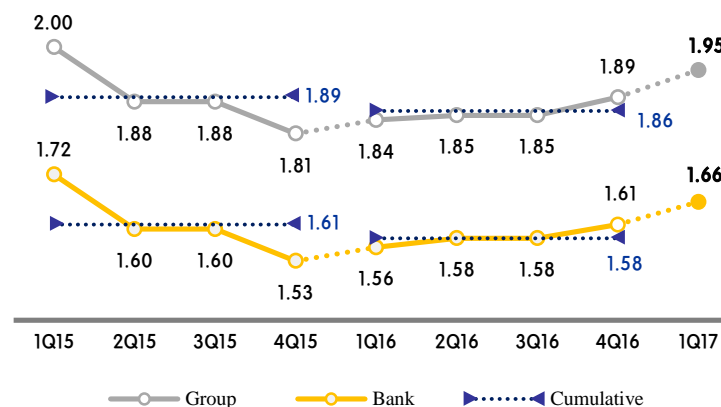
Loan Growth (tn won, %)



Net Interest Income by Subsidiaries

bn won, %	1Q17	1Q16	YoY	4Q16	QoQ
KB Kookmin Bank	1,264.2	1,131.1	11.8	1,299.3	-2.7
KB Securities	68.9	2.1	3,181.0	65.3	5.5
KB Kookmin Card	262.1	245.3	6.8	253.9	3.2
KB Capital	71.3	55.1	29.4	68.1	4.7
Others	57.2	72.1	-20.7	62.3	-8.2
Adjustments	2.7	0.6	350.0	1.9	42.1
Group	1,726.4	1,506.3	14.6	1,750.8	-1.4

NIM (%)



II. 1Q17 Financial Analysis – Non-Interest Income

Group Non Interest Income

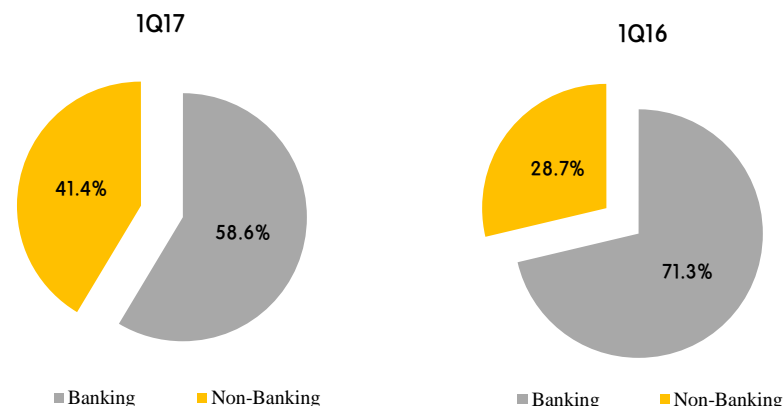
bn won, %	1Q17	1Q16	YoY	4Q16	QoQ
Net Fee and Commission Income	520.6	368.2	41.4	476.9	9.2
Credit Card Fees	109.9	109.1	0.7	117.6	-6.5
Trusts	124.6	79.4	56.9	90.1	38.3
Agent Activity Fees (Incl. Bancassurance)	45.1	45.7	-1.3	38.7	16.5
Represent Securities (Incl. ITC Products)	42.5	41.0	3.7	39.5	7.6
Banking Activity Fees	45.5	42.1	8.1	45.8	-0.7
Commissions Received on Securities Business	90.5	21.6	319.0	86.7	4.4
Other	62.5	29.3	113.3	58.5	6.8
Other Operating Income	61.9	-33.8	N.A.	-422.9	N.A.
Net Non-Interest Income	582.5	334.4	74.2	54.0	978.7

Non Interest Income by Subsidiaries

bn won, %	1Q17	1Q16	YoY	4Q16	QoQ
KB Kookmin Bank	357.0	257.0	38.9	90.1	296.2
KB Securities	191.0	52.0	267.3	-35.3	N.A.
KB Kookmin Card	30.5	25.9	17.8	11.6	162.9
KB Asset Management	27.2	28.4	-4.2	28.0	-2.9
Others*	720.5	693.0	4.0	-31.5	N.A.
<i>Adjustments</i>	<i>-743.7</i>	<i>-721.9</i>	N.A.	<i>-8.9</i>	N.A.
Group	582.5	334.4	74.2	54.0	978.7

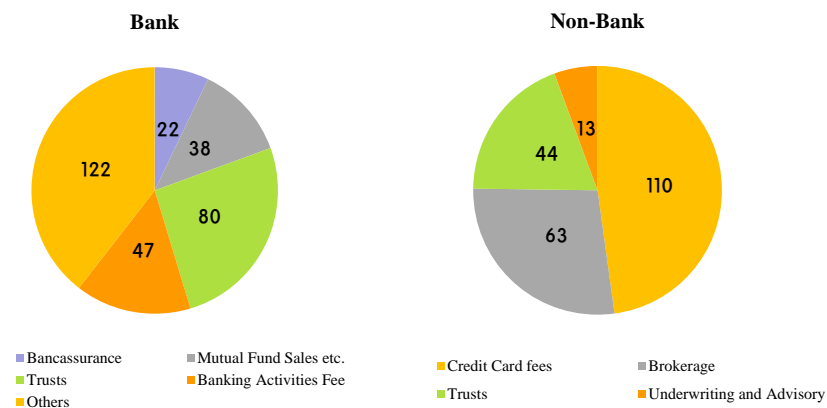
Note) Including dividend income of the holding company

Net Fee and Commission Income Contribution



Note) Based on simple arithmetic sum of subsidiaries' Net Fee and Commission Income

Composition of Net Fee and Commission Income (1Q17, bn won)



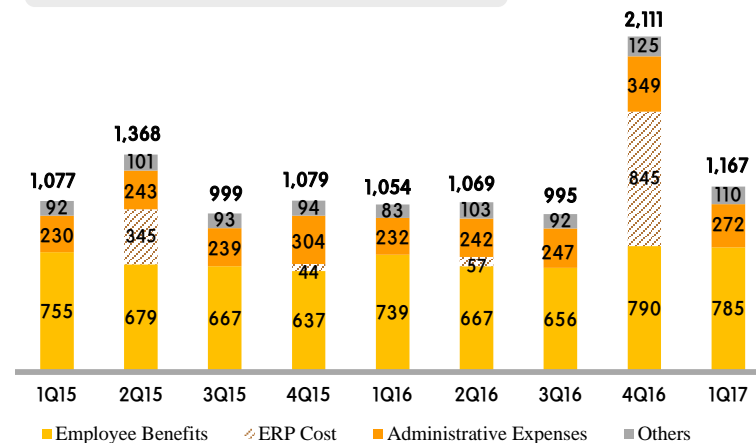
Note) Based on simple arithmetic sum of subsidiaries' Net Fee and Commission Income

II. 1Q17 Financial Analysis – G&A Expenses

Group G&A Expenses

bn won, %	1Q17	1Q16	YoY	4Q16	QoQ
Employee Benefits	785.2	738.5	6.3	1,636.8	-52.0
Depreciation & Amortization	74.3	59.1	25.7	96.3	-22.8
Administrative Expenses	271.7	232.4	16.9	349.3	-22.2
Others	36.0	23.8	51.3	28.3	27.2
Total	1,167.2	1,053.8	10.8	2,110.7	-44.7

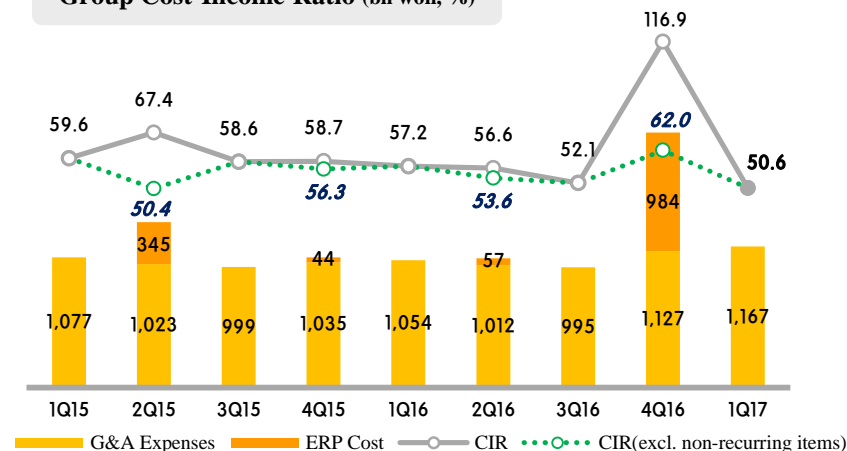
G&A Expenses Composition (bn won)



G&A Expenses by Subsidiaries

bn won, %	1Q17	1Q16	YoY	4Q16	QoQ
KB Kookmin Bank	839.5	865.1	-3.0	1,719.2	-51.2
KB Securities	164.6	34.4	378.5	210.0	-21.6
KB Kookmin Card	97.2	89.6	8.5	92.2	5.4
KB Capital	23.1	17.9	29.1	30.4	-24.0
Others	64.9	61.7	5.2	75.6	-14.2
Adjustments	-22.1	-14.9	N.A.	-16.7	N.A.
Group	1,167.2	1,053.8	10.8	2,110.7	-44.7

Group Cost-Income Ratio (bn won, %)



Note) CIR(excl. non-recurring items) excludes ERP costs etc.

II. 1Q17 Financial Analysis – Financial Position

Group Financial Position

tn won, %	2017.3	2016.3	YoY	2016.12	YTD
Assets	380.9	336.0	13.4	375.7	1.4
Cash & Due from Financial Institutions	18.9	18.8	0.5	17.9	5.6
FVTPL ¹⁾ Assets	28.2	11.6	143.1	27.9	1.1
Financial Investments	45.1	38.0	18.7	45.1	0.0
Loans	267.5	248.3	7.7	265.5	0.8
Property & Equipment	4.3	3.5	22.9	4.4	-2.3
Other Assets	16.9	15.8	7.0	14.9	13.4
Liabilities	349.3	306.8	13.9	344.4	1.4
FVTPL ¹⁾ Liabilities	11.4	3.6	216.7	12.1	-5.8
Deposits	242.0	227.0	6.6	239.7	1.0
Debts	26.4	14.6	80.8	26.3	0.4
Debentures	35.3	31.9	10.7	35.0	0.9
Other Liabilities	34.2	29.7	15.2	31.3	9.3
Shareholders' Equity	31.6	29.1	8.6	31.3	1.0
Group Total Assets²⁾	601.5	469.5	28.1	590.0	1.9
AUM	222.8	127.8	74.3	216.6	2.9

1) Fair Value Through Profit or Loss

2) Based on simple arithmetic sum of all subsidiaries' assets including AUM

Financial Position by Subsidiaries¹⁾

tn won	KB Kookmin Bank	KB Securities	KB Kookmin Card	Others	Adj.	Group
Assets	310.1	33.7	16.4	45.6	-24.9	380.9
Cash & Due from Financial Institutions	15.5	2.2	0.8	2.0	-1.6	18.9
FVTPL ²⁾ Assets	8.1	18.3	0.0	2.0	-0.2	28.2
Financial Investments	36.3	3.6	0.1	6.3	-1.2	45.1
Loans	237.0	5.5	14.8	10.3	-0.1	267.5
Property & Equipment	3.4	0.7	0.1	0.1	0.0	4.3
Other Assets	9.8	3.4	0.6	24.9	-21.8	16.9
Liabilities	286.5	29.5	12.6	21.7	-1.0	349.3
FVTPL ²⁾ Liabilities	0.1	11.3	0.0	0.0	0.0	11.4
Deposits	238.9	3.8	0.0	0.9	-1.6	242.0
Debts	15.2	9.5	1.1	0.6	0.0	26.4
Debentures	14.5	1.8	9.1	9.9	0.0	35.3
Other Liabilities	17.8	3.1	2.4	10.3	0.6	34.2
Shareholders' Equity	23.7	4.2	3.8	23.7	-23.8	31.6

1) Consolidated financial statements of each subsidiary as of March 31, 2017

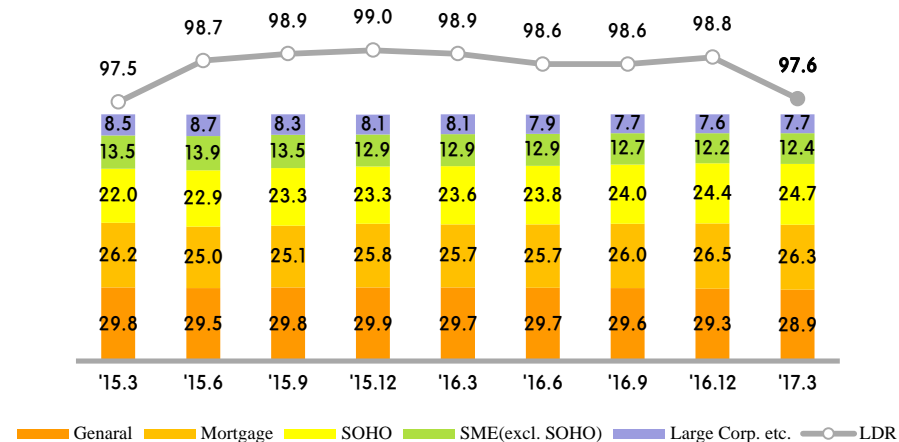
2) Fair Value Through Profit or Loss

II. 1Q17 Financial Analysis – Assets & Liabilities

Bank Loans in Won

tn won, %	2017.3	2016.3	YoY	2016.12	YTD
Household	121.8	116.8	4.3	123.1	-1.1
Mortgage	58.0	54.1	7.2	58.4	-0.7
General	63.8	62.7	1.8	64.7	-1.4
[Home Equity]	38.6	39.4	-2.0	39.2	-1.5
Corporate	98.8	94.0	5.1	97.5	1.3
SME	81.8	77.0	6.2	80.6	1.5
[SOHO]	54.5	49.8	9.4	53.8	1.3
Large Corp. etc.	17.0	17.0	0.0	16.8	1.2
Total	220.6	210.8	4.6	220.6	0.0

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



Bank Deposits & Debentures in Won

tn won, %	2017.3	2016.3	YoY	2016.12	YTD
Deposits	225.7	216.3	4.3	224.2	0.7
Core Deposits	105.1	94.3	11.5	103.1	1.9
Time & Savings	117.6	117.6	0.0	116.9	0.6
[Time Deposits]	104.3	104.3	0.0	103.1	1.2
CD, RP, etc.	3.1	4.4	-29.5	4.2	-26.2
Debentures	11.1	11.9	-6.7	10.8	2.8
Total	236.8	228.2	3.8	235.0	0.8

Card Assets

tn won, %	2017.3	2016.3	YoY	2016.1	YTD
Credit Card	14.1	12.1	16.5	13.6	3.7
Credit Sales	8.3	7.2	15.3	8.1	2.5
[Installments]	3.5	2.8	25.0	3.4	2.9
Card Loans	4.6	3.7	24.3	4.3	7.0
Cash Advance	1.2	1.2	0.0	1.2	0.0
Factoring, etc.	1.1	2.2	-50.0	1.2	-8.3
Total	15.2	14.3	6.3	14.8	2.7

III. 1Q17 Asset Quality – Group Overview

Group Asset Quality

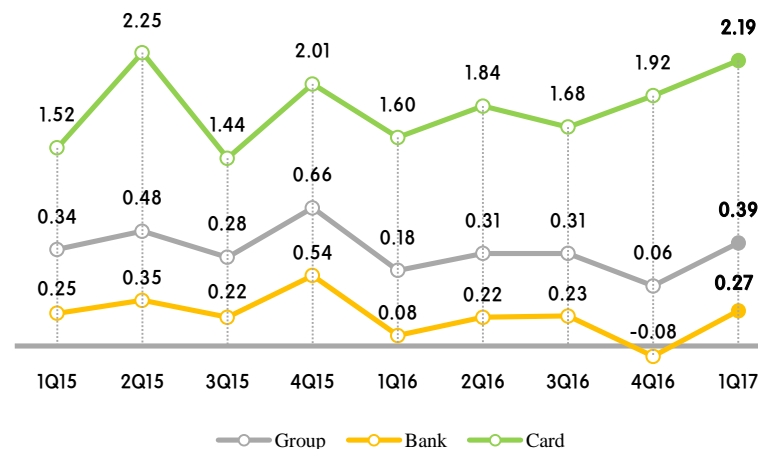
bn won, %	2017.3	2016.3	YoY	2016.12	YTD
Total Loans for NPL Classification	263,685.3	247,714.5	6.4	263,005.4	0.3
Precautionary	3,602.2	4,401.4	-18.2	3,356.7	7.3
Substandard	1,017.2	1,189.9	-14.5	981.2	3.7
Doubtful	848.6	1,075.1	-21.1	838.8	1.2
Estimated Loss	462.6	603.5	-23.3	437.5	5.7
Substandard & Below Loans (NPL)	2,328.4	2,868.5	-18.8	2,257.5	3.1
NPL Ratio	0.88%	1.16%	-0.28%p	0.86%	0.02%p
Loan Loss Reserves	2,438.0	2,588.9	-5.8	2,354.1	3.6
Reserve for Credit Losses ²⁾	2,165.9	2,161.2	0.2	2,168.7	-0.1
(New)NPL Coverage Ratio ³⁾	104.7%	90.3%	14.4%p	104.3%	0.4%p
(Old)NPL Coverage Ratio	197.7%	165.6%	32.1%p	200.3%	-2.6%p

Note1) Based on simple arithmetic sum of all subsidiaries figures
 2) Excluding Reserve for Credit Losses For Undrawn Commitment, Etc.
 3) Excluding Reserve for Credit Losses compiling with revised regulation(Dec.2016)

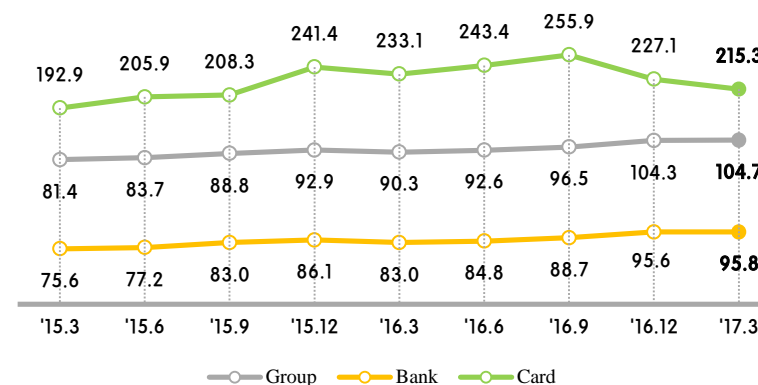
Group Provision for Credit Losses

bn won, %	1Q17	1Q16	YoY	4Q16	YTD
Provision for Loan Losses	270.7	43.4	523.7	42.7	534.0
Provision for Guarantees	-10.0	70.2	N.A.	-1.7	N.A.
Other	-5.8	5.4	N.A.	-9.5	N.A.
Total	254.9	119.0	114.2	31.5	709.2

Credit Cost Ratio (%)



(New)NPL Coverage Ratio (%)



III. 1Q17 Asset Quality – Bank & Card

Bank Asset Quality

bn won, %	2017.3	2016.3	YoY	2016.12	YTD
Total Loans for NPL Classification	234,604.4	225,640.9	4.0	235,025.6	-0.2
Precautionary	2,220.2	3,344.6	-33.6	2,023.5	9.7
Substandard	911.0	1,086.4	-16.1	856.5	6.4
Doubtful	604.2	876.6	-31.1	590.7	2.3
Estimated Loss	305.7	470.8	-35.1	301.2	1.5
NPL Ratio	0.78%	1.08%	-0.30%p	0.74%	0.04%p
(New)NPL Coverage Ratio ¹⁾	95.8%	83.0%	12.8%p	95.6%	0.2%p
(Old)NPL Coverage Ratio	192.4%	156.8%	35.6%p	196.9%	-4.5%p

1) Excluding Reserve for Credit Losses in accordance with the revision of relevant regulation(Dec.2016)

Card Asset Quality

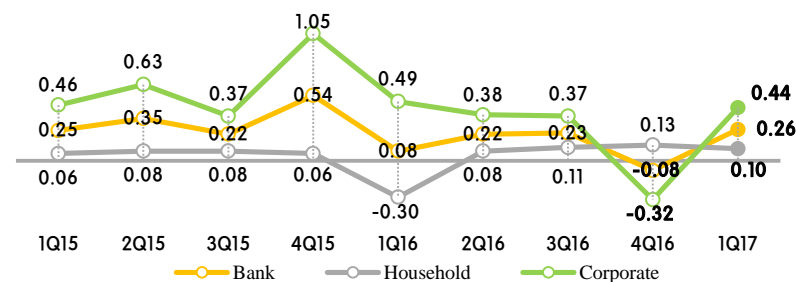
bn won, %	2017.3	2016.3	YoY	2016.12	YTD
Total Loans for NPL Classification	15,518.6	14,253.3	8.9	14,781.9	5.0
Precautionary	703.8	756.4	-7.0	722.2	-2.5
Substandard	3.0	0.7	328.6	3.4	-11.8
Doubtful	165.1	145.8	13.2	154.6	6.8
Estimated Loss	45.8	33.5	36.7	34.2	33.9
NPL Ratio	1.38%	1.26%	0.12%p	1.30%	0.08%p
(New)NPL Coverage Ratio ¹⁾	215.3%	233.1%	-17.8%p	227.1%	-11.8%p
(Old)NPL Coverage Ratio	357.0%	391.0%	-34.0%p	384.4%	-27.4%p

1) Excluding Reserve for Credit Losses in accordance with the revision of relevant regulation(Dec.2016)

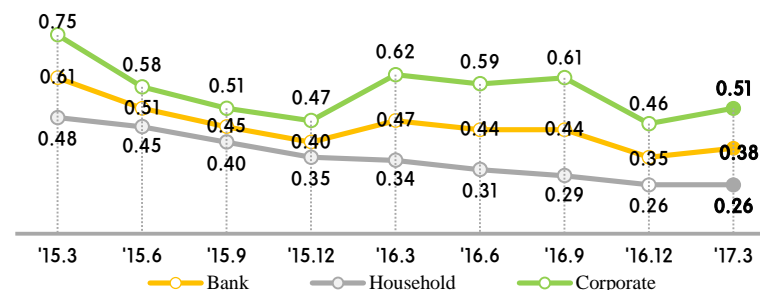
Bank & Card Loan Loss Provision

bn won, %	1Q17	1Q16	YoY	4Q16	YTD
Bank	154.6	41.8	269.9	-47.5	N.A.
Household	31.5	-86.4	N.A.	40.0	-21.3
Corporate	123.1	128.2	-4.0	-87.5	N.A.
Card	83.0	58.3	42.4	70.3	18.1

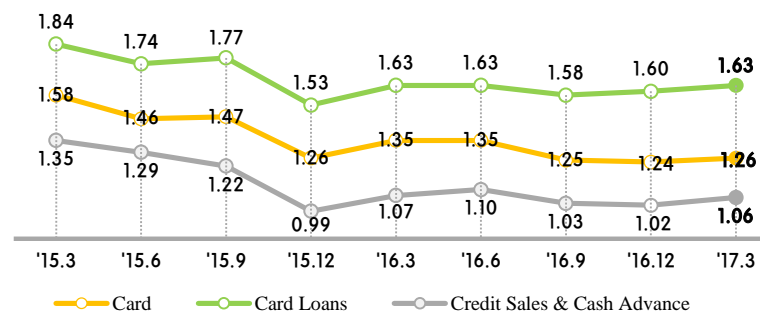
Bank Credit Cost Ratio (%)



Bank Delinquency Ratios (%)



Card Delinquency Ratios (%)



IV. Appendix – Overview of Group Subsidiaries(1Q17)

bn won	Ownership	Total Assets	Shareholders' Equity	Profit for the Period	ROA	ROE
KB Kookmin Bank	100.0%	310,145.1	23,684.8	663.5	0.86%	11.29%
KB Securities	100.0%	33,689.7	4,231.0	63.8	0.77%	6.07%
KB Insurance	39.8%	29,759.9	2,497.2	99.9	1.35%	16.19%
KB Kookmin Card	100.0%	16,391.8	3,799.6	83.3	2.07%	8.58%
KB Life Insurance	100.0%	8,969.1	555.9	12.9	0.58%	9.34%
KB Asset Management	100.0%	129.8	116.1	12.0	31.94%	35.52%
KB Capital	52.0%	7,752.8	815.6	36.5	1.92%	18.27%
KB Savings Bank	100.0%	1,084.5	179.8	3.3	1.22%	7.29%
KB Real Estate Trust	100.0%	206.2	171.0	8.1	15.32%	18.31%
KB Investment	100.0%	306.7	141.5	-2.6	N.A.	N.A.
KB Credit Information	100.0%	27.6	19.9	-0.4	N.A.	N.A.
KB Data Systems	100.0%	31.6	14.5	0.1	1.37%	2.77%

Note) Based on consolidated financial statements of each subsidiary