

We Are Making a New Start

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



About This Report

KB Financial Group released its first sustainability reports as, KB Kookmin Bank in 2010. The reporting scope has been expanded to incorporate operations at the group level since 2012. Through the publication of sustainability reports every year, KB Financial Group strives for honest communication with its stakeholders.

Reporting Period This report covers KB Financial Group's business operations from January 1 to December 31, 2013. With regards to some operations, this report covers information collected up to June 2014.

Reporting Scope and Boundary This report covers the sustainability activities carried out by KB Financial Group's eleven subsidiaries, which includes all of its domestic locations. The quantitative data spanning over the past two years were also included so that the results can be easily compared. The scope will be specified should special attention to the data be required.

Reporting Standard The KB Financial Group's 2013 Sustainability Report was prepared in accordance with the GRI (Global Reporting Initiative)'s new G4 reporting guidelines released in May 2013 and it meets the requirements of the 'Core' option. For this, a materiality test was conducted and the results are seven chapters which cover the selected topics in detail.

Features of the Report In this report, the business operations of the respective subsidiaries and additional sustainability activities, other than the details contained herein are separately presented. Through separate presentations, the aim of the report is to evenly distribute the results of activities carried out group-wide and also those of the activities of the company's respective subsidiaries.

Report Assurance To ensure reliability, this report has received assurance from an independent assurance provider. This independent assurance provider remains free of any relationship or interest with KB Financial Group. See page 78 for the Independent Assurance Statement.

Additional Information Additional information on KB Financial Group is available on the KB Financial Group website (<http://www.kbfg.com>), the Annual Report, the Financial Supervisory Service's Data Analysis, the Retrieval and Transfer System and the 20-F Annual Report Form (2012) which are all submitted to the New York Stock Exchange.

2013 KB Financial Group Sustainability Activity Highlights

Established 'KB Capital'

On March 20, 2014, KB Capital officially became KB Financial Group's 11th subsidiary. With 20 operating locations across the country, KB Capital is a first-rate specialized credit financial company that specializes in personal finance, corporate finance, and automotive finance. Through collaboration with the Group's other subsidiaries, the company is expected to provide impetus to the Group's sustainable growth by creating synergy.



KB Financial Group Reaches '30 Million Customers'

KB Financial Group finally has reached the 30 million customers target. This achievement made KB Financial Group the 'people's financial institution' as 60% of the entire Korean population uses KB Financial Group to perform transactions. KB Financial Group will continue to operate customer-centric business and fulfill its social responsibilities as a corporate citizen by putting into practice the concept of 'timely rainfall finance' which is like rain that falls at the perfect time.



'KB Star Banking' Surpassed the 8 Million Users

'KB Star Banking' is a leading smart financial product of KB Financial Group. Our company became the first to release such a product in Korea and subsequently surpass the 8 million user mark. This further cements its status as a frontrunner in the financial market. In 2013, KB Star Banking 3.0, which is an updated version of the product, was released to cater to customers' needs in order to provide customer-centric and personalized services. Efforts will continue to be made to ensure the convenience of customer-centric services and creative smart banking.



Launching of the 'KB Financial Organizational Culture Reform Committee'

KB Financial Group launched the 'KB Financial Organizational Culture Reform Committee' in which outside experts participate in the Group's management innovation and reform of organizational culture. The Reform Committee consists of nine people (four outside experts and five members of KB Financial Group's management). It is responsible for assessing group-wide problems and suggesting solutions to them.





New Appointment of KB Financial Group's Management

In July, Young-Rok Lim was elected as the new Chairman and CEO of KB Financial Group Inc. Lim declared 'Righteous Management Based on Fundamentals and Principles' as the Group's new precept.

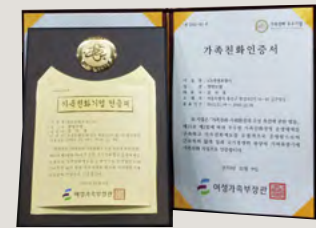
Largest-scale Shift to Full-Time Positions in the History of Korean Financial Industry

To resolve social problems associated with temporary contract positions and to increase productivity, KB Kookmin Bank appointed about 4,200 contract employees to full-time positions. This is the largest-scale shift ever to happen in the Korean financial industry. These employees will perform the same duties as existing full-time employees and will receive equal pay and promotional opportunities.



Created 'KB Carbon Neutral Forests'

Since 2009, in order to reduce carbon emissions and create green forests, KB Financial Group has run the 'KB Carbon Neutral Forests' program. In 2013, the Group created a carbon-neutral forest in Songdo International City, planting about 11,000 trees over an area of the Incheon Free Economic Zone (1.3ha). The program is expected to help reduce over 460 tons of carbon dioxide emissions each year.



Certified as a Family-Friendly Company by the Ministry of Gender Equality and Family

KB Life Insurance has always pursued a family-friendly corporate culture. Our company commits itself to creating a fun workplace. Due to its positive culture, in 2013, the company earned 'family-friendly company certification' from the Ministry of Gender Equality and Family. By ensuring work-life balance, our company will have an increase in employee satisfaction and productivity while focusing on improving the capabilities of the individual employee.

Inclusion in the Dow Jones Sustainability Index (DJSI) Asia Pacific for Five Consecutive Years

For five consecutive years, KB Financial Group was included as a component in the DJSI Asia Pacific Index which is a global standard appraising sustainability of global companies. Instead of being content with its status quo, KB Financial Group will continuously work hard to increase its corporate value by pursuing world-class results in the economic, social and environmental aspects.

Ranked 1st in the NCSI (National Customer Satisfaction Index)

Both KB Kookmin Bank and KB Kookmin Card have moved up to first place in the National Customer Satisfaction Index (NCSI) released by the Korea Productivity Center, and also in the Korean Customer Satisfaction Index (KCSI) released by Korea Management Association Consultants. The two companies will continue to provide accessible customer-centric services and products.



NCSI ★ Ranked 1st in the National Customer Satisfaction Index (NCSI) for eight consecutive years

KCSI ★ Ranked 1st in the Korean Customer Satisfaction Index (KCSI) for seven consecutive years

2013 KB Financial Group Sustainability Report

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



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A Message from the CEO



“Management Based on the Fundamentals and Principles.”

This is the main goal that KB Financial Group will work for in order to make a fresh start as a solid and reliable financial group.

I would like to express my deepest and most sincere gratitude to our customers and shareholders for supporting KB Financial Group. It is with great pleasure that I am able to extend my greetings through the publication of the Group’s third sustainability report to everyone.

First of all, I would like to sincerely apologize for the series of the financial incidents and a major breach of credit card data that have happened recently. In order to prevent any such incidents from happening again, we will use our most best efforts to become a financial group that is trusted by its customers and shareholders alike. This will be accomplished by overhauling the internal controls system and fortifying the information protection management system.

Along with the slowdown of the entire financial market last year, KB Financial Group also had a tough year as there was a decline in profitability due to the low interest rate. The deterioration in financial soundness was caused by the corporate restructuring, and a series of financial incidents. However, despite these tough times, all employees at KB Financial Group are completely committed to overcome any crisis that may occur in the future. KB Financial Group has developed new tactics and methods on securing the satisfaction of its customers and shareholders.

As KB Kookmin Bank was selected as the custodian bank for the National Housing Fund and National Pension Service, the company has strengthened its competitive advantage in the institutional clients market. KB Kookmin Card has also launched the K-Motion mobile card service to carve out a dominant presence in the future payment market. KB Investment & Securities is also maintaining its leading position in the Debt Capital Market (DCM) and the Equity Capital Market (ECM) fields, while KB Life Insurance is preparing for a new start by increasing the sales of endowment policy products. KB Asset Management has worked hard to strengthen its key capabilities, such as leading the long-term funds market despite the worsening financial conditions.

In particular, KB Financial Group's efforts to expand into a new business portfolio have prepared the Group for another leap forward. In March of this year, the Group has successfully launched KB Capital, and in June, has concluded an acquisition agreement regarding LIG Insurance.

Due to these activities, the Group reported KRW 292 trillion in total assets, an increase by 6,087.1 billion from the previous year's figure. The Group also recorded that there was KRW 1,263.7 billion in net income, which has surpassed enormous 30-million customer mark, sealing its standing as a leading financial group in South Korea.

Even though the world economy is showing signs of recovery led by developed countries, there are still continued uncertainties, and a fast recovery is still unlikely to happen for the domestic economy. Under such circumstances, KB Financial Group will focus on the following pledges to make a fresh start as a solid and reliable financial group, "Management Based on the Fundamentals and Principles":

First, we will consolidate our capabilities in our strongest areas and build a basis for the Group's growth while remaining faithful to the fundamentals. We will solidify our capabilities in the retail finance areas, improve the quality of corporate finances, and enhance a competitive edge and profitability in each sector.

Secondly, we will reinforce proactive risk management. We will re-double our efforts to proactively manage assets that are potentially at risk and manage risks of its overseas offices.

Thirdly, we will increase productivity and efficiency and prepare to creatively face growing challenges and actively develop further. We will overhaul our programs and processes that centers on customers and plants and will fundamentally improve our cost structures.

Lastly, we will become a financial group trusted by customers, markets, and people. Just like the saying "Timely Rainfall," which means rain coming with perfect timing, we will provide appropriate services when customers need them. We will become a company that actively gives back to local communities in response to people's support and trust.

For KB Financial Group to achieve sustainable growth and contribute to creating new and continued value for customers and people, your continued support is greatly appreciated.

Thank you.

Young-Rok Lim
Chairman & CEO KB Financial Group Inc.

Young-Rok, Lim

Group Profile

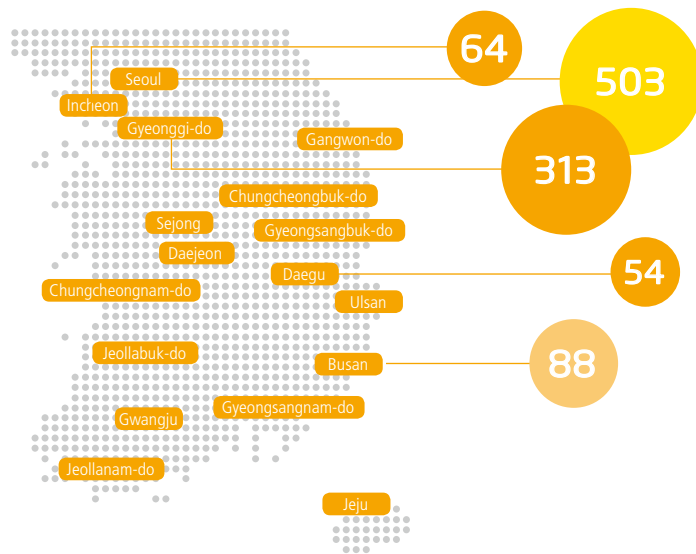
About KB Financial Group

At the end of December 2013, with total assets of KRW 292 trillion, KB Financial Group is Korea's leading financial institution as it has the largest customer base and the most extensive branch network in the country. KB Financial Group has domestic subsidiaries - KB Kookmin Bank, KB Kookmin Card, KB Investment & Securities, KB Life Insurance, KB Asset Management, KB Savings Bank, KB Real Estate Trust, KB Investment, KB Credit Information, and KB Data System. It also has overseas subsidiaries, Kookmin Bank Hong Kong Ltd. (Hong Kong), Kookmin Bank International Ltd. (UK), Kookmin Bank Cambodia PLC (Cambodia) and Kookmin Bank China Ltd. (China). In March 2014, KB Capital became the Group's 11th domestic subsidiary.

KB Financial Group at a Glance

Company Name	KB Financial Group
Chairman & CEO	Young-Rok Lim
Headquarters	84, Namdaemun-ro, Jung-gu, Seoul (Euljiro 2-ga)
Number of Employees	24,809 (including all subsidiaries, temporary contracts)
Total Assets	KRW 291,838,155 million
Total Revenue	KRW 2,026,992 million
Net Income	KRW 1,263,705 million
Number of Branches	1,336 (domestic: 1,323, overseas: 13)
Number of Customers	30,019,372
Major Shareholders and Share Ratios	National Pension Service (9.96%) The Bank of New York Mellon (8.37%) Employee Stock Ownership Association (0.75%)
Website	http://www.kbfg.com

*As of December 31, 2013



Information on Domestic Branches

Seoul	503	Daejeon	45	Daegu	54
Incheon	64	Jeollabuk-do	26	Ulsan	17
Gyeonggi-do	313	Gwangju	31	Gyeongsangnam-do	40
Chungcheongbuk-do	25	Jeollanam-do	20	Busan	88
Sejong	02	Gangwon-do	17	Jeju	8
Chungcheongnam-do	34	Gyeongsangbuk-do	33		

KB Financial Group's Mid and Long-term Goals

Global Financial Group Leading the Asian Financial Industry

STEP 1 2014~2016

Securing Unparalleled Competitive Advantages for Key Businesses

Reinforcement of Growth Basis	Enhancement of Sales and Production Capabilities
Risk Management Reinforcement	Strengthening Future Growth Engines

STEP 2 2017~2019

Recovering Leadership in the Domestic Financial Market

STEP 3 2020~2022

Cementing its Position in the Asian Financial Market

Revenue Growth through Asset Growth and Improvement of Portfolio

KB Financial Group was established on September 29, 2008 in accordance with a company-wide mid and long term development strategy to better deal with change in the financial market. By implementing the strategies built in its infrastructure, such as solidification of the basis for group growth, reinforcement of capabilities for a comprehensive finance system and the promotion of fields for future growth, the Group has contributed to the growth of the Korean financial industry.

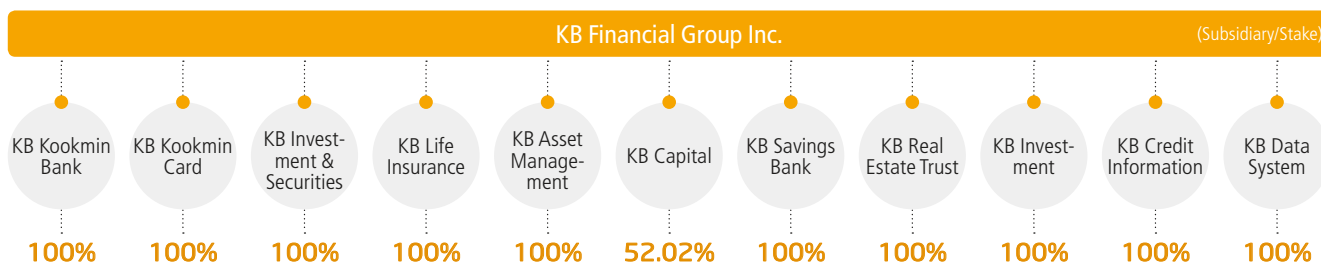
To become a financial institution leading the Asian financial market, KB Financial Group set to achieve management goals in separate stages. First, by 2016, the Group will have cemented its position in the financial industry. With its firm position, our company will then be able to pursue business stability by securing unparalleled competitive advantages for its key businesses. Through a business environment analysis, the Group developed and began to implement fifteen tasks under four strategic directions which are: reinforcement of the solid basis for growth, reinforcement of risk management, enhancement of sales and production capabilities and strengthening future growth engines. Also, before 2019, the Group will be playing the leading role in the domestic financial market. By 2022, the Group will have become a leader in the Asian financial industry.



Subsidiaries of KB Financial Group

KB Financial Group has subsidiaries in the banking business (KB Kookmin Bank), credit card business (KB Kookmin Card), financial investment business (KB Investment & Securities, KB Asset Management, KB Real Estate Trust, and KB Investment), insurance business (KB Life Insurance), and other businesses (KB Capital, KB Savings Bank, KB Credit Information, and KB Data System). It aims to strengthen its global competitiveness through synergy among its subsidiaries.

To enhance its non-banking operations and to contribute to the stabilization of finance for working-class people, on September 2, 2013, the Group acquired Yehansol Savings Bank which has become a subsidiary. It merged with KB Savings Bank on January 13, 2014. On March 20, 2014, the Group acquired Woori Financial and renamed it to KB Capital to make it its 11th subsidiary.



*For more information on products and services of each subsidiary, please visit the website of each subsidiary, or refer to business report of KB Financial Group.

*As of March 31, 2014

Corporate Governance

Operation of the Board of Directors

In 2013, through strenuous board activities, the Board of Directors of KB Financial Group strove to increase the values of the company and its shareholders. As the company's top decision maker, the Board is committed to its responsibilities, such as making strategic decisions concerning mergers and acquisitions (M&A) on behalf of the company, and other mid and long-term management plans. Throughout the year, there were 20 board meetings and 49 committee meetings, with a high average attendance of 96.9%. In May 2013, in particular, the Chairman Nominating Committee met to discuss in detail the nomination of Chairman and CEO candidates. The Non-Executive Director Nominating Committee, which was organized in December, made every effort to nominate non-executive director candidates who possess sufficient experience and ability and can also provide practical assistance to KB Financial Group. In 2014, KB Financial Group's Board of Directors will continue its efforts to create a healthy and transparent environment for management.

2013 Board of Directors and Committee Meetings and Average Attendance

■ Board ■ Committees

No. of Meetings Held
(unit: case)






No. of Resolutions Made
(unit: case)



Attendance of
Non-Executive
Directors
(unit: %)



Board of Directors Composition

 <p>Kyung-Jae Lee Chairman of the Board, Chairman of the Board Steering Committee, Member of the Audit Committee, Member of the Risk Management Committee CEO of the Industrial Bank of Korea (Former)</p>	 <p>Young-Rok Lim Member of the Board Steering Committee, Member of the Management Strategy Committee Chairman and CEO of KB Financial Group (Present)</p>
 <p>Young-Jin Kim Chairman of the Audit Committee, Member of the Board Steering Committee, Member of the Risk Management Committee Professor of Finance at the College of Business Administration, Seoul National University (Present)</p>	 <p>Kun-Ho Hwang Chairman of the Risk Management Committee, Member of the Board Steering Committee, Member of the Management Strategy Committee Chairman of the Korea Financial Investment Association (KOFIA) (Former)</p>
 <p>Jong-Cheon Lee Chairman of Evaluation & Compensation Committee, Member of the Board Steering Committee, Member of the Audit Committee Professor at the College of Business and Economics at Soongsil University (Present)</p>	 <p>Jae-Ho Cho Member of the Risk Management Committee, Member of the Evaluation & Compensation Committee Professor at the College of Business Administration, Seoul National University (Present)</p>
 <p>Seung-Hee Koh Member of the Audit Committee, Member of the Management Strategy Committee, Member of the Evaluation & Compensation Committee Accounting Professor at Sookmyung Women's University (Present)</p>	 <p>Young-Kwa Kim Chairman of the Management Strategy Committee, Member of the Board Steering Committee, Member of the Evaluation & Compensation Committee President and CEO of Korea Securities Finance Corporation (KSFC) (Former)</p>
 <p>Myung-Jig Kim Member of the Risk Management Committee, Member of the Evaluation & Compensation Committee Dean of Economics and Finance at Hanyang University (Present)</p>	 <p>Sung-Hwan Shin Member of the Audit Committee, Member of the Management Strategy Committee Business Administration Professor at Hongik University (Present)</p>

*All non-executive directors of KB Financial Group maintain independence.

*The Board of Directors is comprised entirely of non-executive directors excluding Chairman and CEO Young-Rok Lim (Executive Director)

*As of March 27, 2014

Nomination Criteria for Non-Executive Directors

KB Financial Group's non-executive directors are widely respected and trusted experts. These individuals possess extensive knowledge, expertise and experience in related fields such as economics, management, accounting and finance. The Non-Executive Director Nominating Committee nominates non-executive directors based on independence and expertise. This is all done in accordance with applicable laws like the Financial Holding Companies Act. The final decision whether or not to elect directors is made at the shareholders' meeting.

Board of Directors Activities and Performance

 <p>Key Resolutions</p>	<p>The Board was briefed on business results at each quarterly board meeting and a number of matters necessary for the operation of the group were discussed. In July, the Board elected a Chairman and CEO, and at a temporary board meeting in December, it confirmed the 2014 - 2016 business plans and the budget for 2014. Additionally, the Board frequently held temporary board meetings to discuss mergers and acquisitions, in order to proactively respond to changing market conditions and key management issues.</p>
 <p>Board Competency Development and Communication Activities</p>	<p>In 2013, KB Financial Group provided a total of six training sessions for non-executive directors. To help new non-executive directors better understand KB Financial Group, an annual orientation meeting is held for new non-executive directors. In addition, for the Board to make more reasonable decisions, the Group regularly provides its business information which includes the status of business operations and investor trends. Furthermore, the Group encourages open communication between non-executive directors and executives, including the CEO by holding board workshops during which they can freely discuss the Group's mid and long-term strategies.</p>
 <p>Evaluation by Korea Corporate Governance Service</p>	<p>KB Financial Group has earned an A+, the highest grade, on Korea Corporate Governance Service's 2013 ESG assessment across all divisions (economic, social, and environmental performance).</p>



Performance Evaluation, Remuneration and Disclosure Methods

Method for Performance Evaluation	<p>At the end of the year, under the supervision of the Board Steering Committee, the Board and its committees are evaluated. The evaluation of the Board is divided into four areas 'board composition and efficiency', 'board functions and roles', 'board responsibilities' and 'shareholder rights protection and shareholder relationships'. As for non-executive directors, self-evaluation, evaluation by board members and evaluation by employees are conducted. Among the evaluation indicators are interest and engagement in the board, experience and knowledge and director's duties and personality.</p>
Method for Determining Remuneration	<p>The maximum compensation limit for directors is determined at a general shareholders' meeting. Long-term incentives for executive directors are paid in the form of restricted stock over a three-year period after retirement. The purpose is to reflect the company's ability to maintain and improve long-term performance.</p>
Method for Disclosures	<p>Under the board rules, the Chairman of the Board reports board evaluation results at an annual shareholders' meeting. Compensation for directors is disclosed in the annual business report.</p>

Sustainable Management

KB Financial Group's Sustainability Management Structure

All employees at KB Financial Group work closely together to help the Group. Our goal is to become a global financial group that leads the Asian financial industry. To this end, the Group has three specific sustainability management goals which are: being wise, being smart and being sustainable. Furthermore, to meet the expectations of various stakeholders and fulfill its responsibilities as a member of the community, the Group governs all business operations according to detailed action plans.



2013 Key Outcomes of Sustainability Management

* As of December 31, 2013

Classification	Item	Unit	2011	2012	2013
Customers ¹⁾	Customer satisfaction indexes (NCSI, KCSI) (Bank, Card)	Ranking	1 st / 1 st	1 st / 1 st	1 st / 1 st
	Pre-deliberation on product development	No.	309	314	332
	Information disclosures and pre-deliberation on advertisements	No.	3,529	3,056	5,058
Products & Services	Yearly amount of KB Smile Microcredit Bank loans (Bank)	KRW 100 million	280	165	123
	Green loans (Bank)	KRW 100 million	14,548	14,262	8,932
	KB Hidden Star 500 support for outstanding small and medium enterprises (Bank)	KRW 100 million	11,837	14,785	19,035
Employees	Ratio of full-time employees (Group)	%	73.0	74.8	79.9
	Total employee training hours (Group)	Hour	4,066,712	3,756,439	2,875,868
	Ratio of employee grievances resolved (Group)	No. of incidents resolved / No. of incidents reported	48 / 48	54 / 54	68 / 68
Community	Social contribution activities (Group)	Hours per person	5.9	13.8	13.6
	Amount of social contribution expenses (Group)	KRW 100 million	900	922	647
	Number of recipients of economic and financial education (Group) – including visiting and invitational education	person	21,357	44,952	88,534
Environmental Management ²⁾	Greenhouse gas emissions	tCO _{2e}	131,287	129,643	132,746
	Amount of paper used (Group)	Box	113,135	113,280	110,151

1) Scope of data collected: KB Kookmin Bank, KB Kookmin Card, KB Savings Bank, KB Asset Management

2) Scope of data collected: 2011 - KB Asset Management, KB Card, KB Savings Bank excluded / 2012 - KB Asset Management excluded / 2013 - KB Capital excluded

Amounts of Value Distribution

KB Financial Group is sharing value with its stakeholders within the economic-ecosystem.



Stakeholder Engagement

KB Financial Group endeavors to continuously communicate with its stakeholders. Since inauguration, the Chairman and CEO Young-Rok Lim, in particular, has stressed communication between external and internal stakeholders, including shareholders, customers and employees. He states that this is a “requirement to maintain the company’s sustainable growth in this rapidly changing business environment.” He is committed to creating a variety of communication channels. Through ‘KB Story’, the first social blog ever owned by a financial institution in Korea, the Group provides unique content for communication and engagement under the theme, ‘The People’s Hopes and Dreams’. Additionally, with the ‘Conversation with the CEO’ program and regular employee meetings, the Group has strengthened direct communication with employees. Such activities serve to incorporate stakeholders’ thoughts and feedback into the Group’s business operations and also to help it become a company that is able to work with people.

KB Financial Group is dedicated to providing services that customers need so that there is maximum economic value for shareholders and investors. In addition, the Group pursues win-win growth with suppliers through ethical management. The group strongly supports the security and growth of local communities through continuous socially contributive activities. With this business model in which the company can share growth with its stakeholders, the Group will become a global financial group that is beyond the Asian financial industry.

Stakeholder Communication Channels

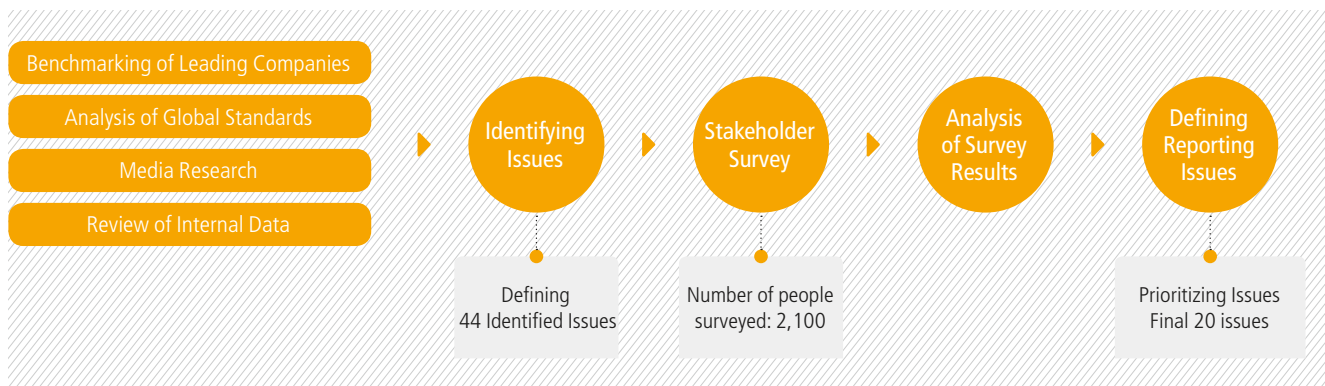


Materiality Test

Materiality Test

In accordance with the GRI (Global Reporting Initiatives) G4 Guidelines released in 2013, KB Financial Group conducted a materiality test to identify and report key issues regarding the company's sustainability management. This materiality test process consists of identifying topics, stakeholder survey, results analysis and prioritization. The final verification was conducted by TF members and chief officers of the subsidiaries.

This report concentrates on 12 high-priority issues among all identified issues.



Identifying Issues

Benchmarking of Leading Companies | Benchmarking was conducted by selecting 10 companies included in the DJSI World Banks sector. Through benchmarking, the Group was able to identify areas and issues that global financial companies consider important and has addressed those issues.

Analysis of Global Standards | Through analysis of the GRI Reporting Guidelines and ISO26000, the Group was able to identify matters in the report related to sustainability that are required within the company. The report also reflects the latest trends based on analysis of the 2014 DJSI questionnaire.

Media Research | Through analyzing articles completed by major domestic media outlets that relate to KB Financial Group and its subsidiaries published in 2013, the Group was able to investigate external perspectives and demands for KB Financial Group.

Review of Internal Data | Instead of external perspectives, the Group reviewed internal communication data, public relations data and internal reports to identify internal sustainability issues for KB Financial Group.

Stakeholder Survey

For KB Financial Group's materiality test, a total of 2,100 stakeholders from six groups including customers, investors and communities were surveyed. The survey covered 44 issues that were identified based on: Significance 1) and Impact 2) as defined by the GRI G4. The number of stakeholders who responded to the survey totalled 905.

1) Significance: Significance of economic, social and environmental impacts

2) Impact: Impacts on stakeholder evaluations and decisions

Defining Reporting Issues

Those 44 identified issues were narrowed down to twenty through a primary survey and were then prioritized through a secondary survey. This report specifically describes twelve key issues based on their significance and the amount of content reported.

Materiality Issue Map



1 Customer Information Protection	8 Implementing Customer Satisfaction Activities	15 Employees' Human Rights Protection
2 Increasing Brand Value	9 Implementing Strategic Social Contribution Activities	16 Stakeholders' Engagement in Management
3 Reputation Management	10 Expanding Support for Small and Medium Enterprises	17 Extending Financial Services to Socially Disadvantaged Groups
4 Ensuring Integrity and Transparency of the Board of Directors	11 Improving Financial Accessibility	18 Social/Environmental Impacts Assessment of Products and Services
5 Financial Consumer Protection Activities	12 Revitalizing Socially Responsible Investment (SRI)	19 Improving Environmental Problems through Products and Services
6 Ethical Management Activities	13 Improving Employee Productivity	20 Environmental Impact Mitigation Activities
7 Financial Risk Management	14 Supporting the Sustainability Management of Business Partners	

Relationship between Reporting Issues and GRI G4

Once identified through the materiality test, the twelve key issues were categorized and covered in seven chapters of this report.

The relationship between the contents of each issue and GRI G4 Aspect is as follows:

Materiality Test 12 Key Issues	Major Reporting Details	Related GRI G4 Aspect
Customer Information Protection	Creating a Master Plan to Strengthen Information Security, Raising Employee Awareness	Customer Privacy
Increasing Brand Value	Increasing Brand Value, Strategic Sports Marketing	Marketing Communication
Reputation Management	Operation and Activities of the Board of Directors	Governance*
Ensuring Integrity and Transparency of the Board of Directors	Operating a Financial Incident Prevention System, Strengthening a Customer-Centric Management System	Product and Service Labeling, Local Communities
Financial Consumer Protection Activities	Operating the Compliance Program, Ethics Training for Employees	Anti-Corruption, Compliance, Ethics and Integrity*
Improving Financial Accessibility	Strengthening Asset Soundness, Upgrading the Risk Management System	Economic Performance
Implementing Customer Satisfaction Activities	Group's Key Social Contribution Projects, Social Contribution Implementation System	Local Communities
Ethical Management Activities	Financial Support for Low-Income Groups, socially Responsible Investment	Product Portfolio
Financial Risk Management		
Implementing Strategic Social Contribution Activities		
Expanding Support for Small and Medium Enterprises		
Revitalizing Socially Responsible Investment (SRI)		

*General Standard Disclosure

We Begin A New Chapter For Customer's Trust And Love

Reporting Issues

01 Customer Information Protection

KB Financial Group will become a reliable and trusted partner for customers and make them feel more secure.

page 14



02 Ethical Management Activities

As a financial institution, KB Financial Group takes great pride in its own fair and transparent management. *page 18*



04 Increasing Brand Value

KB Financial Group establishes its brand identity to get closer to customers and thus becoming a global financial brand. *page 28*

03 Risk Management Activities

KB Financial Group deals with uncertain business environments by proactively responding to various crises. *page 23*



07 Social Contribution Activities

KB Financial Group pursues a delightful relationship with society and is paving the way for a hopeful future through love and sharing. *page 42*

06 Customer Satisfaction Management

KB Financial Group pursues customer satisfaction in all business operations and works hard to provide genuine communication and services to each customer.

page 37

05 Social Contribution through Finance

KB Financial Group fulfills its social responsibilities as a financial company to build a sustainable society. *page 32*



01

Customer Information Protection

KB's Efforts to Protect Customer Information

Customer Data Breach Incidents

In January 2014, information of approximately 53 million KB Kookmin Bank and Kookmin Card customers was breached. Following the incident, KB Kookmin Bank and KB Kookmin Card notified their customers of relevant details through respective websites, e-mails and text messages, and diligently reassured customers that further damage would be prevented by offering free personal data loss checking and credit card billing services. Also, to stop further damage caused by the leaks, the Group set up a close collaboration system to work with financial authorities and other financial companies.

Scope of this Issue KB Financial Group's efforts to protect customer information are targeted at its internal operation which runs a computer system and to its partners who implement development and maintenance.

Key Risks and Opportunities

The financial industry is built upon credit and trust. The aforementioned incident reminded KB Financial Group that a financial institution cannot exist without trust. All employees take this lesson seriously and aim to prevent any similar incident.

Our Approach to Information Protection

Securing customer data management is vital to the existence of a company. KB Financial Group will improve its process and system and raise employee awareness through training in order to protect customer information. We will perform thorough inspection on external service companies.



Occurrence of Data Breach Incidents

Accident Overview

In January 2014, several credit card companies including KB Kookmin Card have experienced mass data breach incidents. An investigation concluded that an employee working at a system development contractor took advantage of the security software vulnerabilities and leaked customers' personal information. Approximately 53 million client data were leaked.

KB's Response

Since the incident, KB Kookmin Card has operated the personal data loss checking service on its website and provided a free mobile transaction alert system. The company also runs its Data Loss Prevention Center (1899-2900) which is open twenty-four hours a day.



Group Information Security Master Plan

In the aftermath of the data breach, KB Financial Group has extended its approach to accident response to all its subsidiaries. The Group is currently developing a 'Group Information Security Master Plan' to prepare fundamental measures for information security at the group level.



Setting Up a Specialized Security Unit

KB Financial Group runs an independent security unit at KB Data System to manage and monitor its overall information. The specialized unit will perform vulnerability checks and security consulting on the security programs of the overall Group.

Building a Strong Security System

By providing all its subsidiaries with a cloud PC environment, the Group aims to block hacking / exportation of information and to adopt database encryption thereby removing any possibility of information breach. Additionally, the Group will adopt the Information Security Vulnerability Detection System (ISVDS) to prevent data breaches and perform real-time monitoring of suspicious activities.



Strengthening Internal Controls

KB Financial Group not only intensified the internal inspection process, but also made it mandatory to report inspection results to the CEO. The Group organized a task force for random or theme inspections, and plans to create an information protection department in charge of protecting customer information. The group also reinforced its information security training for employees and outsourced personnel in order to strengthen the internal control process which includes strict access control and prohibits outsourced personnel from working unaccompanied.

Monitoring Distribution of Information

KB Financial Group monitors the customer information distribution channels of all its subsidiaries to ensure the safety of data management. It will also promptly resolve any potential problems. Moreover, the Group has tightened regulations related to the disclosure of customer data between subsidiaries.

Information Protection Activities at Subsidiaries

Reorganization and Strengthening of Monitoring Activities

In February 2014, KB Kookmin Bank created an information security team and reinforced its inspection system. The processes of the system check whether required security software is installed on PCs, whether the PC contains customer data, whether it is appropriate to export customer data and whether it is appropriate to decode customer data files.

Furthermore, KB Kookmin Bank implemented comprehensive management to strengthen the internal control process and customer information security, ranging from the generation to the collection of accounts accessing the system. Moreover, the company reinforced on-site inspection on the information management status of commissioned companies.

KB Kookmin Bank formed an independent department of information protection and created three teams within it. In addition, the company increased the number of full-time employees from 13 to 22. These employees are in charge of overall operation of information security, policy establishment, and assurance.

Meanwhile, KB Capital organized 11 departments and 22 taskforces to fundamentally prevent data breaches through strict security and also built a solid monitoring system. Through the organization, the company identified improvement tasks and established an implementation strategy in relation to 'Guidelines to Prevent Risk of Information Breach' and 'Financial Company Plans to Prevent Recurrence of Customer Information Breach'.

Enhancing System Configuration

KB Kookmin Bank and KB Investment & Securities restrict access to dangerous websites. KB Kookmin Bank, in particular, separated its intranet network from Internet networks to eliminate hacking threats including external attacks with malicious code.

KB Kookmin Card completed the transition of the IT development working environment to a cloud system, and adopted a one-time password generator (OTP) and fingerprint authentication to fortify its security system. The company will also adopt 'Zero PCs', a monitor-only computer system without any storage device. Additionally, the company will examine and introduce a variety of technologies and systems to enhance information protection, including a system for recording important task details (e.g. customer data inquiry) and a real-time security system monitoring system.

KB Kookmin Card's 2014 IT System Investment Plan
(unit: KRW 100 million)



Total KRW **24.4** billion

● Cloud	161
● SAS	23
● Communication Infrastructure	60

Moreover, each subsidiary has adopted DRM (Digital Right Management), real-time detection solutions for data modulation/hacking as well as database encryption technologies based on analysis of their security systems.

Improving Employee Awareness of Information Protection

All subsidiaries of KB Financial Group provide employees with information protection to comply with Electronic Finance Supervisory Regulations. Furthermore, we intend to apply information security to daily work by invigorating employee education and awareness.

KB's Information Protection Day I All subsidiaries of KB Financial Group have designated an 'Information Protection Day' every month, and conduct security checks and education. If any error is discovered, solutions are swiftly carried out.

Systematizing Information Protection Activities I KB Kookmin Bank distributes the Personal Information Protection Policy for all employees to reflect the policy in their work process. KB Credit Information, meanwhile, strictly applies the applicable rules to performance evaluations of employees aiming for zero security accidents.

Expanding Information Protection Training I All subsidiaries of KB Financial Group have expanded privacy awareness training to outsourced personnel as well as their employees. Through the same level of training and conscience-raising activities as those for employees, the Group has raised awareness of the risks of data breaches.

KB Kookmin Card's Privacy Training

Training Description	Date	Eligibility	No. of Attendees
Online training on information protection	2013.07.01~07.31 2013.12.04~12.20	All employees	1,248
Information protection training for all employees	2013.10.25~10.30	Group training - Security officers Dissemination training - All employees	1,265

Strengthening the Information Protection Process

KB Kookmin Bank minimized its collection of personal information as a preventative measure against the abuse of personal information at work. It also systematized a comprehensive process which includes use, provision, storing, and destruction. The company will create a system for effective management during the second half of the year. Furthermore, all export of data which uses prints, portable hard-drives and email must all receive multi-step approval from the relevant department or the information protection department. In order to access any information database, employees must go through a complex process of verification which includes providing a security token or finger print mouse. For outsourced personnel, the company strengthens control of access to systems by restricting the import of external computer equipment and installing X-ray search tools.

02

Ethical Management Activities

Ethical Management Faithful to Fundamentals and Principles



What Is KB's View on Ethical Management?

Business ethics is not about making decision based solely on economic principles, but is a value-oriented concept that compels the company to meet social demands and expectations to further the mutual interests of the company and its major stakeholders such as: shareholders, customers, employees and local communities. The improved image of a company in the financial industry creates a firm asset value, becomes the basis for competitiveness and further influences company profit.

Scope of this Issue KB Financial Group's codes of ethics are applicable to all employees of its subsidiaries. In addition, when entering into agreements with business partners, the Group works hard to root out corruption by implementing the 'Ethical Contract Program'. As for primary business partners, the Group particularly demands that they have the same level of compliance with the codes of ethics as KB Financial Group.

Key Risks and Opportunities

Ethical management and internal control are especially important in financial business which includes frequent transactions of money and credit. The implementation of ethical management activities will help establish a healthy culture of internal control as part of corporate culture, instead of merely being a law or a program, which will increase corporate value and reduce operational risks. On the other hand, neglecting ethical management will lead to the company losing the trust of customers, the shrinking of financial services and even negative effects across the economy.

Our Approach to Ethical Management

KB Financial Group has been committed to implementing transparent and reasonable ethical management based on fundamentals and principles; however, due to the unfortunate incidents in 2013, KB Financial Group received a reprimand and request from a supervisory authority to make improvements to its internal control process.

The Group will overhaul and reorganize its ethical management and strive to become a company trusted by customers, markets and the public.



Group-level Ethical Management Activities

KB Financial Group's ethical management operates at two levels: common activities across the Group and activities at respective subsidiaries. The division of activities is intended to keep ethical management up-to-date as well as aligned with the characteristics of subsidiaries' businesses, while the essential components of a financial company's business are managed at the group level.



Compliance with the Ethics Charter and the Code of Ethics

In January 2010, KB Financial Group established the Ethics Charter which is applicable across the Group and declared its commitment to ethical management so that all employees regard ethical management as their foremost value. All employees practice business ethics in accordance with the Code of Ethics, which embodies the Ethics Charter philosophy and states the criteria for making value judgments and the principles of conduct.

Creating an Internal Control Environment and Operating Internal Control System

Setting Up an Internal Control Support System I KB Financial Group operates the 'Compliance Monitoring Council' and the 'Compliance Monitoring Working Council' to solidify the collaborative system for internal controls at the group level. The purpose is to promote the sharing of information and exchange between subsidiaries and the 'Legal Affairs Council' to accurately identify and deal with legal risks that are related to major lawsuits against subsidiaries.

Strengthening Internal Controls at Subsidiaries I To strengthen internal controls at subsidiaries, the Group gathers examples of violations and implements activities to prevent similar cases from recurring. In addition to this, it is monitoring performance at its subsidiaries to keep check on the status of compliance. The Group conducts its monitoring activities on a quarterly basis through periodic reporting by the subsidiaries as well as on-site monitoring of the status of compliance at the subsidiaries.

Strengthening Internal Control Activities

Operating a Compliance Program I The Group operates a compliance program to impose legal sanctions on violations of law, prevent financial losses and avoid damage to the reputation, and also for establishing a healthy culture of internal controls. The Compliance Program consists of activities for preventing unfair transactions of financial/investment products, compliance checklist management and monitoring at respective teams, and compliance training. The activities are aligned with the business characteristics of the respective subsidiaries.

Compliance Monitoring Program

Reinforcing activities to prevent unfair transactions of financial investment products

Notifying examples of recipients of short-swing profits and precautions

Managing the Compliance Checklist and strengthening monitoring

Strengthening the adequacy of monitoring through amendments to the Compliance Checklist at each department, and conducting theme-based monitoring

Compliance Training

Training on the standards of compliance for employees and on the programs intended to prevent unfair transactions

Means of Whistleblowing

- Internal channels (Compliance Officer)
 - Mail, Telephone, Fax, KB-WiseNet Banner, etc.
- External channels (KB Ombudsman)
 - Telephone Calls to Designated Lawyer, e-mail, etc.

Operating the 'Right Whistleblowing Program' at the Group | KB Financial Group operates the 'Right Whistleblowing Program' for employees so that they can avoid violating the internal control standards of the holding company and its subsidiaries while preventing accidents from occurring across the company. Reports can be filed by mail, telephone, or online. Cases are investigated by the responsible department or the investigation department, and depending on the results, corrections or improvements can be requested to amend unreasonable processes. Disciplinary action against any violating employee or a reward for a whistleblower can be suggested.

Implementing Compliance Monitoring | KB Financial Group has a solid internal control system through compliance monitoring, which includes pre-deliberation of the important tasks of the holding company, checking dual employment, and a survey of the appropriateness of outsourcing.

Responding to Changes in Legal and Regulatory Environments

To strengthen its ability to cope with legal and regulatory changes, the Group reviews and discloses both details and effects of major laws. These laws are then scheduled to be enacted or amended while examining the progress of response. Also, through legal consultation and replies to legal questions, the Group has established its standards of legitimate and unified performance of duties to minimize legal risks.

Ethical Management Activities at Subsidiaries

Declaration of New Ethical Management Practice

In December 2001, KB Kookmin Bank established its Codes of Ethics which provides employees the criteria for value judgments and conduct. The company also developed the 'Employee Standards of Conduct for Compliance' as specific guidelines for employees to comply with the Codes of Ethics in the ordinary course of business. Also, in September 2013, KB Kookmin Bank created the 'New Ethical Management Practice' program to re-establish standards for ethical management so that employees could once again gain the trust of various stakeholders. The goal is to continue to pursue mutual growth and incorporate such standards into the corporate culture.

KB Person's Ethics Motto | The motto states the reasons why the company continues to exist and how it aims to achieve growth. The method used contains provisions regarding customer delight, respect for employees and the fulfillment of social responsibilities.

'Legal and Ethical Business' Decision-Making Guidelines | These are decision-making guidelines for conducting 'legal and ethical business', abiding by the fundamentals and principles built upon the KB Person's Ethics Motto. They put forward the seven Dos and three Don'ts.

Ethical Management System (KB Kookmin Bank)



The Seven Dos and Three Don'ts	
Seven Dos	Three Don'ts
<ol style="list-style-type: none"> 1 Be sure that the present financial product is suitable for the customer's circumstances and needs such as: their age, experience, and assets. 2 Ensure that the company fully understands and complies with the sales process required by law. 3 Check whether the company fully understands and complies with the work processes stated in bank regulations. 4 Provide customers with an adequate explanation and make sure that they understand it. 5 Sell products from the perspective of portfolio management to protect the customer's assets and increase their asset value. 6 Inform customers of follow-ups for the financial products sold. 7 Adequately protect all customers' personal information. 	<ol style="list-style-type: none"> 1 Do NOT discriminate against customers or conduct unethical business practices to achieve goals without legitimate reasons. 2 Do NOT sell products that are not helpful to either the bank or customers only for short-term gains. 3 Do NOT behave or appear in a way that may damage the company's reputation.

Ethical Management Culture and Training

Establishing Ethical Management Culture I Under the supervision of the President, KB Kookmin Bank holds a monthly internal control meeting attended by the entire management. During this time, training is conducted with regards to the importance of ethical management. Through internal controls and compliance, the company also prevents financial incidents and quickly spreads management's commitment to ethical management.

Implementing Effective Training I KB Kookmin Bank, KB Investment and KB Savings Bank provide monthly ethical management training. KB Kookmin Bank and KB Investment, in particular, have the manager of each team directly training their employees. Meanwhile, KB Data System conducts ethical management training in the first and second halves respectively. All subsidiaries are required to include compliance and ethical management training in their job training courses. Each year, all employees must complete mandatory cyber courses on ethical management. KB Investment & Securities encourages participation in training by incorporating the results of various employees of varying levels' ethical training into their performance evaluations.

Ethical Management Training Results
(KB Kookmin Bank)

Training description	Training hours	No. of attendees
Prevention of financial incidents, training on the Right Whistleblowing Program	0.4~0.5	All employees
Raising awareness of ethics and legal compliance	0.3~1.4	All employees
Training on improvement of problems with internal controls for respective branch offices	1	4,298
Training on ethics/legal compliance and anti-money laundering	1~6	5,167
Training for responsible employees on internal control duties	2~6	2,693

Monitoring and Feedback on Ethical Management Practice

Idea Contest for Employees

KB Financial Group holds an idea contest for all employees in connection with solutions to raise their ethical awareness and improve ethical practices and compliance with laws. Throughout the contest, the Group aims to increase all employees' interest in ethics and legal compliance. The Group offers rewards for the best ideas and uses those ideas to make improvements to existing programs.

KB Kookmin Bank held an 'Innovative Idea Contest' and collected a total of 249 ideas. Among these, the company has closely examined thirty-one ideas, which were double-checked, and then reviewed them for improvement.

A Survey of Employees' Ethical Awareness

KB Kookmin Bank and KB Kookmin Card conducts an ethical awareness survey regularly to spread ethical management practices. Through an online survey, the companies assess levels of ethical awareness at the individual and organizational levels, then carry out personalized activities to raise ethical awareness.

Prevention of Financial Incidents

Prohibition of Improper Sales I To prevent improper sales, KB Kookmin Bank conducts 'Mystery Shopping'. In 2013, the company increased the number of random checks. KB Kookmin Bank received a positive evaluation during all mystery shop checks supervised by an independent supervisory agency.

To reach zero percent of improper sales, KB Life Insurance conducted a self-inspection of the ratio of improper sales and carried out improvement activities. Such activities included strengthening the subscription process based on an assessment of problems arising from respective channels, reflecting the bank manager's evaluations, spreading proper sales and reinforcing training. KB Life Insurance earned a 'Good' grade on the 2013 "Petition Evaluation" performed by Financial Supervisory Service, and has maintained high grades for the past five years.

Eligible Items for Mystery Shopping and Increase in Number of Shops

- Mystery shopping under the supervision of the Department of Consumer Protection
 - Eligible items: Fund, ELS, credit cards, variable life insurance
 - Number of shops: Twice a year (2012) → 10 shops a year (2013)
- Announcement of survey results and feedback for each session
- Reinforcing training for sales channels in response to mystery shop results

2013 Mystery Shop Evaluation Results (KB Kookmin Bank)

ELS 92.9 points Financial Supervisory Service	Variable Life Insurance 89.6 points Financial Supervisory Service
Fund 83.4 points Financial Supervisory Service	Fund Good Korea Investor Protection Foundation

2013 Evaluation Results of the
Anti-Money Laundering Program
(KB Investment & Securities)



**Excellent
Grade**

Korea Financial
Intelligence Unit

Anti-Money Laundering and Avoiding Conflict of Interests I KB Kookmin Bank, KB Investment & Securities, KB Life Insurance and KB Real Estate Trust carry out self assessment with regard to anti-money laundering operations. KB Investment & Securities particularly conducts self-inspection based on the Korea Financial Intelligence Unit's criteria for anti-money laundering. The company operates a comprehensive money-laundering risk assessment system including product and transaction risks so that it can analyze suspicious transactions and report any such transactions to the Korea Financial Intelligence Unit.

Win-Win Growth through Fair Trade

Laying the Foundation for Fair Trade I When conducting business with its partners, KB Kookmin Bank discloses all information on bids and private contracts through its electronic procurement system. The company pursues fair and transparent contracts by allowing bidders to participate in bids. In addition, when entering a contract, the company pledges not to engage in unfair practices, such as gift exchange or entertainment. In case of a breach of this pledge, the company implements the 'Ethical Contract Program', in which sanctions are imposed. Consequences include immediate termination of contracts, suspension of transactions and/or restrictions on bidding. Furthermore, the company also strives to reduce the financial burden on business partners during transactions. For instance, the bank allows cash payments within the shortest period of time from the billing date. Then it incorporates contract provisions, such as the replacement of bidding by using a letter of commitment for those partners who meet certain requirements, and there are also contract deposit exemptions for small transactions totalling less than KRW 30 million. KB Asset Management monitors asset allocation in advance to prevent unfair allocation of certain funds and also frequently checks whether there have been any unfair transactions made by monitoring the amount of transactions for each vendor.

Business Partner Satisfaction Survey
Results (KB Kookmin Bank) (unit: point)



Increasing Business Partner Satisfaction I KB Kookmin Bank holds meetings with business partners and conducts satisfaction surveys. The purpose of these surveys is to incorporate our business partners' opinions for improving purchasing practices. In 2013, KB Kookmin Bank earned a score of 98.3 in the business partner satisfaction index. In addition, KB Kookmin Card performs relative and absolute evaluations, and has a reward program for partners with high QA scores to solidify its relationships with the Call Center's outsourcing partners, encouraging fair competition among business partners.

Future Plans

KB Financial Group plans to identify future strategic directions and tasks that reflect changes in the external regulatory environment (e.g. regulatory laws and governance improvements) and those in the internal control environment (e.g. improvements to the internal control process and programs; and reinforcement of financial consumer protection). To this end, the Group will implement a wide range of activities.

2014-2016 Strategic Directions and Tasks

Strategic Direction	Task
Consolidating the Internal Control Support System	Solidifying the compliance monitoring council, the working council and the legal affairs council thus increasing their efficiency
Creating an effective internal control environment	Raising ethical awareness among employees through compliance checklists and internal control training; and reducing violations of internal control standards through advanced review of compliance and consultation
Reinforcing support for internal control systems and monitoring activities at subsidiaries	Maintaining channels to report the status of internal controls at subsidiaries, and strengthening compliance monitoring activities through document/location checks
Proactive response to changes in legal and regulatory environments	Strengthening the ability to cope with changes to financial laws and the environment, and promoting timely, legal response
Strengthening support activities to minimize legal risks	Continuously implementing support activities, such as reducing the risk of legal disputes and responding to issues like lawsuits and petitions

03

Risk Management Activities

Systemic and Proactive Risk Management



What Is KB's View on Risk Management?

Unlike companies in other industries, financial firms are vulnerable to a variety of risks. Therefore, management should make decisions and perform activities based on thorough analysis of risks. Improper risk management can not only lead to financial losses but also to a loss of the customer trust, which could ultimately destroy a company.

Scope of this Issue KB Financial Group oversees risk management with respect to matters that need to be commonly managed at the group level. Risks arising from the business environments of subsidiaries are managed at the subsidiary level.

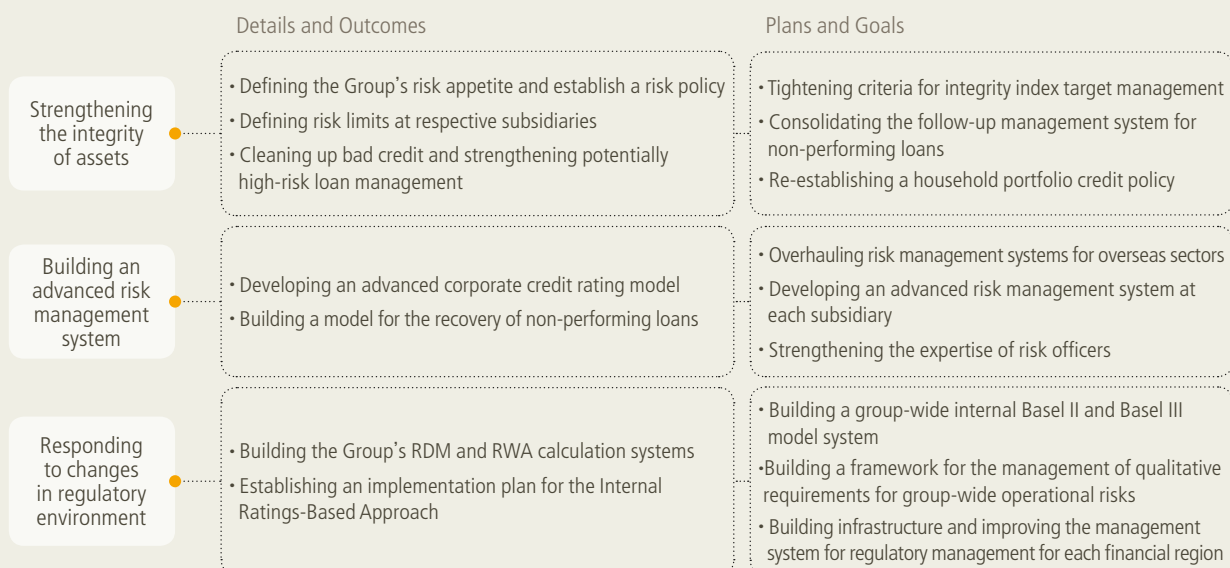
Key Risks and Opportunities

Proactive risk management is very important in coping with the global financial crisis and continued uncertainty. However, as risks are becoming more diverse, it is becoming more difficult to assess their impacts.

Through strict predictions and management, KB Financial Group will endeavor to gain an unparalleled competitive advantage as a global financial company.

Our Approach to Risk Management

KB Financial Group is strengthening its risk asset management policies, such as loans for first-time customers and corporate/SOHO loans. This is done in order to establish solid credit culture focused on blue-chip assets. In addition to this, the Group subdivides types of risks and makes an action plan for each type to ensure thorough management. All types of risks should be measured, but operational/strategy/reputation risks caused by non-financial factors are primarily managed through the monitoring and improvement of processes such as internal controls.



*RDM : Risk Data Mart / RWA : Risk Weighted Asset

Group-level Risk Management Activities

Major Items Reported by Risk Management Committee

- Current status of KB Kookmin Bank's overseas risk management
- Plans to improve the integrity of KB Kookmin Bank's assets
- Current status of credit card risks and management plans
- KB Kookmin Bank's high-risk asset risk management plan
- Status of credit card portfolios and plans to improve integrity
- Results of Phase 1 Project and implementation plan for Phase 2 in the Group's deployment of Basel II and III
- 2013 inspection results of risk management at subsidiaries
- Results of adjustments to the economic capital limits of subsidiaries
- 2014 Group-wide risk management policy
- Group's integrated risk analysis report
- Group's risk management status, etc.

Risk Management Organization

Risk Management Committee I The Risk Management Committee establishes risk management strategies and determines the tolerable level of risk. In addition, the committee reviews the level of risks that the Group faces but also the status of risk management activities. In 2013, the committee held five meetings to identify the 2014 Group risk appetite and defined the Group's economic capital limit and total exposure limits of subsidiaries.

Risk Management Council I The Risk Management Council is a consultative group comprised of the Chief Risk Officers of the holding company and subsidiaries. It reviews and makes decisions on matters delegated by the Risk Management Committee. Their responsibility is to discuss detailed issues relating to the Group's risk management.

Risk Management Department I The holding company's Risk Management Department manages specific policies, procedures and work processes relating to the Group's risk management, and is responsible for monitoring and managing economic capital limits.

Classification of Risk Types

Type	Description
Interest Rate Risk	Risk of loss due to unfavorable movements in market interest rates
Liquidity Risk	Risk of insolvency or loss due to disparity between inflow and outflow of funds resulting from, for example, maturity mismatches, obtaining funds at a high price or disposing of assets at an unfavorable price due to lack of available funds.
Market Risk	Risk of losses in trading positions arising from changes in market factors, such as interest rate, stock price and foreign exchange rate.
Operational Risk	Risk of losses caused by improper or incorrect internal processes, human resources and systems; or by external incidents.
Credit Risk	Risk of loss in asset portfolios in the event of a counterparty's default, breach of contract or deterioration of the counterparty's credit quality.

Risk Management Activities

For proactive and effective risk management, KB Financial Group plans to carry out a range of activities, including defining a group-wide risk policy and limits, management and improvement of portfolio integrity, implementing the project of group-wide adoption of Basel II and III. These activities are planned to solidify and improve the risk-based foundation for decision-making, and are improving the loan programs and processes. To proactively respond to changes in the regulatory environment, the Group also upgraded its risk management system. This includes risk management methods, system deployment, data management and the control structure through adoption of Basel III at the group level. With these improvements, the Group is looking to increase the overall level of risk management and enhance the integrity of group-wide management.

Group's 5 Risk Management Activities

Policy / Limits	Response to Regulation	Programs/Processes	Integrity of Assets	Management System
Setting risk limits for subsidiaries for the balanced growth of assets	Responding to Basel II and III stronger capital requirements of Financial Supervisory Service	Redeveloping the corporate credit rating model	Strengthening the management of credit losses and making qualitative improvements to portfolios	Strengthening ability to analyze the industry by shifting the portfolio management framework
Determining risk appetite (RA) aligned to the Group's management strategy for capital adequacy management	Phase 1: Building the Group's RDM and RWA calculation systems (in progress) Phase 2: Building the Group's integrated model (scheduled)	Building a model for the evaluation of recovering non-performing card assets and improving follow-up operations	Continuing the deleveraging of assets in high-risk categories such as PF, construction, and shipbuilding Preventing the spread of risks through proactive household portfolio management	Overhauling the overseas risk management and monitoring process

Major Risk Management Activities at Subsidiaries

Independent Risk Management Organizations

At KB Kookmin Bank, decisions on risks are made by an independent Risk Management Committee comprised largely of non-executive directors instead of by the bank's Management Council. Under the current rules, the Risk Management Committee must consist of at least three non-executive directors who are to constitute the majority and among whom the Chairman is then elected.

The Risk Management Committee holds quarterly meetings. The CRO is not allowed to hold double positions in investment or sales. This is so that the CRO can remain free of any interest or relationship with the bank's performance results.

Highest Risk-related Decision-Making Organization (KB Kookmin Bank)



Establishment of the Risk Management Regulations System

To ensure proactive risk management, KB Asset Management has carried out activities according to its risk management regulations, which state the roles and authority of the risk management organization, methods for monitoring risks and follow-up methods. In addition, for more detailed risk management, the company established nine investment management regulations, including the stock, bond, overseas, real estate and infrastructure management and headquarters investment management guidelines.

Internal Risk Management Regulations and Characteristics

Regulation	Details
Risk Management Regulations	<ul style="list-style-type: none"> Regulations governing risk management Created and amended by the Board of Directors State the roles and authority of the risk management organization (Risk Management Committee and dedicated teams) State monitoring and follow-up methods for respective risks
Collective Investment Asset Risk Management Guideline	<ul style="list-style-type: none"> Define risk types, such as market, credit, liquidity, operational risks, and state specific management methods Prescribes measurement and limit management methods for respective risks
Hedge Fund Risk Management Guidelines	<ul style="list-style-type: none"> Special regulations for hedge fund risk management
Unique Asset Risk Management Guidelines	<ul style="list-style-type: none"> Guidelines for risk management and financial integrity management for the company's unique assets
Money Market Fund Risk Management Guidelines	<ul style="list-style-type: none"> Special regulations for money market fund management

Risk Management System Improvement

For detailed measurements of interest rate risks, KB Life Insurance set up an Asset Liability Management (ALM) system in December 2013. Through this system, the company is now capable of applying comprehensive management of assets and liabilities and thus can effectively take account of the risk of the minimum guaranteed interest rates inherent in insurance products. Along with this system, the company has also built a foundation for the integrated risk management system by jointly creating an Economic Scenario Generator (ESG) with the Insurance Development Institute for risk volume calculations, valuations and pricing.

Future Plans

Due to the slow recovery of both domestic and global economies, and also the growing uncertainty, risk management has become even more important in the financial industry. By dealing with new loans centering on blue-chip assets and by proactively managing possible risky assets, such as corporate/SOHO loans, KB Financial Group will establish a sound credit culture. The Group will also learn from previous incidents and consolidate a company-wide risk management system, ultimately securing a foundation for growth.

Risk Management as a Strategic Decision-Making Partner that Proactively Responds to Changing Markets

- Pursuing qualitative improvements to the portfolio by defining the improvement of the Group's asset integrity
- Enhancing the ability to proactively respond to crises by strengthening the company-wide risk management system
- Having a firm position as a leading financial group by proactively responding to changes in the regulatory environment

Stabilization of the Group's Financial Soundness Index



- Tightening criteria for integrity index target management
- Consolidating the follow-up management system for non-performing loans
- Re-establishing a household portfolio credit policy

Building an Advanced Risk Management System



- Overhauling risk management systems for overseas sectors
- Developing an advanced risk management system at each subsidiary
- Strengthening the expertise of risk officers

Responding to Changes in the Regulatory Environment



- Building a group-wide internal Basel II and Basel III model system
- Building a framework for the management of qualitative requirements for group-wide operational risks
- Building infrastructure and improving the management system for regulatory management for each financial region

2014 Group-wide Risk Management Guidelines for Respective Subsidiaries

	Group Risk Guidelines	Risk Type
KB Kookmin Bank	<ul style="list-style-type: none"> - Improving industrial concentration of the company's portfolio (large companies, SMEs, SOHO) - Reinforcing target management of integrity indicators (default rate, recovery rate, etc.) - Overhauling risk management systems of overseas offices (including local companies and overseas locations of operation) 	Credit/concentration risks Credit risk Overseas risk
KB Kookmin Card	<ul style="list-style-type: none"> - Enhancing financial integrity management and improving the recovery rate of default bonds - Tightening criteria for dealing with card assets (card loans, cash service, etc.) - Building infrastructure for risk management and improving systems to respond to regulation 	Credit risk Credit risk Response to regulation
KB Investment & Securities	<ul style="list-style-type: none"> - Continuously upgrading credit and risk management policies in the areas of corporate finance and investment finance (real estate PF-related purchase agreement, structuring finance accompanying payment guarantees) 	Credit risk Credit / market risks
KB Life Insurance	<ul style="list-style-type: none"> - Consolidating the risk-based equity capital ratio management system 	Response to regulation Interest rate/ credit risks
KB Asset Management	<ul style="list-style-type: none"> - Enhancing control of operational risks associated with alternative fund setup and operation 	Operational risk
KB Savings Bank	<ul style="list-style-type: none"> - Reducing corporate loans and maintaining the credit policy focused on small-amount household loans - Overhauling and improving the risk management system in connection with the merger with Yehansol Savings Bank 	Credit risk Operational risk
KB Real Estate Trust	<ul style="list-style-type: none"> - Tightening criteria for dealing with loan-based land trust business (investment volume, investment review, etc.) - Tightening criteria for management of risky assets of unique property (fund, REITs investment, etc.) 	Credit risk
KB Investment	<ul style="list-style-type: none"> - Strengthening follow-up related to the pulling-out of investment companies (aspiring IPO companies, major reporting companies, etc.) - Strengthening follow-up related to investment funds close to expiration 	Credit risk Market risk

04

Increasing Brand Value

People's Brand to Prepare a Larger Tomorrow for Customers



What is KB's View on Brand?

KB's view on Brand is when a company provides consumers with a lot of information about a specific product through advertising. After that, the consumers turn the information into an image and recognize it as a brand. Such recognition significantly affects consumers' choices of products and/or services. Recently, brand-oriented economic behavior is increasingly prevalent, with consumers placing greater value on brands rather than the actual physical object. Therefore in the current financial market, with intensifying competition, brands are becoming the strongest competitive factor.

Scope of this Issue KB Financial Group recognizes the power that brands wield over companies and implements a wide variety of brand management activities at both the group and subsidiary levels.

Key Risks and Opportunities

Since KB Financial Group is in the domestic financial business, there are no big differences in products and services among other financial companies and this is when brands play a critical role in consumers' product choice. While companies can certainly reap the benefits of active brand management, such as growth of sales and increased corporate value, they can also suffer huge losses in the competition if they neglect such activities.

Our Approach to Brands

KB Financial Group recognizes the importance of brand power and continues its efforts to improve the Group's brand image and develop brand identification. Instead of using a simple slogan, the Group's brand management policy dictates that a brand should have content and substance. Therefore, under the philosophy of 'Finance like Timely Rainfall', people get help when they need it, KB Financial Group implements strategic brand management activities based on its own products and services.

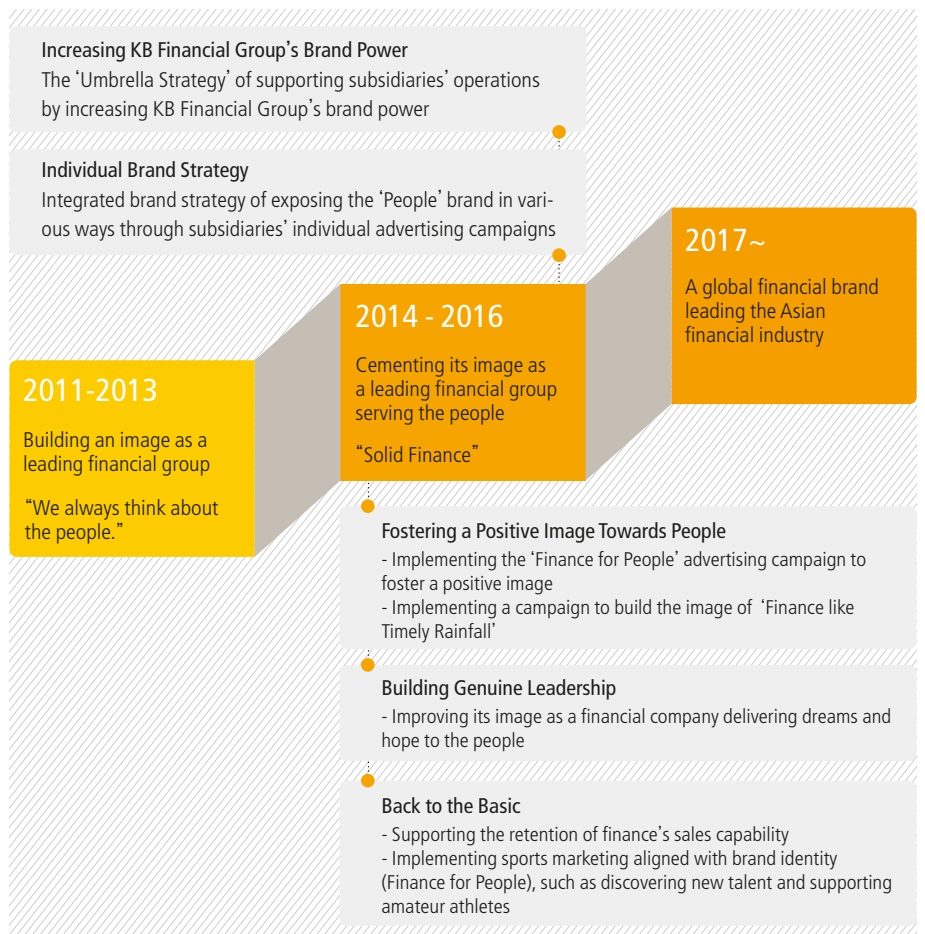


*Siwoo ('Timely Rainfall') Finance: 'Siwoo' is a Korean word which refers to rain that falls with perfect timing. It represents KB Financial Group's commitment to becoming a customer- and people-friendly financial company that provides financial services which meet the needs of the customer just when they need them.

Group-level Activities to Increase Brand Value

Strategy to Maximize Brand Value

Under the brand strategy of 'establishing its image as a leading people-serving financial company', KB Financial Group has defined and begun to implement the specific strategic tasks of: Improving the Group's image as 'Finance for People' and 'Finance like Timely Rainfall', 'Building Genuine Leadership'. These programs deliver dreams and hope to people. 'Back to Basics' is the Group's official management philosophy. In addition, the Group is taking steps to become a global financial brand leading the Asian financial industry by using the "Umbrella Strategy". This strategy means that subsidiaries' operations are supported by increasing the brand power of the Group and its bank. Through the 'Individual Brand Strategy', respective subsidiaries are constantly exposed to the 'People' brand.



Public Advertising Campaign episode entitled 'The People Can Do It'



Brand Management Using Synergy within the Group

KB Financial Group seeks to strengthen its brand value through group-wide brand management activities. In particular, the Group improves synergy by promoting its image, managing designs and marketing itself through sports.

Group Image Promotion | KB Financial Group aims to increase brand value through group-wide brand management activities. Its image building efforts include advertising, The People's Future (2012). This suggests that KB will deliver hope and a bright future to the people. The second advertisement is People Can Do It (2013). Through printed ads which contain important messages, the Group continues to promote its brand. Furthermore, it presents various aspects of the 'People' brand through the advertisements of individual subsidiaries.

Group's Current Sports Marketing

Winter Sports	Golf	Rhythmic Gymnastics	Other Sponsorships
Korea Skating Union Korea Curling Federation Kim Yuna (Figure skating) Lee Sang-hwa (Speed skating) Shim Suk-hee (Short track speed skating) Park So-young (Figure skating) Kim Hye-jin (Figure skating)	KB Financial Group STAR Championship KB Financial Group Amateur Championship Park In-bi Ahn Song-yi Oh Ji-hyeon	Korea Gymnastic Association (Rhythmic Gymnastics) Son Yeon-jae Athletic Clubs (Kookmin Bank) KB Stars Basketball Club KB Archery Club	KB Kookmin Bank Korea Baduk League KB Kookmin Bank College Basketball League KB Kookmin Bank Professional Basketball

Philosophy of Sports Marketing and Sponsorship

- 1 Long-term, continuous support
- 2 Conveying a consistent brand message
- 3 Sponsoring less popular sports for the public good



Group Sports Marketing I Through sports marketing, KB Financial Group is sending a consistent message about its brand image. In 2013, the Group was able to increase brand awareness by sponsoring professional golfer, Park In-bi, and hosting the KB STAR Championship. In addition, during the 2014 Winter Olympics, curling became popular and brought KB Financial Group into the spotlight as well. Currently, KB Financial Group's sports marketing team is putting its efforts towards winter sports like skating and curling, as well as golf, rhythmic gymnastics, baduk and basketball.

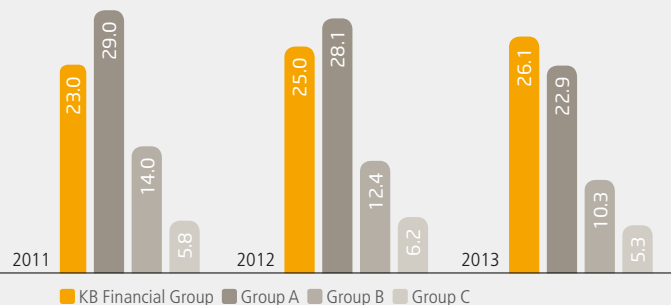
Establishing the Group's Consistent Brand Identity I To promote the Group as a specialized financial group, increase customer trust and solidify a bond with its subsidiaries, KB Financial Group is operating a CI system. By collecting cases of improper application of CI and communicating them to the subsidiaries, the Group is also able to develop new application items while maintaining an integrated CI system.

Key Outcomes	
Group's CI System Operation and Management	<ul style="list-style-type: none"> Collecting cases of improper application of CI across the Group and communicating them to the subsidiaries Group-wide management and dissemination of the CI system
Design	<ul style="list-style-type: none"> Helping subsidiaries create designs and conducting inspections Providing and inspecting designs related to major events within the Group Helping non-banking subsidiaries create designs Inspecting, planning and managing production of advertising materials within the Group

The First Financial Group to Rank 1st in the Top-of-Mind Survey

KB Financial Group scored the highest in the industry in the 2013 top-of-mind survey. Top-of-mind awareness refers to a brand coming first to the minds of customers when presented with a specific product category. KB Financial Group will remain humble and is committed to increasing its brand competitiveness by communicating with its customers.

Q. What's the first thing that comes to mind when you hear the words 'financial group'?



*KB Financial Group, 2013 Financial Market Competitiveness Survey for ages 20 to 64, *As of December 31, 2013

Major Outcomes of Brand Management at Subsidiaries

Best Korean Brands - Ranking 1st in Best Korean Brands - Banking Sector

KB Kookmin Bank reported a brand value of KRW 2,614,700 million (roughly 2.6 trillion) and ranked 1st place in the banking sector and 9th place in the Korean industry overall in the 2014 Best Korean Brands announced by Interbrand, a global brand valuation service.

Awards and Recognition for KB Kookmin Bank's Brand

Ranked 1st place in the banking sector of the 2013 Korea Brand Power Index (K-BPI) for fifteen consecutive years (Korea Management Association Consulting)

Ranked 1st place in the banking sector of the 2013 Korea Brand Star for seven consecutive years (Brand Stock)

Ranked 3rd place in the 2013 Top 100 Korean Brands (Brand Stock)

Selected as the best brand in the banking sector of the 2013 NBCI (National Brand Competitiveness Index) Service Sector (Korea Productivity Center)

Selected as the best brand in the banking sector of the 2013 Highest Brand for three consecutive years (Brand Stock)



Best Korea Brands

A program in which Interbrand selects and announces Korea's fifty best brands by converting asset values of each brand into monetary value. This is achieved by using the agency's method of evaluating brands in three aspects: Financial prediction, brand impact and brand strength.



Staying with Simple Designs with Traditional Elements

Creating and Expanding a Hangul (Korean Alphabet)-based Product Naming System | The Hun-Min-Jeong-Eum Card is KB's product. This card classifies customers' styles into four types, just like the four Hangul characters 훈 (Hun), 민 (Min), 정 (Jeong) and 음 (Eum) which follow the title of the first ever document to be written in Hangul. This is very easy for all Koreans to understand and remember. All these types provide separate benefits. Customers can choose a card that suits their needs the best.

The company will continue to develop products using the Korean alphabet. This method helps customers easily understand cards and use them conveniently. Using this strategy will make more people identify with the brand's message, 'Power behind People's Lives.'

Continuously Implementing BI Improvement Experience and Identification Activities through Design Management | KB Kookmin Card's new design features 'simplicity' on the card plate and uses the five basic colors so that it may embody the Korean spirit and be completely free of unnecessary elements. Our philosophy will be applied to as many products as possible so that customers can decorate their wallets.

Future Plans

The recent data breach incident adversely affected KB Financial Group's brand image. The Group has established the 2014 main management goal as 'Rebuilding its brand through honest communication with customers' and aims to restore customers' trust.

The image of KB Financial Group's brand image is being promoted in a variety of public campaigns. Its main purpose is to show its continuous and consistent image. The Group will continue to widely communicate its commitment to grow alongside the people. Moreover, the Group will strive to build its image as a sincere and reliable brand by sharing images and details of its various management activities with its customers.

05

Social Contribution through Finance

Enriching the Futures of the People through Finance



What Is KB's View on Contributing to the Society through Finances?

As society's interest in good consumption (purchasing) grows, companies develop and provide products and services that not only bring profits, but also contribute to society. These products and services are interlinked with an understanding of the nature of the financial business and are causing a stir in the financial market. KB Financial Group believes that 'Good Financial' products, including products for the good of the public and green financial products which embody the essence of finance, will be the company's competitive strength and will also play an important role in actualizing social contribution.

Scope of this Issue Social contribution through finance is being extended through KB Financial Group's interaction with personal and corporate customers who use the Group's financial products.

Key Risks and Opportunities

Financial products and services as part of the company's contribution to society could be viewed as unreasonable for the time being due to rising costs and low profitability. However, in the long run, products and services through which customers and companies can grow together could provide opportunities to build consumer trust, improve the company's image and secure loyal customers. Furthermore, through finance, the company can also contribute to building a healthier and richer society.

Our Approach to Financial Products and Services

KB Financial Group doesn't set out with the sole goal of financial gain, but follows an approach that aims to contribute to society by developing products and services which can improve the quality of life of all people. To this end, the Group has developed customer-centered products optimized for customers' needs and is fulfilling its social responsibilities through these products and services.

	Details and Outcomes	Plans and Goals
Financial support for low-income groups	<ul style="list-style-type: none"> • Launching a product called "Good Loan" • Creating the "Small Loan Clinic" • Launching a product called "Seeds of Hope" 	<ul style="list-style-type: none"> • Re-building the credit scoring system (CSS) • Strengthening the essential duty of savings account by supplying finance for low-income people
Support for small, medium, and strong medium enterprises	<ul style="list-style-type: none"> • Contributing about KRW 100 billion to provide small and medium enterprises (SMEs) low-interest loans • Conducting a corporate social responsibility evaluation of SMEs (4,524 companies) • Implementing "KB Hidden Star 500" • Organizing an investment association for KB's Future Creation start-up support 	<ul style="list-style-type: none"> • Expanding investments for ventures, SMEs and strong medium enterprises • Holding management consulting and forums for SMEs/strong medium enterprises • Creating a fund worth KRW 50 billion to support SMEs with excellent intellectual property
Expanding areas of social responsibility	<ul style="list-style-type: none"> • Testing products by taking account of customers' feedback • Making investments in areas related to offshore, wind power, and solar power 	<ul style="list-style-type: none"> • Reinforcing reviews in social and environmental aspects when developing new products • Reinforcing socially responsible investment (SRI) activities

Finance Towards a Prosperous Society

Participation in the UN Global Compact

The UN Global Compact (UNGC) is the world's largest corporate civic initiative. KB Kookmin Bank joined the UNGC in April 2009 and has since incorporated its 10 principles of its four areas (human rights, labor, environment, and anti-corruption) into its business operations.

Development of Sustainable Products and Services

Management Activities Pursuing Sustainability

KB Financial Group believes that the essence of financial business is building a prosperous society. When a company grows together with its customers instead of just chasing money, it can gain the trust of the customers and society can evolve overall. Through 'financial support for low-income groups', 'development and support for small, medium and strong medium enterprises' and 'expanding areas of social responsibility', KB Financial Group promotes finance-based socially contributive activities and each of its subsidiaries also carries out related business activities.

In addition to this, the Group enforces restrictions on newly developing businesses and products if they are harmful to society despite their profitability, and instead prefers to partake in business activities which are for the public interest.



Deliberation and Evaluation before Product Launch

When developing a new product, KB Kookmin Bank enhances its sustainability by reviewing the risks, pricing policy, operation process and whether the product violates customers' rights. We begin the evaluation of the sustainability of a product by collecting the opinions of customers through a Focus Group Interview (FGI). Upon gathering opinions through the FGI, the Product Committee checks potential risks and verifies its commercial quality. After that, through a Financial Strategy Deliberation Committee meeting, the company confirms an applicable interest rate and service charges management plan. Then through the New Product Sales Promotion Committee, it reviews a plan to support sales promotion for the relevant department before launching the product. We continue to evaluate the product even after its launch and monitor it for six months after its sale.

Product Development Process (KB Kookmin Bank)



KB Kookmin Bank and KB Kookmin Card operates a comprehensive verification process by which a new product is examined through the Product Committee's pre-deliberation program and obtains approval from related departments in regards to profitability, market, operational and reputational risks and applicable laws. Finally, the product is released after the Compliance Officer grants approval.

Item	KB Kookmin Bank			KB Kookmin Card		
	2011	2012	2013	2011	2012	2013
Deliberation cases before product development	170	170	191	31	17	13
Deliberation cases before advertising / releasing PR materials	944	774	714	2,185	2,601	3,800

(unit: case)

'Siwoo (Timely Rainfall)' Financial Products and Services that Contribute to People's Lives

Low-Interest Loan Products to Support Basic Living

KB Kookmin Bank provides consulting channels and services for citizens with low incomes which includes the Small Loan Clinic, the Small Loan Consulting Office and the Household Debt Settlement Program. In particular, the company provides customers who have difficulty visiting the consulting office with small loan products and information on handling household debt through the Small Loan Clinic which is increasing financial accessibility. In addition to this the 'KB Seeds of Hope' product is aimed at providing support for basic living in the form of low-interest bank loans to customers struggling with high-interest loans from non-bank financial institutions.

Meanwhile, KB Savings Bank released a small-loan product called the 'KB Good Loan'. The product is designed to serve the essential purpose of a savings bank and is aimed at customers who have difficulty accessing bank services due to their poor credit history. The KB Good Loan is cementing its leading position in the area of small loans through its accomplishments such as receiving the Financial Products and Services Innovation Award in the small loan category at the 2013 Money Today Financial Innovation Awards.

Investment in Young Entrepreneurs

KB Investment supports young entrepreneurs and competent start-up companies by providing them with KRW 15 billion through the KoFC-KB Youth Start-up Investment Association. Its main goal is investing in start-up companies in their early stages. As of late 2013, investments worth KRW 7.3 billion were directed towards eight early-stage companies. Furthermore, in 2013 the company organized the Future Creation KB Start-up Support Investment Association with KRW 25 billion to invest in innovative start-up companies and create jobs in order to realize a 'creative economy'.

Investments for the Growth of Small and Medium Enterprises

To increase growth opportunities for both large companies and their business partners and to help transform outstanding small and medium enterprises into global medium companies, the Group created the KoFC-Posco-Hanwha-KB Win-Win Growth PEF and invested a total of KRW 55 billion in two partner companies.

Setup of SME Investment Fund and Investment Status (KB Investment)

(unit: KRW 100 million)

Item	2011	2012	2013
Funds Created			
Venture Association	450	500	250
PEF	2,000	5,400	-
Investments Made			
Venture Investments	489	301	467
PE Investments	369	922	600

Management Service to Support the Growth of Venture Firms and SMEs (KB Investment)

Recruitment Support	Information Network Building Support	Management Consulting Service
Recommending exceptionally talented individuals and appointing them to appropriate positions through a human resource network	Supporting the sharing of information and technology through exchange of human resources among companies in the same industry	Active management support through the in-house Value Creation Team which comprises lawyers, accountants and management consultants.

Responsible Investment for a Sustainable Society

As a UNEP FI member, KB Kookmin Bank complies with UNEP FI's principles when making investment decisions. The feasibility of all projects is determined through deliberation based on the bank's principle of responsible investment. The company also strives to participate in the solar and wind power development PF - a green business project actively being carried out by KB Financial Group.

2013 Results of Socially Responsible Investment (Offshore/Wind/Solar Powered PF projects)

Classification	Unit	2011	2012	2013
Number of New PF Projects	Case	-	1	2
Cost of New PF Projects	KRW 100 million	-	50	1,600
Remaining Balance	KRW 100 million	1,081	606	696

Special Issue

Win-win partnerships
with SMEs
(KB Kookmin Bank)

Companies that Received SME Social Responsibility Assessment

(Unit: company)

2011	5,655
2012	5,283
2013	4,524

Number of Individual Members Enrolled
at KB Good Job

38,000

Number of Member companies Enrolled
at KB Good Job

12,000

*As of December 2013



KB Hidden Star 500

'KB Hidden Star 500' is an enterprise growth support project aimed at identifying and providing tailored services for promising small to medium-sized businesses equipped with superior technology, financial stability (revenue, credit ratings, etc.) and business viability as well as high growth and potential to become global firms. The company provided KRW 1,903.5 billion in loans and made equity investments totalling KRW 37.9 billion for 304 companies before the end of 2013. The company also operates the 'KB Business Matching Service' to help selected companies find overseas markets, and continues to strengthen its collaborative relationships with related agencies such as the Korea International Trade Association and KOTRA. In 2014, the company plans on continuously operating the KB Wise Consulting and KB Creative Leaders Forum programs to uncover 'hidden star' companies and pursue shared growth with outstanding SMEs.

Encouraging Sustainable Management at Small and Medium Enterprises

To encourage its partners to fulfill their social responsibilities and to strengthen loan risk management, the company conducts an annual social responsibility assessment. The social responsibility assessment is designed to evaluate each partner's ethical management activities and environmentally-friendly operations (green growth industry, etc.). The results of the assessment are incorporated into the partner's credit assessment as a non-financial item. Furthermore, the company also includes a non-financial assessment in the credit scoring system for companies requiring external audits in order to give preferential treatment to companies using green technologies. Meanwhile, in 2013, the company signed a financial support agreement for 'Outstanding Environmental Businesses' selected by the Ministry of Environment and provided preferential loan and savings interest rates together with KB WISE Financial Consulting services to 10 companies with outstanding business performance and technologies selected by the Ministry of Environment to strengthen their market competitiveness. The company also continues supporting green SMEs financially by sponsoring the National Green Technology Awards where outstanding green companies are discovered, and by applying preferential interest rates to companies associated with green growth.

KB Good Job

KB Good Job is a project begun by KB Financial Group in 2011 to link young and retired job seekers to SMEs having difficulty with hiring and resolve social problems. Through the website, job information is provided in real time, and an annual job fair is held where top-ranking SMEs attend. By 2013, there were 6 job fairs, through which information about 48,000 jobs was provided. The Group is spearheading efforts to resolve youth unemployment, such as providing an employment grant of KRW 500,000 if full-time employees are hired through KB Good Job.

KB Hidden Star 500 Results

Classification	Unit	2011	2012	2013
Selected Companies	No. of companies	106	244	304
Financial Support	KRW 100 million	11,837	14,785	19,035
Foreign Exchange Support	USD 100 million	31	33	41
Equity investment	KRW 100 million	264	569	379
KB Business Matching Service	No. of companies	1	29	61
KB Wise Financial Consulting Support	No. of companies	7	13	9
Recruitment Support Through 'KB Good Job'	No. of companies	12	26	13
KB Trade Business Academy Employee Support / No. of Companies per Person	No. of Companies per Person	0 / 0	55 / 90	57 / 110

Other Financial Products for the Public Interest

Providing Opportunities to Invest in Infrastructure Projects I Through the Citizen Participation Fund set up for investing in private investment projects, KB Kookmin Bank provides ordinary citizens with opportunities to invest in infrastructure projects, which used to be offered only to institutional investors. Since the fund is meant to be for the public interest, the company lowers service charges to the minimum amount to increase return on investment.

Promoting Green Lifestyles I As an effort for environmental conservation, KB Kookmin Card released the Green Growth Card and the Green Card, which were made using environmentally friendly materials. The Green Growth and Green cards are encouraging people to incorporate environmental protection into their daily lives by offering them green points (Eco Money) when they purchase energy-saving and green products or use public transportation.

Creating a Culture of Social Donations I KB Kookmin Card released the 'KB Kookmin Pointtree Card' through which credit card rewards are turned into donations to help socially disadvantaged groups. Donations are raised by collecting KRW 1,000 from each member who has collected points. Then the donations are sent to Good Neighbors, UNICEF, and Korea Social Investment at the end of the year. Also, the company runs a 'Donate Pointtree' program, which allows customers to donate the points collected on their cards to desired NGOs through the KB Kookmin Card website. The program provides an opportunity for customers to engage in social contribution activities.

Pursuing Win-Win Growth through Products I KB Kookmin Card strives for shared growth with small- and medium-sized business members. As for the Owners Club Card, the company offers up to 10% off service charges for member businesses. The company also informs the businesses of certain items on their credit card bills automatically classified as 'VAT Refund Entitlement', so that business owners can predict the amount of VAT refunds they are due. Moreover, the company provides a wide array of benefits, including automatic creation of VAT report files, electronic tax statements and receipt service. It also provides its expertise in tax affairs/accounting and information about saving on taxes.

Overview of Major Sustainable Financial Products

*As of December 31, 2013 (Unit: KRW 100 million)

Product	Product Features	Balance or Set Amount
KB Keep Happiness Account	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	9
KB National Happiness Savings	A plan that pays high interest rates to the socially disadvantaged, such as child heads of households, North Korean defectors and relief recipients,	393
KB National Pension Security Account	A plan devoted to prevent seizure by directing national pension payments towards basic life support and exempting all sorts of bank transaction fees	28
KB Army Preferential Savings Deposit	A savings deposit plan dedicated to those in the army who wish to save money during their service	437
KB Switch Dream Loan	A debt restructuring plan designed to swap high-interest loans for lower interest loans for disadvantaged groups	1,911
KB Low-Interest Loan for Youth and College Student with High-Interest Debts	A debt restructuring plan designed to change youth and college students' high-interest loans from non-bank institutions to low-interest loans from established financial institutions through credit guarantees of the Credit Counseling & Recovery Service	71
KB Seeds of Hope Loan	A product with separate review criteria customized to low-income earners who have no access to bank loans	4,808
KB Green Growth Loan	KB Financial Group's flagship green financial product that is designed to provide financing needed for green growth	7,945
KB Solar Biz Loan	A loan product designed to support the solar PV (photovoltaic) industry	973
KB Green Focus Fund	Portions of sales and operation charges saved to a fund, and donated to environmental agencies	79
Korean Peninsular BTL Fund	A collective investment vehicle that invests in BTL projects designed to improve sewer pipes	6,197
Love Your National BTL Fund	Investment in social infrastructure facilities	3,606
New and Renewable Energy Fund	A collective investment vehicle that invests in new and renewable energy businesses or assets	656

KB Kookmin Bank's deposit and loan volumes: Demand + Savings Deposits: KRW 189,034 billion / Loans: KRW 187,202.1 billion

06

Customer Satisfaction Management

Rebuilding Trust by Reaching Customers on a Personal Level



What 'Customer Satisfaction' means to KB

In the financial business which is driven by customer relations, it is a very important strategy to manage customer satisfaction. In order to re-establish trust in the wake of the recent unfortunate events, KB Financial Group is doing everything it can to provide customers with excellent, high-quality services and products. By reaching customers on a personal level, the Group will rebuild trust and achieve sustainable growth.

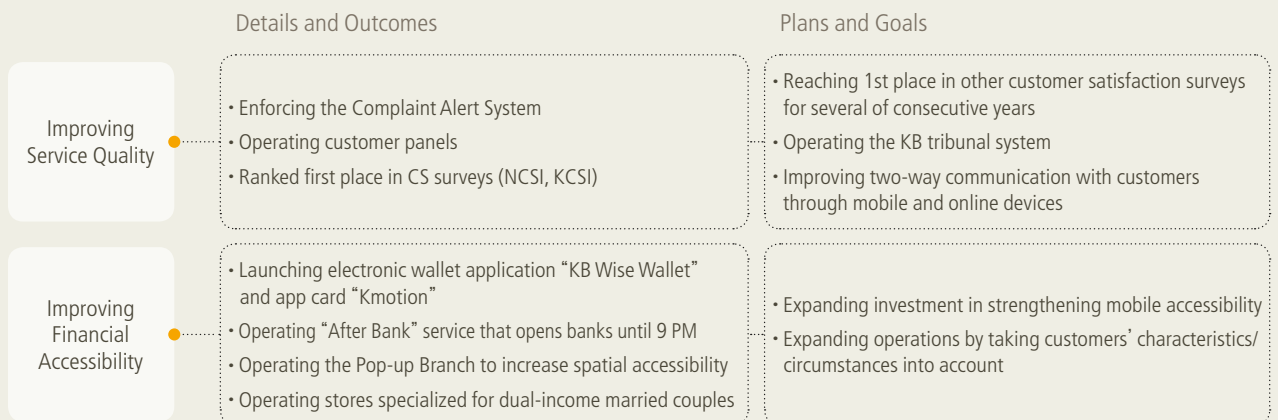
Scope of this Issue Customer satisfaction management serves as a platform for all business operations at KB Financial Group, and all its subsidiaries are actively carrying it out.

Key Risks and Opportunities

To satisfy its customers, a company needs to analyze their needs accurately and follow up by continuously providing appropriate services. Customer satisfaction (CS) activities which lack planning can cost the company the trust of its customers and undermine the company's image. To accurately analyze its customers, KB Financial Group has equipped itself with solid systems and processes. The Group incorporates analysis results into its business strategies and regards customer satisfaction as an opportunity for business success.

Our Approach to Customer Satisfaction Activities

KB Financial Group is an established total financial service provider which over 30 million people (more than half the entire Korean population) conduct transactions with. The Group regards customer satisfaction as the foremost value of its corporate culture, and works hard for the creation of customer value. Moreover, by providing the best products and services, the Group is leading all people to a richer and happier tomorrow.



Customer Satisfaction Management System



1) Phishing: A scam to gain personal financial information by sending out mass emails to random people in order to lure them to a fake website.

2) Pharming: A compound word of phishing and farming which describes a method of stealing personal financial information through 'internet explorer favorites' or portal websites from users by planting malware in their computers.

KB Financial Group is committed to rebuilding trust by strengthening customer satisfaction management and holding the customer in high regard when serving them. First of all, the Group has raised employee awareness of financial consumer protection and has improved its business processes. The Group also enforces honest, uninterrupted two-way communication with customers and it is making efforts to increase accessibility of its financial services.

Financial Consumer Protection




The Financial Consumer Protection Charter I KB Financial Group created the Financial Consumer Protection Charter to introduce a new paradigm for shared growth with customers. The Financial Consumer Protection Charter states the eight core values required to protect financial consumers based on the general principles regarding financial consumer protection endorsed by the OECD. It mainly deals with customer-centric righteous management, prevention of discrimination, transparency of information, customer property protection, customer information protection, knowing your customer (KYC), compensation and remedies, providing financial education and supporting disadvantaged groups. Each subsidiary designated the 21st day of each month as Financial Consumer Day, on which customer suggestions are heard and complaints promptly resolved.

Operating a Financial Incident Prevention System I Under the Act concerning the Reporting and Utilization of Particular Financial Transactions and Data, KB Financial Group strictly enforces the Customer Due Diligence (CDD) process when carrying out transactions with customers and reports the results to prevent incidents such as the creation of criminal accounts. Furthermore, the Group is faithfully implementing Suspicious Transaction Reporting (STR) and Currency Transaction Reporting (CTR) through its Compliance Support System.

Services for Safe Financial Transactions I To prevent internet-based financial fraud in electronic banking and lay the foundation for secure transactions, KB Financial Group complies with the Financial Supervisory Service's Guidelines for Financial Fraud Prevention in Electronic Banking designed to prevent fraud such as phishing¹⁾ and pharming²⁾. In particular, the Group provides security services that help distinguish phishing sites through an anti-phishing personalized image and green address bar.

KB Kookmin Bank offers the 'Electronic Financial Fraud Prevention Service' which is one of its voice phishing prevention measures to protect financial consumers. In 2013, the company made it mandatory to apply the service to all personal internet banking customers. Along with this, the company also extended the SMS alert service to prevent financial fraud and strengthened its system designed to stop payment to fraudulent loan accounts.

Information on KB Kookmin Bank's Electronic Financial Fraud Prevention Service

 <p>What is the Electronic Financial Fraud Prevention Service?</p> <p>The service aims to strengthen the identity verification process to prevent financial fraud in which the attacker illegally obtains customer information through voice phishing and phishing websites, gets an authenticated certificate re-issued in the name of that customer and then withdraws money from the customer's deposit accounts.</p>	 <p>Key Details of the Electronic Financial Fraud Prevention Service</p> <p>Effective from September 26, 2013, Thursday, making transactions able to be performed only after the user goes through an additional authentication process when having an authenticated certificate issued¹⁾ or when transferring an amount greater than KRW 1 million²⁾.</p> <p>1) Issue (re-issue) of an authenticated certificate, registration of a certificate with another bank/ institution. 2) Transactions in which the amount to be transferred exceeds KRW 1 million through internet banking (based on a cumulative amount per user ID for internet banking which includes smartphone banking).</p>	 <p>Users of KB Star Banking</p> <p>Effective from September 26, 2013, users must upgrade their service to a new version to carry out transfers and must also be issued with authenticated certificates.</p> <p>* Users of the existing version can gain access to view transactions only. * New version: Android devices: G2.2.0 or higher; iOS (iPhone, etc.): I2.2.0 or higher</p>
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Details of 'Support the CS' Training



*As of December 31, 2013

Strengthening the Customer-Centric Management System

Reorganizing the System | To improve the poor process status of complaints, KB Kookmin Bank promoted the Complaints Coordination Council to the 'Financial Consumer Protection Department' and created the 'Consumer Protection Division' to strengthen its financial consumer protection system. KB Kookmin Card also created the Customer Relations Management Team under the Consumer Protection Division, and operates the 'Financial Consumer Protection Council and the Consumer Compensation Committee' to prevent complaints from occurring and ensure that complaints are fairly handled and compensation is provided. Additionally, KB Investment & Securities and KB Asset Management respectively operate a Financial Consumer Protection Council and have created a Financial Consumer Team. The Group's other subsidiaries also operate organizations dedicated to carrying out customer-centric management activities.

Adapting Programs to Complete Satisfaction of the Customer | KB Kookmin Bank established the Complaint Alert System, a type of crisis management system, to increase awareness of the risk of complaints. The company also operates a consultant program dedicated to preventing customer complaints in advance. KB Kookmin Card and KB Real Estate Trust conduct training on customer relations, identify CS improvement tasks then put them into action; and also monitor improvement among related teams and departments through customized 'Support The CS' programs and the 'CS Improvement Project'. KB Life Insurance operates customer-oriented services through emotional communication with customers, including the '100th Day since Promise' project by which the company offers customers a message of appreciation for maintaining their policies one hundred days after they signed up, and provides useful information about contracts for insurance products and the details of coverage. Furthermore, the company provides customized services by analyzing the recordings of customer consulting sessions.

Enhancing Customer Communication

Expanding Communication Channels for Customers | KB Kookmin Bank strives to enhance customer communication through instant messaging, e-mail counseling and a dedicated hot line. The company also runs social media accounts including its own blog, Facebook and Twitter accounts to promote two-way communication. KB Investment & Securities fortified the customer communication feature of its Home Trading System (HTS). KB Data System and KB Capital also operate Customer Service message boards on their websites.

Encouraging Customer Engagement | KB Kookmin Bank organizes customer panels to receive feedback directly from customers regarding the bank's major issues. In 2013, the company selected 6,842 customers and held 8 meetings to collect customers' opinions. Also, to identify the needs of foreign customers, the company also ran the 'KB Foreign Customer Advisory Panel' which consists of 200 customers from 27 countries including China, US, Japan, and Taiwan, and held four meetings. KB Investment & Securities included customer feedback in the development of products and services. In 2013, the company included 192 customers' opinions.

Extending Customer-Centric Smart Financial Services

Operating Customized Services | KB Kookmin Card launched 'KB Wise Wallet' for customers who use smartphones to remove the inconvenience of carrying several cards such as credit/debit cards, membership cards and coupons by allowing them to store them on their smartphones. The bank also increased user convenience with the app card, 'Kmotion'.

KB Investment & Securities opened 'KB Smartok S' an application by which customers can carry out all transactions on their smartphones and can also create their user IDs. The company also expanded the accessible financial product line to include all other products such as fund and bond transactions and equity-linked securities (ELKS).

Improving Accessibility to Customers I Since 2012, KB Financial Group has made improvements to its services in compliance with the Korean Web Content Accessibility Guidelines (KWCAAG) to allow all customers easy access to member store websites and mobile apps. Consequently, the Group earned a Web Accessibility (WA) Mark which is certification provided by the Human Rights Forum of Persons with Disabilities in Korea, for the web-based services of its subsidiaries such as KB Kookmin Bank, KB Investment & Securities and KB Life Insurance.

KB Kookmin Bank began operating ATMs featuring braille and voice guide features for the visually impaired and ATMs that can be used by disabled persons who use wheelchairs. In 2013, the company installed 1,023 new ATMs available to be used by persons with disabilities. Furthermore, the bank's 'Bankbook Braille Service' enables bankbooks to display the account holder name, account number, bank name and the telephone number of the in braille which is greatly helpful to visually impaired persons.

To increase convenience for foreign customers, KB Kookmin Card offers the 'Foreign Customer Consulting Service' which enables foreign customers to make inquiries, apply for card re-issuance and report theft in English or Chinese. KB Life Insurance opened the cyber service system to speed up the insurance payment process and facilitate accident insurance claims.

Results of Customer Satisfaction Activities

KB Kookmin Bank has ranked first place for eight consecutive years in the National Customer Satisfaction Index, surveyed by the Korea Productivity Center. KB Kookmin Card has also ranked first place in the credit card category of the same survey for the past two years. In addition to this, KB Kookmin Bank came in first place in the customer contact category of the Korea Service Quality Index which is organized by Korea Management Association Consultants. Also, KB Life Insurance has been selected as an Outstanding Call Center in the industry sector for nine consecutive years. KB Kookmin Bank has also ranked first place in the banking sector of the Korean Customer Satisfaction Index for seven years straight; and KB Kookmin Card ranked first place in the debit card category of the same survey. In addition, KB Kookmin Card topped the 'Companies Most Trusted by Consumers' survey (Digital Chosun Ilbo) and has received the Grand Prize for Customer Delight Management (Hankook Economic Daily) for six consecutive years, proving that its practices for customer delight are widely recognized.



Branch Office Customer Satisfaction Index Results (unit: points)



Moreover, KB Kookmin Bank conducts a Branch Office Customer Satisfaction Index (CSI) to increase customer trust and loyalty through customer-centric services. In 2013, the company overhauled and re-designed its customer satisfaction system by creating the 'Consumer Trust Index' and the 'Customer Relations Management Index' to survey and evaluate satisfaction from a customer's standpoint. The company also provides service level survey results to individual employees, creating a customer service culture. The company also provides each employee with service level results, bringing a culture which allows for customer satisfaction management to become engrained within the company.

Future Plans

While carrying out its business operations, KB Financial Group always holds customer value as its foremost priority. The Group will continue to provide innovative products and services developed with the customer's viewpoint in mind. All employees at KB Financial Group strive to do their very best while aiming to create a great success story along with the customers.

Special Issue

Operating Customer Relations-Centered Branch Offices

Branch offices focusing on customer relations are customer-centric business branches that fundamentally improve the branch model and increase accessibility.

'After Bank' - Improving Temporal Accessibility to Financial Transactions

'After Bank' is a new type of branch office where customers can conduct transactions until as late as 9 p.m. which is long after usual business hours. Operated near office buildings in major urban areas, these branch offices have received positive reactions from customers such as full-time employees and dual-income married couples as they can access financial services after they finish work. There are a total of five 'After Banks' in operation as of June, 2014.

'Pop-up Branch' - Improving Spatial Accessibility

The company operates 'Pop-up Branches' in areas lacking appropriate conditions for business operation such as redevelopment zones. In areas where there are temporary increases in customers, the 'KB Mobile Star' and 'Mobile 365 Automation Branch' are available to reduce inconvenience.

Enterprise-Linked Branch

Located in industrial complexes and areas with plenty of small and medium enterprises, this type of branch office specializes in providing financial services to companies and employees. Employees with a lot of experience in corporate finance are appointed to provide diverse solutions. The office also features the CEO Community Lounge and the Enterprise Employee Lounge somewhere for employees of enterprises to rest. There are a total of fourteen enterprise-linked branch offices as of June, 2014.

Branch for Dual-Income Couples

Unlike ordinary branches, this type of branch office hires retirement planning experts and provides a total asset management service tailored to the needs of dual-income married couples. The office holds a range of seminars for married couples including real estate, taxation and investment counseling. They are open from 2 to 9 p.m. just like the After Banks. They are located in/near residential complexes which allows for couples to access services after they finish work.



07

Social Contribution Activities

Sharing Happiness with Society

What Does Social Contribution Mean to KB Financial Group?

Recently, social contribution (or CSR) activities have evolved into 'Creating Shared Value' (CSV) through which, aside from contribution activities, a company's business operations can also resolve social problems and generate both profit and shared value. The company can ensure sustainable management through strategic social contribution activities which allow the company to utilize resources at its disposal and reflect the characteristics of its business.

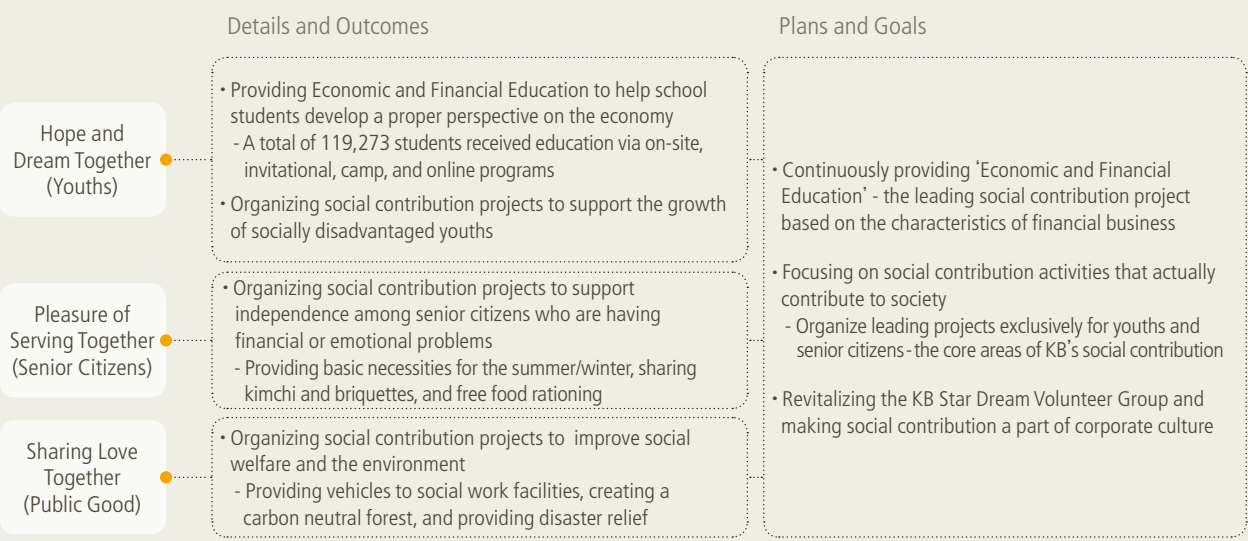
Scope of this Issue KB Financial Group enthusiastically carries out social contribution activities in which the holding company and its subsidiaries all participate to fulfill their social responsibilities. Subsidiaries also independently organize their own CSR activities by linking them to their businesses.

Key Risks and Opportunities

Crises and opportunities coexist in corporate social responsibility activities. Through the performance of CSR activities, the company can build a positive image and gain a competitive advantage. Through employee engagement, the company can also boost employee morale. On the other hand, however, a piecemeal approach to social contribution activities can only but tarnish a company's image.

Our Approach to Social Contribution Activities

KB Financial Group conducts social contribution activities based on its business strategy and the characteristics of finance. While group-wide activities are carried out based on the Group's nationwide network, there are also activities that reflect the characteristics of each of its subsidiaries as well as activities aligned with the analyzed needs of local communities. For these activities, the Group gathers feedback from internal and external stakeholders and implements continuous management and improvements.



KB Financial Group's Efforts for a More Cooperative Tomorrow

KB Financial Group organizes and implements unique social contribution activities providing practical help to people in general and also to socially disadvantaged groups in a timely manner - much like rain falling at the right moment.

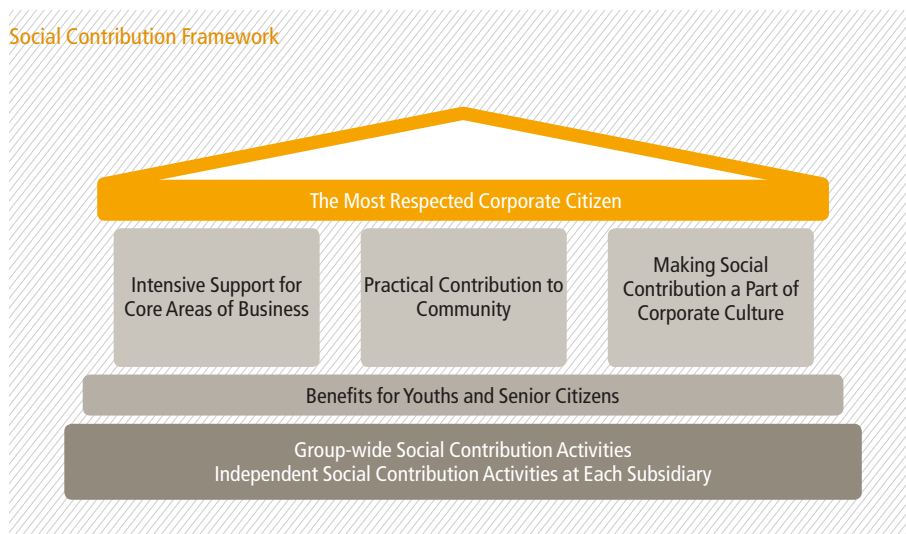
Vision and Strategies of Social Contribution

Intensive Support for Key Areas of Business | To help people better understand economics and finance, KB Financial Group has selected 'Economic and Financial Education' as its leading project. In addition, the Group designates projects geared towards youths and senior citizens as its key areas of business and continues to identify and carry out major projects at the group level.

Practical Contribution to Community | Instead of taking a piecemeal approach, the Group has consistently provided practical assistance and genuinely helpful activities for recipients. The Group also conducts social contribution activities aligned with the needs of local communities and neighbors.

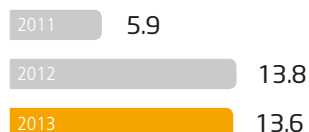
Making Social Contribution a Part of Corporate Culture | By making plans to encourage active participation in and revitalize social contribution activities, and by building KB's own systemic social contribution model, the Group aims to establish social contribution as a major part of its corporate culture.

Social Contribution Framework

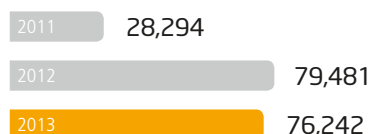


Activity Performance of KB Star Dream Volunteer Group

Average hours of participation per person (unit: hour)



Annual cumulative number of volunteers (unit: person)



Social Contribution Organization

KB Star Dream Volunteer Group | KB Financial Group operates the 'KB Star Dream Volunteer Group' where all employees participate to encourage dreams and bring hope to socially disadvantaged groups.



Hope and Dream Together (Youths)

KB Star Economic and Financial Education

KB Financial Group carries out social contribution activities for children and youths, who are our future hope. Through 'KB Star Economic and Financial Education', which has served as the Group's leading social contribution project since 2012, the Group has contributed to improving understanding and knowledge of economics and finance among youths.

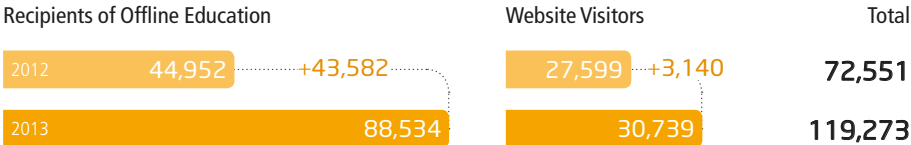
Led by former and current employee volunteer groups and a college student volunteer group, KB Star Economic and Financial Education consists of various programs, such as on-site, invitational, economic and financial camps as well as online programs. The Group developed eight educational programs featuring games related to finance that are fun and easy for all students, from elementary to high school. The Group also provides on-site education with volunteers visiting schools and local child service centers. The scale of recipients of education has been extended to various groups, including adults in their 20s (those in military service and college students), middle-aged / senior citizens and housewives.

Youth Support Activities

KB Financial Group organizes the 'KB Hope Camp' which provides disabled young persons with work experience, mentoring services and counseling with experts, and helps them explore career opportunities. There is also the 'KB Youth Music Contest' which offers university-linked specialized music education to disadvantaged youths with musical talents, and there is also the 'Building a Dream Tree Village with Love' event where employees accompany disadvantaged children to amusement parks to make happy memories with them.

Activities conducted by KB Kookmin Bank include the 'KB Kookmin Bank Small Library', which helps bridge the digital divide for disadvantaged youths, 'KB Kookmin Bank Making a Place of Hope', designed to create learning spaces and 'One-to-One Learning with College Student Mentors'. Meanwhile, through the 'Community Book Bundles Project', KB Real Estate Trust purchases recommended books and donates them to children and youths living in orphanages.

Results of Economic and Financial Education (unit: person)



On-site Economic and Financial Education



Website for Economic and Financial Education

The Joy of Serving Together (Senior Citizens)

Activities to Support Independence of Senior Citizens

Strenuous efforts have been made by KB Financial Group to resolve problems among senior citizens arising from Korea's rapidly aging population. Through its activities - 'Spending a Cool Summer with Senior Citizens', 'Sharing a Warm Winter with Senior Citizens' and 'Sharing Kimchi and Briquettes with Love,' for senior citizens having difficulties in the summer and winter seasons, the Group is contributing to improving welfare for senior citizens.

KB Kookmin Card's activities include 'Bridging the Hearts of Senior Citizens Living Alone' through which the company provides basic necessities and someone to talk to as well as 'Free Eye Exam Support'. KB Life Insurance also focuses on diverse activities to contribute to the creation of a culture of respect for senior citizens and improve senior welfare, such as '80th and 90th Birthday Parties' and 'Volunteering at Social Work Facilities for Lonely Senior Citizens'.



Special Issue

Intensive Social Contribution Period

KB Financial Group has an 'Intensive Social Contribution Period' during which time employees at all subsidiaries participate in volunteering activities. Through this program, the Group provides assistance to those who need attention and help.

KB Finance Social Contribution Day

At KB Financial Group, May is celebrated as the 'Month of KB Financial Social Contribution'. During which time all employees renew their dedication to social contribution activities and share their sharing experiences. Each year, about 25,000 employees from respective subsidiaries carry out social contribution activities in various areas of their local communities, putting into practice the concept 'bigger love'.

KB Finance Sharing a Warm Winter

At KB Financial Group, the period from November through December is called the period of 'KB Finance Sharing a Warm Winter' during which time group-wide activities and independent activities at respective subsidiaries are carried out together. For the sharing of warmth and love with neighbors in local communities, employees share kimchi, briquettes, and basic necessities for the winter.

Sharing Love Together (Public Good)

Activities for the Public Good

To improve the service quality of social work facilities, KB Financial Group provides about fifty vehicles including passenger cars, vans, and wheelchair lift vehicles each year. The Group is also actively involved in domestic and overseas disaster relief activities, including relief aid for the victims of the earthquake in the Philippines. Through 'KB Kookmin Bank Sharing Love with Traditional Markets', KB Kookmin Bank works with Hunger Saver, an international relief organization, in purchasing foods and necessities at thirty-three traditional markets and donating them to disadvantaged groups. The bank also implements the activity 'KB Place of Sharing Bread with Love' where bread and noodles are offered to underprivileged neighbors as meals or snacks. KB Capital forms a 'One Company, One Village' alliance with farming villages to revitalize the rural economy by helping farmers during busy seasons.

Global Social Contribution Activities

KB Financial Group organizes global social contribution activities that can be conducted continuously. Through the 'Hope Bicycles' project, the Group sent 3,000 bicycles to children in Vietnam and Cambodia. Since 2007, KB Kookmin Bank has been dispatching an overseas volunteer group of students known as 'RaonAtti' to help youths in seven different countries including Cambodia, Thailand and the Philippines. KB Investment & Securities has assisted in building elementary schools in Laos, followed by the village of Chum Kiri in Cambodia, and has also provided decent educational facilities for children in impoverished regions through on-site volunteering.

Environmental Preservation Activities

KB Financial Group has been dedicated to resolving global environmental issues which are becoming increasingly more serious. In 2013, the Group entered into a KB Carbon Neutral Forest Creation Agreement with the Incheon Free Economic Zone Authority and began creating a carbon neutral forest. The KB Carbon Neutral Forest was created to supply oxygen and absorb CO₂ emissions. The Group has planted about 11,000 trees, in accordance with the amount of CO₂ emissions generated by companies and individuals. The trees are expected to reduce 460 tons of carbon dioxide annually. KB Kookmin Bank has been involved in the Eco Tree Campaign, which was launched in 2009 and spearheaded environmental conservation through clean-up activities in local communities. Other subsidiaries like KB Life Insurance, KB Asset Management, KB Investment, KB Data Systems and KB Savings Bank have also conducted environmental preservation activities in Seoul Forest and Bukan Mountain, and have even conducted clean-up activities in local communities.

Number of Trees Planted in KB
Carbon Neutral Forest

Approximately **11,000** trees

Estimated Annual Carbon
Dioxide Reduction

460 tons

*Participation in Carbon Disclosure Project (CDP): Since 2009, KB Kookmin Bank has participated in the Carbon Disclosure Project in which the company discloses its climate change response capabilities and greenhouse gas emissions.



Future Plans

As a leading financial group in Korea, KB Financial Group will play a leading role in fulfilling corporate social responsibility and expand CSR practices to become the 'most respected corporate citizen' by serving local communities. Through the 'selection' and 'focus' approach, the Group will concentrate its social contribution capabilities on the Youth and Senior Citizen areas to build KB's unique social contribution model. The Group will also make sure that its social contribution activities contribute to the creation of a healthy financial ecosystem.

List of KB Financial Group's Major Social Contribution Activities



Sharing Love Together (Public Good)

- Providing vehicles to social work facilities (KB Financial Group)
- KB Carbon Neutral Forest (KB Financial Group)
- Hope Box Volunteering (KB Kookmin Bank)
- KB Overseas Volunteer Group of College Students "RaonAtti" (KB Kookmin Bank)
- Providing KB Korean Language Classes in Yangon, Myanmar (KB Kookmin Bank)
- Place of Sharing Bread with Love (KB Kookmin Bank)
- Overseas Rainbow Classes (KB Investment & Securities)
- Environmental clean-up activities (KB Life Insurance, KB Asset Management, KB Investment, etc.)
- Planting trees of life (KB Life Insurance)



Hope and Dream Together (Youths)

- KB Star Economic and Financial Education (KB Financial Group)
- KB Youth Music Contest (KB Financial Group)
- KB Hope Camp (KB Financial Group)
- Medical Support for Disadvantaged Youths (KB Financial Group)
- Building a Dream Tree Village with Love (KB Financial Group)
- KB Hope Study Group (KB Kookmin Bank)
- KB Dajeong Dagam (KB Kookmin Bank)
- KB Small Library (KB Kookmin Bank)
- KB Happy Table (KB Kookmin Bank)
- Dream Day Camp ((KB Kookmin Card)
- KB Rainbow Class (KB Investment & Securities)

Joy of Serving Together (Senior Citizen Welfare)

- Providing necessities for summer and winter (KB Financial Group)
- Sharing kimchi and briquettes with love (KB Financial Group)
- Taking longevity photos for the senior citizens (KB Financial Group)
- Providing walking aids for the elderly (KB Financial Group)
- Providing free meals for senior citizens in celebration of the Group's anniversary (KB Financial Group)
- Happy Food Volunteering (KB Investment & Securities)
- Volunteering at Social Work Facilities for Lonely Seniors (KB Life Insurance)
- Picnic with the Elderly (KB Investment)



KB Financial Group Is Striving To Become Your Reliable Financial Partner



Performance by Companies

KB Financial Group is a total financial group which comprises KB Financial Group Inc. and its 11 subsidiaries, including KB Kookmin Bank and KB Kookmin Card.

- | | |
|------------------------|-----------------------------------|
| 01 KB Kookmin Bank p50 | 03 KB Investment & Securities p56 |
| 02 KB Kookmin Card p54 | 04 KB Life Insurance p58 |



05 KB Asset Management p60

07 KB Savings Bank p64

09 KB Investment p68

11 KB Data Systems p72

06 KB Capital p62

08 KB Real Estate Trust p66

10 KB Credit Information p70

KB Kookmin Bank

KB Kookmin Bank will continue to meet your expectations by becoming not just a 'Good Company', but rather a 'Great Company'.



CEO Kun-Ho Lee

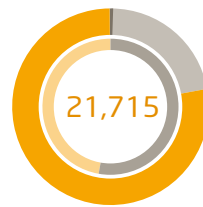
I would like to express my sincere gratitude to all of you for your continued support and trust. KB Kookmin Bank will become a leading bank that abides by the principle of customer-centered management and provides all customers with personalized services through 'Finance with Stories (Story Finance)'. With the management philosophy of 'increasing the value of the bank to customers rather than the value of customers to the bank', the bank will create success stories with its customers. KB Kookmin Bank will continue to pursue mutual prosperity among the company and society, fulfill its social responsibilities for the future where everyone can dream, and will also continue to stand by your side with approachable finance. KB Kookmin Bank will meet your expectations by becoming a 'great company' rather than just a 'good company'

KB Kookmin Bank Overview

Aiming to become a global bank leading the Asian financial industry, KB Kookmin Bank boasts the largest customer base, high customer satisfaction rate and efficient sales infrastructure such as a far-reaching channel network and brand power. The bank's major areas include personal loans for individual and SOHO customers, corporate loan plans and an integrated fund management service. By offering an unparalleled PB service, a trust, pension and fund management business and derivatives, the bank has been expanding its customer base and increasing revenue. In addition, the bank has laid the foundation for future growth as it has become the first bank in Korea to surpass the 8 million customer mark in smartphone banking.

Date of Establishment	November 1, 2001
Head Office Address	84, Namdaemun-ro, Jung-gu, Seoul, Korea
No. of Branches	1,219 (1,207 domestic and 12 overseas)
No. of Customers	28,128,160

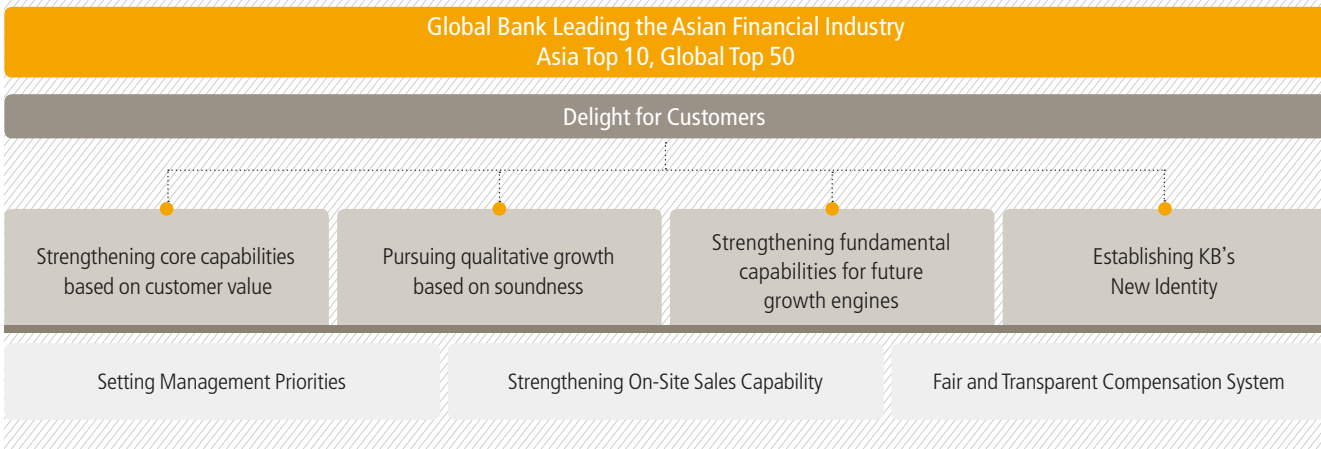
No. of Employees



● Full-time	16,559
● Executives	20
● Temporarily Contracted	5,136
■ Male	11,488
■ Female	10,227

*All employment is based on a full-day work system

Management Framework and Business Strategy




Major Products and Services

Deposits	KB Creative Banking Savings Deposit KB Hi! Story Savings Deposit	Bancassurance	Selling insurance products on behalf of insurance companies
Loans	KB Salary Transfer Credit Loan Business Overdraft Loan	Asset Management	KB Golden Life
Trust	KB Golden Life Pension and Savings Trust	Investment Finance	SOC Project Finance M&A Finance
Investment Trust	KB Gross & Value Securities and Investment Trust	Derivatives	Currency derivative Interest rate derivative Stock derivative
Foreign Exchange	Currency exchange/remittance, etc.	Electronic Banking	Firm Banking, Internet Banking

Business Performance

(Unit: KRW 100 million, as of: December 31, 2013, Consolidated statements)

 Total Assets 2,652,589	 Equity 206,173	 Operating Income 14,381	 Net Income 8,197
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 Major Awards

- Ranked 1st as the 2013 Best Trade Bank in Korea for two consecutive years The Asian Banker
- Earned the Highest Grade in the 2013 Custody Service Survey for eight consecutive years Global Custodian
- Received the Web Award Korea 2013 in the banking category for six consecutive years Korea Internet Professionals Association

By working with other subsidiaries, KB Kookmin Bank maximizes corporate synergy and strives to provide customers with convenient and beneficial financial services. Furthermore, the company is building a platform for sustainable growth by developing new business and solidifying existing business.

Collaboration for Improving Synergy among Subsidiaries Subsidiaries including KB Kookmin Bank are working together to profit from synergy through SOC projects, private finance (PF) development projects, fund investments, and asset securitization. Additionally, the subsidiaries are recruiting new customers and increasing sales through joint marketing.

Collaboration	Amount	Collaboration	Amount
Providing financial advice and arrangements for the Gangneung coal-fire thermal power generation project	Approximately KRW 4 trillion	Collecting the balance of ETF	KRW 645.8 billion
Refinancing the Eulsukdo Bridge	KRW 364 billion	New Kookmin Card Customers	2.07 million people

Solidifying Mid to Long-term Revenue Base

Public Fund Custody and Management Expanding customer base by selecting a custodian agency for the National Housing Fund and increasing sales of related products Managing total asset value (NAV) of about KRW 237 trillion in bond assets by selecting a custodian bank for the National Pension Fund	Retirement Product Development Implementing the KB Golden Life Banking service-the first Korean Internet banking service specialized for senior customers Providing customized products and services including the KB Golden Life Testamentary Trust, etc.	Enhancing Corporate Finance Operating total finance centers in major locations and enterprise-linked branch offices to strengthen corporate finance capabilities
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Sustainability Activities

Hiring Talent

In 2011, KB Kookmin Bank became the first bank in Korea to enter into a memorandum of understanding with the Ministry of Education to hire graduates from specialized high schools. The bank is currently hiring graduates from specialized high schools through referrals. In 2013, the bank selected 13 new employees who graduated from specialized high schools. The company will provide a lot more opportunities by expanding options of employment.

Furthermore, KB Kookmin Bank recruits foreign employees in speciality positions to strengthen its global capabilities. Its twelve local branch offices, companies and offices worldwide separately employ talented individuals suited to local business conditions. The bank launched the Internship Program in 2009 to fulfill its social responsibility for youth unemployment and to secure top talent. In 2013, the bank hired about 300 college students for its winter and summer internships.

Talent Development

To fulfill the CEO’s management policy, ‘Finance with Stories (Story Finance) as a Leading Bank’, KB Kookmin Bank is strengthening its consulting capabilities to analyze customers’ financial needs and offer the best possible financial services. To develop growth engines to become a global bank leading the Asian financial industry, the company established the ‘Four Talent Development Strategies’ to focus on long-term talent development.

KB Kookmin Bank’s Four Talent Development Strategies are: (1) Developing job professionals who can contribute to improving business performance; (2) Fostering top talent who will lead KB Kookmin Bank’s sustainable growth; (3) Enforcing the sharing of organizational values to nurture loyalty and leadership at different job positions; and (4) Establishing a proactive and habitual learning culture to encourage on-site enhancement of job capabilities.



Support for Retired Employees

Korea’s aging population has led to growing interest in and the need for planning to live happily after retirement. In 2014, KB Kookmin Bank will introduce related programs designed to help retired employees to plan their lives after retirement through practical support, such as career development and useful information.

Support Plans

Classification	Details
Setting up a dedicated team for transition support	- Setting up a dedicated support team to help employees plan their second lives after retirement in the vein of career development
Operating a training program for transition support	-Reemployed Employee Program: Training in second life planning (group training at HRD center) -Retired Employee Program: Training in re-employment and business start-ups (long-term outsourced training)
Operating other transition support programs	-Holding franchise start-up presentations and providing jobs for re-employment using the KB Good Job program -Using information on various jobs from transition support service agencies

“We will increase the bank’s value for customers, rather than customer value for the bank.”



Special Issue | KB Story Finance

‘Story Finance’ represents the bank’s commitment to making success stories in which customers and the bank grow together instead of approaching customers with short-term profit plans.

Aim and Strategy of Story Finance

The concept of ‘Story Finance’ was created to propose an appropriate and beneficial product through which the bank could get closer to customers instead of viewing them as a means of making profits. The aim of Story Finance is to provide customers with necessary services and benefits in advance. The strategy for promoting Story Finance includes developing related products and providing efficient services based on customer-centric management, as well as making improvements to the performance management system and the customer satisfaction index.



Activities to Promote Story Finance

In 2013, KB Kookmin Bank created the Story Finance Task Force (TF) under the CEO’s supervision. The TF is responsible for overhauling and improving customer-related programs and processes. To establish a culture where the process and customer value are considered more important than results, the company developed a performance indicator centered on customer benefits and launched the ‘Self-check and On-site Customer Satisfaction’ service in order to listen to the voice of the customer (VOC). Furthermore, to provide efficient services, KB Kookmin Bank established an online banking center to make customer services available online with the same service quality as branch offices. The company is also launching various products aligned with customers’ stories.

Awards Received by KB Story Account (2013)

Organization	Award
Maeil Economic	2013 Hit Product
Kyunghyang News	2013 2nd Half Kyunghyang Hit Product
Seoul News	2013 2nd Half Hit Product
Kookmin Ilbo News	2013 2nd Half Hit Product
Asia Today	2013 Best Brand
e-Today	2013 2nd Half Hit Product

Major Products of Story Finance

KB Kookmin Bank strives to maintain long-lasting relationships with customers and offer them better products by launching customer-centered package products that represent ‘Finance with Stories’.

KB Story Account | KB Story Account was designed to itemize various daily banking transactions and increase benefits as the number of transactions grows. Aside from transactions, the plan offers fifteen Story Points every time the customer goes through a life-changing event such as being accepted into college, acquiring employment, getting married or buying a house.

KB Hi! Story Time Deposit and Savings Deposit | KB Hi! Story Time Deposit and Savings Deposit is a bridge time deposit plan that provides retired customers with basic living support until they receive pension benefits. The plan represents KB Kookmin Bank’s commitment to encounter (Hi) customers’ stories and share their success.

KB Kookmin Card

We aim to become Korea's best everyday service and solution provider supporting the people's lives



CEO Duk-Soo, Kim

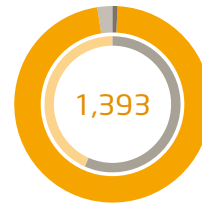
I would like to thank all of our customers for their continued support. Clearly understanding people's everyday lives, KB Kookmin Card suggests smart ways of consumption aligned with individual lifestyles, and focuses on differentiating its services, emphasizing customer value as its top priority. In addition, the company pursues shared growth and management of sharing by expanding areas of social contribution. With more sophisticated and convenient services, the company will support the people's everyday lives and become a leader in the credit card industry contributing to the growth of the financial market.

KB Kookmin Card Overview

Founded in March, 2011 as a spin-off company from KB Kookmin Bank, KB Kookmin Card has implemented sustainability management with the aim of becoming a 'New Leader' in the credit card market with its long-term customer relationships, highest customer satisfaction and innovative product development capabilities. The company has launched credit, check and prepaid cards that meet customers' needs, and has built cutting-edge payment infrastructure including an electric wallet called 'KB-Wise Wallet,' and the mobile app card 'K-motion' to increase customer convenience. KB Kookmin Card will enrich people's lives and provide differentiated services by developing various products that can create customer value.

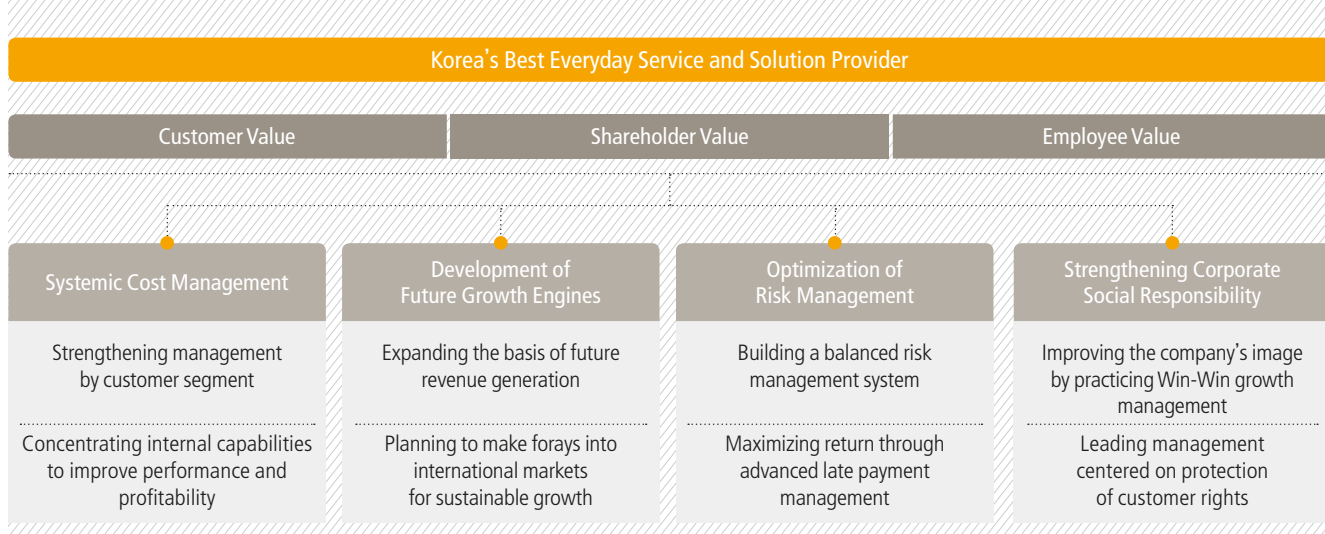
Date of Establishment	March 2, 2011
Head Office Address	30, Saemunan-ro 3-gil, Jongnogu, Seoul
No. of Branches	28 (25 domestic head offices and branches, 3 overseas offices)

No. of Employees



● Full-time	1,348
● Executives	14
● Temporarily Contracted	31
■ Male	792
■ Female	601

Management Framework and Business Strategy



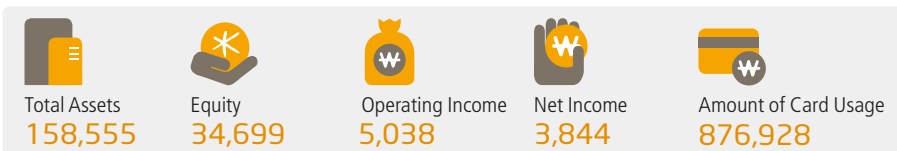
Major Products and Services

KB Kookmin
Hun-Min-Jeong-
Eum Card

In 2013, KB Kookmin Card launched the 'KB Kookmin Hun-Min-Jeong-Eum Card', a card brand which uses the four Korean characters (훈민정음: Hun-Min-Jeong-Eum) which is the title of the first ever document to be written in Hangeul, the Korean alphabet, to categorize different solutions to customer needs.

Business Performance

(Unit: KRW 100 million, Date: December 31, 2013, Consolidated statements)



Cards without facility (debit/check cards, prepaid cards) are excluded from the results.



Major Awards

- ① Received Gold Medal at the 4th Maeil Economic Financial product Award - KB Kookmin Haedam Card Maeil Economic
- ② Ranked 1st as the Korea Service Quality Index (KS-SQI) Korea Standards Association
- ③ Named the '2013 Consumer Choice' in the credit card category for 3 consecutive years Chungang Ilbo

In 2013, KB Kookmin Card concentrated on strengthening its internal capabilities. To this end, the company conducted business operations focusing on 6 areas including cost reduction, strengthening customer relations management, strengthening business capabilities and risk management.

Systemic Cost Management

Improving costs by designing optimized products
Enhancing marketing cost effectiveness and management

Development of Future Growth Engines

Launching Kmotion and seeking a competitive advantage in the market
Reviewing and implementing loans to non-members

Normalizing the Basis of Operations

Improving synergy between Bank and Card subsidiaries, expanding the foundation centering on top-performing CP
Paving the way for a rebound by launching the Again First campaign

Solidifying Customer Relations Management

Solidifying the foundation for company-wide customer contact management
Building a real-time marketing system

Strengthening Key Business Capabilities

Improving non-price competitive strengths by enhancing brand and product competitiveness

Optimization of Risk Management

Strengthening monitoring by sales asset
Enhancing capabilities of late payment management

Sustainability Activities

Talent Development For effective marketing and proactive risk management, KB Kookmin Card trained 148 professionals to have CRM and risk analysis capabilities through the professional training programs. In addition, the company provided mandatory training programs at different job titles to enhance employee expertise in the card business. In addition, through the long-term outsourced training program, the company is developing financial/management experts.

Strengthening Environmental Management KB Kookmin Card adopted eighteen hybrid vehicles (ten in 2012, eight in 2013) to save energy and reduce carbon dioxide emissions. Its efforts also include adopting vehicles with high energy consumption efficiency when replacing used cars. Since 2012, the company has extended the use of environmentally friendly recycled paper, and produced 190 types of materials such as card statements, envelopes, member newsletters, notices and other documents using eco-friendly recycled paper. By doing this, the company has saved 2,147MW of electricity and 10,496 tons of water. The company also celebrates every third Wednesday of the month as its 'Cost Savings in Daily Life Monitoring Day' and distributed 'Detailed Energy-Saving Practices' to all employees as part of the company-wide energy-saving campaign.



KB Investment & Securities

We are leading the Asian financial industry beyond its leadership in Korea as a total financial investment company



CEO Hui-Dong, Chung

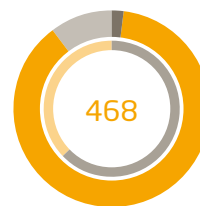
KB Investment & Securities strives to become a trustworthy financial investment partner, which considers customers' successful investments and happiness as its foremost value. Through an organic collaborative network with other subsidiaries, KB Investment & Securities provides more advanced financial products and services, and makes every effort to protect customer assets through strict internal controls and privacy protection. In addition, the company became the first in the industry to develop MTS for smartphone use, and has provided convenient and diverse stock trade services to customers. KB Investment & Securities will continue to share its growth with customers and become a good example of a company that shares great relationships with communities.

KB Investment & Securities Overview

KB Investment & Securities is a leader in the corporate bond/asset-backed securities market and in the real estate project finance (PF) area. With advanced research capabilities, the company provides a variety of financial services to domestic and foreign investors. In addition, the company steadily generates revenue from stock, bond and derivative products using a specialized system and investment techniques, along with its stock and derivative trading brokerage services for foreigners in and outside Korea and Koreans living abroad. In 2013, despite the poor profitability of the security business, KB Investment & Securities struggled to promote the interests of financial consumers through its customer-first policy and tightened internal controls. In 2016, under the strategic direction, 'Establishing a position as a total financial investment company,' the company will cement its position as a major business line within the Group by consolidating the capabilities of its key business areas and by developing its weak business areas.

Date of Establishment	August 16, 1995 (Acquired on March 11, 2008)
Head Office Address	23rd floor, Shinhan Investment Corp., Yeouui Avenue, Yeongdeungpo-gu, Seoul
No. of Branches	11 domestic head and branch offices

No. of Employees



● Full-time	410
● Executives	10
● Temporarily Contracted	48
■ Male	295
■ Female	173

Management Framework and Business Strategy

Becoming a Financial Partner that Brings Customers Happiness and Trust by Remembering that All Thoughts and Actions are Customer-Oriented and by Recognizing that the Customer's Success means the Company's Success

Korea's Best Everyday Service and Solution Provider

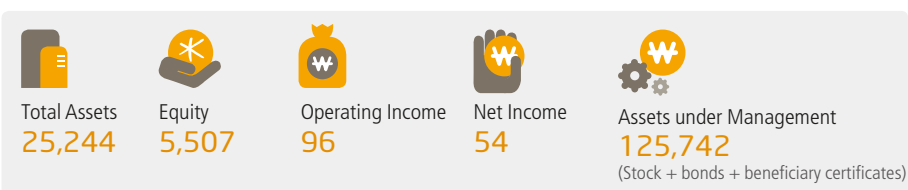


Major Products and Services

- Corporate Finance** - Corporate finance services through acquisition of stock/bonds
- PF structuring and arrangements, structuring product development, etc.
- Sale & Trading** - Generating steady revenue using advanced financial investment techniques
- Providing customized products for personal and corporate customers, such as ELS and ELW
- Corporate Sales** - Providing financial services to domestic and foreign institutional investors
- Providing accurate and various investment information through its connections to research centers.
- Retail** - Providing securities, domestic and foreign derivatives, FX margin trading services, etc.
- Selling financial investment products and providing the Wealth Management service
- Research** - Providing in-depth investment information by quickly gaining information and accurately analyzing it

Business Performance

(Unit: KRW 100 million, Date: December 31, 2013, Consolidated statements)



Major Awards

- ① Received an award in the Issue of Bond at the 4th Korea IB Awards Hankook Economic Daily
- ② Received an award in the securities MTS category at the 2013 Korea's Most Beloved Brand Awards Chosun Biz
- ③ Received an award in the social contribution category at the 2013 Korea Top Brand Awards Dong-A Ilbo

Despite the tough time when stock prices declined and competition intensified due to the decreased profitability of the securities industry, KB Investment & Securities continues its efforts to overcome crises by strengthening its capabilities in the wholesale sector, one of its strongest areas, and by diversifying revenue sources.

Strengthening Key Capabilities in Wholesale Business The company topped the corporate bond/ABS performance for three consecutive years since 2011 (17.9% market share based on the 2013 Bloomberg League Table) by increasing its market share. In addition, the company increased its share in the market of stock brokerage for institutional and corporate clients, cementing its leadership in the industry.

Sustainability Activities

Strengthening a Culture of Employee Communication KB Investment & Securities implements a variety of welfare policies to increase employee satisfaction at work. As part of its 'Intimacy' management activities, the CEO holds meetings with employees at the head and branch offices and shares ideas about making the company a better workplace. Furthermore, the company also strives to protect employee rights by, for instance, operating a variety of child care support programs like reducing working hours for post-natal employees for maternity protection. Moreover, the company created a monthly briefing broadcast to share the company's performance and issues with employees through the CEO's own voice. Monthly Briefing is an official broadcasting channel through which the CEO directly informs employees of the company's performance for the previous month and its issues and plans. Sharing the company's operating status with all employees helps to improve their autonomy and their sense of community. In the autumn, the company also held the 'mountain hiking together' event.

Enhancing Online Customer Service Most investors invest in stock or fund online or through mobile devices instead of traditional methods. Therefore, web-based, HTS (Home Trading System), and MTS (Mobile Trading System) need to be provided for users' convenience, and a variety of content needs to be offered to assist customers in making investment decisions. In 2013, KB Investment & Securities made improvements to its website and strengthened its premium service capabilities by opening the 'Star Camp,' a premium service package with real-time broadcasting and a dedicated website. The company will add specialized services and partnership services and develop them into leading personalized services.



KB Life Insurance

We aim to become a life insurance company with a solid footing that pursues shared growth and customer happiness.



CEO Jin-Hong Kim

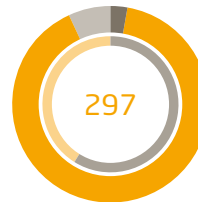
Under its new vision, 'Life Partner with No. 1 Customer Trust,' KB Life Insurance implements the following four management strategies to become a life insurance company with solid footing through change and innovation: 'Improving customer value and trust,' 'Strengthening sales capabilities,' 'Expanding a long-term, stable revenue base,' and 'Laying the foundation for risk-based qualitative growth.' KB Life Insurance will increase the value of customers' lives and become an honest life insurance company that stays with customers through their entire lifecycle.

KB Life Insurance Overview

Since its founding in 2004, KB Life Insurance has provided the best financial services that meet customer needs through diversified sales channels, such as corporate agencies, telemarketing, and financial consultants, as well as bancassurance. Despite the tough conditions of the insurance industry, in 2013, the company reached KRW 15,300 billion in existing insurance amount and KRW 6,900 billion in total assets, laying the foundation for sustainable growth shared with customers.

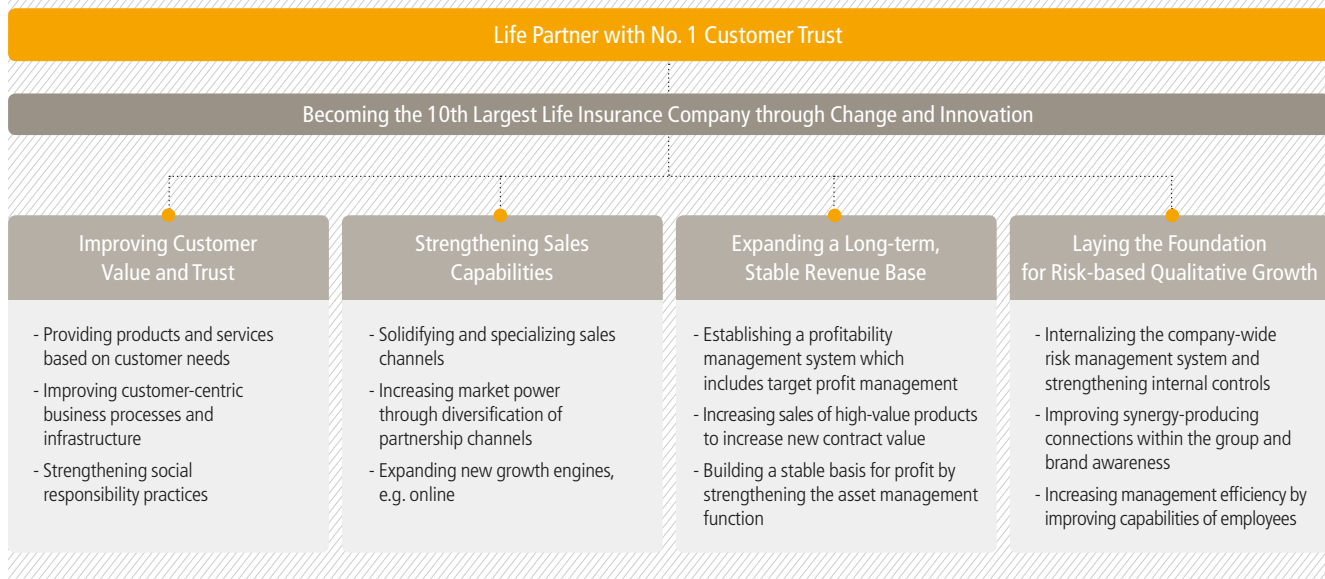
Date of Establishment	April 29, 2004
Head Office Address	2nd, 3rd, 4th, 5h and 8th floors, Samgu Bldg, 40, Cheongpa-ro, Yongsan-gu, Seoul
No. of Branches	33 domestic head offices and branches

No. of Employees



● Full-time	268
● Executives	9
● Temporarily Contracted	20
■ Male	175
■ Female	122

Management Framework and Business Strategy

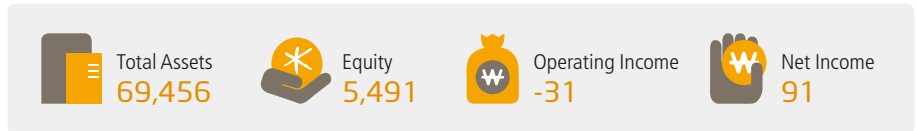


Major Products and Services

Pension Insurance	*KB 100 Years Old Pension Insurance *KB Wise 100 Years Old Pension Insurance *KB Golden Life Platinum Pension Insurance II and four other products	Savings Insurance	*KB Wise Large-Amount Savings Insurance *KB Large-Amount Savings Insurance *KB Power Plus Savings Insurance
Variable Life Insurance	*KB Star Dream Tree Variable Universal Insurance III *KB Star Variable Pension Insurance II *KB Golden Life ELS Variable Insurance and four other products	Permanent/ Term Life Insurance	*KB Term Life Insurance *KB National Retirement Permanent Life Insurance and four other products
Health/ Injury Insurance	*KB National Cancer Insurance *KB National Injury Insurance *KB National Medical Indemnity Insurance (Renewed) *KB National Child Love Insurance, and one other product	*Non-Participating	

Business Performance

(Unit: KRW 100 million, Date: December 31, 2013, Consolidated statements)



Major Awards

- ① Earned an Excellent grade in Financial Supervisory Service's Evaluation of Occurrence of Civil Complaints Financial Supervisory Service
- ② Outstanding Call Center in Korea Service Quality Index (KSQI) for nine consecutive years Korea Management Association

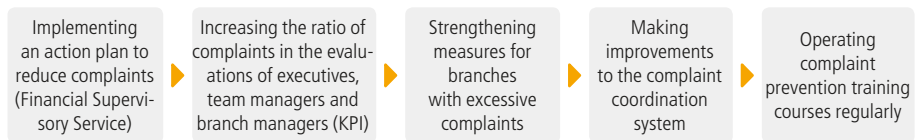
To respond more efficiently to risks that may occur, KB Life Insurance overhauled its product and investment risk management system. The company created the appropriate RBC (Risk-Based Capital) and equity cost management system, strengthened its sales capabilities for security insurance, and worked hard to improve stability and productivity to become a sustainable company. In addition, to maximize its profits, the company consolidated its high-profit product line and expanded sales. Moreover, the company diversified asset management to increase margins.

Sustainability Activities

Consumer Protection KB Life Insurance appoints the Chief Consumer Officer among its executive officers under the CEO's supervision, who is responsible for independent and practical consumer protection operations. The company also set up a Consumer Protection Team which is a department dedicated to overseeing consumer protection. In addition, for systemic consumer protection operations, the company created the Financial Consumer Protection Regulations, detailed rules, guidelines and manual. In 2013, focusing on the four key areas of strengthening compliance and establishing a culture of compliance, reducing legal risks, establishing a personal information protection system and establishing a consumer protection system, the company adopted the overseas account taxation compliance law and incorporated this into its in-house rules - a review of the consumer protection aspect of product development and marketing materials. In 2014, the company plans on focusing on fundamental cause analysis and improvements, with the aim of reduce complaints.



2014 Detailed Direction for Consumer Protection



KB Asset Management

KB Asset Management primarily aims to increase the long-term income of assets.

Thanks to the continued trust and support of the customers, KB Asset Management, a total asset management company, continues to grow despite unfavorable business conditions. The company took a leadership position in the long-term fund market where it devotes its management capabilities. In the alternative investment sector, with years of management experience and expertise, the company manages a variety of domestic and international infrastructure funds which are worth KRW 5 trillion, including capital restructuring, power generation project and energy projects. To ensure the stable management of customers' valuable assets, the company abides by the long-term investment principles, strengthens its internal controls, and implements systemic and analytical risk management. In August 2013, among its sustainable efforts, the company formed its Financial Consumer Team to protect investors.



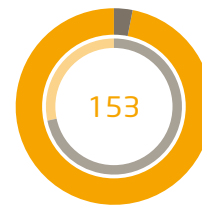
CEO Hui-Kwon, Lee

KB Asset Management Overview

A total asset management company, KB Asset Management manages assets worth KRW 3,305.1 billion across various areas, such as stocks, bonds, raw materials, SOC and real estate. In the most competitive area of domestic stock fund, the company provides the KB Value Focus Fund* (KRW 2,505 billion, 124.29%), KB Growth Focus Fund* (KRW 220.1 billion, 347.46%), KB Small and Medium Stock Focus Fund* (KRW 618.1 billion, 53.52%) and the KB Retirement Pension Dividend 40 Fund* (KRW 582.4 billion, 104.24%). Based on the consistent, long-term performance of the domestic stock fund products, the company took a leadership position in the long-term fund market (Retirement Pension Fund, Personal Pension Savings Fund, Income Deduction Long-Term Fund, etc.) where it devotes its management capabilities. Additionally, the company presents most suitable investment portfolios to investors by offering appropriate funds for the market conditions, such as the Long Shot Fund and Overseas Index Fund.

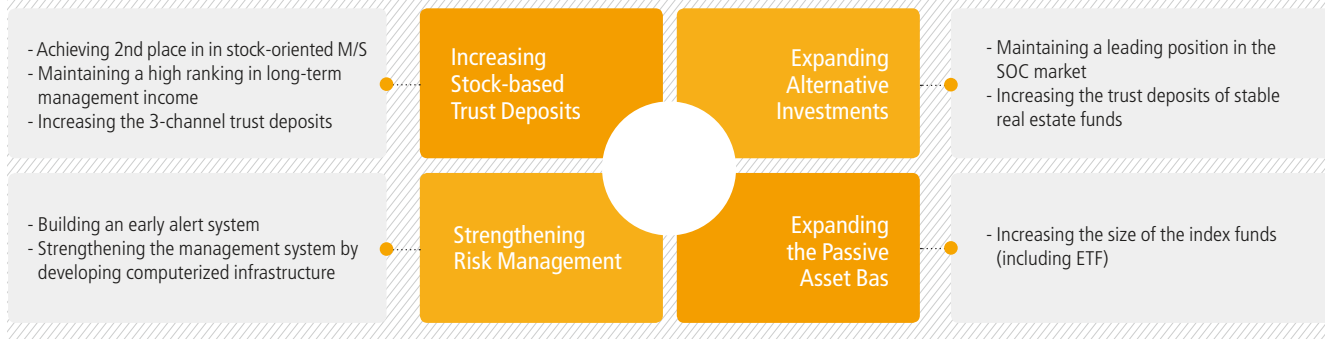
Date of Establishment	April 28, 1988
Head Office Address	25th floor, Shinhan Financial Investment Building, Yeou-eui-daero, Yeongdeungpo-gu, Seoul
No. of Branches	1 domestic head office

No. of Employees



● Full-time	148
● Executives	5
● Temporarily Contracted	0
■ Male	110
■ Female	43

Management Framework and Business Strategy

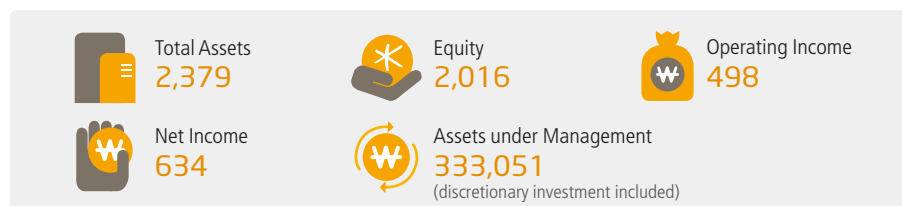


Major Products and Services

KB Value Focus Fund (stock)	Long-term investment in stocks that are undervalued relative to corporate value, earning powers value or blue-chip business models.
KB Korea Representative Conglomerates Fund (stock)	Selective investment in large conglomerates with global competitiveness or companies owning the world's best-selling products
KB SME Focus Fund (stock)	Concentrated investment in strong SME's with high growth potential and stable profit generation.
KB Retirement Pension Dividend 40 Fund (mixed with bonds)	Pursuing both stable return on investment from bonds and additional income from rising stock prices or dividends
KB Growth Focus Fund (stock)	Selective investment on companies with high sales/profit growth potential, adapting to changing industrial and business environments
KB Star Korea Index (stock – derivative)	Index fund following KOSPI200, a leading Korean stock index, aimed at following market performance
KB Dividend Focus Fund (stock)	Pursuing both equity income and dividend income using dividend stock premium
KB Korea Long Shot Fund (mixed with stock)	Pursuing an annual 7% income through bond investment + long-shot domestic stock strategy

Business Performance

(Unit: KRW 100 million, Date: December 31, 2013, Consolidated statements)



Major Awards

- ① Top Excellence Award in the domestic stock (growth) category at the 4th Asia Fund Awards Asia Economic
- ② The Asset Management Company of the Year at Korea Awards 2013 Asia Investor
- ③ Best Pension Fund and Best ETF at 2013 Money Today Fund Awards Money Today

Sustainability Activities



Operating a System (NFMS) for Strict Internal Controls KB Asset Management places great emphasis on the transparency of management processes through strict internal controls. To this end, KB Asset Management operates the NFMS (New Fund Management System) to conduct advance/follow-up monitoring.

Advance Monitoring I Through the NFMS, fund managers can perform simulations to find out whether the management results are in violation of laws or trust agreements before selling assets. That way, the managers can prevent unforeseen risks as well. In addition, the Compliance Office conducts daily monitoring and notifies the fund manager if the management level reaches the alert level (90%).

Follow-up Monitoring I Through the NFMS, follow-up monitoring is conducted on violating items. In addition, the status of asset allocation is monitored to prevent unfair allocation to certain funds. The company also has an itemized monitoring system for every abnormal deal, and makes sure that the fund manager reports the reason for such a deal to root out any unfair trading practice.



KB Capital is a specialized credit financial company with profitability, stability, and growth potential.



CEO Jeong-Sik, Oh

Despite domestic and international financial conditions with continuing slow growth, the company has grown solid assets by increasing blue-chip assets, then to maintaining a top integrity index through a proactive risk management system, which takes account of external conditions and competition, KB Capital has achieved unprecedented growth in the industry. This would have been impossible without the employees' commitment to creating new value for our customers' support and trust. KB Capital will have sealed its leadership position in the existing key business areas and continue to develop growth engines for the future. Additionally, all employees will continuously work together towards the common goal but also to fulfill corporate social responsibilities. Your continued support will be appreciated.

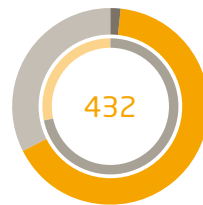
KB Capital Overview

KB Capital is a specialized credit financial company which engages in installment loans, lease, personal and corporate credit and mortgage loans. KB Capital became the first company to successfully deploy a credit loan model linked to banks. Using such expertise and its exclusive review system, the company provides fast and low-interest credit loan services through about 1,200 branches of KB Kookmin Bank, shifting the paradigm of the credit loan business.

Despite intense competition and the slowdown of car sales, KB Capital boasts a high annual growth rate in the 10%'s, a stable asset portfolio centering on sound automobile finance assets (representing 80%), low procurement cost based on a higher credit rating (AA-) than competitors, and the highest level of asset soundness in the industry. The company ranks 5th place in total assets and 6th place in income among sixty-seven specialized credit companies.

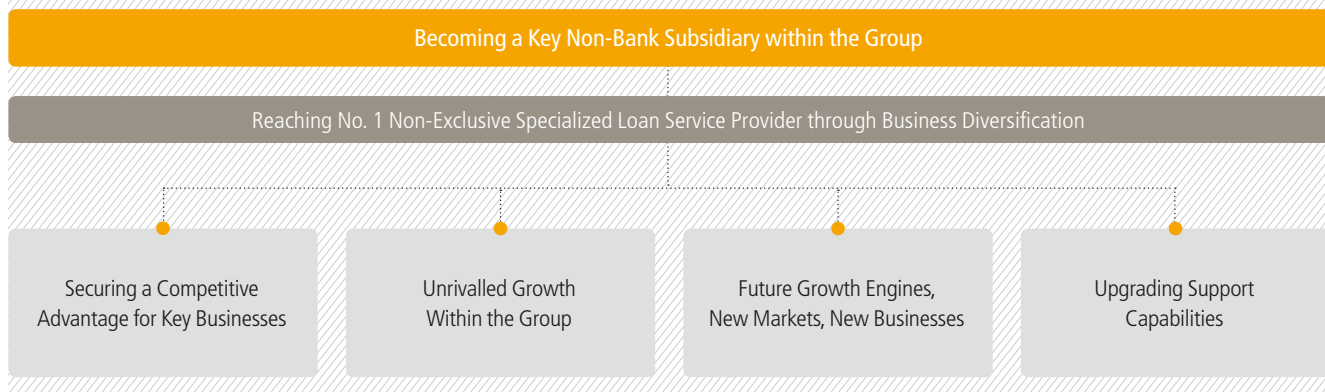
Date of Establishment	September 11, 1989
Head Office Address	295, Hyowon-ro, Paldal-gu, Suwon, Gyeonggi-do (Ingye-dong)
No. of Branches	20

No. of Employees



● Full-time	284
● Executives	8
● Temporarily Contracted	140
■ Male	310
■ Female	122

Management Framework and Business Strategy








Major Products and Services

Automobile Finance	Personal Finance	Corporate Finance
<ul style="list-style-type: none"> - New Car Finance - Used Car Finance -Direct Finance - Commercial Vehicle Finance - Car Rental Finance 	<ul style="list-style-type: none"> - Credit Loans - Stock Loans - Hire-Purchase Plan for Durable Goods - Mortgage Loans 	<ul style="list-style-type: none"> - Real Estate Loans - Mortgage Loans - Lease

Business Performance

(Unit: KRW 100 million, Date: December 31, 2013, Consolidated statements)

 Total Assets 39,399	 Equity 4,123	 Operating Income 1,979
 Net Income 541	 Credit Status 38,949	

With the recent adoption of regulations to strengthen risk management in the financial industry, credit financial companies' criteria for supervising soundness, capital adequacy and liquidity have become tighter, and financial consumer protection has become more important. To proactively respond to these changes, KB Capital created a dedicated system and management framework for top-performing debt collection to prevent any complaints arising from the debt collection process. Also, the company spearheads efforts to protect consumers' rights by forming a dedicated financial consumer protection division and establishing a financial consumer protection system.

Reaching KRW 54.1 Billion in Net Income	Securing Blue-Chip Credit	Early Settlement in New Businesses	Dominating the Market by Increasing Affiliated Stores	Strengthening Risk and Bond Capabilities	Proactive Fraud Prevention Blue-Chip Customers
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Sustainability Activities

Operating the Ombudsman Process To resolve employee grievances, KB Capital organized and began to operate the Ombudsman Committee. Employees who file grievances will have an interview with members of the Committee to find a solution, while the committee members prepare consulting reports and keep track of the results. If the grievance cannot be resolved through an interview with the Committee, the company helps find a more fundamental solution through cooperation with the HR division. Additionally, the company operates a reporting (Simmungo) program on its groupware, through which grievances can be directly communicated to the CEO.



KB Savings Bank

KB Savings Bank aims to create customer value by increasing the value of low-income groups and small and medium enterprises, setting an example for the industry.



CEO Sun-Gwan, Cha

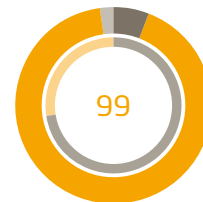
KB Savings Bank appreciates the support of all of its customers. At KB Savings Bank, all employees are making strenuous efforts to provide low-income groups with financial support. In January 2014, through the merger with Yehansol Savings Bank, KB Savings Bank was reorganized. To fulfill its social responsibilities as a financial institution, the company aims to set an example for the savings bank industry by strengthening ethical management based on ethics and public interest. KB Savings Bank will continue to grow into a blue-chip savings bank through stable financial support for low-income groups and financial relationships with local SMEs based on its far-reaching financial network and sound asset management.

KB Savings Bank Overview

To provide stable financial support for low-income groups, KB Savings Bank was created in January, 2012, through the acquisition of Cheil Savings Bank. The company strives to become a blue-chip savings bank contributing to stable financing for low-income people by drawing upon the largest financial network in Korea and sound asset management. To this end, the company developed an optimum portfolio centering on retail banking and created a 'Clean Bank,' realizing a stable revenue stream through maximized organizational efficiency and productivity.

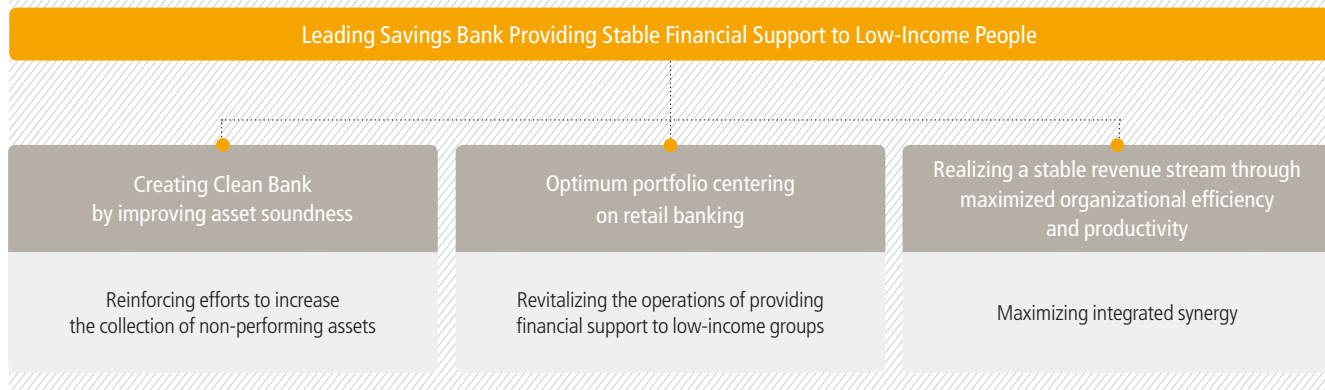
Date of Establishment	January 2, 2012 (Acquired January 4, 2012)
Head Office Address	260, Songpa-daero, Songpa-gu, Seoul
No. of Branches	6 domestic head and branch offices

No. of Employees



● Full-time	91
● Executives	6
● Temporarily Contracted	2
■ Male	72
■ Female	27

Management Framework and Business Strategy



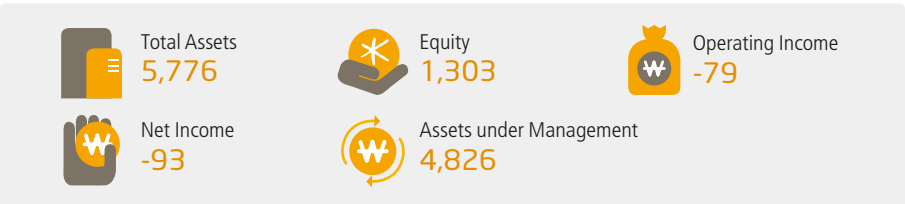
Major Products and Services

KB Good Loan

Launched in 2013, the KB Good Loan is a small credit loan designed to fulfill social responsibilities and provide low-income people with financial support. Through KB Good Loan, low-income earners, who have difficulty accessing ordinary bank services, can have the opportunity for financial independence, and the company works hard to reduce the burden of high interest rates and eliminate the negative effects of illegal private loans. Employees, small business owners, freelancers, pension recipients and clients with a salary less than KRW 12 million are entitled to loan benefits, and the borrowing limit is about KRW 5 million.

Business Performance

(Unit: KRW 100 million, Date: December 31, 2013, Consolidated statements)



Major Awards

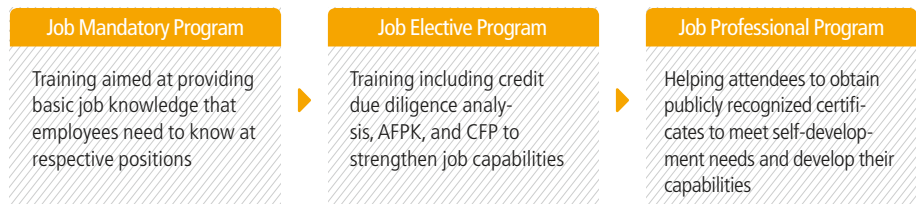
Won the Grand Prize in reliable management category of 2013 Ajou Economic Finance and Securities

Ajou Economic

In 2013, to revitalize financing for low-income earners, KB Savings Bank launched KB Good Loan and extended the sales channels for Sunshine Loan. In addition, the company worked to streamline the management of its branches and build IT infrastructure to enhance its business capabilities, and continues to implement human resources capability development activities.

Sustainability Activities

Talent Development



Educational and Training Costs Support KB Savings Bank provides 50% of the costs required for each employee to improve presentation skills and obtain publicly recognized certificates within the limits of KRW 500,000 per year. In addition, depending on the level of difficulty, the company divides support into Groups A, B, and C and covers the amount of assistance in obtaining certificates accordingly.



KB Real Estate Trust

KB Real Estate Trust is an institution specializing in real estate trust services that increase the values of customers' real estates.

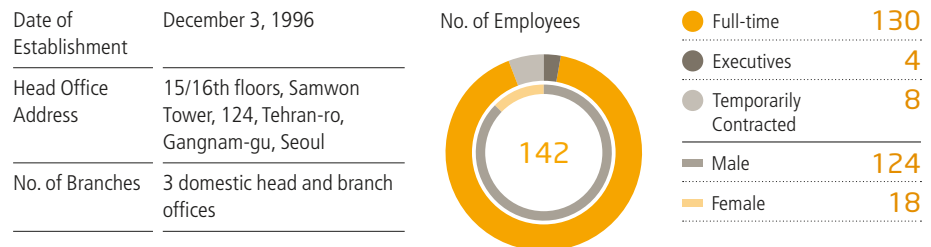


CEO In-Byeong, Park

As a member of KB Financial Group, KB Real Estate Trust strives to achieve continuous growth through righteous management and business diversification, become a stable financial company despite market uncertainties and above all, become a company that customers can trust. To cater to customers' needs, KB Real Estate Trust is developing new business areas based on its knowledge on real estate-related laws and programs, including the Trust Act. With an ethical mindset and integrity, all employees at KB Real Estate Trust are committed to building a company that puts customer satisfaction first, fulfills its social responsibilities and achieves healthier growth.

KB Real Estate Trust Overview

KB Real Estate Trust provides custody services for customers' real estate to efficiently manage their properties and return profits to them. The company consists of a group of experts responsible for real estate development, management, disposal and REIT services. To ensure stable business operations and consumer protection, the company is reinforcing risk management, management efficiency and ethical management, and holds the largest amount of trust deposits in the industry.



Major Products and Services

Land Trust

Through this product, the customer (project executor) can be given custody of land from the land owner, constructs and sells a building on the entrusted real estate and distributes development profits to the beneficiary

Collateral Trust

Through this fixed-rate collateral mortgage substitute product, the customer can transfer ownership of real estate to a trust company to take out a loan from a bank by setting up the property as collateral, then offering a beneficiary right certificate issued by the trust company to the bank as collateral and then taking out a loan. Due to its lower cost than fixed-rate collateral mortgage and the fact that the customer's third party creditor cannot force the trusted property to be executed, the product provides high stability and is widely used for development projects.

Asset Management Company (AMC)

Responsible for the creation of a real estate investment firm (REIT) and management of its assets under the Real Estate Investment Company Act. By raising funds from investors, the product distributes the return on investment in real estate.

Business Performance

(Unit: KRW 100 million, Date: December 31, 2013, Consolidated statements)



Major Awards

- | | |
|---------------------------|-------------------------|
| ① CP Credit Rating of A2+ | Korea Investors Service |
| ② Credit Rating of AAA | Korea Housing Guarantee |

Expanding Business Areas and Diversifying Profits In 2013, to proactively respond to market trends, the company built a foundation for sustainable growth through the diversification of its business into REITs and consulting. As part of its efforts, the company successfully launched the KB Wise-Star No. 6 REITs and won the contract for Songdo RC-4 Block from the Incheon Urban Corporation to participate in an apartment complex development project. Then the company established and financed Songdo Best Town PFV and sought to diversify revenue resources by financing the PFV for port redevelopment and industrial complex development.

Talent Development KB Real Estate Trust has diversified its training programs to strengthen expertise. For employees to become real estate experts, the company provides outsourced training to foster professionals, customized training at different positions and group training programs. Additionally, the company implemented a book exchange program through the book relay campaign, creating a culture of reading within the company.

Strengthening Risk Management For proactive risk management, KB Real Estate Trust continuously makes improvements to risk-related programs. In 2013, the company created a process related to setting individual limits, such as a lease land trust project, strengthened risk management by setting up a re-deliberation process for long-term unclaimed business sites after they were approved for custodian service, and overhauled its risk management system by reinforcing the operational risk management method. In 2014, the company plans on carrying out a variety of activities to establish a proactive risk management system by defining 'strengthening risk management' as one of its strategic tasks.

Sustainability Activities



Classification	Recipients	Major Training Programs
Manager and Aspiring Manager Program (Professional program)	Executive officers, department managers, team managers	- CEO program, professional training program, forums, etc.
Core Professional Program and Major Job-specific Professional Program (Advanced and Professional programs)	Team managers, deputy managers and managers	- Certification acquisition program - Professional program - Advanced program for communication training at Korea Banking Institute
Major Job-specific Professional Program and Practical Program (General programs)	Managers, assistant managers and employees	- Practical programs for services - Beginners program for communication training at Korea Banking Institute



We aim to become an investment firm that creates great and innovative companies, rather than merely good companies.

With the best employees in the industry and distinguished capabilities, KB Investment is leading the domestic venture investment and private equity (PE) investment industry. In the venture area, the firm helps companies strengthen capabilities and grow by providing a comprehensive management support business. By developing new growth businesses and creating new jobs, the firm also takes the lead in realizing the 'creative economy.' In the PE area, the company is dedicated to improving investors' value through management buyout investment and various growth capital investments, including support for SMEs and strong medium enterprises to grow together and make forays into international markets. As Korea's leading investment firm, KB Investment will use its best efforts to become an investment partner who shares growth with investment companies.



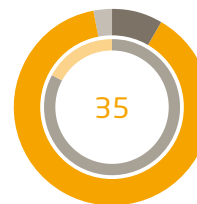
CEO In, Nam

KB Investment Overview

Founded in 1990, KB Investment is mainly responsible for 'Venture Investment' intended for domestic and foreign unlisted small- and medium-sized venture firms, 'Growth Capital Investment' to support solid medium-sized companies, and 'Buyout Investment' for corporate management. KB Investment increases investment companies' corporate value by providing a comprehensive management support service that companies need, including HR and marketing, as well as Equity Investment aimed at helping venture firms grow into medium-sized companies. In addition, KB Investment invested KRW 130.6 billion in equity capital, KRW 1,450 billion in assets under management (AUM), and an average of KRW 100 billion each year (as of the end of 2013), and has become a top-tier investment firm in the AUM, investment, and return on investment (Exit) areas, leading the domestic venture capital and private equity market. Since its founding, the firm has invested in about 700 companies and listed over 100 companies, fulfilling its role as an investment partner that helps small and medium venture firms grow.

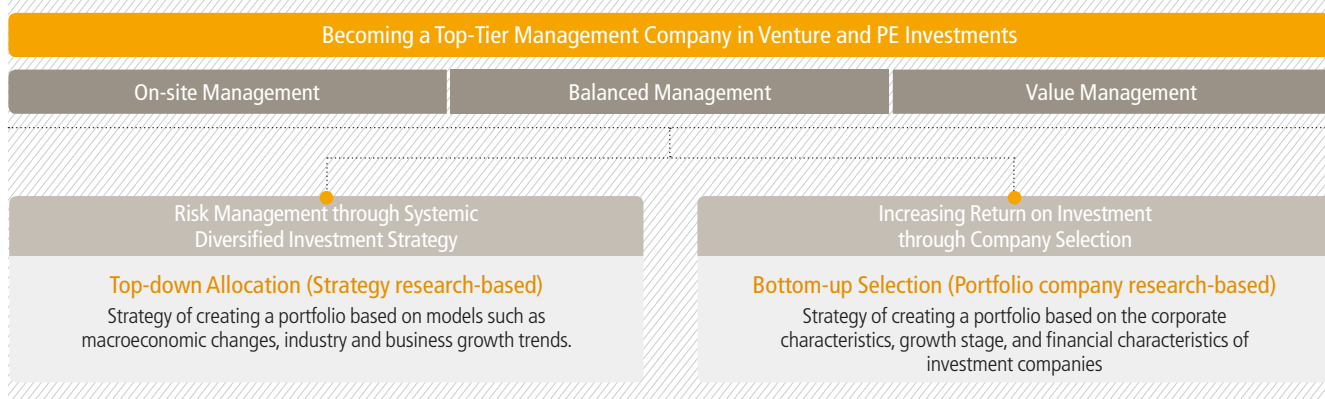
Date of Establishment	March 27, 1990
Head Office Address	9th floor, Shinyoung Building, 731, Yeongdong Ave., Gangnam-gu, Seoul
No. of Branches	1 domestic head office
No. of Customers	139

No. of Employees



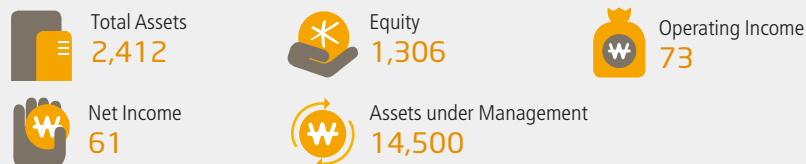
● Full-time	31
● Executives	3
● Temporarily Contracted	1
■ Male	29
■ Female	6

Management Framework and Business Strategy



Business Performance

(Unit: KRW 100 million, Date: December 31, 2013, Consolidated statements)



Major Awards

Received a plaque of appreciation in the job creation category Korea Financial Corporation (KoFC)

Improving financial performance by expanding a revenue base By increasing the amount of assets under management to KRW 1,450 billion, the company increased profits from management and maintenance by 24% compared to the 2012 figures. In addition, the company strengthens its due diligence for new investment companies and major companies under management to prevent poor performance of investment companies.

Strengthening market leadership in key businesses and a potential revenue base The company invested KRW 46.7 billion in ventures and SMEs in the mobile IT and future growth engine industries. Also, the company invested KRW 60 billion by expanding PEF investment for the growth of medium companies.

Enhancing human resource capabilities and organizational efficiency As the assets under management and investment assets increased, the efficient operation of the organization became more important. The company made adjustments to an amount of investment per investment expert and the number of companies under management. Also, the company reinforced organizational efficiency through staffing and streamlining processes. In addition, the company strives to enhance investment experts' expertise in foreign investment and human resources capabilities through financial and accounting training for investment company's due diligence officers.

Sustainability Activities

2014 Goals

- Set up a venture association to support venture and SMEs (KRW 50 billion)
- Set up a new PEF to support investment in SMEs and strong medium companies (KRW 100 billion)
- Invest in venture and SMEs through the venture fund and unique account financing (KRW 55 billion)
- Invest in SMEs and medium companies through PEF (Private Equity Fund) (KRW 200 billion)



Supporting Ventures and SMEs through Aggressive Investment KB Investment identifies companies with outstanding technologies or ideas and seeks to make a profit through investment. However, instead of merely going after profits, the company provides management and financial support to ventures and SMEs in order to fulfill its duty as a corporate citizen and contribute to the national industry's growth. In 2014, the company plans to set up a fund worth about KRW 150 billion.

Approach to Risk Management Different from bank loans, investment in venture capital carries high risk and high return. Therefore, to continuously fulfill the role of venture capital in executing investment finance for SMEs and venture firms, systemic risk management is required, which encompasses proactive identification of and response to risks.

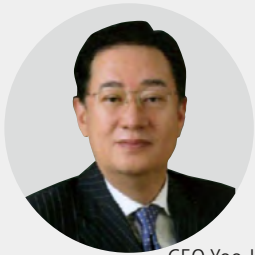
Credit Risk | Investment decisions are made by the preliminary review committee and the investment deliberation committee. Once investment has been made, the results are regularly monitored through half-year follow-up reports and other frequent reporting.

Market Risk | To manage risks arising from market price fluctuations in investment assets, the company conducts daily and monthly monitoring and checks whether the risk limits before investment are exceeded. If the loss limit is exceeded, the company immediately liquidates and sells the assets, and if the company deems it appropriate to retain them, it defers the decision made by the investment deliberation committee.

Liquidity Risk | To manage liquidity risks that may arise from excess amounts of investment in companies or associations, the company keeps track of earnings and expenses for annual, quarterly, monthly investments and fund financing. The company will strengthen pre-investment due diligence with the help of an external accounting firm, and build a process of independence assurance of due diligence reports by the risk management division.

KB Credit Information

KB Credit Information is a total credit information company leading the industry with its scientific and organized debt management system and distinguished expertise.



CEO Yoo-Hwan, Chang

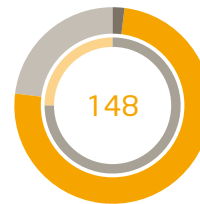
With top-notch professionals, KB Credit Information quickly and effectively manages non-performing loans through an advanced debt analysis and management system and quality management system. These activities serve to ensure smooth financial transactions and establish the proper function of a 'credit society.' In addition, through a scientific and organized debt management system, the company suggests an appropriate repayment method aligned with the characteristics of debtors to help them restore credit. As the industry's leader, the company ensures the highest level of safety and growth potential using its unparalleled expertise and core internal capabilities. As a subsidiary of KB Financial Group, KB Credit Information fulfills its duties as a credit information company and is committed to improving asset soundness, reducing reputation risks and pursuing customer delight as well as customer satisfaction.

KB Credit Information Overview

Founded in 1999, KB Credit Information is a total credit information company with high stability and growth potential as well as a scientific and organized quality management system. As the No.1 Total Credit Information Company pursuing 'Services for Market trust and Customer satisfaction', KB Credit Information aims to solidify partnerships among the Group's subsidiaries, strengthen the capabilities of debt management companies and enhance the efficiency of organizational and HR management by maximizing the ratio of debts collected within the Group. In addition, the company will promote profit-oriented management streamlining to revitalize low-cost and high-return businesses and improve business processes through strengthened on-site IT.

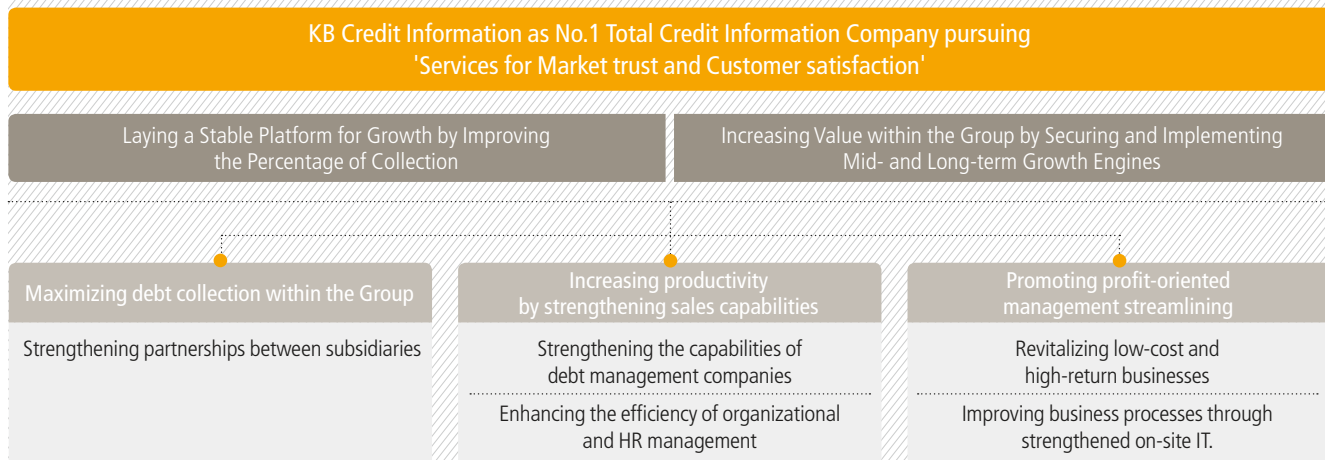
Date of Establishment	October 9, 1991
Head Office Address	22nd/23rd floors, Gateway Tower, 107, Huam-ro, Yong-san-gu, Seoul
No. of Branches	24 (20 domestic head/branch offices, 4 domestic branch offices)

No. of Employees



● Full-time	111
● Executives	3
● Temporarily Contracted	34
■ Male	111
■ Female	37

Management Framework and Business Strategy



Major Business Areas

Debt Collection

Demanding and collecting repayments of debts from creditors on their behalf

Lease Investigations

On-site investigation, relocation investigation, investigation of work completed, unimproved property investigation, price investigation, and commercial complex lease investigation

Asset Management Company

Custody services for management of assets held as collateral

Credit Investigations

Conducting a preliminary credit investigation of delinquent borrowers (personal and corporate) and conducting a property investigation to secure debts before and after lawsuits.

Agency Service

Issuing materials for research (certified copy of building registration, resident registration abstract) for approved purposes and acting on behalf regarding debt collection and credit investigations based on the clients' needs.

Business Performance

(Unit: KRW 100 million, Date: December 31, 2013, Consolidated statements)



Total Assets
301



Equity
224



Operating Income
5



Net Income
-3

Maximizing Debt Collection Performance within the Group By reinforcing inter-Group partnerships and implementing joint promotions with KB Kookmin Bank and KB Kookmin Card, the company was able to increase the amount of collection. In addition, the company committed itself to customer relations management by publishing a debt collection results report. During the 2nd half of 2013, the company achieved KRW 257.7 billion - a 19.6% increase from the 1st-half figure - and a collection rate of 3.83%.

Increasing Productivity by Strengthening Sales Capabilities Through debt analysis, the company created a management system by the period of late payment and by region. The company also worked hard to streamline business processes by the period of late payment and optimize the company under management. Additionally, it created a debt trend analysis system to make the best use of maximizing data.

Profit-Oriented Streamlining Management Efforts were made to revitalize low-cost, high-return businesses. Through collateral debt collection, the company posted KRW 181.1 billion in revenue and recruited 218 new clients through sales revitalization outside the Group, such as including the operation of a lease investigation sales operation.

Sustainability Activities

Complaint Prevention Activities Since KB Credit Information deals with debts, a lot of complaints can occur easily. Therefore, to reduce complaints, the company operates a triple management system with a dedicated team for complaint management, business operating team, and the complaints officer of each sales office. Also, the company is committed to reducing complaints by train branch offices on how to prevent complaints and illegal debt collection. In 2013, as the National Happiness Fund was set up, it became difficult for the company to collect debts (debtors try to escape their situation), however, the company is now showing a tendency to decrease complaints as a result of the company-wide complaint reduction efforts.



Number of Complaints for the Year (unit: case)

2012

94

2013

75

KB Data Systems aims to become Korea's top IT service designer.

As a leading IT financial company in Korea, KB Data Systems realizes customer satisfaction by providing the best IT quality and services. Furthermore, the company continuously researches and develops financial IT technologies and keeps them up to date, contributing to the advancement of the Korean financial industry. As a leading IT financial company in Korea, KB Data Systems realizes customer satisfaction by providing the best IT quality and services. Furthermore, the company continuously researches and develops financial IT technologies and keeps them up to date, contributing to the advancement of the Korean financial industry. As the IT services center of KB Financial Group that provides efficient IT for financial firms, the company will help the Group to become a global financial group leading the Asian financial industry. By maintaining an attitude based on the fundamentals and principles, all employees at KB Data Systems will make a concerted effort to fulfill corporate social responsibilities as a member of society, while strengthening financial IT capabilities and pursuing shared growth with business partners.



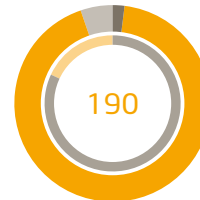
CEO Joong-Won, Park

KB Data Systems Overview

KB Data Systems is a professional financial SI company engaging in the development of IT projects, operation of systems, sale of financial IT solution packages and resale of IT hardware equipment. The company adheres to the principles of customer trust, value on talent, creative innovation and righteous management, and develops efficient IT for other subsidiaries. With plenty of experience and outstanding technology, the company provides ideal solutions to cope with the complex and diverse changes in the financial environment. Also, through stable IT systems maintenance and management, the company provides advanced IT services that cater to customers' business needs.

Date of Establishment	September 6, 1991
Head Office Address	14th Floor, Jaram Building, Police Mutual Aid Association, 78, Mapo-daero, Mapo-gu, Seoul (566, Dahwa-dong)
No. of Branches	1 domestic head office

No. of Employees



● Full-time	176
● Executives	4
● Temporarily Contracted	10
■ Male	156
■ Female	34

Management Framework and Business Strategy

Korea's Top IT Service Designer

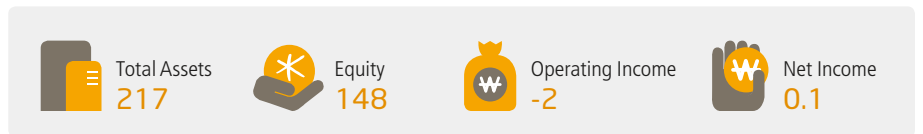



Major Products and Services

Investment Preference Classification and Consulting Solution Efficiently supporting the operations of companies selling financial investment product	i-mats (Business Integration Solution) An optimal business integration solution that quickly and seamlessly adapts to changes in the business environment.	ALM (Assets and Liabilities Management) System Measuring interest rate and liquidity risks	ATLAS (Overseas Banking System) Automatic accounting linked process for deposits, lends, foreign currency, exports and imports transactions processes deposits, lends, applies foreign currency exchange, exports and imports transactions in links with accounting.	PDT (Parallel Data Transfer) Solution Supporting fundamental reductions in mass data transfer time	
e-HRS (New Human Resources System) Supporting flexibly to changes in HR management, management strategy, and HR strategy	K-Framework Platform for processing financial services	Credit Card System System for processing credit card-related operations	Integrated Information System Improving capabilities of financial institutions, such as banks, securities, and insurance	AML (Anti-Money Laundering) System Efficiently detecting and blocking money laundering practices	TAIS (Total Assessment Information System) Providing data related to assessment in real time

Business Performance

(Unit: KRW 100 million, Date: December 31, 2013, consolidated statements)



 Major Awards

Won the Best Project prizes in two categories at Asian Banker Awards 2013 Asian Banker Award

Sustainability Activities

Efforts to Increase Productivity Unlike other subsidiaries, which provide profit-oriented financial services, KB Data Systems supports the business of other subsidiaries through KB's Group-wide IT services. KB Data Systems' business performance goals are aligned with the company's aforementioned purpose and commitment, based on the company's scope of business engagement or the level of application by employees, instead of per capita sales or per capital income. In 2013, KB Data Systems defined the rate of capacity utilization as an internal KPI (key performance index). Based on the index, the company monitors individual IT employees' capacity utilization and collects the results and ensures efficient business operations. Consequently, the company reached 89.33% of capacity utilization, which is higher than the target (87.39%) that the company set when developing the 2013 management plan. In 2014, the company is striving to increase efficiency at work aiming for 90.51% of capacity utilization.



Appendix

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GRI G4 Content Index	80

KB Financial Group Sustainability Activity Data

Social Performance

Training Hours and Investment Amounts

To accomplish the vision of 'Global Financial Group Leading the Asian Financial Industry,' excellent human resources are most important. KB Financial Group develops financial professionals equipped with professional job capabilities, loyalty, and leadership, by hiring top talent and implementing a human resources development policy based on a systemic road map.

Subsidiary	2011		2012		2013	
	Total Training Hours	Total Training Cost	Total Training Hours	Total Training Cost	Total Training Hours	Total Training Cost
KB Kookmin Bank	4,029,973	24,929	3,581,808	23,527	2,698,207	20,866
KB Kookmin Card	72,906	1,008	118,812	1,427	119,437	1,399
KB Investment & Securities	2,221	123	6,684	322	3,460	83
KB Life Insurance	13,780	207	15,231	176	12,952	141
KB Asset Management	1,810	38.4	2,358	38.7	2,362	37.8
KB Capital	4,235	96	1,138	18	678	10
KB Savings Bank	-	-	4,500	85	3,600	79
KB Real Estate Trust	7,120	78	11,620	64	10,009	41
KB Investment	286	32	324	55	436	35
KB Credit Information	3,476	26	6,705	15	6,660	27
KB Data Systems	9,131	130	15,802	193	23,986	371
Total	4,144,938	26,667.4	3,764,982	25,920.7	2,881,787	23,089.8

(Unit: Hour, KRW million)

Ratio of Members of the Trade Union

KB Financial Group pursues the mutual interests of labor and management and implements a wide range of activities to create a healthy labor-management culture. KB Kookmin Card's labor and management in particular held a charity concert for children with cancer at Olleh Square Dream Hall in Gwanghwa-mun, Seoul, in January. The proceeds from the concert, KB Kookmin Card's employees' contributions and donations raised by KB Kookmin Card through a matching grant were sent to the Korea Childhood Leukemia Foundation to help children with cancer.

Subsidiary	2011	2012	2013
KB Kookmin Bank	92.0	92.5	93.2
KB Kookmin Card	90.2	92.5	94.3
KB Capital	90.8	94.1	92.4
KB Real Estate Trust	78.4	79.5	78.3

*The scope of collective bargaining includes all employees except executive officers and contract positions. (Unit: %)

Human Rights Training

In many cases, incidents associated with human rights occur inadvertently, while the perpetrators are not even aware of it. KB Financial Group provides anti-sexual harassment and etiquette training to prevent such incidents to protect the human rights of employees.

Classification		2011	2012	2013
Anti-sexual Harassment Training	Total Training Hours (hour)	25,747	25,566	29,574
	No. of Attendees (person)	24,110	24,180	24,240
Other	Total Training Hours (hour)	139	737	401
	No. of Attendees (person)	139	737	259

(Scope of report: All subsidiaries)

Number of Online Users (KB Kookmin Bank)

KB Kookmin Bank continuously works hard to improve UI/UX for the website and mobile apps to increase the convenience of online users.

Classification	2011	2012	2013
Internet Banking	15,026	16,632	18,058
Mobile Banking	4,150	4,116	3,929
Smartphone Banking	2,200	5,461	8,002
Phone Banking	4,607	4,766	4,870

(Unit: person)

Supply Chain

KB Financial Group's major supply chain includes the Call Center and IT development and maintenance companies. Through management of the working environment and human rights of the Call Center, KB Financial Group is working to make the center the starting point of customer satisfaction and a happy workplace. With IT business partners, the Group strengthens internal controls with regards to security issues and provides ethics and related training.

Membership in Related Organizations

Organization	Purpose
Korea Federation of Banks	To promote the growth of the financial industry through collaboration among institutions and improvement of banking services
Federation of Korean Industries	To consolidate a bond with various circles of society and create a healthy economic society
Korea Employers Federation	To settle peace in the industry and economic development by establishing reasonable labor-management relations
Korea Financial Investment Association	To keep business order among members, establish fair transactions, protect investors and contribute to the growth of the financial investment industry
Korea Trade Association	To promote trade, implement private commercial collaborative activities and build trade infrastructure
Korea Management Association	To contribute to the growth of the nation's economy and to the self-actualization of the people by leading industrial society with its knowledge

KB Financial Group Sustainability Activity Data

Environmental Performance

Greenhouse Gas Emissions and Resource Consumption

KB Financial Group strives to preserve the environment and reduce resource use and greenhouse gas emissions for society's sustainable growth. Since 2010, KB Kookmin Bank has operated the KB-GEMS, which measures, manages and monitors quantitative data of the bank's GHG emissions and energy use. The bank identifies risks based on estimated data and incorporates it into its sustainability strategy and implementation plan. KB Kookmin Bank has had six large-sized buildings be certified with ISO 140001. Each year, it conducts third-party assurance of GHG emissions and discloses its results. In 2013, the company implemented the computer DB and electronic payment service for closed account forms* and issued about five million 'paperless' forms. Consequently, the company could save about KRW 50 million each year. To minimize environmental impacts, the company also carries out a variety of energy- and resource-saving activities.

*Closed account forms: Account settlement form, account aggregate form, comprehensive account statement, automated machine (ATM) account settlement form, automated machine (ATM) account closing form, foreign currency cash account records.

Classification	Unit	2011	2012	2013
Direct Greenhouse Gas Emissions	tCO ₂ e	18,365	18,167	18,078
Indirect Greenhouse Gas Emissions	tCO ₂ e	112,922	111,476	114,668
Energy Consumption	MWh	689,407	721,789	741,137
Water Use	km ³	164.167	180.300	157.251
Paper Use	Box	113,135	113,280	110,151
Total Business Trip Distance	km	1,863,314	2,275,734	2,347,831

*The data scope of greenhouse gas emissions and energy consumption is applied to the entire Group (excluding KB Capital). *The data scope of water use is applied to six head office buildings of KB Kookmin Bank. *The paper used refers to A4-sized paper and one box contains 2,500 sheets. *The data scope of the total business trip distance pertains to KB Kookmin Bank and the amount of expenses related to business trips was converted into distance (KRW1,000 1.34km). *Gas emissions and energy consumption of the subsidiaries, not including those of the bank, were calculated based on the data of KB Kookmin Bank in accordance with the estimation logic per unit of area as recognized by the Ministry of Environment.

Energy Consumption by Source (KB Kookmin Bank)

KB Kookmin Bank selects one hundred branch offices and conducts 'Environmental Remodeling' each year. The company uses eco-friendly building materials and invests heavily in the adoption of LEDs, automatic light sensors, and power-saving outlets. Furthermore, to reduce costs and GHG emissions, the company supplied low-carbon, high-efficiency heater fuels to HRD centers where large-scale heating and hot water supply are required. As a leading bank, KB Kookmin Bank implements exemplary environmental management by gradually changing cars into hybrid vehicles.

Classification	Energy Source	2011	2012	2013	
Direct Consumption (Scope 1)	Buildings	Diesel	30.55	17.87	5.66
		LNG	106.9	114.22	126.34
		Other	14.63	19.1	15.78
	Vehicles	Gasoline	136.12	134.7	128.8
		Other	12.03	13.85	11.81
Subtotal		300.22	299.75	288.39	
Indirect Consumption (Scope 2)	Buildings	Electricity	2,165.40	2,287.45	2,237.87
		Steam	16.7	11.7	11.81
	Subtotal		2,182.09	2,299.16	2,249.67
Total		2,482.31	2,598.91	2,538.06	

(Unit: TJ)

Waste (Landfill)

Classification	2011	2012	2013
KB Kookmin Bank	3,400	3,990	4,490
KB Kookmin Card	166	212	215

(Unit: L)

Third Party's Assurance Statement

To the Readers of KB Financial Group Sustainability Report 2013:

Foreword

Korea Management Association Registration and Assessments (KMAR) has been requested by KB Financial Group to verify the contents of its Sustainability Report 2013 (the Report). KB Financial Group is responsible for the collection and presentation of information included in the Report. Our responsibility is to carry out assurance engagement on specific data and information in the assurance scope stipulated below.

Scope and standard

KB Financial Group describes its efforts and achievements of the sustainability activities in the Report. KMAR performed a Type 2, moderate level of assurance using AA1000AS (2008) as an assurance standard. The scope of verification was as below where professional judgement of the practitioner of KMAR's assurance team was exercised as materiality criteria.

- Adherence to AA1000APS Principles of Inclusivity, Materiality and Responsiveness
- Reliability of data as follows:
 - Energy consumption
 - GHG emissions
 - Water usage
 - Waste
 - Ratio of online users

The team checked whether the Report has been prepared in accordance with the 'Core Option' of GRI G4 which covers the followings.

- Reporting Principles
- General Standard Disclosures
- Specific Standard Disclosures
 - Generic DMA of each of following material aspects
 - Economic Performance: EC1, EC2
 - Local Communities: SO1, FS13
 - Anti- Corruption: SO4
 - Compliance: SO8
 - Product and Service Labeling: PR5
 - Marketing Communication: PR7
 - Customer Privacy: PR8
 - Product Portfolio: FS7, FS8

Our approach

In order to verify the contents of the Report within an agreed scope of assurance in accordance with the assurance standard, KMAR's assurance team visited the KB Financial Group's headquarter, and carried out an assurance engagement as follows:

- Reviewed overall report
- Reviewed materiality test process and methodology
- Reviewed sustainability management strategies and targets
- Reviewed stakeholder engagement activities
- Interviewed people in charge of preparing the Report

Our conclusion

Based on the results we have obtained from material reviews and interviews, we had several discussions with KB Financial Group on the revision of the Report. We reviewed the Report's final version in order to confirm that our recommendations for improvement and our revisions have been reflected. When reviewing the results of the assurance, the assurance team could not find any inappropriate contents in the Report to the compliance with the principles stipulated below. Nothing has come to our attention that causes us to believe that the data included in the verification scope are not presented appropriately.

- **Inclusivity**

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

- KB Financial Group is developing and maintaining stakeholder communication channels in various forms and levels in order to make a commitment to be responsible for the stakeholders. The assurance team could not find any critical stakeholder group left out during this procedure.

- **Materiality**

Materiality is determining the relevance and significance of an issue to an organization and its stakeholders. A material issue is an issue that will influence the decisions, actions, and performance of an organization or its stakeholders.

- KB Financial Group is determining the materiality of issues found out through stakeholder communication channels through its own materiality evaluation process, and the assurance team could not find any critical issues left out in this process.

- **Responsiveness**

Responsiveness is an organization's response to stakeholder issues that affect its sustainability performance and is realized through decisions, actions, and performance, as well as communication with stakeholders.

- The assurance team could not find any evidence that KB Financial Group's counter measures to critical stakeholder issues were inappropriately recorded in the Report.

We could not find any evidence the Report was not prepared in accordance with the 'Core Option' of GRI G4.

Recommendation for improvement

We hope the Report is actively used as a communication tool with stakeholders and recommend the following for improvements.

- KB Financial Group should consider developing sustainability related targets and making the performance management system more systematic.

Our independence

With the exception of providing third party assurance services, KMAR is not involved in any other KB Financial Group business operations that are aimed at making profit in order to avoid any conflicts of interest and to maintain independence.



AA1000
Licensed Assurance Provider
000-129

23, July 2014
CEO Ki Ho Park

K. H. Park

GRI G4 Content Index

General Standard Disclosures		page
Strategy and Analysis		
G4-1	Provide a statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability.	2, 3
Organizational Profile		
G4-3	Report the name of the organization.	4
G4-4	Report the primary brands, products, and services.	4
G4-5	Report the location of the organization's headquarters.	7
G4-6	Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.	5
G4-7	Report the nature of ownership and legal form.	4, 5
G4-8	Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	4, 5
G4-9	Report the scale of the organization.	4, 5
G4-10	Report the structure of employees in the organisation.	50, 54, 56, 58, 60, 62, 64, 66, 68, 70, 72
G4-11	Report the percentage of total employees covered by collective bargaining agreements.	75
G4-12	Describe the organization's supply chain.	76
G4-13	Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain.	4, 5
G4-14	Report whether and how the precautionary approach or principle is addressed by the organization.	76
G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	33, 34, 38, 46
G4-16	List memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization.	76
Identified Material Aspects and Boundaries		
G4-17	List all entities included in the organization's consolidated financial statements or equivalent documents. Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.	5
G4-18	Explain the process for defining the report content and the Aspect Boundaries, and how the organization has implemented the Reporting Principles for Defining Report Content.	10, 11
G4-19	List all the material Aspects identified in the process for defining report content.	10, 11
G4-20	For each material Aspect, report the Aspect Boundary within the organization.	14, 18, 23, 28, 32, 37, 42
G4-21	For each material Aspect, report the Aspect Boundary outside the organization.	14, 18, 23, 28, 32, 37, 42
G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.	No restatements made.
G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.	5
Stakeholder Engagement		
G4-24	Provide a list of stakeholder groups engaged by the organization.	9
G4-25	Report the basis for identification and selection of stakeholders with whom to engage.	9
G4-26	Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	9
G4-27	Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns.	10, 11
Report Profile		
G4-28	Reporting period (such as fiscal or calendar year) for information provided.	Front cover
G4-29	Date of most recent previous report (if any).	Front cover
G4-30	Reporting cycle (such as annual, biennial).	Front cover
G4-31	Provide the contact point for questions regarding the report or its contents.	Back cover
G4-32	Report the 'in accordance' option the organization has chosen, the GRI Content Index for the chosen option, and the reference to the External Assurance Report, if the report has been externally assured.	80, 81
G4-33	Report the organization's policy and current practice with regard to seeking external assurance for the report, the scope and basis of any external assurance provided (if not included in the assurance report accompanying the sustainability report), the relationship between the organization and the assurance providers, and whether the highest governance body or senior executives are involved in seeking assurance for the organization's sustainability report.	Front cover

General Standard Disclosures		page
Governance		
G4-34	Report the governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	6, 7
Ethics and Integrity		
G4-56	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	19, 20

Specific Standard Disclosures		page
Customer Privacy		
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	14, 15
Anti-Corruption		
G4-SO4	Communication and training on anti corruption policies and procedures	20, 21
Compliance		
G4-SO8	Monetary value of significant fines and total number of non monetary sanctions for non compliance with laws and regulations	@
Economic Performance		
G4-EC1	Direct value generated and distributed	9
G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	34, 77
Marketing Communication		
G4-PR7	Total number of incidents of non compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes	Cannot be disclosed.
Product Portfolio		
G4-FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose.	34, 36
G4-FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose.	34, 36
Product and Service Labeling		
G4-PR5	Results of surveys measuring customer satisfaction.	40
Local Communities		
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	44-47
G4-FS13	Access points in low-populated or economically disadvantaged areas by type	41

@ In February 2014, KB Kookmin Card was held liable for the customer data breach incidents and subjected to a penalty and suspension of operations for three months.

2013 KB Financial Group Sustainability Report

www.kbfg.com

You can download the PDF version of the Report from the KB Financial Group website. If you have any comments or questions about KB Financial Group's sustainability management or this Report, please contact us at:

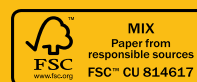
84, Namdaemun-ro, Jung-gu, Seoul (150-868)

Telephone: +82-2-2073-7822

Fax: +82-2-2073-0639

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