

Together for your life

2011 Sustainability Report

Containing Our Efforts for Transparent Management,
Social Responsibilities and Green Management



About the Report

This is the first Sustainability Report issued by KB Financial Group at the group level. Sustainability Report of KB Financial Group has been released by its key subsidiary KB Kookmin Bank since 2009, and beginning in 2011, the reporting scope was expanded to incorporate operations at the group level. This report was prepared in accordance with the G3.1 Guidelines of the GRI (Global Reporting Initiative), and includes the values and performance of the Group's sustainability management in relation to economy, environment and society. The period, scope, boundary and contents covered in this report assure the processes recommended by the G3.1 Guidelines.

Reporting Period

This report covers the period from January to December 2011, and where necessary, includes data for the past three fiscal years from January 2009 to December 2011 in order to show trends in time series. With regard to some material issues, this report covers information collected up to May 2012.

Reporting Scope and Boundary

In principle, this report covers all domestic and overseas operations of KB Financial Group, but key reporting scope has been confined to domestic operations except for HR information due to the size and limited business impact of overseas operations. Also with regard to environmental data such as energy, water and waste, the reporting scope has been restricted to key real estate properties directly owned by KB Financial Group, and where special caution is required, the data scope has been footnoted accordingly. The reporting boundary adopted in this report includes 10 subsidiaries of KB Financial Group – KB Kookmin Bank, KB Kookmin Card, KB Investment & Securities, KB Life Insurance, KB Asset Management, KB Real Estate Trust, KB Investment, KB Credit Information, KB Data Systems and KB Savings Bank. Data pertaining to business partners has been excluded.

Usage of the Subject

Where "KB Financial Group" is used as the subject of a sentence in this report, it is intended to describe matters that are applicable at the KB Financial Group level. Other information only pertaining to respective subsidiaries is described using the name of the respective subsidiary as the subject.

To ensure objectivity and fairness, this report has received assurance from an independent assurance provider (see pages 74-75 for Independent Assurance Statement). Going forward, KB Financial Group will continue to share its sustainability activities, performance and future objectives with its major stakeholders through Sustainability Report.



The Sustainability Report of KB Financial Group meets all GRI G3.1 requirements at the A+ level. The GRI has confirmed that we are compliant with the G3.1 guidelines to an A+ level.

Detailed information regarding this report is available on our website at <http://www.kbfng.com>, Data Analysis, Retrieval and Transfer System of the Financial Supervisory Service at <http://dart.fss.or.kr>, or from the Annual Report of KB Financial Group.



Cover story

KB Financial Group's sustainability philosophy is to pursue a more prosperous future and make a warmer tomorrow together with people.

When our society becomes prosperous, KB Financial Group will also grow, and when the hopes of our society grow bigger, the future of KB Financial Group will also become brighter.

It is our will to share dreams and hopes with the people.

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CEO's Message

KB Financial Group

“We will not balk at change, innovation and challenge in our effort towards sustainable development.”

Dear stakeholders,

I am deeply grateful for your unwavering support for KB Financial Group and delighted to share our first group level Sustainability Report with you.

These recent years have tested companies like few other times in history, yet 2011 turned out to be a particularly challenging year. The ongoing euro-zone crisis and the sluggish economic growth in the U.S. led to mounting uncertainty in the market and lower corporate activity, hurting our competitiveness in the industry and hindering our pursuit of robust growth.

Despite these difficult circumstances, all of us at KB Financial Group made a concerted effort towards greater managerial efficiency through our prudent approach to risk management and cost control. In an attempt to diversify the Group's business portfolio and secure future growth engines, we spun off KB Kookmin Card in March last year and added KB Savings Bank as another subsidiary to the Group in January this year. In addition, we strove to make changes and innovations in a wide range of areas, such as customer services, product development, green management & environmental protection and social responsibility.

As a result, we finished the year with one of our best performances; as of the end of 2011, total assets recorded KRW278 trillion with net income of KRW2.373 trillion. KB Kookmin Bank became the pioneer in industry to produce a record KRW200 trillion in total deposits, and KB Life Insurance's total assets topped the KRW4 trillion mark. Such renewed competitiveness in many of our subsidiaries provided a critical turning point for more solid sustainability management.

For KB Financial Group, 2011 was a year of impressive performance despite difficulties home and abroad and of a new milestone in fulfilling our social responsibilities as a leading financial company.

In addition, our corporate engagement goes to great length to support local economy and promote the importance of volunteer work. In May 2011, we established KB Foundation, a philanthropic initiative to provide financial support and scholarships to students in need and increase educational opportunities. We also launched “KB Good Job” to help create jobs for youths as well as to address manpower shortages of SMEs. “KB Good Job” aims at connecting businesses in need of workers to jobseekers using KB Financial Group's network. We are also building on a unique social contribution model by carrying out voluntary services under the four core themes: “youth”, “global”, “the environment” and “wellbeing of the aged”.

KB Financial Group made various efforts to enhance transparency in business practices and independence of the Board of Directors. As a result, we won the honorable grand prize in transparent management and were also named outstanding corporation in governance. We won over 160 awards at home and abroad including a Presidential citation in recognition of KB Kookmin Bank's anti-money laundering. We also ranked NCSI(National Customer Satisfaction Index)'s No.1 in the banking category for six consecutive years the and KSQI(Korea Service Quality Index)'s No.1 in the credit card category.



KB Financial Group intends to become your companion on the journey toward a more prosperous and hopeful tomorrow.

Though we have made considerable efforts to practice our social responsibilities over the past years, we will still embrace more changes and innovations, instead of resting on our laurels.

To this end, KB Financial Group will lay the groundwork for sustainability management by securing future growth engines, while being at the forefront of offering environment-friendly financial products and services. Furthermore, we will channel our capabilities into creating a robust organization committed to transparent and ethical management and a workplace where work and life is well balanced. We promise to continue our efforts to grow in harmony with those around us and “give back” to the community we belong to in a more organized fashion. Only through this, do we firmly believe that we can earn respect and support in our home market, Korea and abroad.

Your unsparing support and encouragement will always remain valuable in our pursuit of mutual growth with society.

Thank you.

Chairman & CEO
KB Financial Group Inc.
Yoon-Dae Euh

Group Profile

About KB Financial Group

KB Financial Group is one of the Korea's leading financial institution with over KRW277,600.8 billion in total assets, the largest customer base and the most extensive branch network in Korea as of the end of December 2011. The Group's domestic subsidiaries include KB Kookmin Bank, KB Kookmin Card, KB Investment & Securities, KB Life Insurance, KB Asset Management, KB Real Estate Trust, KB Investment, KB Credit Information, KB Data Systems and KB Savings Bank (added as a subsidiary in January 2012), and overseas subsidiaries include Kookmin Bank Hong Kong Ltd., Kookmin Bank International Ltd. in the UK, and Kookmin Bank Cambodia PLC. in Cambodia.

In accordance with the corporate mid-to long-term growth strategy to respond to the changes in the financial business environment, such as the accelerating globalization in the financial industry, falling profitability from traditional banking business, expansion of the capital market following the implementation of the Capital Market Consolidation Act, and growing needs for comprehensive financial services, KB Financial Group was established on September 29, 2008 through comprehensive stock transfer from major subsidiaries.

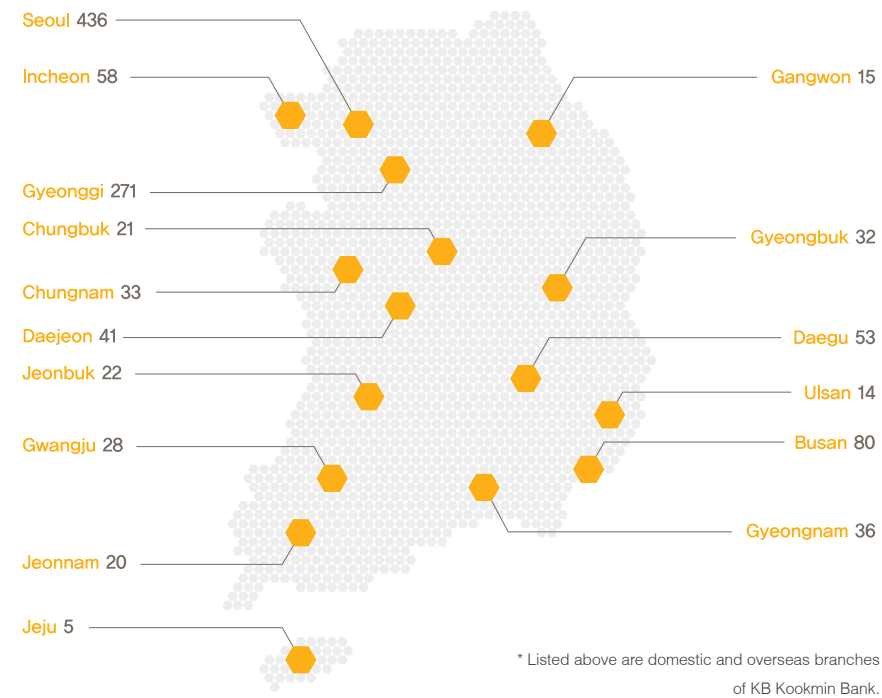
KB Financial Group at a Glance

Date of Establishment	September 29, 2008
Chairman & CEO	Yoon-Dae Euh
No. of Branches	1,283
No. of Employees	25,065
No. of Customers	26.73 million
Total Assets(KRW billion)	277,600.8
Total Revenue(KRW billion)	26,484.3
Net Income(KRW billion)	2,373.0

Capitalizing on the Group-wide infrastructure, KB Financial Group seeks to improve productivity, promote performance-oriented culture, establish more advanced and proactive risk management, maximize Group

synergies and marketing capabilities, and implement optimal portfolios, and thereby contribute to the advancement of the domestic financial industry.

• Domestic Branches (Unit: number)



Affiliates

KB Kookmin Bank

KB Kookmin Bank is establishing itself as Korea's most premier bank equipped with the top-notch professionalism in the banking industry as well as the best operational infrastructure such as the nation's largest customer base and branch network.

KB Kookmin Card

Spun off from KB Kookmin Bank as a separate entity in March 2011, KB Kookmin Card is a mono-line credit card company that even pays attention to the potential needs of customers.

KB Real Estate Trust

A wholly-owned subsidiary of KB Financial Group, KB Real Estate Trust effectively manages the real estate entrusted by customers.

KB Investment

Drawing on its in-depth understanding of the investment environment for SMEs, KB Investment is assisting SMEs in their financial and management decisions as their partner.

• Global Network



KB Investment & Securities

KB Investment & Securities is a full-service securities company with the philosophy of "talent-centric management," "transparent management" and "pursuit of creativeness (or ingenuity) and new things."

KB Life Insurance

As a full-service insurance company, KB Life Insurance offers customer-centric financial services under the vision of becoming an "ultra-superior insurance company chosen by customers."

KB Asset Management

KB Asset Management offers a full spectrum of asset management services, taking the lead in bringing up Korea's asset management industry to a new level.

KB Credit Information

Established as a subsidiary of KB Financial Group, KB Credit Information is gaining prominence as a company specializing in debt collection with stable operations and growth potential.

KB Data Systems

KB Data Systems is a financial SI(system integration) company specializing in IT project development, IT systems operation, the sale of financial IT solution packages, and resale of IT hardware equipment.

KB Savings Bank

Established in January 2012, KB Savings Bank is committed to fulfilling its intrinsic mission to "provide low-income customers with access to finance".

Domestic Credit Ratings

AAA

Based on KB Kookmin Bank
(Korea Ratings Jul. 7, '11, Korea Investors Service June 30, '11,
National Information & Credit Evaluation Inc. May 16, '11)

International Credit Ratings

Moody's **A1** Fitch **A**

Based on KB Kookmin Bank
(Moody's April 14, 2010, Fitch March 2, 2010)

Total Assets

KRW 278 trillion

Total Deposits

Surpassed **KRW 200** trillion

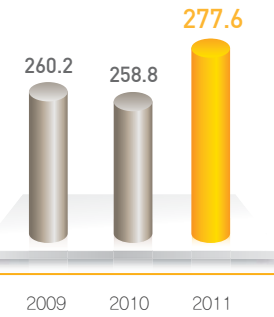
Customers

26.7 million

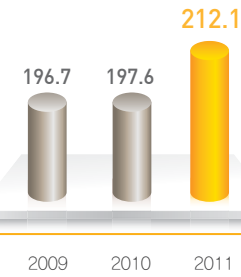
Based on the number of retail customers of KB Kookmin Bank)

Operational Scale

Total Assets
(Unit: KRW trillion)



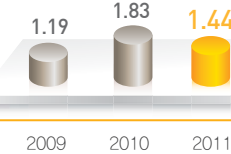
Total Loans



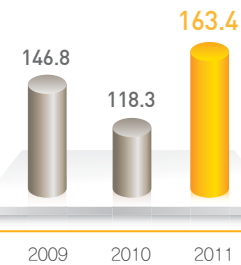
Asset Quality

(Unit: %)

NPL Ratio*



NPL Coverage Ratio

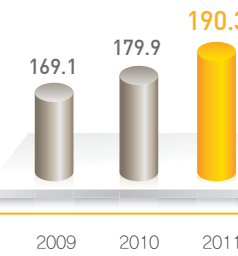


* NPL: Non-performing Loan

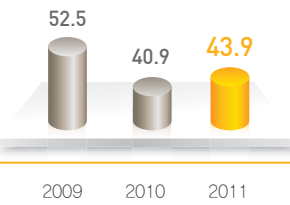
Funding

(Unit: KRW trillion)

Deposits



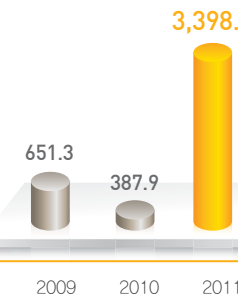
Borrowings and Debentures



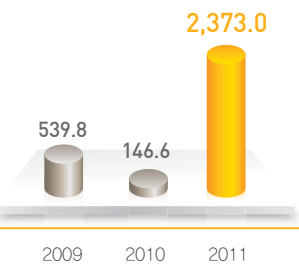
Profitability

(Unit: KRW billion)

Operating Income



Net Income



* Operational scale, asset quality, funding and profitability were calculated based on K-GAAP for 2009 data and based on K-IFRS for 2011 data.

2011 Highlight

- Jan.** First round of conversation with the CEO
- Jan.** "KB Good Job", a job matching program
- Mar.** Spun off KB Kookmin Card
- Mar.** Launched "KB Hidden Star 500"
- Apr.** Created the second KB Carbon Neutral Forest

- May.** Established KB Foundation
- Jun.** Named Outstanding Corporation in 2011 Governance/Grand prize in Transparent Management
- Jun.** KB Kookmin Bank opened its branch office in Ho Chi Minh, Vietnam
- Sep.** Included in the DJSI(Dow Jones Sustainability Index) Asia Pacific for the third consecutive year
- Nov.** Warm winter sharing event for elderly citizens living alone
- Dec.** KB Kookmin Bank ranked No. 1 in the NCSI for the sixth consecutive year



Corporate Governance

KB Financial Group constantly strives to increase corporate value through improved corporate governance and build a sound and transparent financial market.

KB Financial Group endeavors to increase corporate value through continued improvement of its governance structure while working hard to protect and promote rights and interests of all stakeholders by establishing management accountability and running independent board of directors and audit organization to create a sound and transparent management environment. In recognition of these efforts and the excellence of its governance, KB Financial Group was named "the best company in corporate governance in 2011" by the Korea Corporate Governance Service.

Independent and Transparent Board of Directors

KB Financial Group runs the Board Steering Committee, Management Strategy Committee, Risk Management Committee, Audit Committee, Evaluation & Compensation Committee, Non-Executive Director Nominating Committee, and Audit Committee Member Nominating Committee under its BoD. Non-executive directors are actively acting as checks against the management by offering dissenting or amended views regarding agenda items under discussion.

Protection of Stakeholder Rights _ We provide video clips on general shareholders' meetings through our website to protect the rights of shareholders and other stakeholders. Also to protect the rights of minority shareholders, we established a legal basis for the introduction of "concentrated vote", and enabled minority shareholders to exercise their voting rights in writing so as to reflect their opinions more properly.

Efficient Operation of Audit Functions _ We are establishing a framework for bolstering audit operations by disclosing our regulations on the appointment procedure

for Audit Committee members, including their recommendation, and running a whistle-blowing system. We run the Audit Committee made up of five non-executive directors and we meet all requirements of supervisory authorities including compliance with laws on governance structure of domestic financial services companies.

Performance Evaluation and Compensation _ The adequacy of operation of the BoD and its committees is evaluated by the Board Steering Committee at the end of each year, and non-executive directors are subject to self-evaluation, evaluation by Board members, and evaluation by employees. The Board is evaluated across four categories – Board composition and effectiveness, functions and roles of the Board, Board responsibilities, and protection of shareholder rights and shareholder relationships, and non-executive directors are evaluated in terms of their interest and the level of engagement in the Board, experience and knowledge, and duties and dispositions of directors.

Maximum remuneration limits of directors are determined at the general shareholders' meeting. 100% of long-term performance pay of directors is granted in restricted stock

over three years after retirement so that their pay is linked to the company's long-term performance.



Executive Directors		Non-Standing Directors		
				
Yoon-Dae Euh Chairman & CEO, KB Financial Group	Young-Rok Lim President, KB Financial Group	Byong-Deok Min President & CEO, KB Kookmin Bank	Vaughn Richtor CEO, ING Banking Asia	
Non-Executive Directors				
				
Kyung-Jae Lee Chairman of the Board	Jae-Wook Bae Lawyer at Bae Jae Wook Law Office	Young-Jin Kim Professor of business administration at Seoul National University	Kun-Ho Hwang Adviser at the Korea Financial Investment Association	Jong-Cheon Lee Professor of business administration at Soongsil University
				
Sang-Moon Hahm Professor at KDI School of Public Policy and Management	Seung-Hee Koh Professor of business administration at Sookmyung Women's University	Young-Nam Lee President & CEO, EZ Digital	Jae-Mok Cho CEO, ACE Research Center	

2011 ESG Evaluation Results of the Korea Corporate Governance Service

Category	Evaluation Result
Environment(E)	A
Society(S)	A+
Governance(G)	A+
Overall	A+

Committees under the BoD

Name of Committee	Directors
Board Steering Committee	One executive director, five non-executive directors
Management Strategy Committee	One executive director, two non-standing directors, three non-executive directors
Audit Committee	Five non-executive directors
Risk Management Committee	One executive director, four non-executive directors
Evaluation & Compensation Committee	One executive director, three non-executive directors

Management Strategy

We will maximize profitability through value-focused growth by enhancing productivity and management efficiency even in the face of the global economic instability and uncertainty.

Market Situation and Strategy

The year 2012 is likely to see heightened uncertainty due to the excessive household debts, sluggish real estate market and increased geopolitical risks amid continued concerns about the global economy and stagnant growth. In 2012, KB Financial Group will continue its efforts to turn it into a productivity- and efficiency-oriented organization to achieve its goal of "maximizing profitability through value-focused growth."

With a view to building a platform for sustainable growth, we will move forward with four key initiatives in 2012: Improvement of the Group's productivity and establishment of performance-oriented corporate culture, sophistication of proactive risk management, maximization of the Group synergies and marketing capabilities, and optimization of the Group's portfolio.

Change and Innovation

During 2010 and 2011, KB Financial Group was intent on carrying out initiatives aimed at bringing "change and innovation" to the Group under the guidance of the holding company in order to improve its core competitiveness in major segments of business. In 2012, however, our subsidiaries will take the initiative in facilitating performance-based culture, communication and work efficiencies.

Change & Innovation Committee _ Change and innovation activities led by the Group's Change & Innovation Committee and relevant consultative bodies operated within the holding company have been transferred to subsidiaries. The Group's Change & Innovation Committee comprises a total of 16 members, including the CEO & President of KB Kookmin Bank as the chairman and other executives from the holding company, banking and non-banking

subsidiaries. The Committee convenes every quarter.

and plans to hold the contest at the group level twice a year beginning in 2012.

Idea Contest for Change and Innovation

_ KB Financial Group has held an idea contest each year for change and innovation

Progress of Change and Innovation



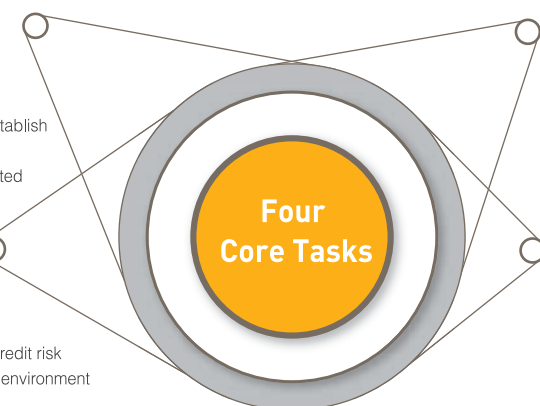
Four Key Strategic Initiatives of KB Financial Group for 2012

Increase Group's productivity and establish performance-oriented corporate culture

- Improve Group's productivity through continuous changes and innovations
- Continuously improve workforce structure and establish performance-based culture
- Improve workforce capabilities by nurturing talented resources

Sophisticate proactive risk management

- Enhance Group's enterprise risk management framework
- Enhance Group's asset quality control functions
- Develop and execute loan policies considering credit risk
- Proactively respond to changes in the regulatory environment



Maximize Group synergies and marketing capabilities

- Expand infrastructure for creating optimum synergies
- Improve competitiveness of products and services to enhance key competitiveness
- Enhance Group's customer base by carrying out optimum marketing efforts

Optimize Group portfolio

- Reorganize and optimize business portfolio
- Create new sources of income for sustainable growth
- Lay the groundwork for globalization through phased inroads into the global market



KB Spirit

Customer-oriented, Professional, Innovative, Speedy, and Performance-oriented

KB Financial Group's mission is to "touch customers' hearts". Five core principles make up the foundation of our mission, all geared towards transforming the Group into a "customer-oriented," "professional," "innovative," "speedy," and "performance-oriented" organization. It is our resolve to touch customers' hearts with the best possible products and services and thereby earn their trust and respect. We will strive to satisfy customers through 'heart-touching sales' and 'heart-touching services' and we are committed not only to achieving the growth of our employees and KB Kookmin Bank Financial Group but also to fulfilling our corporate social responsibilities.



Sustainability Management

KB Financial Group will become a “financial group that puts people before anything else” by pursuing stakeholder-centric sustainability management based on ethical and transparent business practices.

Our Approach to Sustainability Management

KB Financial Group upholds the principles for sustainable growth. We seek to generate profits in an ethical and transparent manner in the course of business operations, while carrying out sustainability efforts as a corporate member of society, taking into account the impact on society and the environment of our green management, social contribution activities and financial aid programs.

Stakeholder Engagement

Stakeholder Groups and Engagement Channels _ KB Financial Group communicates with various stakeholders using its nationwide branch network. To clearly understand and address major areas of interest by stakeholders, we make sure that sufficient communication takes place with each stakeholder to reflect their opinions in our management activities. Our major stakeholder groups include customers, shareholders, employees, local communities, business

partners and supervisory agencies, and the major channels we offer for their engagement are meetings with business partners, customer satisfaction surveys, business partner satisfaction surveys, employee awareness surveys and sustainability issue surveys.

Stakeholder Survey _ A “2011 KB Financial Group Stakeholder Survey” was conducted for about one month to identify major issues of interests among internal and external stakeholders. Approximately 1,100 stakeholders including employees, customers and business partners participated in the survey.

Materiality Test

Materiality Test Process _ In preparing this Sustainability Report, we created a pool of 48 issues from KB Kookmin Bank’s major issues reported up to 2011, global standards, internal interviews, external media issues and issues identified from industry peers, and then assessed materiality of

each issue based on business impact and the level of interest in society. The 5-part materiality test of the AA1000 Stakeholder Engagement Standard (AA1000SE) was used in the assessment of materiality. The contents of the Sustainability Report constructed based on the materiality assessment result were finalized after review by the Strategic Planning Department and Social Contribution Department of KB Financial Group, and major executives of KB Kookmin Bank and other subsidiaries.

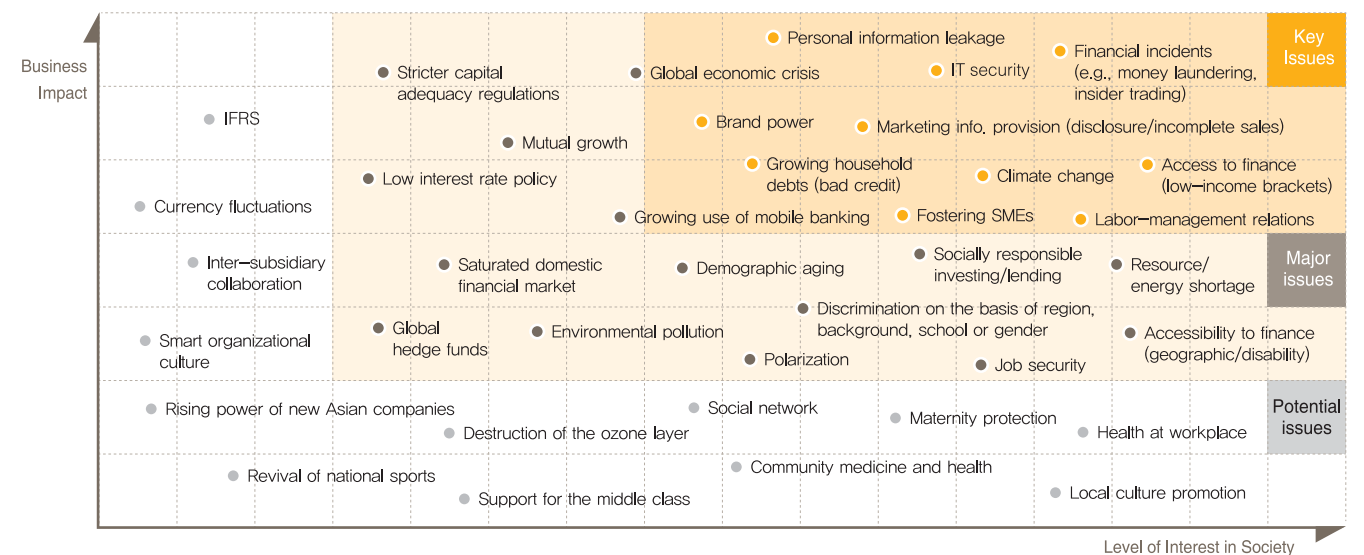
Major Issues Identified and Measures Taken and Reported

_ The measures taken to address major issues identified are disclosed in this report. Management approach to key issues, measures taken and their results are all disclosed in accordance with the GRI Guidelines. While we also tried to include all major issues in the report, explicit disclosures of certain items related to stricter regulations concerning capital adequacy ratio, low interest rate policy, growing use of mobile banking and global hedge funds were excluded.

Area And Direction of Sustainability Management



Sustainability Issues of KB Financial Group



● Interviews with Stakeholders

Employee



Park Kyung Wook,
manager of KB Kookmin
Bank's Yonsei University
"RockStar Zone"

KB Full of Challenging Spirit

Congratulations on the issuance of KB Financial Group's first Sustainability Report. As many people know, "RockStar Zone" is a new branch channel designed to attract young customers who are crucial for our future growth and to create a young and dynamic culture. I find it rewarding to hear from young customers that KB is getting younger and appealing to them as a new image and such comments strengthen my resolve to provide them with better services. KF Financial Group, from what I experienced for the past three years, is an organization full of passion and the spirit of challenge towards its goals. All the employees care for the company and the company has the philosophy that gives priority to talented manpower. I firmly believe that their common goal of "growing into a global financial group leading the Asian financial industry" will be achieved no matter what. I look forward to your support and guidance for KB Financial Group.

Business Partner



Lee Dong Jin,
CEO of Sung Shin Planning Co.

What is Win-Win?

One of the social topics of increasing attention is mutual growth. Whereas everyone agrees that our society should pursue mutual growth, in reality it is difficult to achieve mutual growth satisfying both large companies and SMEs or both people who have powers and people who don't at the same time. Although a variety of solutions to achieve mutual growth are presented, I think the real solution would be found easily in a sense. Sung Shin Planning has supplied outdoor signboards, indoor signs and POP displays to KB for 20 years and I have never seen one of my employees losing sleep over unreasonable demand or unfair contract terms in their dealings with KB. Whenever I meet people who ask me these questions, I tell them KB employees' attitudes or anecdotes about them instead of explaining how their clean contracting or communication channels work for business partners. Nowadays it seems as if our employees were KB's honorary ambassadors. I kindly ask for your continued support for mutual growth of KB Financial Group and Sung Shin Planning.

Customer



Oh Yoon Dong,
CEO of Hanlim Architecture
Group

Virtuousness, a Prerequisite for Sustainable Success

It wouldn't be necessary to list all the epithets that describe KB as you already know them well. I feel very comfortable with KB. I think this feeling of comfortableness comes from KB's organizational culture. Compared to other industries, the financial industry is unique in that sustainable growth is unthinkable without the understanding of customers and relationships with them. In this regard, I believe KB already has core competencies in both services at customer contact points and customer-centric business process. I think one of the preconditions for being a sustainable business is being a virtuous company. Whenever I hear news about a company's social contribution activities, the first thing that comes to mind is that whether the activities will be effective or whether the company is really serious about it. KB, in this regard, seems to be serious about helping low-income individuals and other disadvantaged people. I hope that KB continues to contribute to developing the Korean financial industry further and win the trust of all stakeholders.

External Expert



Kim Dong Soo,
Head of Sustainability
Management Department of
Korea Productivity Center

Sustainability Management Must be Incorporated into Corporate Strategy

I think KB Financial Group carries out a high level of sustainability activities commensurate with its reputation as the leading financial institution in Korea. The Group is already in the industry leadership position in many aspects, as indicated by its inclusion as a component in the Dow Johns Sustainability Asia Pacific Index for three consecutive years. In my opinion, more fundamental approach to KB Financial Group's social responsibility lies not only in curtailing its carbon footprint or engaging directly in social contribution activities but also in seeking ways to provide financial incentives to the SMEs that achieve energy efficiency, thereby encouraging them to grow and take on bigger roles in society. Many studies conducted in recent years provide statistical proof that companies showing good sustainability performance also produce good financial results. KB Financial Group will be able to boost its reputation as well as become a more attractive company to investors when it pays more attention to sustainability and aligns sustainability with its key strategies.

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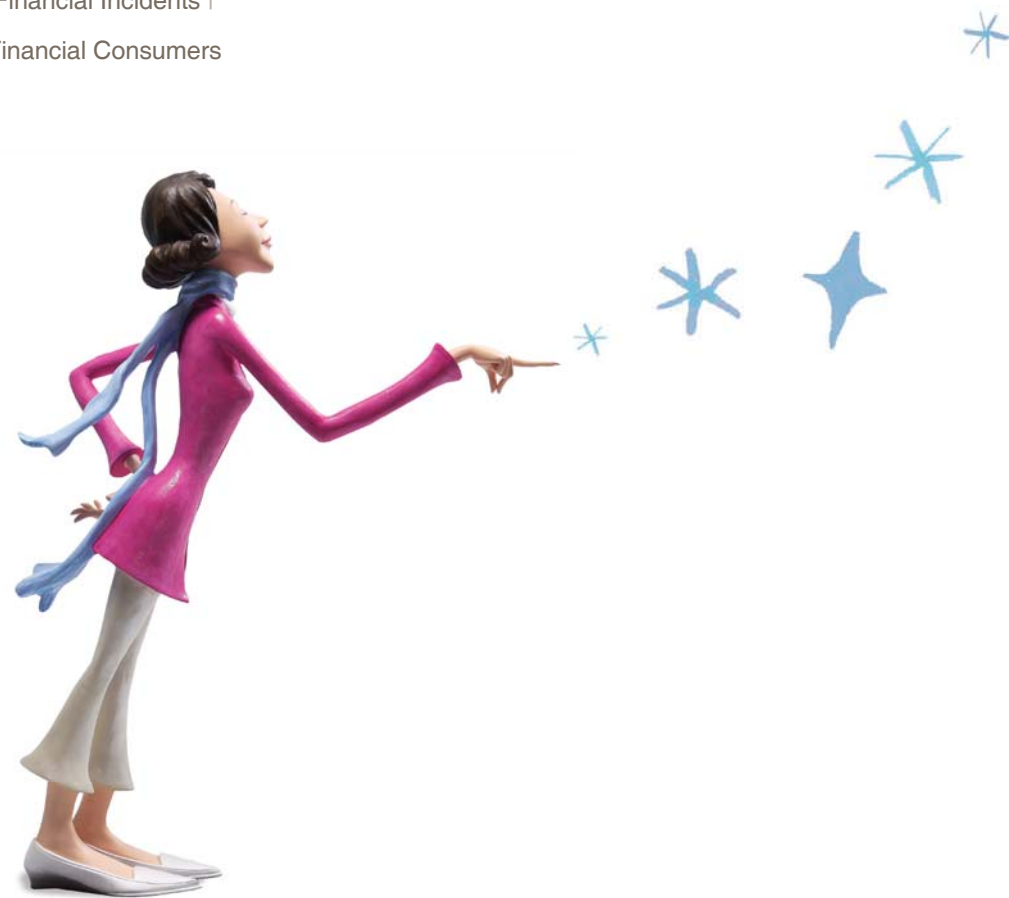
Finance that Puts People before Anything Else

As a leader in Korea's financial industry, KB Financial Group strives to increase customer satisfaction through differentiated customer relations management. We will continue to actively protect customer information and prevent financial incidents by means of rigorous IT security while providing accurate information to consumers.

| Customer Satisfaction |

| Prevention of Financial Incidents |

| Protection of Financial Consumers



We want to make a better world
where everyone can enjoy happiness



Customer Satisfaction

KB Financial Group is a financial institution with a comprehensive line-up of products and services serving half the population, or 26.73 million customers. We will continue to place the highest priority on customers and strive to create customer value.



We Think of People First

Competitiveness of financial services lies in how eagerly we take heed of customer needs and how much effort we make to increase customer value. KB Financial Group, as a leading financial services company in Korea with the most extensive customer base and branch network, serves half of the Korean population (26.73 million customers). Customer value is our top priority and as such, we do our utmost to maintain great affection that our customers show for us.

The First in the Banking Industry to Rank No.1 in the NSCI for the 6th Consecutive Year

Tailored CS training _ KB Kookmin Bank provided "tailored CS (customer satisfaction)

training" that combined CS and sales to approximately 1,150 branches. Our CS training consists of branch-level training, group training and other training. Smart-CS training, one of group training programs, was provided to a total of 2,500 employees in 85 rounds, and Cyber CS education and other training courses were provided to about 7,600 employees. We also distributed "CS Summary Book and broadcast "CS Propose Season II" program" in a bid to increase sales capabilities. As a result of these continued efforts, we maintained our first place standing in the National Customer Satisfaction Index for the sixth consecutive year for the first time in the banking industry.

Branch CS Survey _ We built a new customer satisfaction system to increase customer value and sales performance and

also revamped branch customer satisfaction index (CSI) survey. During 2011, the branch CSI survey was conducted eight times for a total of 995 branches (compared to 910 branches in 2010). 28 to 38 customers were surveyed per branch. To increase reliability of the survey, surveyed customers were restricted to those who had visited branches within three business days prior to the survey date. The branch CSI survey produced 92.88 points in the second half of 2011, higher than the target of 91 points set for the recent two years.

Creating Customer-centric Culture

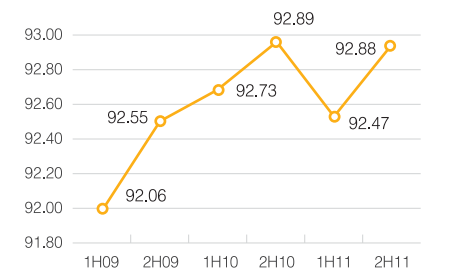
CS Culture Code _ In March 2011, KB Kookmin Card refined the Customer Satisfaction Charter and CS vision it had shared with KB Kookmin Bank in order to reflect internal and external situations and the company's business characteristics (Number One card service that puts the highest priority on customer value). This was due to the growing need for fostering customer-centric culture instead of administering a mere service skill-oriented training to employees and for changing the focus from the provision of customer services at the branch level to process-centric operation at the HQs level. To embed the Customer Satisfaction Charter and relevant activities in our corporate culture, we developed a new CS Culture Code and tried to reach a consensus among employees. Our CS Culture Code "WISH" embodies our core four values:

"Watching" aimed at promoting interest and participating in customer value-centric culture; "Integration" aimed at sharing consensus on customer value-centric culture through communication; "Synergy" aimed at creating synergy from customer-centric CS activities; and "Harmony" aimed at building harmony based on understanding and considerateness.

Operation of Customer Value Creation Council _ With a view to identifying and executing CS improvement tasks at the company level, KB Kookmin Card has been operating a customer value creation council since July 2011. A decision-making body for increasing customer satisfaction and customer value, the council convenes once a month. Major agenda items discussed by the council are concerned with the identification of company-wide innovative customer satisfaction measures, elimination of obstacles to customer satisfaction, and establishment of organic cross-team collaboration for the implementation of customer satisfaction tasks, and progress check and evaluation (feedback) of tasks.



CSI Survey Result of KB Kookmin Bank Branches (Unit: Points)



(Unit: Points)

	Target	score	
		1H	2H
2011	91	92.47	92.88
2010	91	92.73	92.89
2009	90	92.06	92.55

Major CSI Surveys Conducted by Internal and External Parties (Unit: Points)

	Subsidiary	2009	2010	2011
National Customer Satisfaction Index (NCSI) of Korea Productivity Center	KB Kookmin Bank	Ranked 1 st (71)	Ranked 1 st (73)	Ranked 1 st (73)
	KB Kookmin Card	68	70	71
Korea Customer Satisfaction Index (KCSI) of Korea Management Association Consulting	KB Kookmin Bank	Ranked 1 st (69.7)	Ranked 1 st (71.7)	Ranked 1 st (73.9)
	KB Kookmin Card	62.8	64.6	67.8

Prevention of Financial Incidents



KB Financial Group is implementing a high level IT security by acquiring major international IT certifications while striving to prevent financial incidents by monitoring transactions and protecting personal information more rigorously.

Importance of Prevention of Financial Incidents

Financial incidents refer to a broad range of incidents, including hacking into IT systems, money laundering, transactions under a stolen identity personal information leakage and business disruptions caused by natural disasters. Prevention of these incidents is therefore essential to ensure continuity and safety of financial services. In particular, IT security drew keen attention last year when a computer network at another financial services company was paralyzed by a serious cyber-terror attack. KB Financial Group pays extra attention to reinforcing the process of preventing financial incidents and personal information protection by putting in place an industry-best IT security system and transaction monitoring framework.

Protection of Personal Information

Designation of Chief Privacy Officer
 _ KB Financial Group has tightened its

requirements for the protection of personal information through eight revisions to the Customer Information Management Guidelines since 2004 that stipulate the efficient management of customer information, prevention of illegal disclosure and protection of personal information. In September 2011, KB Kookmin Bank designated its Head of Compliance Supporting Department as Chief Privacy Officer charged with the operation of a task force team (TFT) to reinforce the procedure and standard for personal information processing.

Enhanced Information Protection _ We augmented the security of existing systems by automatically logging any retrievals of customer information from the computer, limiting the number of users allowed to extract customer information through the CRM system, and setting "task object code" as a compulsory entry item in electronic transactions in order to prevent customer information retrievals for non-business purposes. We are also implementing

Customer Information Protection System to prevent computer hacking and unauthorized disclosure of customer files. Furthermore, we make sure that all the customer files unnecessary for business purposes are deleted by providing a list of all the customer files stored in individual personal computers and any remaining customer files are stored in a separate secured domain.

Anti-money Laundering

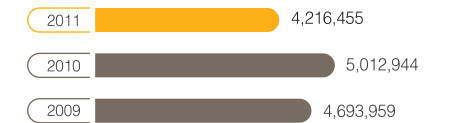
Presidential Citation for Money Laundering Prevention _ KB Kookmin Bank proactively prevents the opening of fraudulent accounts by fully complying with the Customer Due Diligence (CDD) obligation in accordance with the Act on Reporting and Use of Certain Financial Transaction Information when executing financial transactions with customers. The Bank has also developed daily check rules for Suspicious Transaction Report (STR) to detect some 80 types of suspicious transaction through the operation of an independent and superior compliance information system (CIS). Internal control officers from each branch check suspicious transactions related to money laundering every day and report them to the Korea Financial Intelligence Unit (KoFIU).

All employees also receive anti-money laundering education at least once a year to raise awareness of financial crime risks.

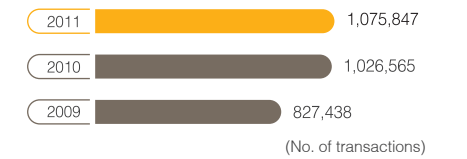
In particular, the "Daily Check Rules on Suspicious Transactions related to Major Social Issues" developed in 2011 contain new suspicious transactions, such as a series of transactions related to illegal online gambling executed during the late-night hours and holidays with random people (April 2011), deposits/withdrawals related to online petty cash frauds through non-face-to-face channels (September 2011), and large-sum cash withdrawals by customers in petroleum-related industries (November 2011). KB Financial Group was awarded a Presidential citation for its anti-money laundering efforts.

Self-assessment of Money Laundering Prevention _ In 2011, we conducted a self-assessment of anti-money laundering to identify vulnerabilities in policies and procedures and make necessary improvements. The self-assessment led to raised awareness of anti-money laundering operations with 94.3% of assessed items receiving 5 points (Very High), 5.5% of items receiving 4 points (High) and 0.2% of items receiving 3 points (Average).

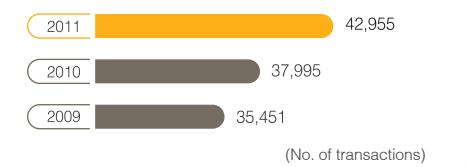
Customer/Enhanced Due Diligence (CDD/EDD) Performed



Currency Transaction Report (CTR)



Suspicious Transaction Report (STR)



Presidential citation in money laundering prevention

BUSINESS CASE

Global Certifications in the Field of IT

KB Kookmin Bank was accredited with the two international certifications for its IT service management and disaster recovery respectively. BS 25999 is the international certification for BCP (Business Continuity Plan) management regarding back-up center, disaster recovery system, disaster recovery procedure and other IT-related recovery operations. ISO/IEC20000 is also the international certification for IT service management areas such as management of IT hardware equipment, monitoring of electronic transactions, response to IT system breakdowns and the procedure thereof.

KB Kookmin Bank is the only bank in Korea to have obtained three international certifications in IT, together with the ISO/IEC 27001 certification for information security obtained in 2009.



No. of Anti-money Laundering Training Sessions Held

Subsidiary	Training Content	(unit: time)		
		2009	2010	2011
KB Kookmin Bank	Anti-money laundering	61	76	67
	Anti-money laundering	31	34	43
KB Kookmin Card	Anti-money laundering	-	-	60
KB Life Insurance	Anti-money laundering	5	46	45
KB Investment and Securities	Anti-money laundering	1	5	5

Financial Consumer Protection

KB Financial Group spearheads the effort to protect the rights of customers and financial consumers by offering products and services that comply with regulations and policy instruments



At the Forefront of Financial Consumer Protection

The Financial Supervisory Service declared the year 2012 as the “year of innovation for financial consumer protection” in FSS briefing session. As “greed” has increasingly been viewed as the biggest obstacle to financial consumer protection in recent years, the issue of social responsibilities for excessive fees and interest rate spread, collusion to fix fees, and unfair business practices is coming to the fore. KB Financial Group has put in place processes for fair disclosure of product information (contract terms and commissions), provision of correct information in the course of marketing, and product design based on reasonable contract terms and commissions to ensure that mis-selling is minimized.

Pre-deliberation of Products in Development

KB Financial Group has a process whereby relevant business departments (Sales, Compliance, Legal, Risk Management, Accounting, Customer Satisfaction, Business Development, IT, etc.) are involved in reviewing risks involved, pricing policy, work procedures and potential breach of customer rights and interests, and in creating manuals for the newly developed products. Particularly, retail financial products, such as insurance products or funds available in various contract terms and fee structures, are strictly subject to the pre-deliberation process.

Internal Guidelines _ In addition to the compliance with the procedures as set forth in the Regulation on Supervision of Insurance Business recommended by the FSS in relation to product development, KB Life

Insurance adheres to its internal guidelines and procedures regarding document management, product development-related work guides and product development process.

As a joint venture between KB Financial Group and ING Group, KB Life Insurance runs a guideline whereby the appropriateness of P/L, insurance coverage and product purchase type is reviewed in accordance with ING Group’s product approval criteria. The company also has an internal procedure for approving product development and discussing priorities through Product Strategy Committee chaired by its CFO. KB Investment & Securities also makes sure that all product developments undergo a product deliberation process attended relevant departments.

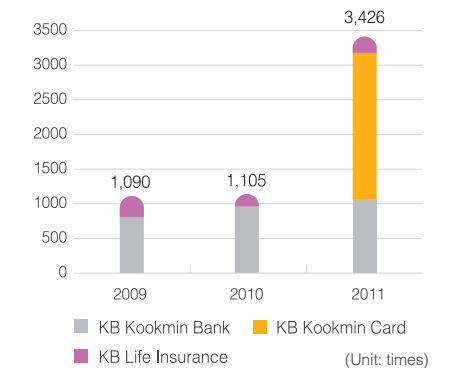
KB Financial Group stipulates, in its Compliance Regulation and Compliance Manual, the use of a checklist regarding disclosure of financial products and investment advertisement; deliberation of promotional materials and compliance with deliberation procedures; and deliberation of investment advertisement by the Korea Financial Investment Association following pre-approval by Compliance Officer.

Information Disclosure and Pre-deliberation of Advertisement _ In 2011, KB Kookmin

Bank and KB Kookmin Card conducted pre-deliberations of promotional materials to prevent any use of inaccurate phrases and overdone advertising to comply with the Financial Business Act revised in the wake of the enhanced consumer protection policy. Written notice containing matters that should be considered when creating promotional materials was circulated among all the branches, and each branch also checks if correct and accurate information has been provided to customers using the monthly compliance checklist. KB Investment & Securities, as it deals with a number of retail products such as funds, conducted trainings on advertisement review procedures for correct disclosure of product information to help customers easily understand various products.

Education Regarding Financial Consumer Protection _ To comply with the relevant banking laws revised under the enhanced consumer protection policy and to raise awareness among employees, employees received training using advertising samples reviewed and chosen by Compliance Officer. KB Life Insurance added compliance education to its training program for insurance agents with a renewed focus on the prevention of mis-selling and the agents’ obligation to explain product details to customers (a total of 35 times).

No. of Pre-deliberations on Advertisements and Promotional Materials



BUSINESS CASE

KB Savings Bank Launched

KB Savings Bank, a wholly-owned 10th subsidiary of KB Financial Group, was established as a leading savings bank to better serve its low-income customers.

With a view to offering high-quality customer services, creating a clean bank, generating Group-wide synergies and implementing strategic tasks aimed at building a stable growth platform, KB Savings Bank will spare no effort in establishing an exemplary management model and gain prominence as an outstanding savings bank in Korea.



Rock Star Zone

Enjoy the bank! "RockStar Zone"

In January 2011, we opened "RockStar Zone," a new concept bank channel designed to be appealing to college students. RockStar Zones not only allow customers to carry out banking transactions but they also provide other various services such as venues for seminars, mini café service, movies and music. In addition to offline services, RockStar Zones also offer services via new media such as Twitter and SNS.



A New Sensation for College Students "RockStar Zone"

Offline Services Offered by RockStar _ Targeting college students and future potential customers, RockStar Zones are operated in the form of mini-branches located near major universities across the country. The interior of a RockStar Zone is custom-designed based on the colors and symbols of respective universities to create a bond with students, and RockStar Zones are mostly staffed by the employees who graduated from the respective universities.

Beginning with the "Sookmyung Snow Flower Branch" in January 2011, the number of RockStar Zones increased to 41, including 11 in Seoul, 6 in the metropolitan area, 9 in Chungcheong region, 10 in Yeongnam region and 5 in Honam region. Unlike conventional bank branches, RockStar Zones offer a variety of participatory events and cultural marketing programs, such as indie band concerts, chamber concerts, special lectures for jobseekers, and backpacking trips to overseas countries, that are preferred by college students, thereby improving KB Kookmin Bank's young image as well as connecting the Bank to college culture.



Online Services Offered by RockStar _ In order to keep pace with the fast-changing financial industry and new trends among youth centered on social network services, RockStar adds a new dimension to the banking services preferred by college students and other young people. The Bank uses the online website (www.kbrockstar.com) and official Twitter (kb_rockstar) to raise awareness of the RockStar brand and disseminate youth content, and actively utilizes new media such as SNS, QR Code and smart phones. The online channels provide a wide range of information such as introduction to RockStar, finance- and job-related content, foodstuffs and events appropriate to the needs of college students.

Youth-focused Products and Services _ Currently, RockStar Account and RockStar Check Card are offered exclusively for youths. RockStar Account offers various services such as favorable interest rates, fee exemption for electronic and ATM transactions as well as favorable exchange rates, and the number of accounts opened topped 200,000. RockStar Check Card offers discount benefits tailored to each university.



INTERVIEW

A New Breed of Bank Branch

Yang Da Won,
Business Administration at Kyunghee University



As there was no KB Kookmin Bank branch near Kyunghee University, I had to walk all the way to Hankuk University of Foreign Studies. Then, I heard a new KB branch opened in front of our school, so I visited the branch to get my check card reissued. Stepping into the branch, I was surprised to find the interior quite different from other banks. Music was playing and there were a laptop computer, a tablet PC and even the latest mobile phone on the table. I even wondered if they could handle all of the usual banking transactions. Since then, I've been going to the branch to use the seminar room there, instead of spending money to have a study meeting at a coffee shop, and I stop by the branch occasionally just to drink coffee. KB Kookmin Bank's RockStar is becoming a hot issue among college students to the extent that it is often chosen as one of the topics for class presentations. I give my support to the Bank's new attempt and hope that the Bank keeps coming up with better services.

Products and Services that Enrich the Future

KB Financial Group induces our stakeholders to engage in green practices and supports green growth of our society through products and services that aim at pursuing public benefit and enriching life in the future.

| Green Financial Products |

| Financial Products for Public Benefit |

| Socially Responsible Investment |



We create a new future that enables everyone to nurture their dreams



Green Financial Products

KB Financial Group is sparing no effort to promote domestic green industries through a variety of green financial products.

Promoting Green Growth through Green Financial Products

KB Kookmin Bank has actively sought to fulfill its social responsibilities to support green growth and has reinforced green finance networks with the government and related agencies. In doing so, the Bank has been providing policy advice for green finance directions, while leading collaboration with other financial institutions and exploring various financial support programs to increase competitiveness of green industries. KB Green ESCO, the first corporate loan product designed to support Energy Service Companies (ESCO), is one of the Bank's various green financial products designed to support green industries.

Contribution to Catalyzing Green Industries

KB Green Growth Loan _ KB Green Growth Loan is KB Financial Group's representative green financial product aimed at supporting green growth businesses

with loans and other financial services, thus contributing to building a green economy. Companies eligible for our Green Growth Loan include manufacturers of environment-friendly products, businesses registered as new and renewable energy companies, new and renewable energy producers, general and designated waste recyclers, signatories to the voluntary agreement on green purchasing, ISO14000 series-certified enterprises, Energy Service Companies (ESCO), manufacturers of high-efficiency energy equipment, LED(Light-Emitting Diode)-related companies, and companies with green certifications. As of the end of 2011, KB Green Growth Loan outstanding totaled KRW1,379.8 billion.

KB Green ESCO, a Green Business Loan _ KB Green ESCO is a loan product designed to provide "energy users" with the finance they need to improve or replace existing old or low-efficiency energy facilities with high-efficiency ones to save energy. Once a performance contract is executed between ESCO and an energy user, ESCO

loan is granted to fund installation of energy equipment, and repayment is made out of the money saved from the use of the equipment. This way, the user can replace obsolescent equipment with energy-saving one without technological or financial burden.

Promoting Green Lifestyles

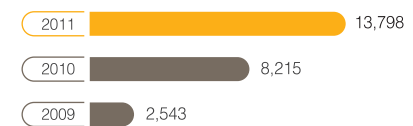
KB Kookmin Green Card Series _ In 2011, KB Kookmin Card joined the government's "Green Credit Card" initiative intended to encourage all Koreans to practice a green

lifestyle and soon released "KB Kookmin Green Card," "KB Kookmin Green Business Card," and "KB Kookmin Green Check Card." Green Card holders receive additional point rewards every time they use public transportation or buy energy-saving or eco-friendly products and get free admission or discounts at public or municipal facilities.

KB Financial Group will continue to offer wider choice for customers by launching additional eco-friendly products and bring attention to eco-friendly green growth.



KB Green Growth Loan Extended



(Unit: KRW 100 million)



Green Financial Products of KB Financial Group

	Product name	Unit	2009	2010	2011	Characteristics
Loan	KB Green Growth Loan	Balance (KRW billion)	254.3	821.5	1,379.8	KB Financial Group's flagship green financial product designed to provide financing needed for green growth
	KB Solar Biz Loan	Balance (KRW billion)	33.3	65.7	75.0	A loan product designed to support the solar PV (photovoltaic) business
	KB Green ESCO Biz Loan	Balance (KRW billion)	-	New product	New release	A product designed to support investing in high-efficiency energy facilities
Deposit	KB Wisegreen e-Step-Up Term Deposit	Balance (KRW billion)	208.8	68.4	0.7	A deposit product which donates 1 percent of interest payments (before taxes) to green organizations such as the Korea Environmental Industry & Technology Institute
	KB Kookmin Green Growth Card	No. of accounts (thousand)	30.8	48.2	39.9	Discounts for use of public transportation/trains, free-of-charge nonlife bicycle insurance, carbon cash-back points when using the card at designated merchants
Credit Card	KB Kookmin Green Card	No. of accounts (thousand)	-	-	182	Points when purchasing energy-saving or green products. Points when using Eco Money merchants
	KB Kookmin Green Biz Card	No. of businesses	-	-	2	Same as above
	KB Green Biz Check Card	No. of businesses	-	-	4	Same as above
Fund (Collective investment scheme)	Korean Peninsula BTL Fund	Fund size (KRW billion)	375.6	530.9	590.3	A collective investment vehicle that invests in BTL projects designed to improve sewer pipes (17 projects)
	Love Your National Land BTL Fund	Fund size (KRW billion)	193.2	300.5	363.2	
	New and Renewable Energy Fund	Fund size (KRW billion)	95.6	90.0	85.5	A collective investment vehicle that invests in new and renewable energy businesses or assets (9 projects)
	KB Global Warming Fund	Fund size (KRW billion)	6.5	5.2	4.3	Equity-type investment trust that primarily invests in shares of enterprises that are likely to benefit from the growth of industries related to global warming

Financial Products for Public Benefit

KB Financial Group seeks to help the less privileged directly benefit from financial support and improved services, while selling public benefit products to ordinary citizens so that they can indirectly participate in social contribution activities.

Helping the Underprivileged or Socially Disadvantaged

KB Financial Group strives to live up to its social responsibilities helping low-income families and the underprivileged receive financial services. We provide direct benefits to the underprivileged with necessary financial products and services while giving ordinary citizens the opportunities to indirectly contribute to society through public benefit products.

KB Build Happiness Installment Savings _ KB Build Happiness Installment Savings pays interest rate up to 7 percent per annum to assist with economic self-reliance of the socially disadvantaged, such as relief recipients, child heads of households, North Korean defectors, and multicultural families. Designed for low-income earners, the product offers a lower than usual pre-termination rate if the account is pre-terminated for reasons of home lease or purchase, marriage, hospitalization, or admission to a school.



“KB Smile Microcredit” to Serve Low-income Earners

“KB Smile Microcredit Bank”, KB Financial Group’s non-profit foundation for microfinancing, was established in 2009 for the purpose of supporting self-sufficiency of low-income people. The foundation provides startup loans, working capital finance and consulting services in alliance with the Small Enterprise Development Agency to the financially underprivileged who want to regain economic rehabilitation but have no access to conventional financial services due to poor credit ratings or low income status.

Major Achievements _ In December 2010, KB Financial Group won the Prime Minister’s Award in the group category as the first bank to carry out economic rehabilitation and “reach-out microcredit programs” for the underprivileged in partnership with local governments. In 2011, the Group won the Presidential Award and Prime Minister’s Award in the individual category for excellence in microcredit performance and delinquency rate management. In July 2011, KB Smile Microcredit Bank became the first in the banking industry to top the KRW30 billion mark, and as of the end of 2011, a total of 2,299 loans worth KRW351.5 billion were provided to low-income earners.

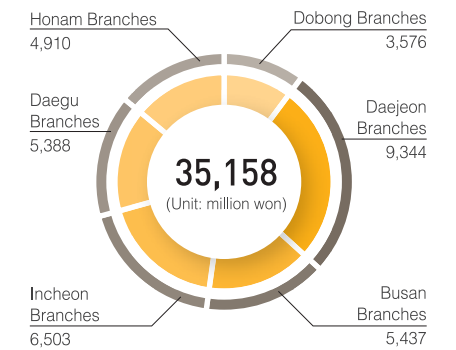
Supporting Mutual Growth in Partnership with Local Governments

KB SME Loans under the Mutual Growth Agreement _ KB Financial Group provides loans to partner SMEs recommended by big businesses under the “Mutual Growth Agreement” signed between large companies and KB Financial Group to promote win-win cooperation between large companies and SMEs. Under the Agreement, large companies deposit a certain amount of money into interest-free or low-interest accounts of KB Kookmin Bank and the Bank sets up a matching fund up

to three times the amount deposited, which, in turn, is used as loans for SMEs. The product was developed to support the government’s mutual growth policy. In 2011, loans worth KRW32.7 billion were extended to a total of 67 SMEs through the Agreement.

Love My Hometown Deposit and Credit Card _ KB Financial Group rolled out Love My Hometown products in 2009 in partnership with local governments. As of the end of 2011, 17,491 deposit accounts amounting to KRW375 billion and 196,866 credit card accounts were opened.

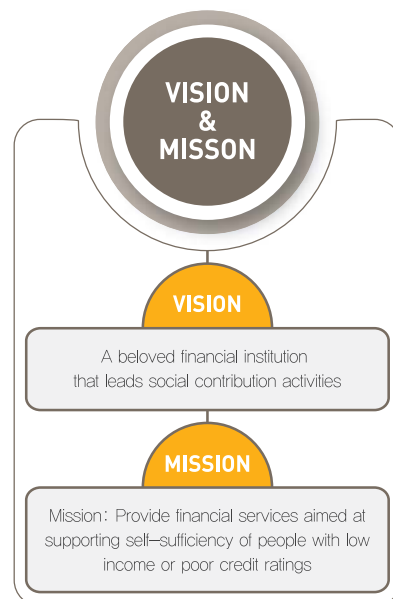
Microcredit Loans Outstanding by Region



• Products and Services for public Benefit

	Product Name	Date Launched	No. of Accounts	Balance (KRW billion)	Product Features (Description)
Loan	KB SME Loan under the Mutual Growth Agreement	Jun. 2011	67	32.7	A loan product designed to help SMEs using funds raised under an agreement executed with large companies
	KB Love My Hometown Deposit	Jul. 2011	17,491	375.0	A product designed to contribute to society by making charitable donations to municipalities designated by customers
	KB Keep Happiness Account	Jun. 2011	1,687	0.2	A demand deposit product exempt from garnishment of relief payments, basic old-age pensions, disability pensions, or child disability allowances so that the account can be solely used to support living
Deposit	2018 Pyeongchang Winter Olympic Games e-Group Buy Deposit	Mar. 2011	24,146	386.6	An online joint purchase term deposit that offers varying interest rates depending on the amount deposited and whether to host the Winter Olympic Games. 1 percent of interest payments is donated to winter sports organizations
	Arirang UNESCO World Heritage e-Group Buy Deposit	Nov. 2011	4,859	97.7	A deposit product designed to collect donations for the purpose of placing the song of Arirang on the UNESCO’s World Heritage list
	KB Build Happiness Installment	Nov. 2011	291	0.1	A social contribution-type product that provides high interest rates to the socially disadvantaged groups such as basic livelihood security recipients
Credit Card	KB Kookmin Love My Hometown Card	Jan. 2009	196,866	-	A social contribution-type product that donates certain portion of card usage amounts to social contribution activities or to local governments sponsored
	KB Kookmin Owners’ Club Card	May 2011	20,359	-	A credit card issued to small business owners with benefits including tax service and discounts for refueling, telecommunication service, and purchases at merchandisers
Funds (Collective Investment Schemes)	KB Kangaroo Installment Equity Investment Trust	May 2006	53,271	139.4	Certain portions of distribution fees and management fees are donated to programs for patients with rare and incurable diseases and child education
Insurance	(NP) KB Lady Love Insurance	Jun. 2010	9,957	-	A public benefit product designed to overcome low birth rate with coverage for critical illnesses that can occur in pregnant women

Vision and Mission of KB Smile Microcredit Bank



Socially Responsible Investment

KB Financial Group endeavors to promote sound investment and create a sustainable society by taking into consideration in its investment review process the factors that threaten the environment and society.

Our Efforts to Create a Sustainable Society

When a large-scale financial project causes environmental or social problems, financial institutions that fund the project find it difficult to escape criticism. Therefore, there is a growing need to incorporate the consideration of social risk factors, such as human rights, as well as environmental risk factors, such as environmental destruction and carbon emissions into the corporate credit and project review process. KB Financial Group works to promote sound investment and create a sustainable society by reflecting environmental and social risk factors in its credit analysis and investment process.

Socially Responsible Investment and Advice

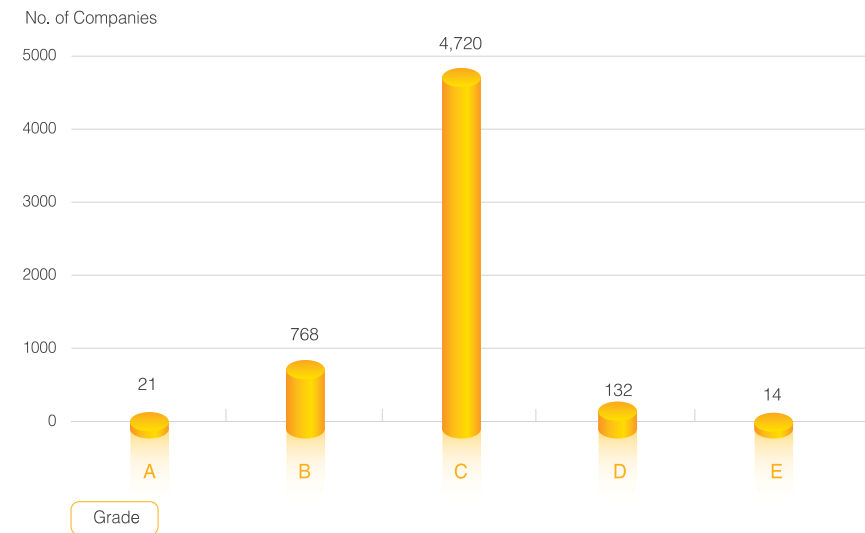
Compliance with the UNEP FI's Principles for Responsible Investment _ KB Financial

Group makes investment decisions in accordance with the principles for socially responsible investment. Acting as the chair of the UNEP FI Korea Group, KB Kookmin Bank complies with the UNEP FI principles in all its investment decisions, and determines the feasibility of projects based on compliance or non-compliance with the principles. Any project that goes against the principles is classified as being ineligible for investment from the beginning. Going forward, KB Financial Group will remain more vigilant to ensure its socially responsible management when making financial business decisions

KB Financial Group Selected as a Financial Adviser for New and Renewable Energy Projects _ With the growing need for research and investment in new and renewable energy to cope with climate change, KB Kookmin Bank was chosen as the financial adviser for the KRW640 billion offshore wind farm project under construction by KEPCO E&C in Hanlim, Jeju. The Group is expected to play



Evaluation of Socially Responsible Business Practices of SMEs



a big role in completing the "clean energy Jeju Island" by arranging KRW500 billion funding for the project.

Evaluation of Companies' CSR Practice

Evaluation of CSR Practice _ KB Kookmin Bank evaluates "the Level of CSR Practice" to encourage financial institutions to practice social responsibilities and tighten credit risk management. The Bank takes the evaluation results into account in making credit assessment of SMEs.

Though the Bank has already been using a non-financial indicator, "the level of ethical management practice," we decided to broaden the scope of assessment as the previous indicator was not enough to fully address a number of social activities such as green growth and job creation efforts, which are increasingly demanded by stakeholders. Target companies are classified into A, B, C, D and E grades according to the degree of socially responsible management practiced and re-assessment is conducted every year for consistent monitoring. In 2011, a total of 5,655 companies were evaluated.

Socially Responsible Investment

(Unit: KRW billion)

	Product Name	2009	2010	2011
Direct Investment and Lending	New & Renewable Energy Fund Investment	15.0	14.1	13.4
	New Technology Investment through Green Growth Investment Fund	1.0	-	-
	Investment & Lending for Photovoltaic Power Generation	163.9	149.9	86.3
	Direct Investment & Lending for Wind Power Generation	19.5	23.6	23.6



Products and Services Tailored to Each Stage of Life

Childhood

• KB Junior Star Account



A savings account for children and teenagers, this product allows account holders to transfer their remaining pocket money to "KB Junior Star Installment Savings Account" each month. It also offers preferential interest rates and transaction fee waiver to reflect the needs of children and teenagers regarding their financial transactions.

• KB Kookmin Child Love Insurance



This product provides coverage for various types of diseases and accidents to cope with serious risks for your beloved children.

Adolescence

• KB Kookmin Junior Star Check Card



A credit card with carefully selected services, preferred by teenagers between 14 and 18 years old, such as discounts at movies, online shopping, bookstores, amusement parks and convenience stores

• KB Star Variable Universal Life for Children



A next-generation life insurance product that can be passed down from generation to generation. This product offers school expense service for children as well as a variety of fund options for investment choice

Early Adulthood

(aged between 20 and 35)

• KB Kookmin Wise Card



A "wise" credit card that grants up to 10 times (5%) more points for the top three purchase categories

• KB Life Universal Whole Life



A protection policy that combines strengths of whole life insurance and universal insurance. It allows account holders to choose their main insurance based on their needs and select additional coverage from a suite of 19 riders, such as cancer diagnosis, critical illness (CI) coverage, hospitalization and surgery.

• Familial Love Free Installment Savings Account



A free installment savings account with a variety of incidental services themed around familial love

Middle Age

(aged between 35 and 45)

• KB Child Love Card



A credit card product designed to support happy infant care as well as a frugal family life

• KB Star Variable Annuity



This product offers various types of fund choices and delivers a return based on investment performance. Designed to help customers prepare for their post-retirement life, the product minimizes investment risk by guaranteeing paid premiums upon death or commencement of annuity payments

• KB Privileged Annuity Account



A deposit account that can be deposited or withdrawn at any time. Targeted at annuity recipients, this product offers a preferential rate by applying an additional rate of 2.0% per annum to annuity payments for seven days along with various fee waivers.

Late Middle Age

(aged between 45-60)

• KB Kookmin Golden Life Card



A credit card product designed to support healthy and relaxed life in later years. The product offers benefits related to medical care, insurance, finance and leisure life.

• KB Wise Annuity for 100 Years of Age



An interest sensitive product designed to support stable post-retirement life and prepare for a 100-year lifespan with annuity planning options that meet different needs of customers.

• KB Retirement Pension



A retirement pension scheme for old age income security. Under the scheme, employers should set aside severance pay at a third-party financial institution and pay out the pensions either in annuities or in a lump sum payment to retirees.

Senescence

(age 60-)

• KB Platinum Annuity



KB Platinum Annuity offers a variety of old age plans, change of annuity payout options as well as multiple annuity selection options (whole life annuity, fixed annuity, inherited annuity)

• KB Star Immediate Annuity



An annuity plan in which the first installment of annuity is payable after one month, KB Star Immediate Annuity is appropriate for preparing funds for future inheritance and old age security at the same time.

Our Commitment to Green and Ethical Management

In 2011, KB Financial Group cemented its position as the industry-best low-carbon green financial services company by proactively responding to GHG & Energy Target Management Scheme(GETMS) and implementing smart office operations. The Group complied with laws and regulations through rigorous ethical business practices and also boosted transparency in its operations by promoting anti-corruption practices and human rights.

| Green Management |

| Ethical Management |



KB is always with you,
growing a world of hope together



Green Management

In an effort to cope with climate change, KB Financial Group is promoting industry-leading eco-friendly business practices including the launching of KB Greenhouse Gases & Energy Management System (KB-GEMS).



Clean and Transparent Business Ethics

The financial services sector is known to have a relatively low impact on the environment in terms of pollution or waste of resources. Nevertheless, considering the environmental impact of its business operations, KB Financial Group promotes "green management" group-wide not only to cope with the tightening environmental regulations but also to uphold its principles for sustainable development.

Our management's commitment to eco-friendly practices is becoming an integral part of the organization. For instance, KB Kookmin Bank has been taking the initiative in green business by creating a Green

Finance Department in 2009, the first such kind in the domestic financial industry, that aims to develop green financial products and engage in green management activities. KB Financial Group's leadership in green management was proven by its first place ranking in the financial services sector in the JoongAng Daily's 2011 Green Rankings.

Response to Climate Change

KB KB-GEMS Launched _ To reduce greenhouse gas emissions, KB Kookmin Bank launched KB Greenhouse Gases & Energy Management System (KB-GEMS) in December 2011. KB-GEMS is a GHG(Greenhouse Gas) inventory system intended to comply with the "Framework Act on Low Carbon, Green Growth" and "Guidelines for GHG & Energy

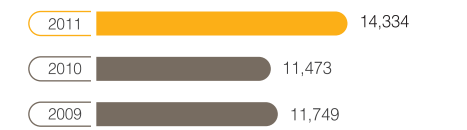
Target Management Scheme, Etc." enacted by the government. Built upon the Bank's two years of experience in the operation of the "KB Carbon Emissions Management System" developed in 2009 for the first time in the financial industry, KB-GEMS reflects the government requirements as specified by GHG & Energy Target Management Scheme. With the launch of this system, KB Kookmin Bank have laid the groundwork for enabling it to systematically manage the entire process of curtailing GHG, preparing a detailed statement and monitoring the progress vis-à-vis the targets, when designated as one of the organizations subject to the GHG & Energy Target Management Scheme.

Participation in the Pilot Program of the GHG & Energy Target Management Scheme _ KB Kookmin Bank voluntarily participated in the government's second

pilot program of the GHG & Energy Target Management Scheme where activities included calculation of greenhouse gas emissions and exploration of GHG emissions reduction options. The program was an opportunity for the Bank to demonstrate its commitment to carbon reduction and fulfill its social responsibilities as a leading bank in green management.

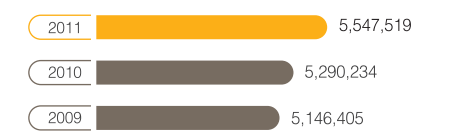
Participation in the Pilot Carbon Credit Trading Program Organized by Seoul City _ In March 2012, KB Kookmin Bank, for the first time as a financial institution, joined the "pilot program for carbon emissions trading" organized by the Seoul city government. Under the program, the Bank sells or buys carbon credits using cyber money on the virtual carbon credit marketplace run by Korea Environmental Corporation according to its emissions reduction targets by 2014.

Paper Usage (Unit: ton)



Calculation is based on KRW17,000 and 2,500 sheets per box and a conversion factor of 80g/mm²

Business Trip Distance (Unit: km)



Calculation is based on the average distance of 1.34km/1,000 won per trip derived from the travel expenses per annum per subsidiary

Energy Consumption and GHG Emissions by Source

(Unit: TJ, tCO₂e)

		Energy Consumption			GHG Emissions			
		2009	2010	2011	2009	2010	2011	
Scope 1 (Direct Emissions)	Stationary Combustion	Diesel	22.46	26.12	27.14	1,563.04	1,817.19	1,888.21
		Kerosene	2.42	2.12	2.20	163.33	143.20	148.53
		LNG	69.73	66.01	53.58	3,548.70	3,359.18	2,726.60
		Propane	0.03	0.02	0.03	1.49	1.19	1.49
		Total	94.64	94.27	82.95	5,276.56	5,230.76	4,764.83
	Mobile Combustion	Gasoline	138.44	134.14	135.83	9,263.07	8,975.46	9,088.08
		Diesel	4.67	4.87	4.71	329.06	342.63	331.67
		LPG	0	0.57	7.32	0	33.58	433.34
		Total	143.11	139.58	147.86	9,592.13	9,351.67	9,853.09
	Sub-Total	237.75	233.85	230.81	14,868.69	14,672.43	14,617.92	
Scope 2 (Indirect Emissions)	Purchased Electricity	824.75	804.44	809.38	42,726.77	41,674.46	41,930.36	
	Purchased Heat	3.79	3.65	3.40	110.08	106.20	98.75	
	Sub-Total	828.54	808.09	812.78	42,836.85	41,780.66	42,029.11	
	Total	1,066.29	1,041.94	1,043.59	57,705.54	56,453.09	56,647.03	

* Stationary combustion and indirect emissions were calculated for 11 large buildings owned by KB Financial Group (Head Offices - Myeong-dong, Yeouido and Sewoo Building, IT Centers - Yeouido and Yeomchang, Sales Supporting Centers - Jongam Center and Daejeon Call Center, Training Centers - Cheonan, Ilsan, Sokcho and Daecheon), and mobile combustion was calculated for vehicles owned by KB Kookmin Bank. The calculation formula is based on the criteria set out in the Greenhouse Gas & Energy Target Management Scheme.

Greenhouse Gas Reduction Activities

Reducing Emissions by Saving Resource and Energy _ KB Financial Group promotes energy-saving practices in office, such as maintaining proper room temperatures and using personal mug cups. Since 2009, KB Kookmin Bank has undertaken 20 cost reduction tasks, saving approximately KRW3.37 billion every year. KB Kookmin Card designated the first Friday of every month as "Energy Saving Day" in an effort to promote energy-saving habits company-wide.

KB Kookmin Bank has been named the Best Energy-Saving Company for three consecutive years (2009-2011) for its participation in the "Energy (-) Love (+) Campaign" run by the Ministry of Knowledge Economy and Korea Energy Management Corporation. The Bank has consistently carried out campaigns for avoiding unnecessary waste of resources and energy, and raising awareness of the need to make energy-saving part of their business operations.

Programs to Offset Greenhouse Gases

_ Along with energy-saving efforts to reduce direct emissions, KB Financial Group also takes part in carbon neutral programs aimed at offsetting carbon emissions. "KB Carbon Neutral Forest" is the Group's key program to create a green forest and reduce GHG emissions. This environmental protection program is gaining significance amid the worsening climate change due to global warming.

Voluntary Agreement on Green Purchasing

_ KB Kookmin Bank signed the "Voluntary Agreement on Green Purchasing" with the Ministry of Environment in April 2011. The agreement, executed between the Ministry and major domestic companies, is designed to promote production, consumption and distribution of green or eco-friendly products. Since its implementation in 2005, 123 companies have signed the agreement as of the end of 2010. Those who participate in the agreement must develop green purchasing guidelines and carry out various activities for the promotion of green purchasing, including

the introduction of a green purchasing system, training and the publicity of green purchasing. Accordingly, KB Financial Group will assist its business partners in reducing greenhouse gas emissions.

Environment-friendly Communication

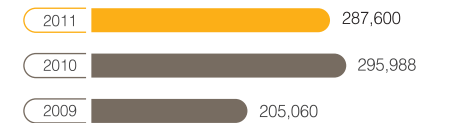
Global Initiatives _ KB Kookmin Bank serves as the chair of the UNEP FI (United Nations Environment Programme Finance Initiative) Korea Group. UNEP FI is a global environmental partnership between the UNEP and global financial institutions. Currently, more than 200 banks and asset management companies all over the world participate in the initiative. KB Kookmin Bank also joined the UN Global Compact (UNGC) in April 2009 and has since disclosed its compliance with the UNGC through Sustainability Report every year. The UNGC is a strategic policy

initiative for businesses whose ten principles address human rights, labor, environment and anti-corruption. More than 650 companies throughout the world participate in the initiative.

Response to External Assessment

_ KB Financial Group has been disclosing information on its greenhouse gas emissions since KB Kookmin Bank became a signatory to the Carbon Disclosure Project (CDP) in 2009. KB Kookmin Bank Financial Group was named a CDP leader in the domestic financial sector for the two consecutive year in 2010 and KB Kookmin Bank won an achievement award for its contribution to raising awareness of the importance of the environment in 2011. Moreover, KB Financial Group has also been included as a component in the DJSI Asia Pacific and Korea indexes for three consecutive years since 2009. DJSI is a global standard appraising sustainability of global companies.

Water Consumption (Unit: m³)



Waste Discharge (Unit: kg)

	2009	2010	2011
Total Waste Discharged	193,580	212,080	214,885
Landfill	65,541	74,660	73,560
Recycled	128,039	137,420	141,325

* Water Consumption and waste discharge were calculated for 11 large buildings owned by KB Financial Group (Head Offices - Myeong-dong, Yeouido and Sewoo Building, IT Centers - Yeouido and Yeomchang, Sales Supporting Center - Jongam Center and Daejeon Call Center, Training Centers - Cheonan, Ilsan, Sokcho and Daechon)



KB Greenhouse Gas & Energy Management System (KB-GEMS)

BUSINESS CASE

Saving Paper with e-slips and e-documents

In 2011, KB Kookmin Card switched to electronic slips for a variety of slips including common slips used for deposits/withdrawals. The Bank also made it a rule to use electronic approvals. Beginning in 2012, the Bank plans to use eco-friendly recycled paper when printing various types of documents. Approximately 400 million sheets of recycled paper (about 2,750 tons) are expected to be used, saving 20,000 tons of water, 3 million watts of electricity and reducing 143 tons of carbon emissions.

Category	Activities	Results	Remarks
Increased e-mail statement delivery	Carried out a campaign to encourage customers to receive credit card statements by e-mail	About 8,880,000 sheets of paper were saved and about 65 tons of CO ₂ emissions were reduced	-
Use of recycled paper	Used recycled paper to print some 190 types of documents	About 400 million sheets of recycled paper will be used each year, and about 143 tons of CO ₂ emissions will be reduced	Started in 2012

Paper Use Reduction

8,880,000 sheets

CO₂ Reduction

65 tCO₂e

Ethical Management

With the goal of growing into a global financial group leading the Asian financial industry, KB Financial Group will take the lead in preventing financial incidents within the Group and promoting fair business practices based on the principle of transparent and ethical business.



Clean and Transparent Business Ethics

In January 2010, KB Financial Group announced the Charter of Ethics for all employees to abide by and held the proclamation ceremony to build consensus on ethical management and communicate the Group's will to act upon it. The Charter stipulates corporate ethics sought by the Group for its customers, shareholders, the nation and society, competitors and business partners. The Group also separately stipulated work ethics that employees must abide by in the course of their business operations. KB Financial Group strives not only to comply with laws but also to prevent corruption and create a clean and ethical business culture.

Programs to Practice Ethical Management

Code of Conduct for Officers and Employees _ KB Financial Group's Code of Conduct is a set of specific behavioral standards employees must observe in the course of daily business and it provides for such matters as prohibition on acts that may cause conflict of interest, fair execution at work, prohibitions against receiving money, gifts or entertainment, criteria for using company assets, management of key information such as customer information, and prohibitions against money laundering acts. Employees must be well acquainted with these standards at all times and promptly report when breaches are perceived.

Policies and Procedures relating to External Activities _ Lectures outside of the Group,

writing an article, or interviews with external organizations are allowed based on the relevance to work, and treatment of income earned from these activities is determined based on the result of such external activities. Particularly, attendance at domestic or overseas training programs or seminars sponsored by third-party organizations is allowed only when the events are relevant to work and are not for entertainment purposes or do not cause any conflict of interest which may subsequently affect reasonable execution of duties.

Protection of Whistle Blowers _ KB Financial Group runs "Whistle-blowing Center for Ethical Management" in order to protect employees who report breaches of the Code of Ethics or relevant laws and to prevent financial incidents beforehand through proper checks and balances between employees.

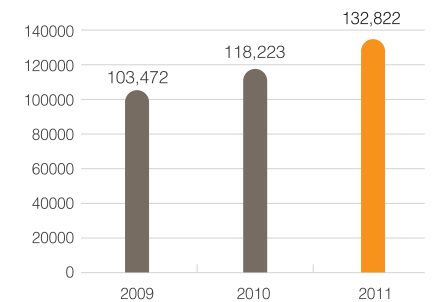
Integrity Pact _ KB Financial Group has increased transparency in the contracting process by disclosing any conflict of interest related to contracts before selecting business

partners, informing them of the Group's integrity pact, and requesting the inclusion of relevant provisions in the contracts. The integrity pact enables the Group to combat unethical practices such as bribery in the contracting process.

Internal Controls

Compliance Support Program _ KB Financial Group has in place an internal control framework aimed at preventing possible legal sanctions, financial loss or reputational damage that may arise from violation of laws or regulations by its employees. Our internal control team regularly checks through monitoring whether internal controls are voluntarily and reasonably operated at the branch level, and provides necessary feedback. To raise awareness of internal controls among employees, we provide various training programs, including online education and group education. We also run an advanced compliance support system for effective internal control operations.

Hours of Training on Code of Ethics and Internal Controls (Unit: hour)



* Sum of hours of training on the Code of Ethics, compliance and Code of Conduct spent for all subsidiaries.

BUSINESS CASE

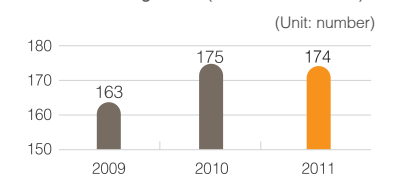
Fair Transactions with Business Partners and Dissemination of Sustainability Management

KB Financial Group makes continuous improvements to its procurement policies and process to ensure ethical and transparent contracting process with business partners.

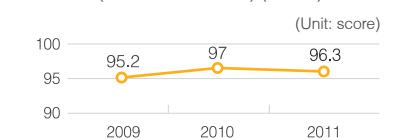
KB Kookmin Bank has already included non-financial indicators, such as the introduction of ethical management, eco-friendliness of proposed products and social contribution, in the evaluation criteria for registering business partners in the AVL (Approved Vendor List). KB Kookmin Bank has also inserted a clause prohibiting the provision of money, gifts or entertainment in its standard service contract.

In 2011, the Bank sent a letter to business partners informing them of integrity obligations and conducted a satisfaction survey on its business partners. To check the adequacy of contract execution, the Bank conducts special inspection every month and ensures that contracts and bidding process are executed in the presence of another employee in addition to the person in charge.

No. of Business Partners Evaluated for Ethical Management (KB Kookmin Bank) (Unit: number)



Business Partner Satisfaction Survey Result (KB Kookmin Bank) (Points) (Unit: score)



Hidden Star 500

Beyond Korea "KB Hidden Star 500"

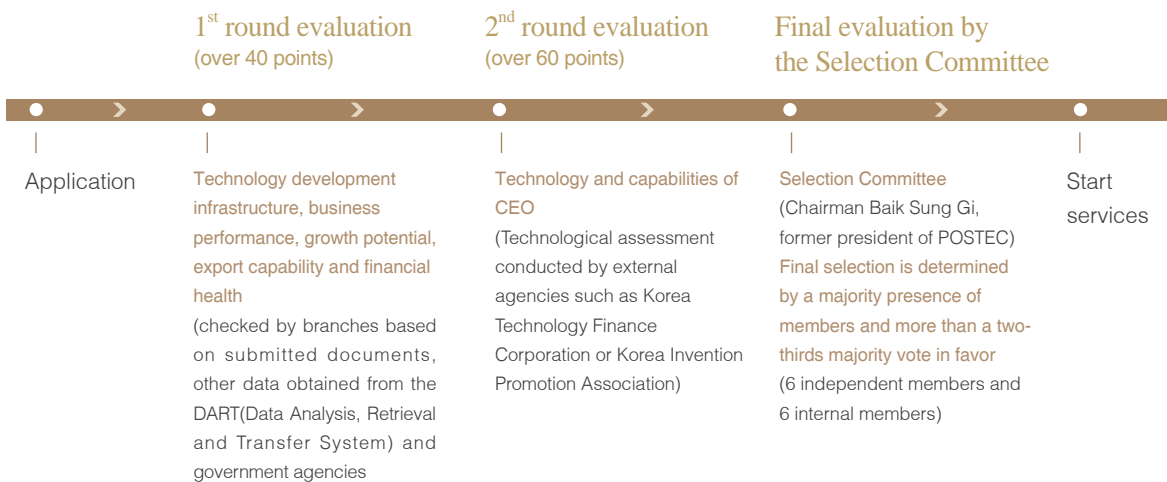
About "KB Hidden Star 500"

"KB Hidden Star 500" is a key program of KB Financial Group aimed at identifying and providing tailored services for promising small to medium-sized businesses equipped with superior technology, financial stability(credit ratings, etc) and business viability as well as high growth potentials to become global firms.

Last year, we provided KRW550 billion in loans, executed US\$1.5 billion worth of foreign exchange transactions, granted unsecured loans to employees of 30 companies, and provided 77 cases of consulting services related to investment banking such as bond issuance through the "KB Hidden Star 500". This year we plan to select an additional 200 companies that are approximately a double of 106 companies selected last year. By 2013, we will select a group of 500 Hidden Star companies and provide them with tailored financial and non-financial services. Going forward, we will continue to fulfill our social responsibilities and contribute to the growth of the national economy, improvement of trade balance and creation of jobs through our "KB Hidden Star 500" program.

Hidden Star Selection Process

In selecting candidates for "KB Hidden Star 500", we place a higher priority on technology and growth potential indicators, such as the ratio of R&D expenditure to sales and the number of patents owned rather than on current assets owned such as real estate, in order to better reflect the future value of the companies.

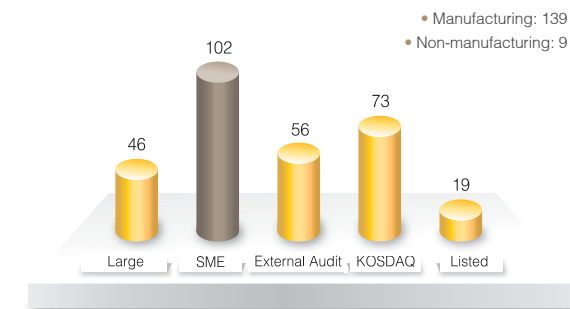


"KB Hidden Star 500" Results

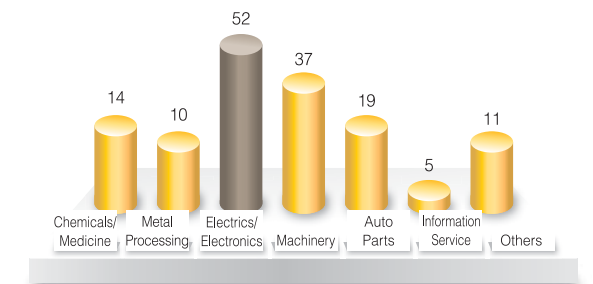
(Unit: No. of companies)

Selection Date	1 st Round: Mar. 4, '11	2 nd Round: Jun. 20, '11	3 rd Round: Nov. 2, '11	4 th Round: Mar. 23, '12	Total
No. of Applicants	94	118	120	108	440
No. of Companies Selected	38	34	34	42	148

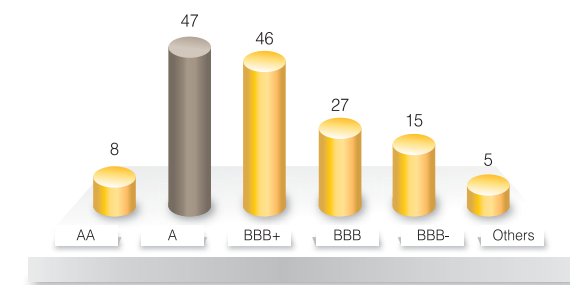
Company Size and Listing Status



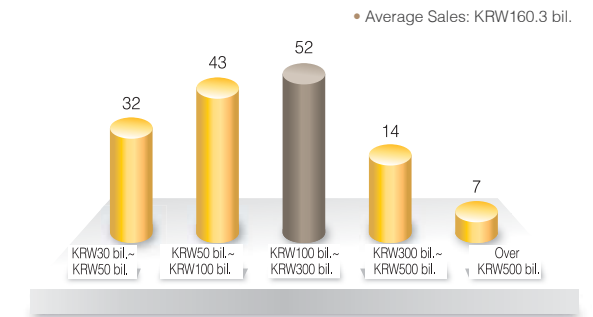
Business Type



Credit Ratings

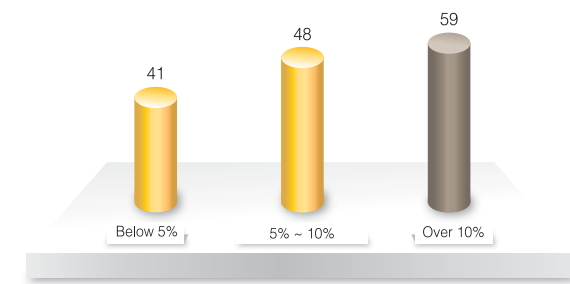


Sales



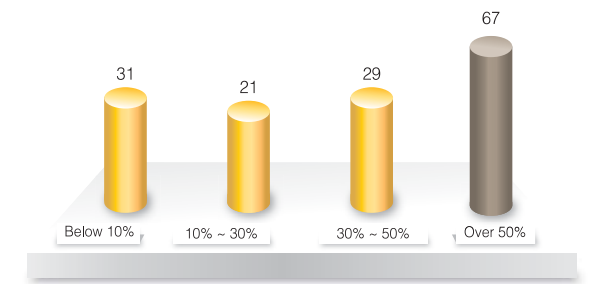
Operating Margin

• Average Operating Margin : 9.4%



Share of Exports

• Average Share of Exports : 44.3%



Employees who Nurture Their Dreams, A Workplace that Makes Their Dreams Come True

KB Financial Group aims to build a happy workplace where employees can strike a balance between work and life by promoting two-way communication and smart organizational culture. The Group also provides systematic training and career development programs to nurture all of its employees as top-notch financial specialists.

| Job Creation and Diversity |

| Corporate Culture |

| Nurturing Financial Specialists |



We are creating a fun workplace
pursuing work-life balance



Job Creation and Diversity

KB Financial Group, with the largest workforce amongst the financial companies in Korea, leads job creation in the domestic financial industry. We realize a fair hiring process based on the principles of diversity and equal opportunity.

KB Financial Group Takes the Lead in Creating Jobs

One of the important roles and responsibilities of a company is to consistently provide quality jobs to members of society. It is also necessary to create an environment where people are given equal opportunities and people from diverse backgrounds can work together. KB Financial Group respects this principle of equal opportunity and will continue to provide various job opportunities to members of society, thereby contributing to the stimulation and growth of the nation's economy.

Hiring and Retaining Talent

In the financial industry, talented workforce is the barometer of competitiveness. With a total of 25,065 employees working at KB Financial Group as of 2011, we are leading

job creation in the domestic financial industry. In 2011, we hired 709 new workers, including 23 high school graduates. We operate various hiring programs to attract talent and offer competitive annual salaries for new employees.

Reflecting different characteristics of different segments within the financial industry, our subsidiaries also have their own hiring processes. Our workforce consists of general staff, specialists and clerical staff. General staff deal with financial product development, funds management, sales, marketing, product sales and customer relations management; specialists work for more specialized operations; and clerical staff are assigned to online channel operations, call center counseling and other administrative and support duties. Specialists and clerical staff are contract staff working on a fixed-term basis. When clerical staff get to work

in excess of a certain period of time, their contract turns into one of infinite duration.

Internship Program _ To attract talent and provide career development opportunities to individuals, we have been offering internship programs for college students. Interns gain onsite work experience, from dealing with customers at branches to managing foreign currencies at the head office depending on the team they are assigned to. They can also receive training to improve skills, such as interview skills. Once internship is completed, high performers are given preferential treatment such as exemption from job application screening and written test when they apply for a position with KB Financial Group.

Human Resource Management Based on Diversity

We observe the guidelines set forth in the temporary worker protection law and the fixed-term worker protection law with regard to the management of our workforce. We hire employees separately for regular and temporary positions based on job characteristics and we do not discriminate

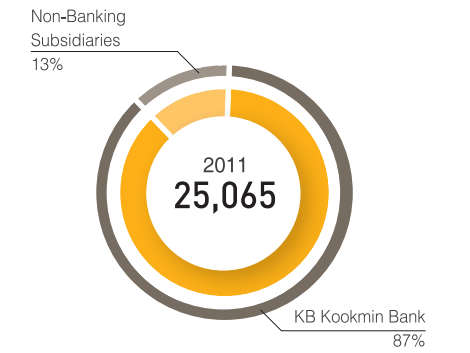
employees in all working conditions according to the principle of gender equality.

Hiring People with disabilities _ We hire employees without any discrimination. Except for certain positions where special skills are required, anyone can apply for a job regardless of educational background, age or major at school. We also offer hiring programs to protect minority groups such as the disabled.

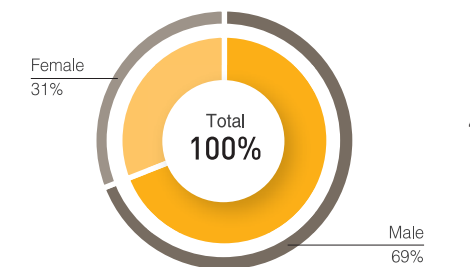
Hiring Global Talent _ For the sake of securing global competitiveness, we hire international talent to develop a cadre of global professionals. In 2011, we hired 150 talented global workers, who will be further trained as the key human resources and then be put in charge of driving the Group's global business expansion. We plan to actively take advantage of their knowledge of local cultures, network and effective communication skills to substantially enhance KB's global business capabilities, including assisting domestic firms to expand into overseas markets.

Employees who Nurture Their Dreams, A Workplace that Makes Their Dreams Come True

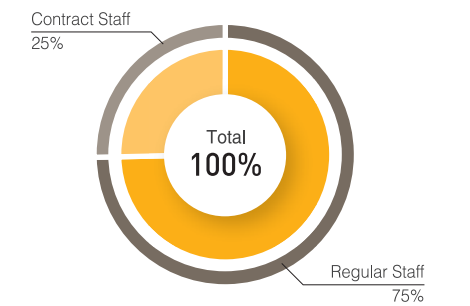
Workforce between Banking and Non-Banking Subsidiaries



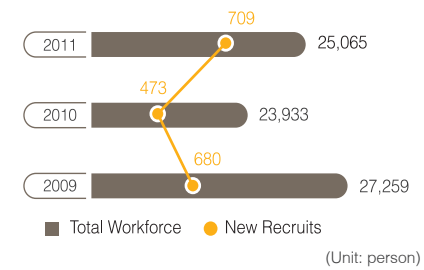
Gender Mix



Workforce Breakdown by Contract Type



Total Workforce and New Recruits



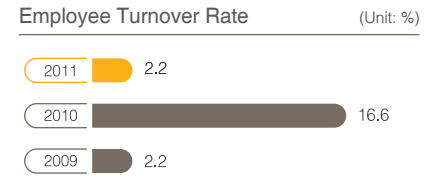
BUSINESS CASE

We Hire Local Staff and Foster Local Managers

KB Kookmin Bank hires local staff at branches as well as fosters local managers in line with the Bank's global presence expansion. As of 2011, 191 employees worked at overseas offices, a 20% increase from a year earlier, and the number of foreign employees also increased to 120. Also as of 2011, 13.3% of managers at overseas offices were foreigners.



Corporate Culture



KB Financial Group is building a corporate culture where our core values are deeply ingrained as well as a happy workplace where the management and employees work together for mutual growth through active communication.

KB's Corporate Culture that Permeates with Core Values

"Customer-oriented", "professional", "innovative", "speedy" and "performance-oriented" are the five core values that we call KB Spirit. These core values guide behaviors of our employees. We launched the Group's webzine "KB Friends" in an effort to facilitate communication among all employees. Through the webzine, our employees actively communicate with one another and also engage in the conversation with the CEO, club Olympics and many other activities.

A Pleasant and Happy Workplace

Family-friendly Management _ We offer a wide array of welfare programs for employees. In addition to the four statutory welfare schemes (National Pension, Health Insurance, Employment Insurance and Occupational Health and Safety Insurance), a variety of welfare programs

related to maternity protection, housing security, medicine, health, education and leisure are in place. Every first, second and third Wednesday and Friday of each month are designated as "Familial Love Day," when employees are encouraged to leave the office on time and spend the rest of the day with their families. We also send a birthday message with a small gift to mark the birthdays of employees' spouses as part of family-caring events.

Employee Grievance Center _ In order to tune into the voices of employees, we operate various channels and systems, including the Employee Grievance Center over the intranet. Prior to regular personnel changes, employees can submit their complaints or grievances, such as conflict with peers, sexual harassment or discrimination through "self-registration". We consider it an imperative to address the difficulties our employees face and make a healthier work environment.



Employees who Nurture Their Dreams,
A Workplace that Makes Their
Dreams Come True



% of Employees Covered by the Collective Agreement* (Unit: %)

Subsidiary	2010	2011
KB Kookmin Bank	97.95	92.02
KB Kookmin Card	-	93.11
KB Real Estate Trust	76.38	78.40

* KB Kookmin Bank, KB Kookmin Card and KB Real Estate Trust have their own labor unions, and the percentages in the table represent the percentages of actual union members relative to the number of employees eligible for joining labor unions. Other subsidiaries operate labor-management committees.

Retirement Pension Program _ We have put in place retirement pension programs, which are crucial for improving employee productivity and satisfaction, to ensure a continuity of economic self-reliance even after retirement

Labor-Management Culture for Co-Existence and Mutual Growth

We guarantee freedom of association and endeavor to maintain win-win labor-management relations.

Labor-Management Council _ We conform to agreements with our labor unions, such as collective agreements and Labor-Management Council Regulations, and operate permanent consultative bodies joined by both the management and labor unions. Furthermore, we convene Labor-Management Council four times a year and ensure that union members are involved in the Group's various task force teams, workshops and internal and external training programs to promote communication.

Protection of Workers' Rights _ We strive to protect workers' rights, for instance, by setting a minimum period of notice to be given to an employee in the event of material changes in business, in accordance with the Job Security Agreement and the Agreement on Company Development Council. For instance, KB Kookmin Bank sends at least 60 days prior notice in the case of dismissal or downsizing and 7 days prior notice before holding a Personnel Committee.

Safe and Indiscriminate Workplace _ With due consideration for the characteristics of financial business operations, we have ensured that our Collective Agreement specifies safety and health management, workplace inspection, periodic medical check-ups and operation of recreational facilities. Besides, we have incorporated into the Collective Agreement compensations to cover accidents and injuries, group insurance, medical grants, operation of medical rooms and sports in the workplace.

No. of Employee Grievances Resolved

Subsidiary	2010	2011
KB Kookmin Bank	162	43
KB Kookmin Card	-	4

(Unit: case)

* All subsidiaries of KB Financial Group have their own employee grievance programs.

Welfare Programs for Officers and Employees



Nurturing Financial Specialists

KB Financial Group provides full support to employees to help them become financial specialists through specialized training, career development programs, performance-based evaluation and compensation.



Nurturing Top-notch Talent

Compared to the other industries, the financial services industry is heavily reliant on professional knowledge and educational level of employees. Outstanding job performance and professionalism of individual employees not only play a key role in supporting the Group's sustainable growth, but they also raise employee loyalty and achievement drive. We provide tailored training, career development programs and performance-based compensation with the aim to turn individual employees into the best financial specialists.

Tailored Training and Career Development

We are striving to develop a cadre of financial specialists with a particular focus on

job skills, leadership, global competency and organizational management skills.

Job Certification System _ To turn our employees into the market's best financial specialists and strengthen workforce competencies, KB Kookmin Bank introduced a customized "job certification system" with which the Bank is heightening professionalism and sales capabilities of its employees. The Bank also signed an MOU with the Korea Institute of Finance to develop training courses for each key job functions, such as foreign exchanges and corporate lending.

Financial Market Study Program _ The financial market study program is designed to improve counseling skills of private bankers (PBs) and VIP Managers (VMs). About 900 PBs and VMs voluntarily study financial markets using customized training

materials provided by KB Research Institute and receive a test every week. We also provide other learning materials like "Daily Knowledge Vitamin" containing articles about the economy at home and abroad, financial market trends, economic theories and market issues to help trainees grasp trends in domestic and overseas financial markets at a glance.

Global Business Study Groups _ To develop a cadre of global business experts, KB Kookmin Bank runs global business study groups. So far, a total of 176 employees have participated in a total of 27 study groups comprising seven languages to improve their job skills and linguistic abilities essential to becoming global experts.

Global Training IMIG (I MAKE, I GO) _ Global training IMIG is KB Kookmin Card's expert development program that affords trainees the opportunity to experience

diverse cultures and it is expected to raise the capabilities of KB Kookmin Card as "Korea's best daily life solution provider." Training courses are not uniform; instead, employees can choose topics of their interest - industry, trends, humanities, history, culture, sports, etc. and make their own plans. Once they are finished with training, they must submit a report to share their experiences.

Compensation Commensurate with Performance

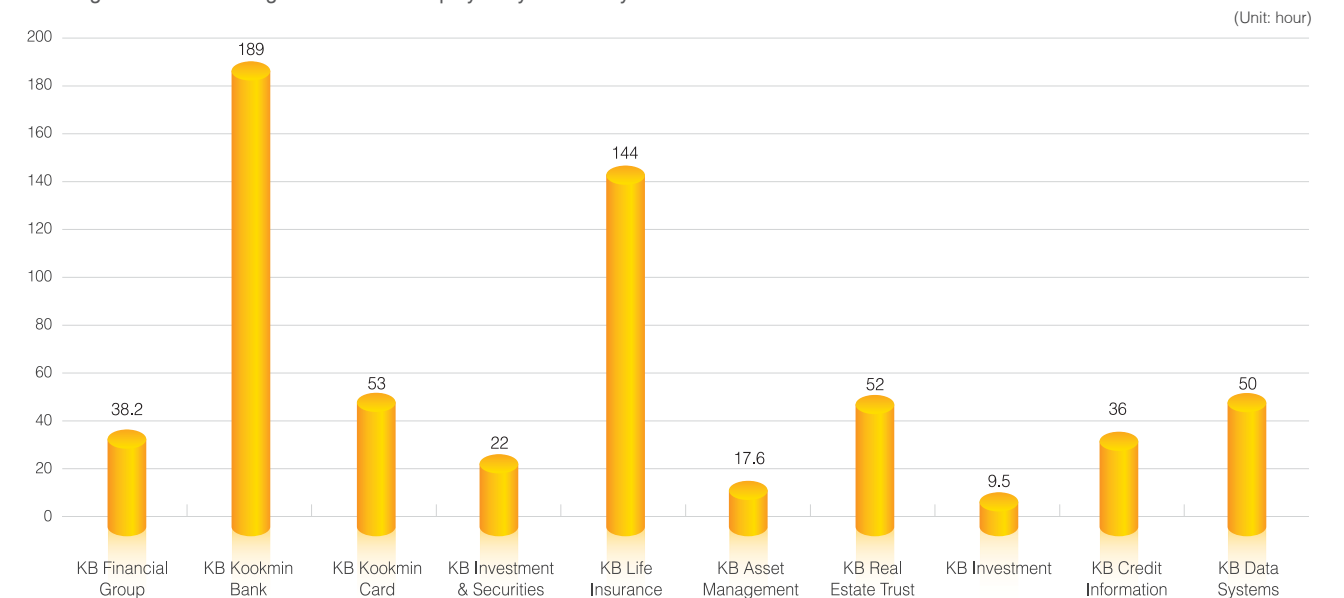
At KB Financial Group, human resources management (HRM) is performance-based. Accordingly, outstanding employees are rewarded with corresponding compensation and personnel treatment. KB Financial Group has a reasonable HRM policy in operation whereby systematic talent development programs are implemented and performance/competency evaluation is conducted by job grade.

Employees who Nurture Their Dreams,
A Workplace that Makes Their
Dreams Come True



MOU signing with the Korea Institute of Finance

• Average Hours of Training Per Year Per Employee by Subsidiary



Together for a Hopeful Tomorrow

KB Financial Group provides economic and financial education as its key social contribution effort and is determined to move forward with our job matching program "KB Good Job" more vigorously for local communities. In addition, we will continue with our differentiated social contribution built around the four themes: "youth", "the environment", "global" and "wellbeing of the aged".

| Economic and Financial Education |

| "KB Good Job", a Job Matching Program |

| Region-specific Social Contribution |



Sharing hopes with neighbors,
KB is a beacon of light that brings
a brighter future



Economic and Financial Education

KB Financial Group's key social contribution program that differentiates it from the others is education in economy and finance. Capitalizing on our strengths as a financial institution as much as possible, we will continue to help low-income people gain financial knowledge.



Fundamental Approach to Helping the Socially Disadvantaged

Demand for financial education by laypersons is increasing due to the growing reliance on private pensions and the national health insurance amid population aging, rising social costs from the increased personal debts, and increasingly complex product structures and resultant risks from the emergence of derivatives and structured securities. Although low-income and less educated people have greater demand for financial services, their access to reasonable financial knowledge and information is fairly limited. As such, KB Financial Group seeks to lead the effort to increase access to financial services and eradicate financial illiteracy by providing more economic and financial education for less privileged groups of society, thus contributing to improving the financing environment for low-income people.

Education Tailored to Different Groups of People

KB Financial Group is providing economic and financial education as its key social contribution activity. In 2011, we launched KB Foundation with a capital jointly invested by all subsidiaries for the purposes of providing economic and financial education as well as scholarship programs for our future generations. As different groups may require different levels of education, we plan to offer programs custom-tailored to their needs.

Education for Youths _ Recognizing the importance of systematic financial education in youth, we try to instill a proper view of money and correct knowledge of the economy in youths. With the 5-day workweek system taking root in Korea, we mostly arrange experiential programs for elementary school students on Saturday.

Middle Age and Late Middle Age Groups

_ We provide financial planning programs for protecting assets and making sound investments for office workers or housewives in middle or late middle ages. To draw attention to the increasing incidence of phishing frauds, we also plan to educate them as to how to avoid financial frauds.

The Elderly _ With average life expectancy along with the required money being on the rise, elderly people also need be acquainted with various financial products and services, including insurance. In this regard, we will be planning senior education programs for the elderly to promote their welfare.

The Socially Disadvantaged _ The socially disadvantaged, such as multicultural families and North Korean defectors, often find it difficult to receive proper financial services due to lack of financial knowledge. To address these problems and improve their ability to use financial services, we are planning basic education about the market economy and financial transactions. We are also developing credit management programs for less creditworthy individuals.

Economic and Financial Education Programs

“Exciting Economy Festival” _ KB Foundation held economic education festivals at 30 local children's centers in 11 regions including Seoul, Busan and Daejeon in August 2011. 400 children participated in the events. The festival event, consisting of a variety of programs, such as musicals where economic activities were acted out, bingo games using economic terms, pocket money bookkeeping, and Golden Bell, was intended to help children learn economy with ease and fun.

‘KB Star Economy & Finance Class’, An Experiential Education _ Beginning this year, KB Foundation started providing educational programs for youths in concert with KB Kookmin Bank and other subsidiaries as the five-day school week kicked off this year. Participants experience all aspects of economic and financial activities, such as earning money, saving money, spending money, managing pocket money and making donations, using bankbooks and money at mock banks and stores. Especially, participants get to learn what sharing is about by donating a certain amount of money accumulated from deposits or pocket money management.

Economic and Financial Education Programs	
(Unit: Number)	
Category	2011
No. of Programs Implemented	368
No. of Participants (excluding events)	21,357

BUSINESS CASE

KB Foundation for Sharing and Volunteering

KB Financial Group launched KB Foundation in May 2011 to support economic self-reliance of people through economic and financial education, and academic and scholarship programs as well as to spread a culture of sharing across society.

The foundation started with a KRW20 billion capital jointly invested by all subsidiaries of KB Financial Group including the holding company, KB Kookmin Bank, KB Kookmin Card and KB Investment & Securities. We plan to increase the size of the foundation by attracting additional investment from our subsidiaries.



"KB Good Job", a Job Matching Program

Taking advantage of its reputation and strong network as a leading financial group in Korea, KB Financial Group connects talented resources to promising SMEs in a program called "KB Good Job." We remain committed to taking the lead in addressing manpower shortages faced by SMEs.

Connecting Competent Jobseekers to Promising SMEs

The prolonged period of high unemployment in the wake of the global financial crisis poses a risk to the economic recovery and triggers social worries. As of the end of 2011, the domestic unemployment rate and youth unemployment rate (aged 15-25 years) remained the lowest among the OECD countries at 3.4% and 7.6% respectively, but youth unemployment is still a serious social issue. Many young Koreans have difficulties finding jobs, while quite a few SMEs are struggling to secure sufficient talent. We are successfully operating our job-matching program "KB Good Job" employing our good reputation and nationwide network as Korea's leading financial group, thus contributing to resolving the unemployment issue and assisting capable SMEs with further growth.

Major Services of "KB Good Job"

Online Hiring _ We provide "venues" for gatherings of SMEs suffering from manpower shortages and jobseekers struggling to find jobs due to lack of information. Hiring companies and jobseekers can obtain an extensive amount of information on job listings and jobseekers from our job-matching website www.kbgoodjob.co.kr.

HR Consulting _ We offer preferential interest rates for deposits and loans and fee discounts to the member companies that hire young jobseekers and send professional consultants to the member companies for financial diagnosis, management consulting and other consulting services. If SMEs hire jobseekers as regular employees, we provide each firm KRW500,000 for every employee hired. We also provide mock interviews, aptitude test and mind-setting

consulting services for jobseekers.

Hiring Support Service _ To provide high-quality information on job vacancies and job applicants, we utilize our 1,150 branch network and team up with the Korea Chamber of Commerce and Industry, the Korea Medium Industries Association, the KOSDAQ Listed Companies Association, the Korea Venture Business Association and other related agencies to secure a pool of promising SMEs. We also work hard to find talented workforce through MOUs with the Ministry of Education, Science and Technology, the Small & Medium Business Administration, Korea Polytechnic Colleges and specialized high schools.

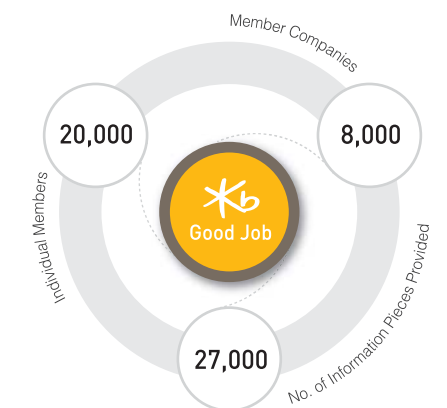
Job Fair to Tackle Youth Unemployment

A New Concept Job Fair _ In June 2011, we held the "2011 KB Good Job Fair for SMEs" attended by about 200 cream-of-the-crop companies and some 12,300 jobseekers. At the fair, the "Hiring tour" program in which participants visited industrial sites by bus received an enthusiastic response. Also in December 2011, we held "2011 KB Good Job Live Interview," the first such fair in the banking industry conducting video interviews at branches. The fair, held at the RockStar Hongik University Wow Zone, was attended by "KB Hidden Star 500" companies and drew much attention from visitors.

Setting the Stage for More Hiring of Specialized High School Graduates by the Financial Sector _ In line with the government policy announced in 2011 to support specialized high schools, KB Financial Group signed an MOU with the Ministry of Education, Science and Technology and KB Kookmin Bank hired eight graduates from specialized high schools in March 2011.



Key Figures of 2011 "KB Good Job"



Specialized High school graduates hired through "KB Good Job"



2012 "KB Good Job" Fair

Region-specific Social Contribution

KB Financial Group carries out social contribution work with a focus on “youth”, “global”, “the environment” and “wellbeing of the aged”. 25,000 employees of KB Financial Group voluntarily provide “one volunteer service per person” for 10 hours a year.



three small libraries have been built for local youngsters.

KB Rainbow Class _ KB Investment & Securities is renovating unused classrooms and converting them into libraries for teenagers attending branch schools in the mountains or agricultural areas, hence fewer educational and cultural benefits. Employees of KB Investment & Securities are participating in this program, painting murals, compiling books in libraries and providing economic education for children, as well as donating books and portable netbooks. Going forward, the company plans to carry out the program twice a year at least.

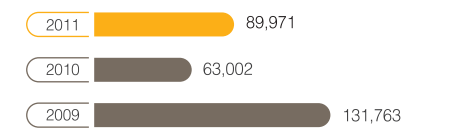
Environmental Protection

KB Financial Group takes the lead in preserving the environment to make a healthier world where people can enjoy clean air and blue skies.

Carbon Neutral Forest _ We are engaging in the construction of the third “Carbon Neutral Forest,” one of the Group’s key programs for preserving the environment by planting trees to reduce greenhouse gas emissions. The program is gaining importance in the world’s effort to cope with global climate change. In April 2011, 160 KB employees and citizens in Ansan planted about 13,000 trees on 1.3ha of land around Nojeokbong Park.

Eco Tree Campaign, a Pan-national Environment Campaign _ At the end of March every year since 2009, we have implemented Eco Tree Campaign in conjunction with the private sector, the government and the army at army shooting ranges. This environment campaign is part of the Green Start movement actively pursued by the government and is intended to raise awareness of the severity of global warming and emphasize the importance of practicing green life.

Social Contribution Amount (Unit: KRW mil.)



Social Contribution Strategy Centered on Four Core Themes

We endeavor to build a best practice social contribution model under the three underlying goals of maximizing the effectiveness of social contribution activities through extensive support for our key social contribution projects, contributing substantively to local communities through well-intended services, and making social contribution an integral part of the Group’s corporate culture. These tasks are related to our four core themes: “youth”, “global”, “the environment” and “wellbeing of the aged”.

Youth Sponsorship

Youth sponsorship is the most important

social contribution theme of ours and we carry out a number of tasks aimed at providing our future generations with equal opportunities to learn and to gain exposure to cultural experiences.

KB Kookmin Bank Small Library _ KB Kookmin Bank has sponsored the creation of “Small Libraries” since 2007 in coordination with the Ministry of Culture, Sports & Tourism and MBC to provide information/cultural space to teenagers. As of the end of 2011, 29 small libraries were built nationwide. The Small Library program is designed to help reduce information gap for the youths living in less favored areas. The Bank plans to build five additional libraries until the end of 2012. The Bank extends its Small Library project beyond Korea. In Vietnam and Cambodia,

Major Social Contribution Activities

	2011			
	Group-wide	KB Kookmin Bank	KB Kookmin Card	Other Subsidiaries
Youth	Make Dream Village with Children Support the creation of children’s rehab centers	Small Library Happy Meal Hopeful Study Room Museum Stroll English Camp Economic/Financial Education	Economic and financial education	Rainbow Class (KB Investment & Securities) Rainbow Day (KB Investment & Securities) - Invitation of children to Seoul
Global	Relief aid for victims of the earthquake in Japan	Overseas volunteer group of college students Korean language learning Sharing love for Korean language	Festival for multicultural families Multicultural family member orchestra	Cap-knitting campaign (KB Data Systems)
The environment	KB Carbon Neutral Forest KB Forest for Finance Hopefuls	Eco Tree campaign Cultural Asset Protector	Protection of forest paths nationwide	Volunteering at the Seoul Forest Park
Wellbeing of the aged	Donation of winter goods to the elderly living alone Photo service wishing longevity Meal-serving service	Volunteer services at senior welfare centers Meal serving, cleaning, keeping the elderly company	Connect love for the elderly living alone (home visits, keeping them company, etc.) Photo service wishing longevity	Meal-serving Photo service wishing longevity

Global Social Contribution

KB Financial Group is conducting relief aid and Korean language education programs mostly in Asian countries.

“RaonAtti”, KB’s Overseas Volunteer Group of College Students _ “RaonAtti”, KB Kookmin Bank’s overseas volunteer group of college students, is undertaking voluntary works to help people in underdeveloped Asian countries suffering from poverty, hunger and natural disasters. In 2011, 60 RaonAtti members were sent to six Asian countries – Malaysia, Vietnam, Sri Lanka, Cambodia, Thailand and the Philippines – to provide voluntary services such as helping children with disabilities, teaching language to children from poor families and serving meals to poorly-fed children. KB Financial Group will continue to engage in global volunteer work and disseminate a culture of sharing to other parts of the world.

Multicultural Festival Sponsorship _ KB Kookmin Card sponsored “Filipino Day” and “Thailand Day” at a multicultural festival held in May 2011. The event consisted of

a variety of programs including traditional dances of each country, a flower-decorated parade and a flea market that directly engaged the immigrants in planning to preparation stages. KB Kookmin Card also set up a section at the festival site for children of multicultural families and migrant workers to enjoy balloon arts, face painting and photo-taking as well as share information among themselves.

Welfare for Elderly Citizens

Each subsidiary of KB Financial Group has in place programs such as free meal service, photo service wishing longevity and the provision of household goods to promote the welfare of the aged.

Photo Service Wishing Longevity _ All senior executives and 100 employees from KB subsidiaries visited the Seoul Senior Welfare Center for meal-serving and photo service wishing the elderly longevity.

Happy Food _ KB Investment & Securities has been engaging in “Happy Food” volunteer service since last February for

the elderly living alone in Yeongdeungpo-gu district. Every other month, the Company delivers rice, kimchi and other daily necessities to the elderly under poor living conditions, and went on a one-day trip with them to Ganghwado last July.

Charitable Donations _ KB Financial Group is also actively engaging in the effort to return a portion of its profit back to society. Last August, we donated KRW1 billion for the construction of the “Purumae Center in Sejong Town” and donated 51 vehicles including the ones equipped with a lift for the disabled to welfare centers across country to help increase mobility service of the centers. Believing that playing an active role in the development of local communities is a way to

show our appreciation to citizens as well as fulfill our obligation as a corporate citizen, we will make the best use of our capabilities and our strengths.



KB global volunteer group

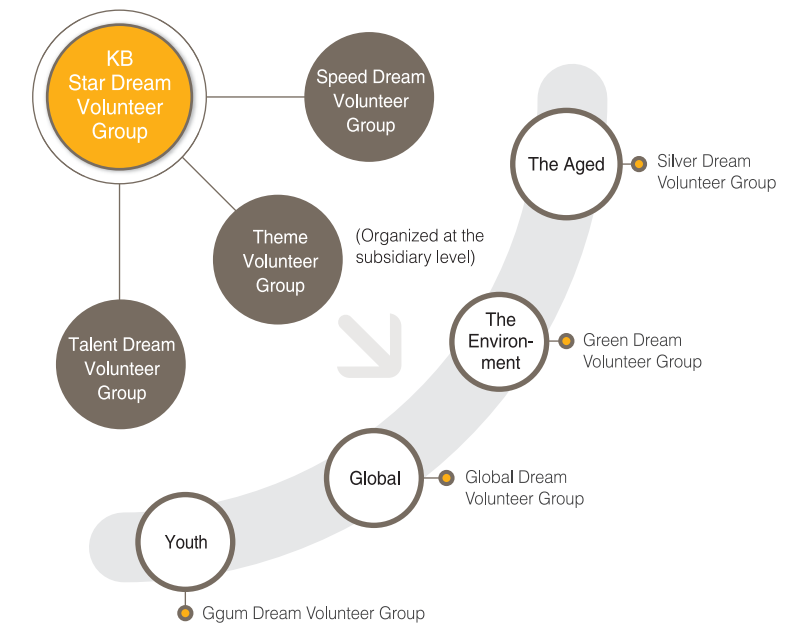


KB’s global volunteer group RaonAtti

BUSINESS CASE

“KB Star Dream Volunteer Group” Launched

Under the slogan “we put people before anything else,” KB Financial Group launched “KB Star Dream Volunteer Group” program in 2011 to deliver hopes and dreams for underprivileged neighbors. Newly established under the program are “Speed Dream Volunteer Group” for prompt disaster relief in Korea and “Talent Dream Volunteer Group,” comprising 500 incumbent and retired employees who donate their talent in economic and financial education, lectures, culture and arts. All of our 1,200 branches are engaging in region-specific volunteer works centered on four key themes: “youth”, “global”, “the environment” and “wellbeing of the aged”. We engage all of our 25,000 employees to provide at least 250,000 hours of community service under the spirit of “one volunteer service per person”.



APPENDIX

■ Group at a Glance ■ GRI Table ■ GRI Statement ■ Independent Assurance Statement ■ Glossary

Group at a Glance

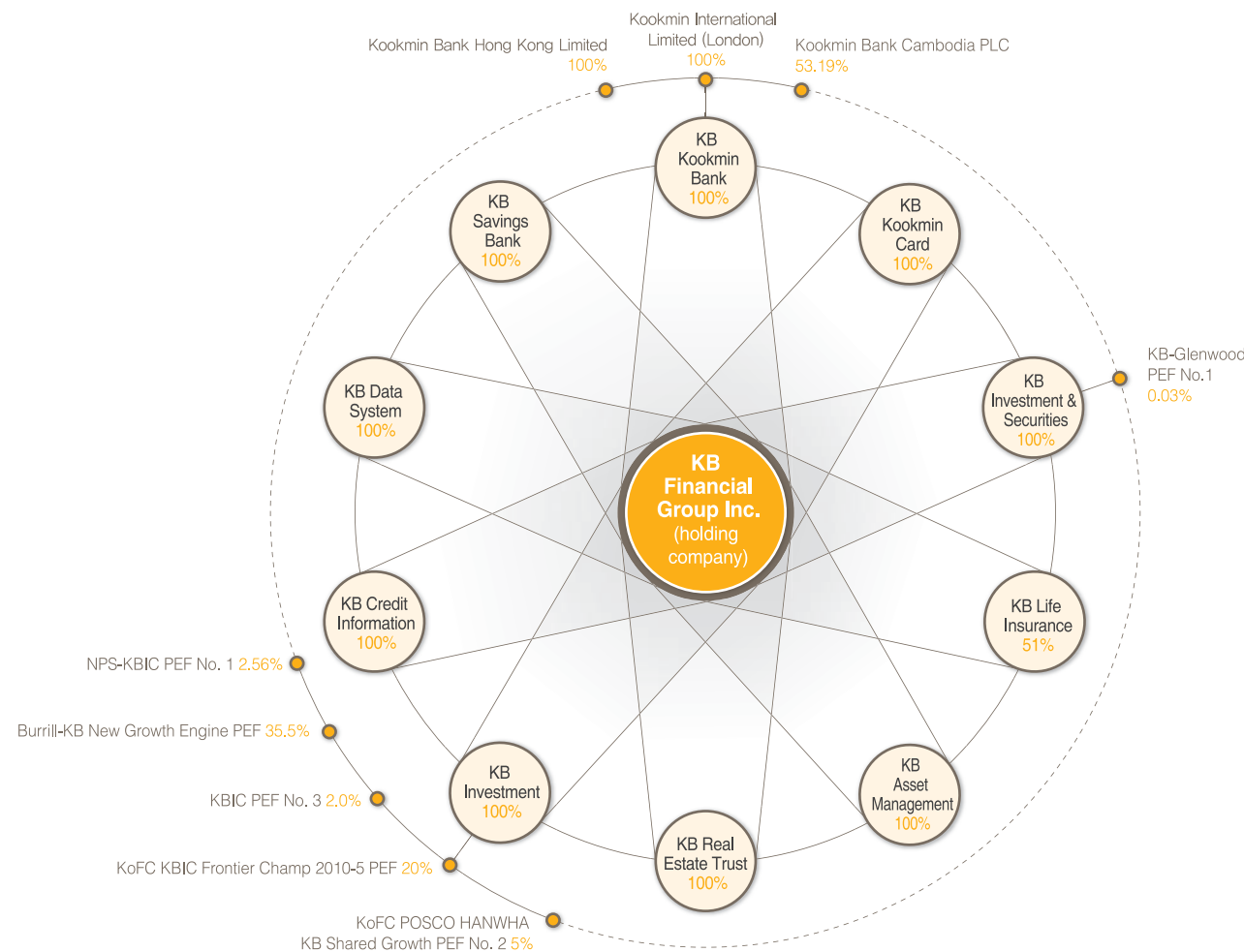
Significant Changes during the Reporting Period

On March 14, 2011, KB Investment & Securities Co., Ltd. merged with KB Futures Co., Ltd. with the former succeeding to all rights and obligations of the latter. As a result, KB Futures no longer exists as a separate entity.

Shareholder Name	Number of Shares and Ownership before the Merger		Number of Shares and Ownership after the Merger	
	Common Stock	Ownership	Common Stock	Ownership
KB Financial Group	15,600,000	100%	21,450,439	100%

* KB Investment & Securities, the surviving company, issued 5,850,439 shares of common stock and allotted 1.4626098 shares for one share of the common stock of KB Futures to the shareholder (KB Financial Group, the holding company) of KB Futures.

Ownership Structure



Major Awards (Jan. 2011-Dec. 2011)

Month	Subsidiary	Award Details	Given by
Jan.	KB Kookmin Bank	2011 best contributor to stabilizing the life of the people in the commercial banking industry	CEO Magazine & Korea Sustainability Management Evaluation
	KB Kookmin Card	Grand prize, 2011 Customer Satisfaction Management Award for four consecutive years	Korea Daily Economy
	KB Investment & Securities	Best Compliance Member 2010	Korea Exchange
Feb.	KB Kookmin Bank	The most favored brand for six consecutive years in the banking industry chosen by CEOs of the top 500 companies	The New Management Magazine
	KB Financial Group	Socially responsible corporation for mutual prosperity 2011	Chosun News Press
Mar.	KB Financial Group	Grand prize in the innovative management category, the 3rd Korea's Best Innovative Management Awards 2011	Korea Joongang Daily
	KB Kookmin Bank	Ranked 1st in the banking industry in the 2011 Korea Brand Power Index for 13 consecutive years	Korea Management Association Consulting
	KB Kookmin Bank	Korea's Brand Star 2011, ranked 1st in the banking industry for five consecutive years	Brand Stock
Apr.	KB Life Insurance	First prize, the Bell Risk Manager Awards, "Life Insurance Infrastructure Establishment and Internal Controls"	The Bell
	KB Kookmin Bank	Forbes CEO Award 2011 in the sustainability category	Korea Joongang Daily Forbes
	KB Life Insurance	Named the best call center for five consecutive years in the Korea Service Quality Index (KSQI)	Korea Management Association Consulting
May.	KB Financial Group	Grand prize, Transparent Management Awards 2011 (KB Financial Group)	Korea Accounting Association
	KB Life Insurance	Outstanding Corporation in Governance 2011	Korea Corporate Governance Service
	KB Life Insurance	Grand prize, Korea's Most Beloved Brands 2011	Chosun Biz
Jun.	KB Kookmin Bank	2011 Best Corporation in Voice of Customer for two consecutive years	Korea Management Association Consulting
	KB Kookmin Bank	Named the best call center for three consecutive years in the Korea Service Quality Index (KSQI)	Korea Management Association Consulting
	KB Kookmin Bank	Premium Brands Awards 2011 in the banking industry	Korea Herald
	KB Kookmin Bank	Grand prize, Korea's Most Beloved Brands 2011	Chosun Economy
Jul.	KB Financial Group	First prize, Korea's Most Ethical Corporations 2011	Fortune Korea
	KB Financial Group	Grand prize, 2011 National Competitiveness	Seoul Economic Daily
	KB Kookmin Bank	Ranked 13th among the top 100 Brands in Korea for the 2nd quarter of 2011	Brand Stock
Aug.	KB Kookmin Bank	Ranked 1st in the customer access point category for two consecutive years in the Korea Service Quality Index (KSQI)	Korea Management Association Consulting
	KB Kookmin Bank	Ranked 1st in the banking service category for eight consecutive years in the National Brand Competitiveness Index (NBCI)	Korea Productivity Center
	KB Kookmin Bank	The Most Trusted Representative Brands among Consumers 2011 in the banking industry in Korea	Korea Brand Management Association
Sep.	KB Kookmin Bank	Ranked 1st in the banking industry for five consecutive years in the Korea Customer Satisfaction Index (KCSI)	Korea Management Association Consulting
	KB Kookmin Card	Ranked 1st in the check card category in the Korea Customer Satisfaction Index (KCSI)	Korea Management Association Consulting
	KB Financial Group	Included in the Dow Jones Sustainability Asia Pacific Index for three consecutive years	Korea Productivity Center
Oct.	KB Financial Group	Named Best Social Contributor in the youth welfare category by Forbes	Forbes Korea & Korea Chamber of Commerce and Industry
	KB Kookmin Bank	Named Best Corporation by the Asian Chief Audit Executives Leadership Forum	Brand Stock
	KB Kookmin Bank	Grand prize, the 5th Korea Consumer Awards 2011	Korean Society of Consumer Studies
	KB Kookmin Card	Brand of the Year 2011	Korea Advertising Society
Nov.	KB Kookmin Bank	GOLD&WISE named the best company in the electronic company newsletter category, Korea Communication Awards	Korea Sabo Association
	KB Kookmin Bank	Best Asian Bank for Cross-Border Custody, Service Provider Awards 2011	Asian Investor Magazine
	KB Kookmin Bank	Grand prize, the 16th Korea Ethical Management Awards	Korean Academy of Business Ethics
	KB Kookmin Bank	Korea's Most Trustworthy Enterprise chosen by Consumers	Korea Civil Movement Association for Consumer's Right & Korea Finance Consumer Federation
Dec.	KB Kookmin Card	Korea's Highest Brand	Brand Stock
	KB Kookmin Card	Grand prize, Loving People, Touching Customers Brands	THE DONG-A ILBO
	KB Kookmin Card	Ranked 1st in KS-SQI	Korea Standards Association
	KB Financial Group	SBS Sharing Hopeful Tomorrow Awards	SBS
Dec.	KB Financial Group	2011 Hot Brands chosen by 1,000 college students nationwide	Hankyung Campus Job & Joy
	KB Kookmin Bank	Presidential citation in anti-money laundering on anti-money laundering day and the 10th anniversary of KoFIU	Financial Services Commission, Korea Financial Intelligence Unit
	KB Kookmin Bank	World's Best Trade Bank 2012 in Korea	Global Finance
	KB Kookmin Bank	Ranked 1st in the banking industry for six consecutive years in the National Competitiveness Satisfaction Index (NCSI)	Korea Productivity Center
	KB Kookmin Bank	Ranked 1st in banking services for five consecutive years in the Korean Net Promoter Score (KNPS)	Korea Management Association Consulting
	KB Kookmin Bank	Grand prize in the financial services category, Smart App Awards 2011	Korea Internet Professional Association
	KB Kookmin Bank	Ranked 10th among Korea's Top 100 Brands in 2011	Brand Stock
KB Kookmin Card	KOREA LIFEstyle Awards - infant care support and promotion	Munhwa Ilbo	
KB Kookmin Card	Consumer's Right Promotion Awards 2011 - Corporate Social Responsibility	Korea Joongang Daily	
KB Investment & Securities	CEO of KB Investment & Securities Chi-Young Roh named the Best CEO in Communication Management, Korea CEO Leadership Awards	Korea Joongang Daily	

GRI Table

●: Full Reporting ○: Partial Reporting ○: Not Reported

●: Full Reporting ○: Partial Reporting ○: Not Reported

GRI Index	Page	Reporting Level	Remark
1. Strategy and Analysis			
1.1	CEO Message	2	●
1.2	Risks and opportunities	10, 11	●
2. Organizational Profile			
2.1	Name of the organization	-	● KB Financial Group
2.2	Primary brands, products, and/or services	4, 5	●
2.3	Operational structure of the organization	4, 5	●
2.4	Location of organization's headquarters	4, 5	●
2.5	Names of countries with major operations	4, 5	●
2.6	Nature of ownership and legal form	66	● A corporation under the commercial law. See page 66 for ownership structure
2.7	Markets served	4, 5	●
2.8	Scale of the reporting organization	4, 5	●
2.9	Significant changes during the reporting period regarding size, structure, or ownership	4, 5, 66	●
2.10	Awards received	67	●
3. Report Parameters			
3.1	Reporting period	Title page	●
3.2	Date of most recent previous report	Title page	●
3.3	Reporting cycle	Title page	●
3.4	Contact point for questions regarding the report or its contents	Title page	●
3.5	Process for defining report content	13	●
3.6	Boundary of the report	Title page	●
3.7	State any specific limitations on the scope or boundary of the report	Title page	●
3.8	Basis for reporting that can significantly affect comparability from period to period and/or between organizations	Title page	●
3.9	Data measurement techniques and the bases of calculations	Title page	●
3.10	Re-statements of information provided in earlier reports	Title page	●
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	Title page	●
3.12	GRI Content Index	68-71	●
3.13	Policy and current practice with regard to seeking external assurance for the report	Title page	●
4. Governance, Commitments, and Engagement			
4.1	Governance structure of the organization	9	●
4.2	Indicate whether the Chair of the highest governance body is also an executive officer	8	●
4.3	Board composition	9	●
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	8	●
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives	8	●
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided	8	●
4.7	Process for determining the qualifications, and expertise of the members of the highest governance body in the economic, environmental and social fields	8	●
4.8	Statements of mission or values, codes of conduct, and principles	11	● http://kbfnng.com/Eng/Social/Ethics1/charter.jsp
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance	13	●
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance	8	●
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization	-	● Not applicable
4.12	Externally developed principles or other initiatives to which the organization subscribes or endorses	-	● UNGC, UNEP/FI

* The figures refer to page numbers and AR refers to Annual Report

GRI Index	Page	Reporting Level	Remark
4.13	Memberships in associations (such as industry associations) and / or national / international advocacy organizations	-	○
4.14	List of stakeholder groups engaged by the organization	12	●
4.15	Basis for identification and selection of stakeholders with whom to engage	12	●
4.16	Approaches to stakeholder engagement	12	●
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns	13	●
Economic Performance Indexes			
EC1	Direct economic value generated and distributed	AR 40	●
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	38	●
EC3	Coverage of the organization's defined benefit plan obligations	50	●
EC4	Significant financial assistance received from Government	-	○
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation	-	○
EC6	Policy, practices, and proportion of spending on locally based suppliers at significant locations of operation	49	●
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation	49	●
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement	60	●
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts	-	○
Environmental Performance Indicators			
EN1	Materials used by weight or volume	40	●
EN2	Percentage of materials used that are recycled input materials	40	○
EN3	Direct energy consumption by primary energy source	41	●
EN4	Indirect energy consumption by primary source	41	●
EN5	Energy saved due to conservation and efficiency improvements	38	●
EN6	Initiatives to provide energy-efficient or renewable energy-based products and services, and reductions in energy requirements as a result of these initiatives	-	○
EN7	Initiatives to reduce indirect energy consumption and reductions achieved	40	●
EN8	Total water withdrawal by source	41	●
EN9	Water sources significantly affected by withdrawal of water	-	● Only waterworks supply is used. No water sources with significant impact
EN10	Percentage and total volume of water recycled and reused	-	● We do not use recycled water
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	-	● All major operations are located in urban areas with no direct impact on biodiversity
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	-	● We do not have any operation site that significantly affects biodiversity, and we do not provide products or financings that have a possibility to destroy the ecosystem
EN13	Habitats protected or restored	-	○ Insignificant issue – There is low risk of destroying habitats due to current operations
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity	-	○ Insignificant issue – There is low risk of destroying biodiversity due to current operations
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	-	● No endangered species within enterprise zones
EN16	Total direct and indirect greenhouse gas emissions by weight	41	●
EN17	Other relevant indirect greenhouse gas emissions by weight	-	○ Currently, we do not calculate Scope 3 emissions, which is our longer-term consideration
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	38, 39	●
EN19	Emissions of ozone-depleting substances by weight	-	○ Insignificant issue – There are no significant emissions of ozone-depleting substances

●: Full Reporting ○: Partial Reporting ○: Not Reported

GRI Index	Page	Reporting Level	Remark	
EN20	NOx, SOx, and other significant air emissions by type and weight	-	○	Insignificant issue – There are no significant emissions of air-polluting substances
EN21	Total water discharge by quality and destination	-	○	Insignificant issue – We only use waterworks and discharged water is treated by urban sewage purification systems
EN22	Total weight of waste by type and disposal method	41	●	
EN23	Total number and volume of significant spills	-	●	No significant spills of harmful substances
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally	-	●	No discharge of regulated waste materials and no history of international shipment
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff	-	●	Discharged water is treated by urban sewage purification systems, and there are no significant discharges of waste water
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	42	●	
EN27	Percentage of products sold and their packaging materials that are reclaimed by category	-	○	Not applicable – We do not use packaging materials
EN28	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations	-	○	Cannot be disclosed due to internal policies and regulations
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce	42	●	
EN30	Total environmental protection expenditures and investments by type	-	○	
Labor Practices and Decent Work Performance Indicators				
LA1	Total workforce by employment type, employment contract, and region	49	●	
LA2	Total number and rate of employee turnover	50	●	
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees	51	●	
LA4	Percentage of employees covered by collective bargaining agreements	51	●	
LA5	Minimum notice period(s) regarding significant operational changes	50	●	
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees	-	●	100%
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities	-	○	
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	50	●	
LA9	Health and safety topics covered in formal agreements with trade unions	50	●	
LA10	Average hours of training per year per employee by employee category	53	●	
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	-	○	
LA12	Percentage of employees receiving regular performance and career development reviews	-	●	100%
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	9	●	
LA14	Ratio of basic salary of men to women by employee category	-	●	No discrimination by gender
LA15	Return to work and retention rates after parental leave, by gender	-	●	100%
Human Rights Performance Indicators				
HR1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening	-	○	We do not have a human rights screening process. It is our longer-term consideration.
HR2	Percentage of significant suppliers and contractors that have undergone human rights screening	43	●	
HR3	Employee training on policies and procedures concerning aspects of human rights	-	○	
HR4	Total number of incidents of discrimination and corrective actions taken	-	●	No incident
HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights	-	●	We do not have operations or suppliers that are at such risk
HR6	Abolition of child labor	-	●	We do not have operations or suppliers as having significant risk for incidents of child labor

●: Full Reporting ○: Partial Reporting ○: Not Reported

GRI Index	Page	Reporting Level	Remark	
HR7	Elimination of all forms of forced or compulsory labor	-	●	We do not have operations or suppliers as having significant risk for incidents of forced or compulsory labor
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations	-	○	
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken	-	●	No incident of dispute due to violations involving rights of indigenous people
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments	-	○	
HR11	Number of grievances related to human rights filed, addressed, and resolved through formal grievance mechanisms	-	○	Cannot be disclosed due to internal policies and regulations
Society Performance Indicators				
SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities	60-63	●	
SO2	Percentage and total number of business units analyzed for risks related to corruption	-	●	100%
SO3	Percentage of employees trained in organization's anticorruption policies and procedures	43	●	
SO4	Actions taken in response to incidents of corruption	-	●	No incident of significant corruption found
SO5	Public policy positions and participation in public policy development and lobbying	-	●	Participation in politics is prohibited at the company level (http://kbfnng.com/Kor/Morals/ethics2/ethics2.jsp)
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country	-	○	
SO7	Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes	-	○	
SO8	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations	-	○	Cannot be disclosed due to internal policies and regulations
SO9	Operations with significant potential or actual negative impacts on local communities	-	●	We have no operations found with significant potential or actual negative impacts on local communities
SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities	-	●	We have no operations found with significant potential or actual negative impacts on local communities
Product Responsibility Performance Indicators				
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures	-	○	Products and services offered by KB Financial Group have low risk of significantly impacting the safety of customers
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle	-	○	Products and services offered by KB Financial Group have low risk of significantly impacting the safety of customers
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	22	●	
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by result type	-	○	Cannot be disclosed due to internal policies and regulations
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	19	●	
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications	22	●	
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship	22	●	
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	20	●	No incident of dispute due to breaches of customer privacy
PR9	Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services	-	○	Cannot be disclosed due to internal policies and regulations

●: Full Reporting ●: Partial Reporting ○: Not Reported

GRI Index		Page	Reporting Level	Remark
Financial Services Sector Supplement				
FS1	Policies with specific environmental and social components applied to business lines	28,30	●	
FS2	Procedures for assessing and screening environmental and social risks in business lines	32	●	
FS3	Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions	32	●	
FS4	Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines	-	○	Not applicable
FS5	Interactions with clients/investees/business partners regarding environmental and social risks and opportunities	30	●	
FS6	Percentage of the portfolio for business lines by specific region, size and by sector	AP 2-3	●	
FS7	Total monetary value of products and services designed to deliver a specific social benefit	31	●	
FS8	Total monetary value of products and services designed to deliver a specific environmental benefit	29	●	
FS9	Coverage and frequency of audits to assess implementation of environmental and social issues and policies	33	●	
FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues	33	●	
FS11	Percentage of assets subject to positive and negative environmental or social screening	32	●	
FS12	Voting policies applied to environmental or social issues for shares over which the reporting organization holds the right to vote shares or advises on voting	-	○	Not applicable
FS13	Access points in low-populated or economically disadvantaged areas by type	30	●	
FS14	Initiatives to improve access to financial services for disadvantaged people	30	●	
FS15	Policies for the fair design and sale of financial products and services	22	●	
FS16	Initiatives to enhance financial literacy by type of beneficiary	56	●	

GRI Statement



Statement GRI Application Level Check

GRI hereby states that **KB Financial Group** has presented its report "2011 Sustainability Report" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level A+.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines.

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 31 May 2012



Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative



The "+" has been added to this Application Level because **KB Financial Group** has submitted (part of) this report for external assurance. GRI accepts the reporter's own criteria for choosing the relevant assurance provider.

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

Disclaimer: Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 24 May 2012. GRI explicitly excludes the statement being applied to any later changes to such material.

Independent Assurance Statement

Dear Stakeholders of “KB Financial Group’s 2011 Sustainability Report”

Independent Assurance Statement for KB Financial Group’s Sustainability Report

BSI Group Korea Limited (hereinafter “BSI”) has been engaged by KB Financial Group to perform an independent assurance with regard to the 2011 Sustainability Report of KB Financial Group (hereinafter the “Report”). The Report is the first Sustainability Report issued at the group level since the first issuance of the Sustainability Report of KB Kookmin Bank in 2009. The Report describes performance for a period between January 1, 2011 and December 31, 2011, and in regard to some material issues, includes information collected up to April 2012.

Scope of Assurance

The Report contains sustainability activities and performance of the ten subsidiaries of KB Financial Group, namely KB Kookmin Bank, KB Kookmin Card, KB Investment & Securities, KB Life Insurance, KB Asset Management, KB Real Estate Trust, KB Investment, KB Credit Information, KB Data Systems and KB Savings Bank, as well as sustainability-related information of the Group’s overseas operations, but the assurance was carried out only for domestic operations.

The following aspects of information were outside the scope of this assurance.

- Financial information
- With regard to environmental data, the reporting scope was restricted to the real estate properties directly owned by KB Financial Group.
- Information provided on the KB Financial Group’s website

Responsibility and Independence

KB Financial Group has full responsibility for the preparation of the Report. In performing our assurance work, our responsibility is to provide an independent assurance statement containing our professional opinion within the stated scope of the report through applying methodology described and to provide the information to all stakeholders of KB Financial Group.

Our assurance team has no financial interest in KB Financial Group and did not engage in the preparation of the Report other than presenting its assurance opinion on the Report. The assurance was carried out by BSI assurors with a broad range of skills and depth of experience in respective fields in order to provide a high level of competency for assurance engagement in line with the BSI Fair Trading Code of Practice.

Assurance Standards

The assurance was performed in accordance with the following standards:

- AA1000 Assurance Standard (2008)
- GRI G3.1 Sustainability Reporting Guidelines and the Financial Services Sector Supplement (FSSS)

We confirmed adherence to the three principles of inclusivity, materiality and responsiveness by applying Type 1 moderate level of the AA1000 Assurance Standard (2008). The reliability evaluation of sustainability performance information was not covered in this assurance. The GRI Guidelines was applied at the level of A

Methodology

We adhere to the assurance standards and used a methodology that had been developed to gather relevant evidence that helps reduce errors in the content reported. We undertook the following activities:

- Review and confirmation of the adequacy of KB Financial Group’s process in order to determine assurance priorities
- Review of the process for implementing sustainability strategies and systems for their implementation
- Interviews with senior managers and employees responsible for the management of sustainability issues, selection of bases for the issues discussed, and review of their adequacy
- Review of the process for creating, gathering and reporting data in each area of performance
- Independent assessment of KB Financial Group’s reporting in preparation for the application level of the GRI Guidelines

Assurance Opinion

We reviewed the draft of the Report and provided our opinion, and where necessary, corrections were made to the Report accordingly. Based on the results of the assurance work performed, we concluded that KB Financial Group complied with the reporting principles and provided a fair description of its sustainability performance.

We confirmed that the GRI indicators referenced in the GRI Index pages were reported fully or partially as the result of the materiality assessment process. We also concluded that the Report met GRI’s G3.1 application level A+.

This assurance result is based on the three principles of inclusivity, materiality and responsiveness, and our opinion on the Report is as follows:

The Report, issued by consolidating sustainability activities of each subsidiary, enabled us to confirm that KB Financial Group is evolving into having an integrated structure for developing, executing, monitoring and improving sustainability strategies at the group level, not at each subsidiary level. These efforts of KB Financial Group are significant in the sense that they provide a more advanced and sophisticated approach to sustainability management to other companies at home and abroad.

Inclusivity is a principle that assures the participation of stakeholders in developing and achieving an accountable and strategic response to sustainability.

We confirmed that KB Financial Group has in place a process of engaging stakeholders and makes efforts to collect opinions from various stakeholders and reflect them in its sustainability policy. The Group has official channels for communicating with each stakeholder group, and its prioritization of reporting issues with regard to stakeholder surveys and feedbacks was helpful in determining contents covered in the Report.

Each subsidiary within KB Financial Group owns stakeholders according to its business characteristics. From our observations of this Report, it may be difficult to figure out various issues at each subsidiary level as the Report copes with major issues identified through stakeholder engagement conducted at the group level. We recommend that KB Financial Group should also conduct materiality assessment on the sustainability issues identified by individual subsidiaries and include them in the next report.

Materiality concerns determining issues which are necessary in order for stakeholders to make judgments based on information regarding KB Financial Group and its impacts.

We confirmed that the sustainability issues identified from stakeholders through the materiality assessment and the key issue selection process had been incorporated into sustainability strategies. KB Financial Group used its VOC system to understand the organization’s sustainability issues and collected material issues of internal and external stakeholders through communication with stakeholders, surveys and other channels. The Group identified 10 key issues and major issues through the materiality assessment conducted in accordance with the AA1000SES guidance and included them in the Report.

To develop the key sustainability issues identified from stakeholders into more solid sustainability strategies, we recommend that KB Financial Group should set up a body at the highest level of the organization such as a Sustainability Committee under the Board of Directors. This way, the strategies and activities KB Financial Group has developed in relation to its sustainability management can be aligned to issues of stakeholders more clearly and stakeholders in turn will be able to understand the Group’s commitment to sustainability, thereby enabling the Group to win more respect and trust of the general public.

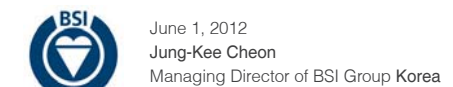
Responsiveness concerns the extent to which an organization responds to stakeholder issues.

From our observations, we confirmed that the Report describes the issues, and KB Financial Group’s responses thereto, identified from communication with stakeholders and KB Financial Group has responded to such issues in an appropriate manner via diverse communication channels. It is also confirmed that KB Financial Group has properly responded to the major issues through various communication channels. We believe that such enhanced inclusivity and responsiveness will become an important driver of reinforcing the Group’s core competencies in sustainability management. However, we recommend that KB Financial Group should include in the Report not only information on historical performance but also target numbers so that near-term performance and policy direction of KB Financial Group with regard to sustainability issues can be forecast at the individual or category level.

The Report fairly covers the positive aspects KB Financial Group has achieved concerning sustainability issues in each area of business. To maintain a balanced reporting, however, we recommend that KB Financial Group should identify issues that have not been sufficiently dealt with and seek to include efforts to improve on such issues in the report.

Performance Information

Finally, we recommend that KB Financial Group put in place a system for collecting performance data from each field of the economy, society and the environment and managing results against targets on a regular basis and incorporate the system in the Group’s internal audit process so as to maintain data reliability.



Glossary

Interest Rate Spread	The difference between the interest a bank charges on loans and the interest it pays on deposits. Strictly speaking, it is net interest (interest received – interest paid) less labor and material costs arising from the handling of credit-granting and deposit-taking operations, loss on loan principal (credit cost) due to the deterioration of credit assets, contributions Credit Guarantee Fund, insurance premiums for deposits, education tax and other quasi-tax expenses
Miss-selling	Sales of a financial product without a reasonable amount of explanation to the customer about the product and investment risks involved
AVL(Approved Vendor List)	Assessment table for registering Business partners
BCP (Business Continuity Plan)	A methodology to maintain business continuity in the event of a disaster. BCP has emerged as a key concept since the 9/11 terrorist attack in the U.S. It is intended to maximize corporate value by ensuring continuity in customer services and key business operations in addition to simply restoring destructed data through backup and other methods to support normal operations
CDP (Carbon Disclosure Project)	A global project related to the disclosure of greenhouse gas emissions
CRM (Customer Relationship Management)	A management technique with which to operate a marketing program based on information regarding customers or potential customers, arranged and analyzed in a database, and indexed for sales activities of products and services
DJSI (Dow Jones Sustainability Indexes)	A global benchmark for corporate sustainability. The index is composed of companies with excellent sustainable practices selected not just based on financial information but also on governance, social contribution and other criteria.
ESCO (Energy Service Company)	An ESCO is a business or industry that makes investments in energy-saving facilities on behalf of energy users and recoups their investments from energy savings achieved. Through ESCOs, energy users can gain energy efficiency without financial or technological burden.
GRI (Global Reporting Initiative)	A non-profit, independent organization that developed international standards on sustainability reporting. It produces standard reporting indicators for sustainability reports. G 3.1 is the latest version.
ISO/IEC20000	ISO/IEC20000 represents the international standard for objectively assessing IT service quality. The standard is published by the International Organization for Standardization (ISO) and managed by the IT Service Management Forum (itSMF).
STR (Suspicious Transaction Report)	Reporting made by a financial institution to the Korea Financial Intelligence Unit (KoFIU) for suspicious transactions. The decision to file a SAR is an inherently subjective judgment. A suspicious transaction here is a financial transaction over KRW20 million or over US\$10,000 suspected of constituting an illegal fund or money laundering.
UNEP FI Korea Group (United Nations Environment Programme Finance Initiative)	A global public-private partnership between the United Nations Environment Programme and the financial sector. About 200 representative financial institutions such as banks, asset managers and insurers around the world are the members of this partnership.
UNGC (UN Global Compact)	A strategic policy initiative for businesses whose ten principles address human rights, labor, environment and anti-corruption. More than 650 companies throughout the world participate in the initiative.

A PDF version of this report is available on KB Financial Group's website at <http://www.kbfng.com>.

If you have inquiries or opinions on KB Financial Group's Sustainability Report, use the contact information below.

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This report is printed with soy-based ink on environment-friendly paper.