

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

2012 KB Financial Group Sustainability Report



About This Report

This is the second Sustainability Report issued by KB Financial Group at the group level. KB Financial Group has released sustainability reports through its key subsidiary since 2009, and beginning in 2011, the reporting scope was expanded to incorporate operations at the group level. KB Financial Group promises to issue Sustainability Report every year in order to share the economic, environmental and social values pursued by the Group as well as performance pertaining to sustainability management and future plans with its stakeholders.

Reporting Period

This report covers the period from January 1 2012 to December 31 2012, and where necessary includes data for the past 3 fiscal years (January 2010 to December 2012) in order to show trends in time series. With regard to some material issues, this report covers information collected up to June 2013.

Reporting Scope and Boundary

This report covers performance of domestic operations of KB Financial Group and its 10 subsidiaries - KB Kookmin Bank, KB Kookmin Card, KB Investment & Securities, KB Life Insurance, KB Asset Management, KB Real Estate Trust, KB Investment, KB Credit Information, KB Data Systems and KB Savings Bank – and includes only HR information for overseas operations. Data on greenhouse gas emissions and energy consumption are based on buildings owned or rented/leased including the head office and branches. Should the scope of data require special attention with regard to other environmental data, the scope is stated.

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

Reporting Standard

This report was prepared in accordance with the Global Reporting Initiative (GRI) G3.1 Guidelines and the Financial Services Sector Supplement.

Report Assurance

To ensure reliability, this report has received assurance from an independent assurance provider. See pages 90-91 for Independent Assurance Statement.

Additional Information

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



GRI Application Level

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

CONTENTS

	CEO’s Message	04
	2012 Highlights	06
KB’s Sustainability Story	1. Invigorating Finance for the Working Class	08
	2. Bridging Jobs and Job-Seekers, KB Good Job	10
	3. The Leading Financial Brand in Asia, KB	12
	Group Profile	14
	Management Strategy	16
	Corporate Governance	18
	Risk Management	20
	Sustainable Management	21
Finance that Enriches	Financial Products and Services	28
People’s Future	Financial Consumer Protection	34
	Customer Satisfaction	36
	Prevention of Financial Incidents	40
An Exciting Workplace With	Job Creation and Retention	44
Work-life Balance	Talent Development	46
	Corporate Culture	48
Opening a Warmer Future	Ethical Management	54
Together, with the People	Green Management	58
	Social Contribution	64
Sustainability Activities at our Subsidiaries	KB Kookmin Bank KB Kookmin Card	72
	KB Investment & Securities KB Life Insurance	
	KB Asset Management KB Real Estate Trust	
	KB Investment KB Credit Information	
	KB Data Systems KB Savings Bank	
	Appendix	90



Cover Story

KB Financial Group’s philosophy for sustainability aims to build a plentiful future and warm tomorrow, together, with the people.

As our society grows in abundance, KB Financial Group grows along with it and as hope spreads through our society, KB Financial Group’s future grows brighter.

It is KB Financial Group’s volition to share dreams and hopes with the people.

CEO's Message



"KB Financial Group will continue to 'Think of People First' through ceaseless change and innovation towards achieving corporate sustainability."

With endless thanks to the clients, shareholders and community members that have shown KB Financial Group continued support, it is my great pleasure to greet you and present our second Group-wide Corporate Sustainability Report.

In 2012, the Korean economy was not immune from the global economic slow-down caused by economic difficulties in both the developed and emerging markets. The financial industry also faced one of its most difficult management periods in history.

However, this was also a period in which KB Financial Group's management and employees demonstrated their passion and drive to overcome difficulties and grow despite macro-economic trends. Starting with the merger of KB Savings Bank in January, achieving the milestone of 5 million Smart Banking users, winning the city treasury contract, launching KB Kookmin Bank China, and renewing its role as manager of the National Housing Fund this past April, we at KB Financial Group worked together to strengthen and diversify our business portfolio and develop new drivers for future growth.

In addition, we strengthened corporate governance by enhancing managerial transparency and board independence, and improved policy instruments and processes to embed more stringent business ethics and compliance by introducing an Ethics Mileage program and Ethical Management Advisory 'Panel'

We also continued to strengthen our involvement in solving social issues linked to finance in 2012 along with our efforts towards improving managerial efficiency. Through our key social contribution project, 'Economics and Financial Education Program,' we provided both online and offline courses for roughly 50 thousand youths and members of society that have been isolated from financial services. At the "KB Good Job Program," which has come to represent private sector job creation programs in Korea, we have hosted job fairs and provided continuous employment data and online consultation in order to contribute to the alleviation of the unemployment problem plaguing our society. We also worked on our environmental impact through planting the 'KB Carbon Neutral Forest' and implementing energy saving activities.

As a result of these efforts, KB Financial Group's Total Assets reached KRW 285 trillion at the close of last year, which is a

KRW 7 trillion increase over 2011. In addition, net income reached KRW 1.7 trillion, both meaningful accomplishments financially. Moreover, KB Financial Group was included in the Dow Jones Sustainability Index for Asia Pacific for four consecutive years, and was recognized with over 220 awards in 2012 including the grand prize at both the Good Corporate Governance Awards and the Transparent Management Awards.

KB Financial Group will continue to be the Financial Group that 'Thinks of People First' through ceaseless change and innovation towards achieving corporate sustainability.

2013 presents us with countless risks in the form of economic stagnation and low interest rates but we at KB Financial Groups will turn these risks into opportunities to pursue a new level of growth and development.

First and foremost, KB Financial Group will strengthen its role as market leader in its core businesses while striving to develop new drivers for business growth and manage risks proactively to establish a sustainable foundation for the Group. Moreover, we will put transparent and ethical management at the core of our business values and will work tirelessly to put this into practice through consumer protection and prevention of financial incidents as part of our responsibility as Korea's leading financial group.

We will also do our utmost to fulfill our social responsibility by building on our past contributions and deepening our commitment to social contribution through sharing and volunteering and we will also work to build a better future for our society by actively working on climate change and environmental issues.

We are hoping for your continued support in our endeavors to do our part as a responsible corporate citizen.

Thank you.

KB Financial Group
Chairman & CEO,
Yoon-Dae Euh

2012 Highlights

Jan

Established KB Savings Bank

KB Financial Group added KB Savings Bank as its 10th subsidiary in January 2012 after assuming assets and liabilities of the suspended Jeil Savings Bank. KB Savings Bank does its utmost to become an important model in the savings banking industry by realizing a "clean bank" and generating group synergy, thereby contributing to the stabilization of the small-loan finance market.



Feb

International IT Certification Triple Crown achieved

KB Kookmin Bank obtained both the ISO 20000 and BS 25999 certification for IT service management and incident anticipation and response in February 2012. Adding to the ISO/IEC 27001 certifications for information security obtained in 2009, KB Kookmin Bank became the first domestic bank to obtain the 3 major international IT certifications.



Mar

Joined the Pilot Emissions Trading Scheme

In March 2012, KB Kookmin Bank became the first bank to participate in Seoul City's "Pilot Emissions Trading Scheme." KB Kookmin Bank is taking the lead bank for responding to climate change by reducing GHG emissions, increasing environmental investment, implementing energy-saving campaigns and other diverse activities for green management.



Jul

Selected as Korea's Best Trade Finance Bank

KB Kookmin Bank was recognized as Korea's "Best Trade Finance Bank" by Trade Finance Magazine for the second consecutive year. Based on a survey of finance, law, trade professionals from around the world, KB Kookmin Bank received 66% of votes based on its excellent customer service and trade finance performance leading to this prestigious award.



Aug

Declared Management with Integrity

KB Kookmin Bank held a proclamation ceremony for commitment to management with integrity. All 1,260 executives and branch managers attending the ceremony announced their commitment to doing business the right way.



Sep

Included in the Dow Jones Sustainability Index (DJSI) Asia Pacific for four consecutive years

KB Financial Group was included as a component in the DJSI Asia Pacific Index, a global standard appraising sustainability of global companies, for four consecutive years. The high rankings put us in a position to move beyond Korea and lead sustainability in Asia as a global financial institution.



Apr

Labor-Management Declaration for Future Development

KB Kookmin Bank adopted the 'Labor-management Joint Declaration for the Bank's Future Development' in April. The declaration houses KB Kookmin Bank's dedication to building the foundation for the Bank's growth based on trust and cooperation and details measures to enhance employees' quality of life, implement social contribution activities, and improve communication and understanding between labor and management for a productive culture.



May

KB Good Job Fair

KB Financial Group successfully held the "2012 KB Good Job Fair for SMEs" with participation from 260 promising companies and some 18,000 jobseekers. A special booth was set up to meet different needs of various categories of employers and jobseekers, such as special-purpose high school graduates, military personnel, baby boomer retirees and those seeking jobs in the Middle East.



Jun

Named the best company in corporate governance

KB Financial Group was named the best company for corporate governance for 2012 by the Korea Corporate Governance Service, after it won the award for excellence in 2011. The Group earned high scores in the protection of shareholder rights and job security as well as good appraisal in all other aspects such as corporate governance, society and the environment.



Oct

Smart finance users exceeded 5 million

KB Kookmin Bank has become the first domestic bank to attract more than 5 million users for its smart banking services dubbed "Star Banking." The open banking service, the first of its kind in the domestic banking industry, offers improved and more convenient banking services by allowing access from all types of smart devices and browsers.



Nov

Established a Chinese subsidiary and a branch office in Beijing

In November 2012, KB Kookmin Bank opened its subsidiary in China and a branch in Beijing to expand local operations. Following the establishment of its Chinese subsidiary, the Bank's branches in Guangzhou, Suzhou and Harbin became the units of the subsidiary.



Dec

Ranked 1st in the NCSI for seven years running

In 2012, KB Kookmin Bank ranked No. 1 bank in the National Customer Satisfaction Index (NCSI) and KB Kookmin Card also ranked No.1 in its sector. KB Kookmin Bank has achieved 1st place for seven consecutive years a result of the Bank's various efforts to become "customer-oriented," one of the Bank's core values. We promise to continue to satisfy and impress our customers to the maximum.



KB's Sustainability Story

1. Invigorating Finance for the Working Class

With the global recession deepening, working class households are particularly hard-hit by financial burdens. As Korea's largest financial group, with over half of Korea's population comprising its customer base, KB Financial Group fulfilling its responsibility to the people by developing and expanding products and services focused on bettering the quality of life for the people.

[Consultation Channels for Low-income Customers]

In order to provide solutions for clients that lack information on financial instruments, face exorbitant interest rates and compounded debt obligations, KB Kookmin Bank operates specialized consultation services to help reduce financial burden for low-income customers.

Financial Consultation Channels



- Providing consultation in conjunction with the National Credit Counseling and Recovery Service and other external low-income financial services through 33 regional headquarters nationally

- Established a dedicated channel for consultation on services and products to support low-income customers and businesses such as Heemang Holssi (seeds of hope) Loan, Switch Dream Loan.
- Provides a private and comfortable consultation environment at the dedicated desk in the Yeoungdeungpo branch.

- Online consultation for customers that cannot physically visit our offline consultation offices through www.heemang.kbstar.com
- Information on low-income financial instruments via phone and email consultation.
- Customers can check eligibility for loan products tailored to low-income businesses and households

[Working Class Financial Products and Services]

KB Financial Group is dedicated to providing a wide variety of products and services tailored to supporting the financial stability and growth of low income households, small businesses and SMEs.

Support for reducing household debt

Healing Program	-KB Kookmin Bank's advance loan management system -Provides information and consultation on programs to recover credit such as 'Free Work-out' program to those with long-term arrears and high risk of credit default -62% satisfaction rate for customers who have used the service
Free Work-out	-"Transition to long-term repayment schedule for credit loans" program for repayment of debt in installments over a long-term. -"Household Debt Readjustment" program allowing loan arrears to be repaid, in installments, over a long-term. -Interests rates for customers that successfully meet their repayment schedule are reduced by 0.2% every 3 months for up to 7.8%.
KB Heemang Holssi (seeds of hope) Loan	-11.0~13.0% fixed rate credit loan -Low-income wage earners are eligible for loans of up to KRW20 million Loans are provided for up to 7 years with and no fees for early repayment.

Support for young entrepreneurs

KB Youth Dream Loan	Start-up loans at 5.0% annual interest
KB Young Entrepreneurs Fund	Financial support fund for young entrepreneurs

Support for small and medium enterprises

SME Interest Reduction Fund	Operation of a "SME Interest Reduction Fund" of 150 billion Won aimed at reducing Small and Medium Enterprises' interest costs by providing 2.0% prime interest rate.
-----------------------------	---

[Custom Consultation Event for Working Class Finance]

In order to alleviate finance-related difficulties facing working-class households with low credit and income, KB Kookmin Bank jointly held an event to offer consultations tailored to the working class jointly with the Financial Supervisory Service in February 2012. KB Kookmin Bank will continue to fulfill its social responsibility by providing support for working class finance and financial education.

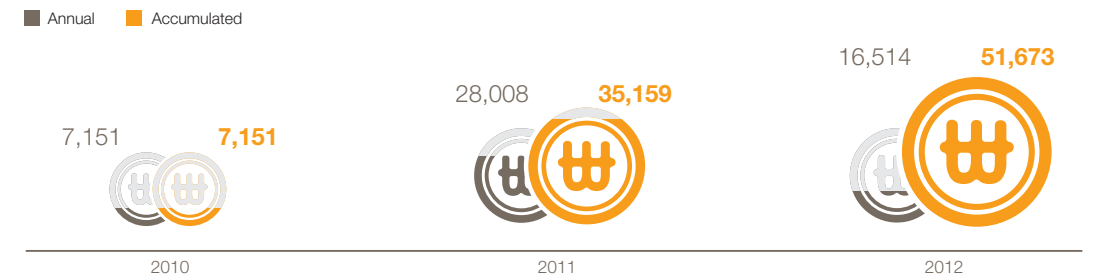


[KB Smile Microcredit Bank]

KB Financial Group established the KB Smile Microcredit Bank in December 2009 specifically to support small enterprises with low income or poor credit that have had little or no access to conventional financial institutions. The KB Smile Microcredit Bank not only provides start-up loans and micro-credit requiring no guarantees or collateral, but provides business and management consulting services to assist with long-term business stability. Funds for the KB Smile Microcredit Bank are procured directly by the Bank or from the Smile Microcredit Central Bank and other foundations. As of the end of 2012, the KB Smile Microcredit Bank had raised KRW 50 billion and had provided the most financial assistance of all banks based on its national network.

Financial Support Provided Through the KB Smile Microcredit Bank

(Unit : Million Won)



Thank you, KB Miso Microcredit! Mr. Jong-jin Lee

In October 2012, I was making ends meet as a street vendor. I had no way of keeping out the upcoming winter cold and no way of refrigerating my fish when I saw the sign for KB Smile Microcredit. I wondered if they'd grant a loan to a man like me who had no house or store to his name. I was skeptical when I went in for my first consultation. Contrary to my concerns, I was granted a loan under their Unregistered Business Support Fund and received the funding I needed to weather the winter season on October 18th, 2012. Thanks to the support from KB Smile Microcredit Bank, I was able to purchase heating supplies and a used refrigeration system and keep warm during the winter.

KB's Sustainability Story

2. Bridging Jobs and Job-Seekers, KB Good Job

The number of young job-seekers and retirees from the baby-boomer generation looking for new employment opportunities grow and at the same time, Small and Medium Enterprises face difficulties in locating talent making unemployment one of the most important challenges facing our society today. In response to this challenge, KB Financial Group has pooled its expertise and resources to address unemployment and contribute to job creation in Korea by launching the KB Good Job Program in January of 2011.

KB Good Job links job seekers facing difficulty due to lack of information and promising SMEs that need talented individuals by providing an online portal and an offline job fair. Through partnerships with the Ministry of Education, Ministry of National Defense, the Small & Medium Business Administration and Specialty High Schools, KB Good Jobs has collated a pool of strong and promising Small and Medium Enterprises and is assisting with creating jobs for high-school graduates and newly discharged military personnel.

KB Good Job has come to represent Korea's job creation projects acts as a partner for both job seekers and employers alike.

KB Good Job Benefits

Job Seekers	Lower interest rates on loans and other financial benefits
	Mock job interviews, career aptitude tests, career consultation services
Employers	Lower interest rates on loans and other financial benefits
	Specialized financial assessment and management consulting services
	Employment grant of 500 thousand Won per person employed full-time

KB Good Job Achievements (as of January 2013)



[KB Good Job Portal Site]

KB Good Job operates an online portal site (www.kbgoodjob.co.kr) where job seekers and employers can share information on job openings and resumes of job seekers. Users can easily navigate job postings and resumes and other information such as salary and corporate overviews, and success stories from other job seekers free of charge. In addition, information tailored to students and graduates of Specialty and Meister High schools is provided along with career aptitude tests, informational videos and other tools to help develop the human resource base.

[KB Good Job Employment Fair]

The '2012 KB Good Job Promising Company Employment Exposition,' held in May 2012 offered specialized booths for Specialty High Schools, New hires, Experienced Hires and Foreign Postings. Roughly 260 companies looking to recruit talent and 18 thousand job seekers participated in this event. At the 2012 job fair, a specialized booth for the second "Middle East Wave" was offered for the first time and video interviews were prepared to assist graduates from Specialty High Schools obtain employment in foreign postings. In addition, dedicated stations for the baby boomer generation, along with newly discharged military personnel were provided resulting in roughly 2,000 real job opportunities.

In September 2012, KB Good Job opened the '2012 Ministry of National Defense and KB Good Job Employment and Entrepreneur Fair for Discharged Officers' to assist newly discharged, or soon to be discharged, officers assistance in planning life outside the military. The Fair offered stations for Entering the Civilian Workforce, Starting a New Business, Retirement Planning (Relocation to foreign countries, returning to rural agriculture) with 80 companies recruiting and over 8,000 military officers and newly discharged officers participating. The Fair resulted in the successful creation of 730 jobs.



KB Good Job Employment Success Stories

Newly hired by a KB Hidden Star 500 enterprise

Mr. Chul-Beon Choi had been looking for employment for nearly five months after being laid off from his production management position at a semi-conductor production company suffering from business difficulties. While looking for employment, he participated in the '2013 KB Goodjob Promising Company Employment Exposition', and based on his experience in production management, was recruited by Daeryuk Corporation, a manufacturer of electronic components. Daeryuk Corporation was selected by KB Kookmin Bank as a 'KB Hidden Star 500' Corporation with annual sales of over 30 billion Won, making it a strong and promising small enterprise. Daeryuk Corporation hired Mr. Choi based on his enthusiasm and expertise in manufacturing



Successful Employment by working together with the KB Good Job Academy

Ms. Ha-Eun Kim was slated to graduate from Dae Kyung Information Industrial High School, which is a specialty high school, and completed the 'KB Good Job Academy' in March 2013. The 'KB Good Job Academy' is a program that offers theoretical and practical training to job-seekers with the aim of linking graduates with promising companies. As a graduate of the 'KB Good Job Academy', Ms. Kim was offered the opportunity to interview with the company of her choice before other applicants. As a result, Ms. Kim was hired by Chemtronics, an electronics and chemicals manufacturer. She thanked the 'KB Good Job Academy' for helping her highlight her strengths and thus successfully obtaining a good job.



KB's Sustainability Story

3. The Leading Financial Brand in Asia, KB

A company's brand is an indicator of its corporate value and method to communicate and guarantee the quality of its products and services. For industries such as the financial industry in which it is difficult for a company to differentiate itself solely on their products and services, differentiation through its brand is an important driver for corporate development. KB Financial Group strategically utilizes its core brand resource of "people" to maximize corporate value through a unified brand identity.

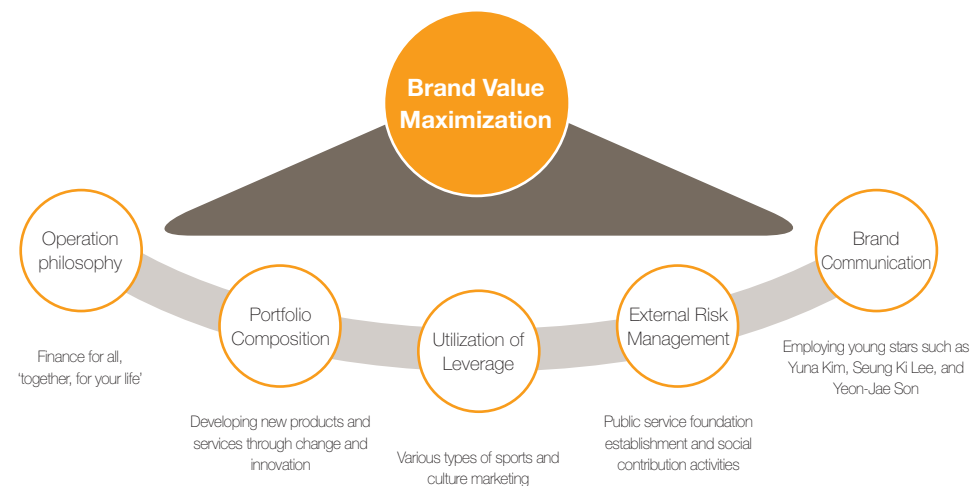
[Launching KB Financial Group, Rebuilding its Image]

Before the KB Financial Group was launched in September 2008, customers thought of KB as a stable and conservative brand. With the launch of KB Financial Group, KB has worked to move away from the 'bank' centric image to a young, future-oriented image based on the Group as a whole. To do this, KB Financial Group has focused on change and innovation, creating customer value based on the KB way and enhancing employee capacity through training and education.



[Brand Value Maximization Strategy]



KB Financial Group recognized the need to change its image with the launch of the Financial Group and developed a strategy to implement this change. By strategically utilizing its central brand resource of 'people,' KB Financial Group has developed a strategy to maximize its brand value through solidifying its customer-centric brand identity of 'together, for your life.'



[Brand reinforcement activities]

KB Financial Group is implementing diverse activities from new product development to social contribution activities as part of its brand management strategy.

Change and Innovation <ul style="list-style-type: none"> - CI renewal - Change and innovation activities - Spin-off of KB Card and consolidation of KB Securities and Futures 	Develop products and services tailored to different age groups <ul style="list-style-type: none"> - Rock(樂) Star (University/College students) - Specialized Branches for 9 to 5 workers (30's- 40's) - Golden Life (Senior Citizens) 	Youth and culture business collaboration <ul style="list-style-type: none"> - Rap tournament - Sponsoring Superstar K - Antarctic Expedition Team
Change and Enhancing Expertise <ul style="list-style-type: none"> - Ad campaign focused on youth and change - Ad campaign focused on emphasizing expertise in specialized products and services 	Sports Marketing <ul style="list-style-type: none"> - Discovering and supporting promising future athletes such as Yuna Kim and Yeon Jae Son - Supporting teams for 11 sports including golf, baseball, basketball, soccer, shooting, speed-skating, short-track, figure skating, curling, and rhythmic gymnastics - Support for amateur sports 	Social Contribution Activities <ul style="list-style-type: none"> - Economic-Financial Education (KB Foundation for Sharing and Volunteering) - Youth and Teens : Building a "Dream Tree" Village - Environment : Planting a Carbon Neutral Forest - Senior Citizens : Helping senior citizens during summer and winter seasons - RaonAtti, Overseas Volunteer Group of College Students

[Leap in KB Brand Reputation]

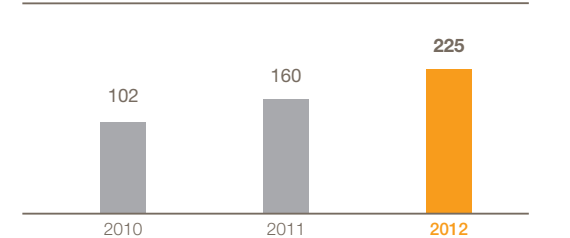
Based on its diverse and continued efforts, KB Financial Group has gained one of the strongest brand value amongst domestic financial institutions.

In 2012, KB Financial Group's brand strength was acknowledged many times over. KB Financial Group was named the 'company that university students would like to work for most' for the 3rd consecutive year, won the grand prize as the 'most loved brand in Korea' and was recognized as the top brand in the National Brand Competitiveness Index (NBCI) for 9 years running.

Following our slogan, 'Thinking of People First,' KB Financial Group will continue to strive to create higher value for all and become a financial group that grows together, with you.

 KB Kookmin Bank	KB Kookmin Bank Brand Value 2.669 trillion Won <small>(Global brand consulting firm, Interbrand)</small>
---	---

KB Financial Group Awards and Accolades (Unit: No.)



Group Profile

KB Financial Group leads Asia's financial industry with the optimal banking infrastructure, including the largest customer base, best customer satisfaction, extensive channels and strong brand power.

[About KB Financial Group]

Established on September 29, 2008 in proactive response to the changes in the financial business environment, such as the globalization in the financial industry, falling profitability from traditional banking business, expansion of the capital market following the implementation of the Capital Market Consolidation Act and the growing needs for comprehensive financial services, KB Financial Group has grown into a full-service financial group with the largest customer base and branch network in Korea.

Solid capital prowess, extensive branch network, brand power, internal controls and risk management skills built from many years of experience, differentiated online channels and management philosophy that considers customer base and customer satisfaction as the foremost priority all make KB Financial Group more capable and competitive than other financial services groups.

The Group's strategy is to capitalize on its group infrastructure in sharpening competency as a comprehensive financial service provider and solidifying future growth engines. The Group is also committed to fulfilling its social responsibilities and contributing to the growth of the financial industry by establishing itself as a leading global financial institution.

[Subsidiaries and Global Network]

The Group's domestic subsidiaries include KB Kookmin Bank, KB Kookmin Card, KB Investment & Securities, KB Life Insurance, KB Asset Management, KB Real Estate Trust, KB Investment, KB Credit Information, KB Data Systems and KB Savings Bank, and overseas subsidiaries include Kookmin Bank Hong Kong Ltd., Kookmin Bank International Ltd. in London, UK, Kookmin Bank Cambodia PLC. and Kookmin Bank China Ltd. KB Kookmin Bank is expanding its global presence by opening its Indian branch in Mumbai in June, a Japanese branch in Osaka in August, a subsidiary in China and a branch in Beijing in November 2012.

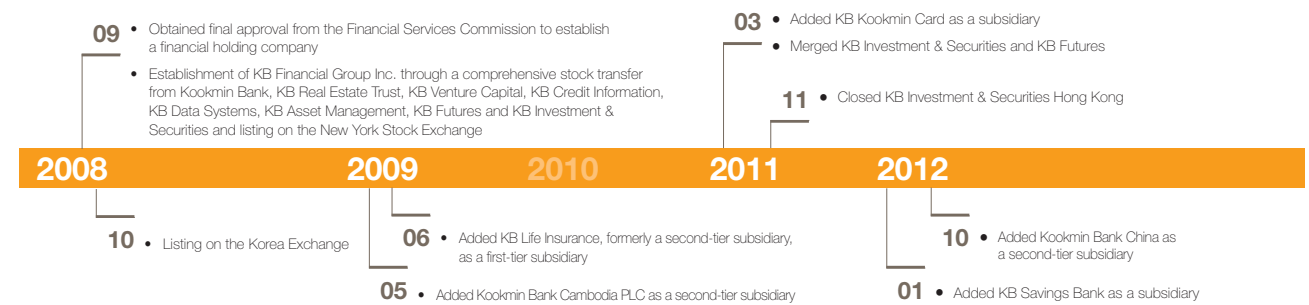
KB Financial Group at a Glance

Company Name	KB Financial Group
Headquarters	9-1, 2ga, Namdaemun-ro, Jung-gu, Seoul, Republic of Korea
Date of Establishment	September 29, 2008
Chairman & CEO	Yoon-Dae Euh
No. of Employees	25,662

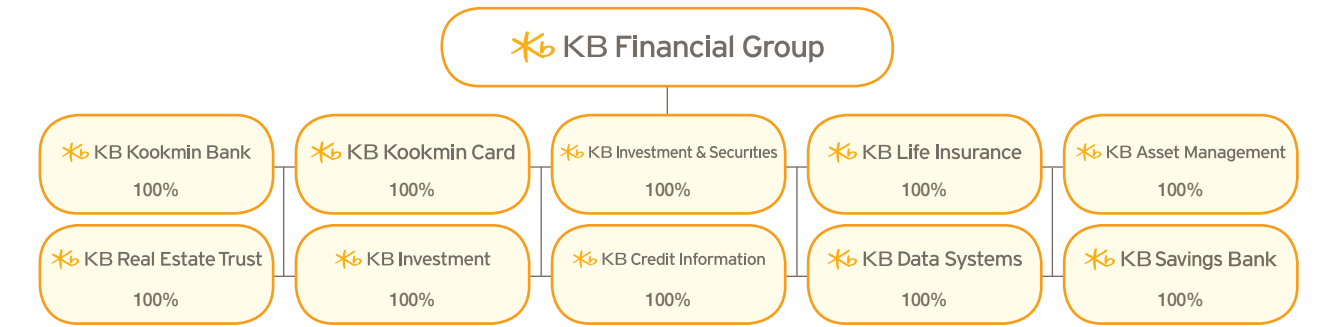
(As of December 2012)	
Total Assets	KRW 285.8 trillion
Total Revenue	KRW 2,411 billion
Net Income	KRW 1,712 billion
No. of Branches*	1,193
No. of Customers**	29.5 million

*Based on KB Kookmin Bank
**Based on Group's consumer product/services customers

Milestones



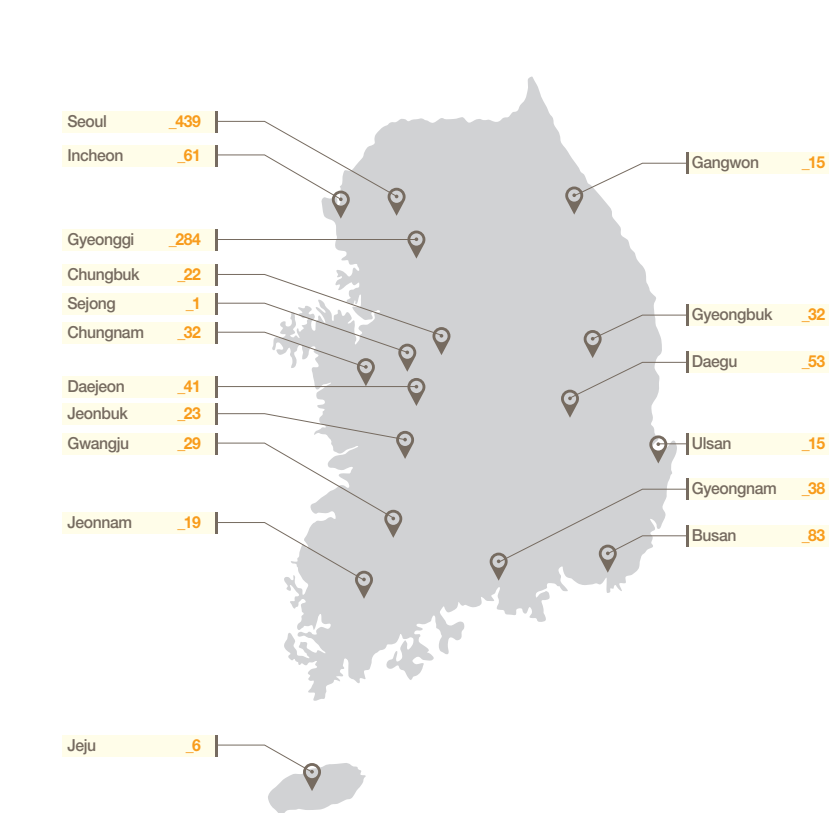
KB Financial Group Organizational Structure



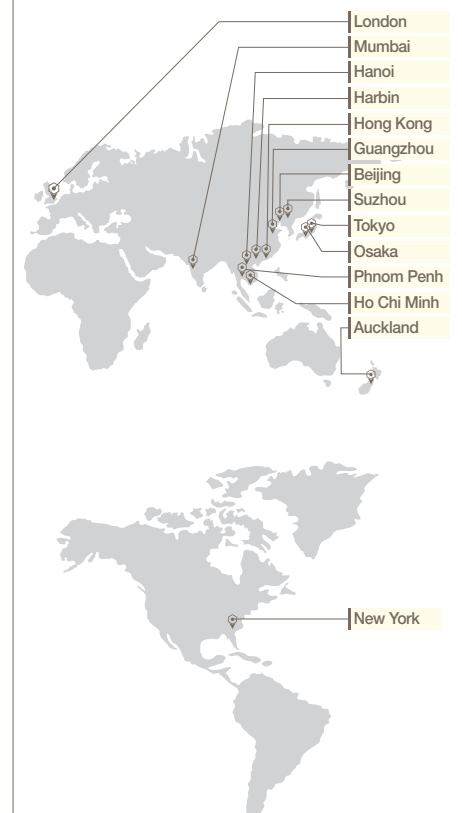
* Details on affiliates are available on pages 72 through 88. (As of June 2013)

Domestic Branches

(unit: number of branches)



Global Network



Management Strategy

KB Financial Group is maximizing profitability through value-focused growth by enhancing productivity and management efficiency even in the face of the global economic instability and uncertainty

[Management Policy]

KB Financial Group's mission is to "touch customers' hearts." It is our pledge to dedicate ourselves to customer satisfaction, employee growth and financial growth of the Group and to fulfill our corporate social responsibilities. All of us at KB Financial Group uphold the core values called "KB Spirit" that guides the behaviors of our employees.

KB Spirit



Customer-oriented
The most essential part of the code of conduct for KB employees that puts customers' profits at the top priority



Professional
Securing best professionalism in respective fields to satisfy financial needs of customers



Innovative
Providing optimal solutions to customers with out-of-the-box creative ideas



Speedy
Satisfying the changing needs of customers with fast and accurate decision-making in the evolving financial business environment

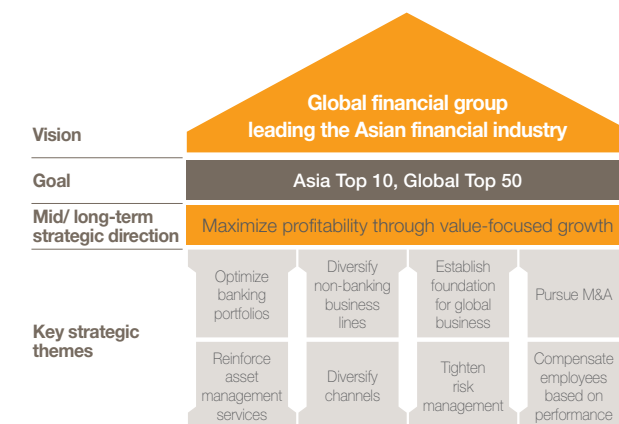


Performance-oriented
Establishing systems and organizations that reward best performers

[Management Plan and Strategy]

With the global economy expected to remain uncertain amid sluggish growth, financial companies are increasingly being asked to fulfill their social responsibilities. Under this difficult business environment, KB Financial Group is moving forward with the four key strategic initiatives for 2013 aimed at improving "internal value and customer trust" under its mid- to long-term strategy of "maximizing profitability through value-focused growth" to be a global financial group that leads the Asian financial industry.

Management Strategy



4 Key Strategies for 2013



[Innovative Management]

Since 2010, KB Financial Group has been intent on initiatives aimed at bringing change and innovation to the Group under the guidance of the holding company in order to improve its core competitiveness in major segments of business. In 2012, our subsidiaries began to take the initiative in facilitating change and innovation across all segments of business with a total of 110 initiatives including initiatives to improve sales practices at branches.

The goal for 2013 is to "facilitate future competency through continued change and innovation," under which subsidiaries will take the initiative in change and innovation tasks as well as facilitate KB Spirit and internalization. In light of this, a total of 61 tasks have been identified within the Group and case studies concerning KB Spirit will be collected.

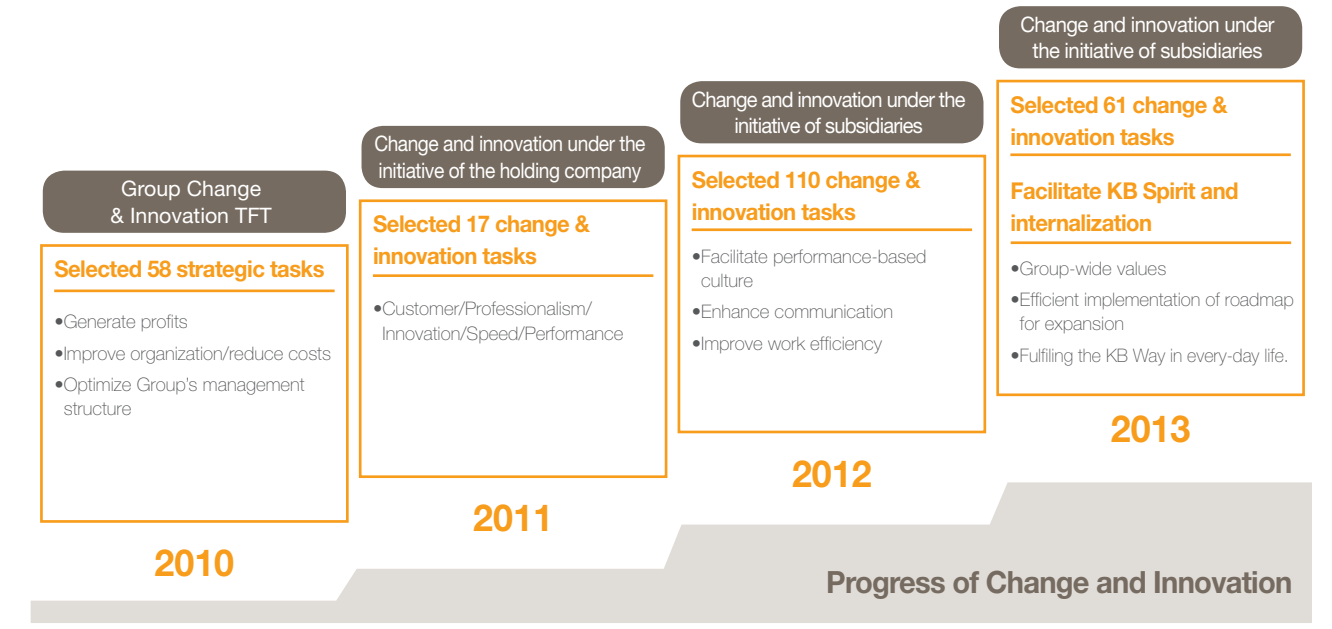
Change & Innovation Committee Change & Innovation Committee is in operation within the holding company, and operations related to change and innovation, formerly led by the Group's Change & Innovation Council, have been transferred to subsidiaries. The Group's Change & Innovation Committee is comprised of 19 executive members, including the President and CEO of KB Kookmin Bank as the chairman and other executives from the holding company, banking subsidiaries and non-banking subsidiaries. The Committee convenes every quarter.

Idea Contest for Change and Innovation KB Financial Group held an idea contest twice in 2012 where a total of 402 ideas were submitted. Of the ideas submitted, the 26 most innovative ones were awarded and actively shared

Innovative Management in 2012

Goal

Maximize management efficiency by improving productivity



Corporate Governance

KB Financial Group endeavors to improve its governance structure in order to create a healthy and transparent working environment. We disclose relevant best practices and articles of incorporation via our website, while seeking to protect and promote the rights and interests of all internal and external stakeholders by operating an independent Board of Directors and audit organization.

[Board Composition]

The Board of Directors of KB Financial Group is comprised of a total of 12 individuals as of the end of March 2013, all appointed at the general shareholders' meeting. Chairman of the Board is elected from among the non-executive directors and presides over the Board to ensure their active operation.

Appointment of Non-executive Directors Non-executive board members are respected professionals in their fields with expertise in areas such as finance, management, law and accounting. Non-executive directors are appointed according to the independence criteria set out in the Financial Holding Company Act and relevant enforcement ordinances, and all of them meet the independence criteria. There are at least five non-executive directors, constituting a majority of the board. Candidates for non-executive directors are nominated by the Non-Executive Director Nominating Committee under the Group's articles of incorporation and BoD regulations before being appointed at the general shareholders' meeting.

Support for Non-executive Directors The Executive Secretariat support the operation of non-executive directors, the BoD and committees under the BoD. Training on the Group's management status and major issues is provided to non-executive directors to enhance their expertise; a total of 10 training sessions were offered in 2012.

Committees under the BoD Five permanent committees, namely the Board Steering Committee, the Audit Committee, the Management Strategy Committee, the Risk Management Committee and the Evaluation & Compensation Committee, and non-permanent committees, such as the Non-Executive Director Nominating Committee and the Audit Committee Member Nominating Committee, currently service our Board of Directors.

Board Activities and Composition

	Members	Purpose and Responsibilities
Board Steering Committee	Five non-executive directors, one executive director	·Review of overall governance ·Review and assessment of operational efficiency of the BoD and each committee and facilitation of their functions
Management Strategy Committee	Three non-executive directors, one executive director, one non-standing director	·Review of mid- to long-term management strategy at the Group level ·Review of new strategic business opportunities via M&A, strategic alliance, etc.
Risk Management Committee	Four non-executive directors, one executive director	·Development of underlying risk management policy that fits the Group's management strategy ·Determination of risk appetite, etc.
Evaluation & Compensation Committee	Five non-executive directors	·Development of compensation policy for the holding company and subsidiaries ·Review of compliance with best practices by subsidiaries in relation to performance-based compensation, etc.
Audit Committee	Five non-executive directors	·Request to convene an extraordinary general shareholders' meeting and an extraordinary board meeting ·Confirmation of the audit report, etc.

[Operational Performance of BoD]

Board meetings consist of regular sessions and temporary sessions pursuant to the Group's articles of incorporation and BoD regulations. The board members reviewed quarterly business performance and discussed agenda items necessary for the operation of the Group at regular quarterly sessions and discussed M&A proposals at a temporary session in 2012.

[Performance Evaluation and Compensation for Board Members]

The BoD and its committees are evaluated by the Board Steering Committee at the end of each year, and non-executive directors are subject to self-evaluation, evaluation by employees and evaluation by board members. Maximum remuneration limits of directors are determined at the general shareholders' meeting. 100% of long-term performance pay of directors is granted in restricted stock over three years after retirement so that their pay is linked to the company's long-term performance

[Protection of Shareholder Rights]

KB Financial Group adopts written vote and concentrated vote to enable its shareholders to exercise their voting rights. When a board resolution to convene a general shareholders' meeting is passed in writing, shareholders can exercise their voting rights in writing without attending the general shareholders' meeting. A legal basis for the introduction of the concentrated vote system has been established to protect the rights of minority shareholders.

For transparent and fair information, agenda items to be discussed at the general shareholders' meeting or information on the names, profiles and reference names in the case of the appointment of directors are sent to all shareholders 2 weeks before the meeting is convened. In addition, an announcement that the meeting will be convened is published in two daily newspapers two times pursuant to the commercial law and other relevant laws, and a video clip of the meeting is provided through the website of KB Financial Group.

2012 ESG Evaluation Results conducted by the Korea Corporate Governance Service

Division	Evaluation results
Environment	A
Society	A+
Governance	A+
Overall Score	A+

BoD Composition

(as of the end of March 2013)



Ratio of non-executive directors



Ratio of female directors

No. of Board Meetings



Non-executive Director Attendance Rate



Executive Directors



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



Young-Rok Lim
President,
KB Financial Group Inc.

Non-standing Director



Byong-Deok Min
President & CEO,
KB Kookmin Bank

Non-executive Directors



Kyung-Jae Lee
Chairman, Board of
Directors, KB Financial
Group Inc.



Jae-Wook Bae
Lawyer,
Baejaewook Legal Office



Young-Jin Kim
Professor, Seoul
National University,
College of Business
Administration



Kun-Ho Hwang
Advisor, Korea Financial
Investment Association



Jong-Cheon Lee
Professor, Soongsil
University, Department
of Business
Administration



Seung-Hee Koh
Professor, Sookmyung
Women's University,
College of Business
Administration



Young-Kwa Kim
Senior Advisor,
Korea Securities
Finance Corporation



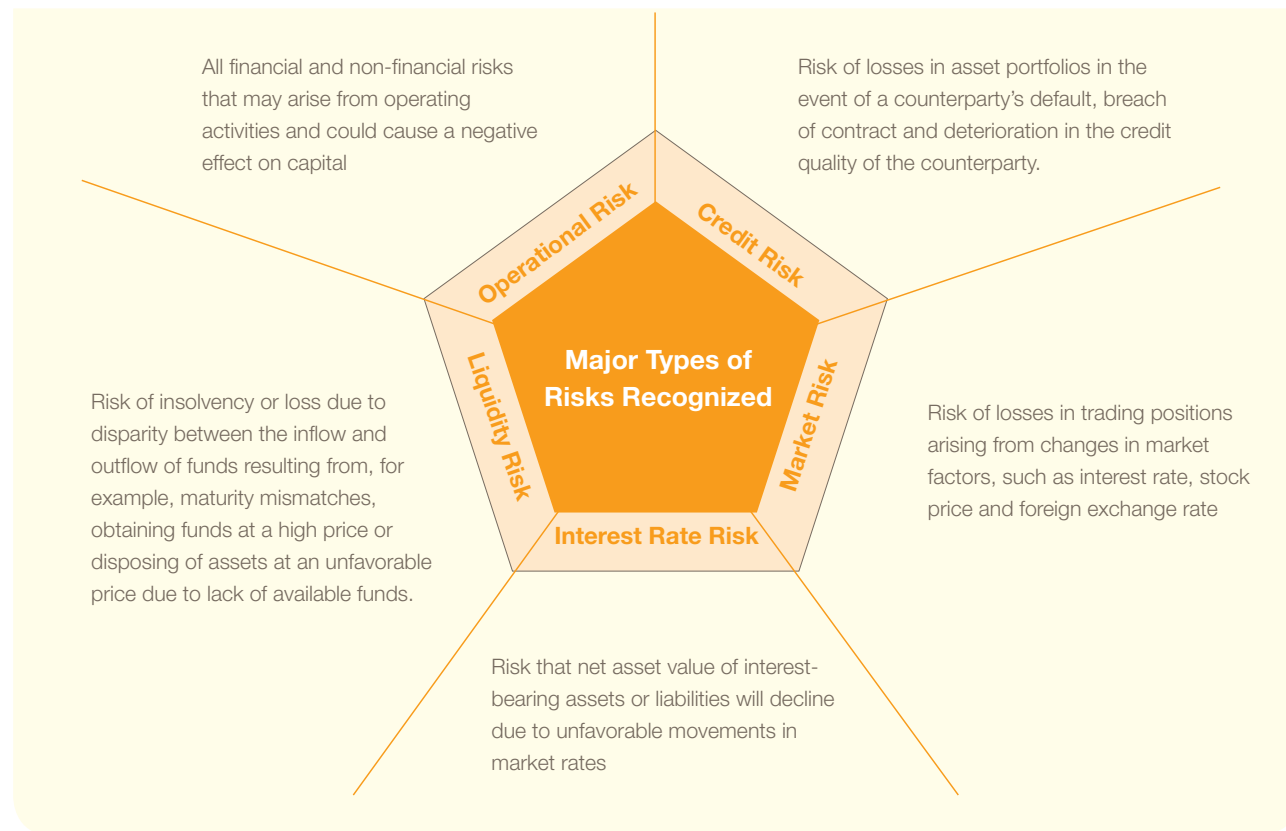
Young-Nam Lee
CEO,
Novas EZ Co., Ltd



Jae-Mok Cho
CEO,
ACE Research Co., Ltd

Risk Management

Our risk management system focuses on increasing transparency in the Group's risks, preventing transmission of risk to other related subsidiaries, and making preemptive response to the rapid changes in the financial business environment in order to actively respond to the ever-evolving business environment.



Risk Management Organization The Risk Management Committee establishes risk management strategies at the Group level and the Risk Management Council and the Risk Management Department of each subsidiary are responsible for supporting the Group's long-term strategy and business decisions.

	Roles
Risk Management Committee	<ul style="list-style-type: none"> Establishes risk management strategies and determines the target risk appetite Reviews the level of risks that the Group is exposed to and the appropriateness of the Group's risk management operations Approves application of risk management system, methodology and major improvements made
Risk Management Council	<ul style="list-style-type: none"> A consultative group comprising Chief Risk Officers of the holding company and subsidiaries Reviews and makes decisions on matters delegated by the Risk Management Committee Discusses detailed issues relating to the Group's risk management
Risk Management Department	<ul style="list-style-type: none"> Manages specific policies, procedures and work processes relating to the Group's risk management

Risk Management Activities The Risk Management Committee convened six times in 2012 during which it revised the Group's risk management regulations and passed resolutions on the Group's risk appetite, economic capital limit and the total exposure limit for subsidiaries for 2013.

Sustainable Management

KB Financial Group aims to become the financial group that "puts people first" by pursuing stakeholder-centric sustainability management based on ethical and transparent business practices.

[Sustainability Management Structure]

Our Approach to Sustainability Management Under the three underlying goals of incorporating "Wise," "Smart" and "Sustainable" in its sustainability management, KB Financial Group pushes for its vision of "growing into a global financial group leading the Asian financial industry" through sustainability efforts centered around customers, products and services, ethical and eco-friendly business practices, human resources and local communities.

Scope and Direction of Sustainable Management

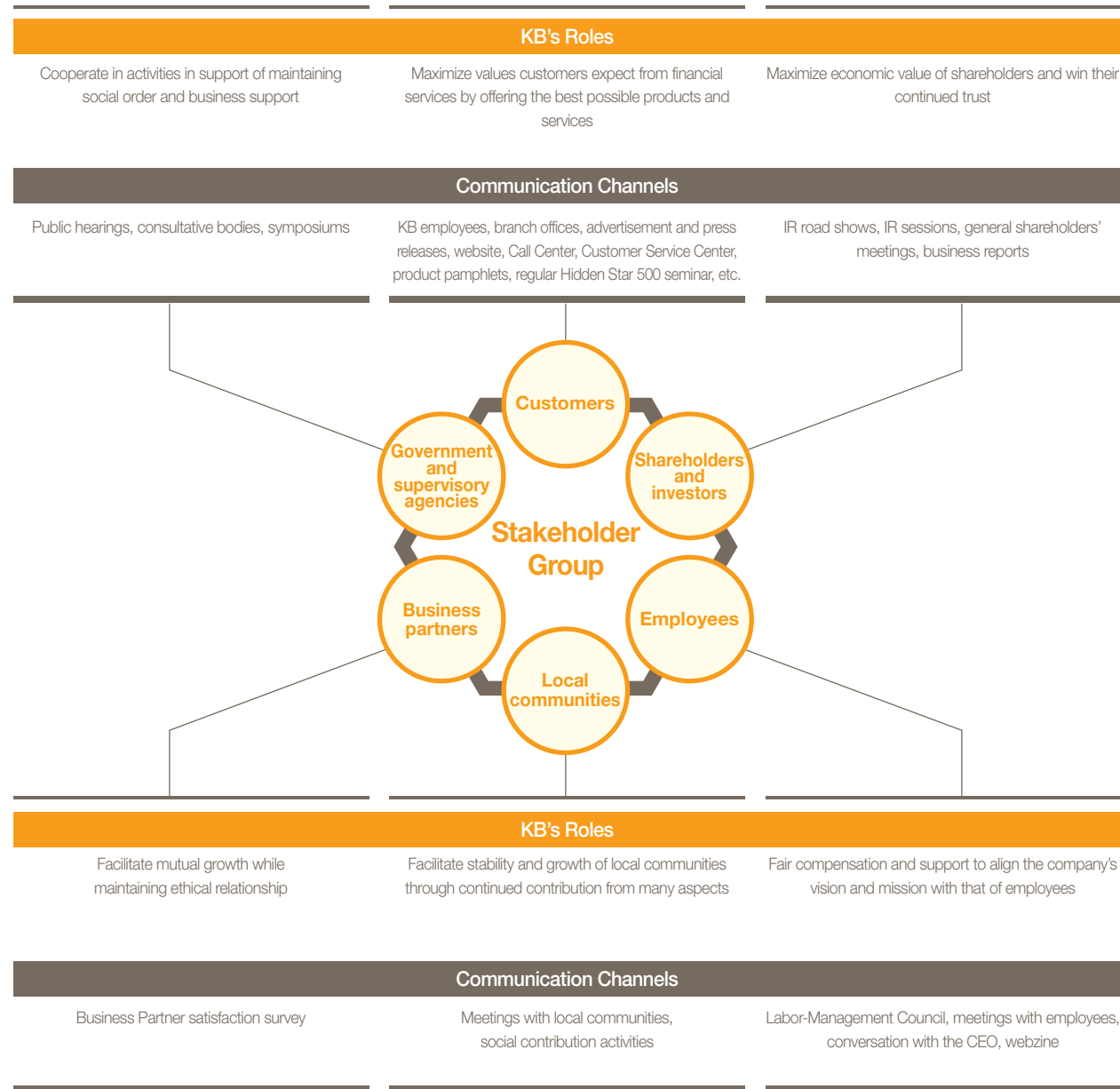


Creation of Social Contribution Department In an effort to step up sustainability practices at the Group level, KB Financial Group set up the Social Contribution Department within the holding company in January 2012, which plays a leading role in communication with stakeholders, publication of the Sustainability Report, engagement in external evaluation and other social contribution activities.

Stakeholder Engagement

[Stakeholder Engagement]

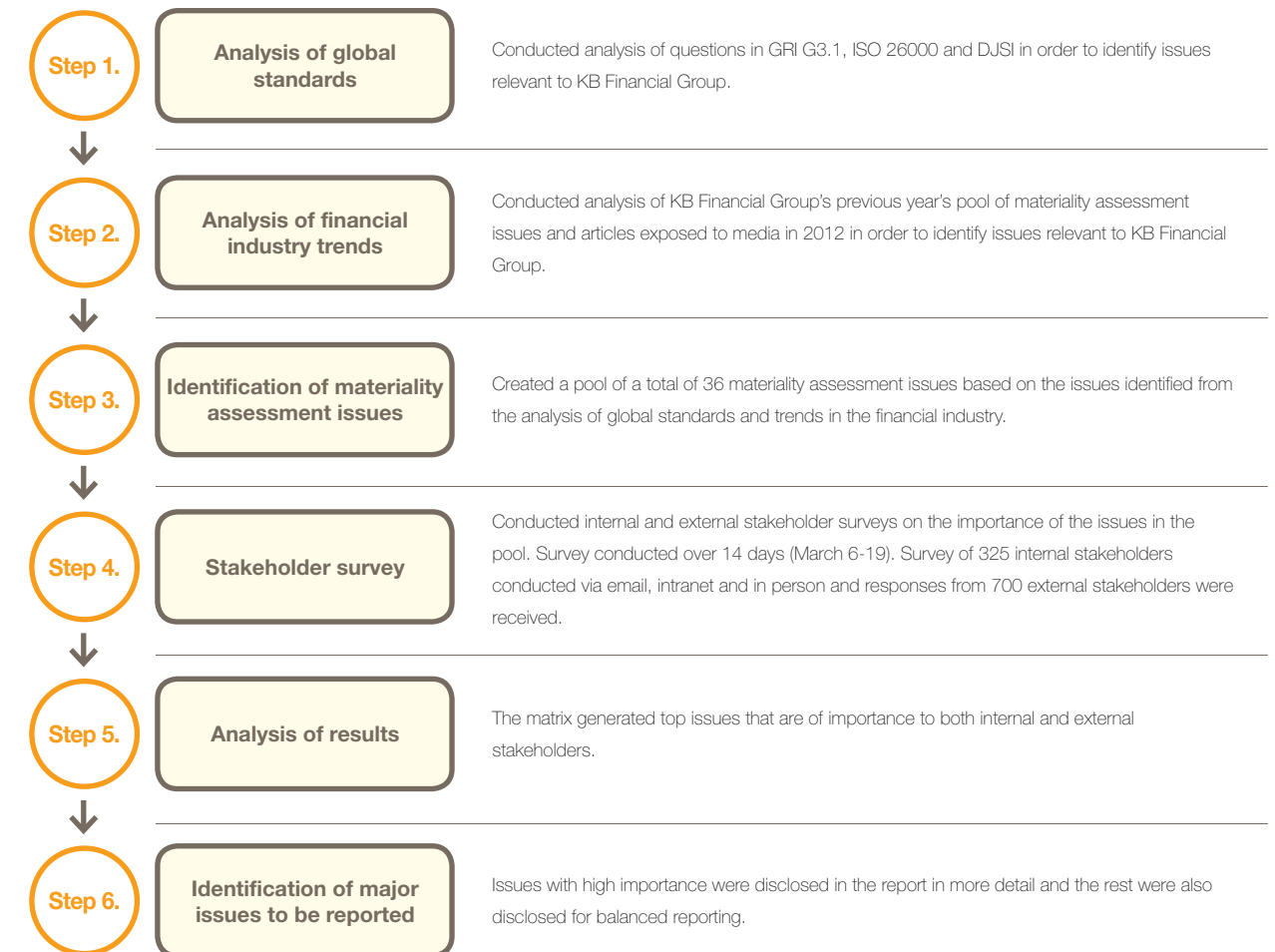
Stakeholder Communication Capitalizing on its extensive network, KB Financial Group communicates with major stakeholders and incorporates their expectations and requirements in its management process.



Materiality Test A company's sustainability report comprehensively discloses its performance in environmental, economic and social aspects of management. As such, the Global Reporting Initiative (GRI), which has developed a global guideline for sustainability reporting, advises companies to prioritize information disclosure based on issues stakeholders find most important.

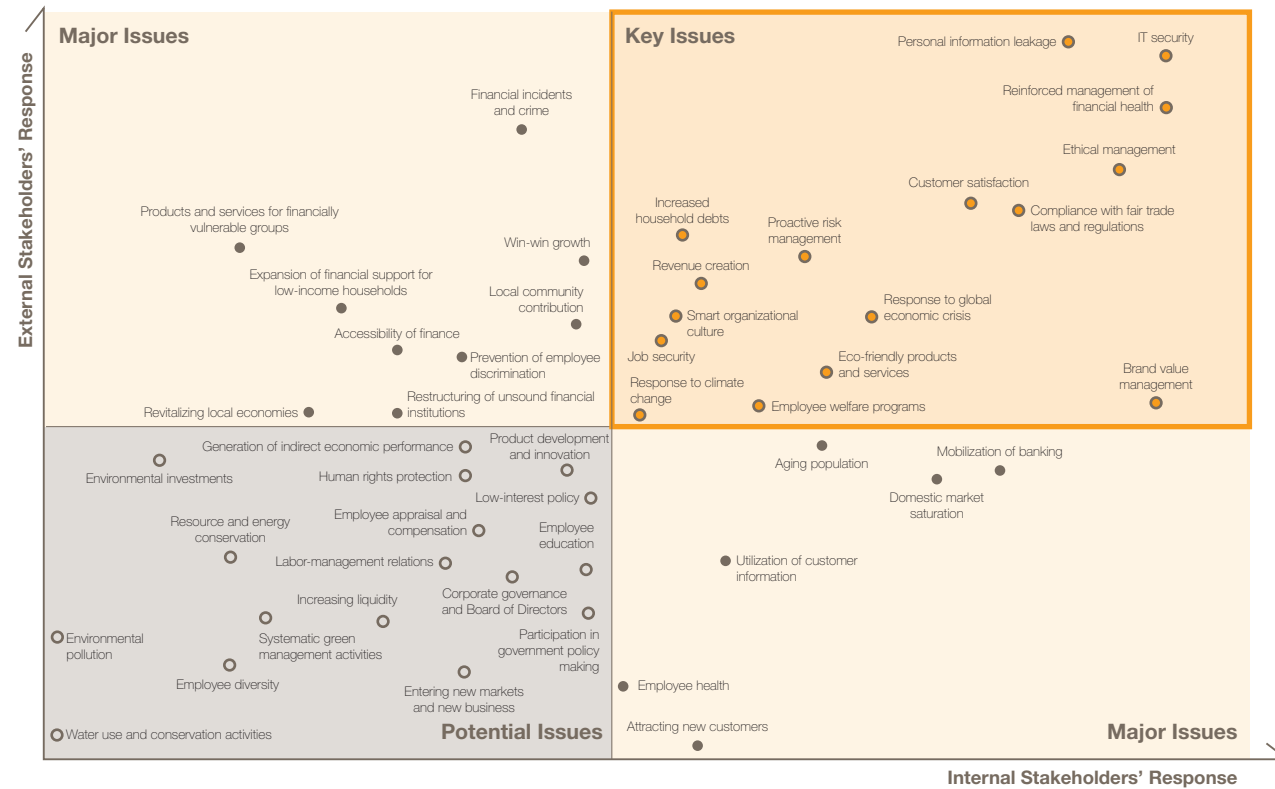
KB Financial Group conducted a survey consisting of a wide variety of issues related to sustainable management. This survey was distributed to both internal and external stakeholders in order to assess the materiality of each indicator (scale of 1-5). KB Financial Group compiled the results of the survey into a matrix and indicators that scored above average for both internal and external stakeholders were identified as material issues.

Materiality Test Process



Stakeholder Engagement

Materiality Test Results



Major Issues	
Personal information leakage	KB Financial Consumer Protection Charter, designation of Chief Privacy Officer, services for avoiding phishing frauds, etc.
IT security	Certifications, such as ISO/IEC 27001, for information protection, enhanced security control, etc.
Reinforced management of financial health	Risk management, management of NPLs
Ethical management	Internal controls, operation of ethical management advisory group, whistle-blowing system, protection of whistle blowers, etc.
Compliance with fair trade laws and regulations	Pre-deliberation of products in development, information disclosure and pre-deliberation of advertisement, suspicious transaction report/review, etc.
Customer satisfaction	Development of CS culture code, CS training, assessment of internal and external customer satisfaction, etc.
Increased household debt	Opening KB Smile Microcredit Bank, opening counter services for loans for low-income households, development of public benefit products such as KB Keep Happiness Account, etc.
Proactive risk management	Risk recognition and operation of risk management organization, etc.
Revenue creation	Creation of cross-subsidiary synergy, development of customer-centric products, etc.
Smart organizational culture	Mentoring program, labor-management joint declaration for win-win growth, conversation with the CEO, etc.
Response to global economic crisis	Risk management, building global network, KB Hidden Star 500, etc.
Job security	Job creation and retention, KB Good Job, etc.
Employee welfare programs	Operation of retirement pension, health care program, support for leisure activities
Brand value management	RockStar, Golden Life etc., sponsorship for youth, culture and sports, social contribution activities, etc.
Response to climate change	KB Greenhouse Gases & Energy Management System, installation of energy-saving facilities, energy-saving campaigns, etc.
Eco-friendly products and services	KB Green Growth Loan, KB Kookmin Green Card, etc.

[Sustainability Performance]

Distribution of Stakeholder Value KB Financial Group generates corporate value from the offering of financial products and services and other businesses and then shares the corporate value generated with its stakeholders. We endeavor to become a socially responsible corporation, committed to serving our stakeholders and contributing to the sustainable development of our society.

(Unit: hundred million KRW)

	Customers	Shareholders and investors	Employees	Local communities	Business partners	Government and supervisory agencies
	Interest on deposits	Dividends and interests	Salaries and benefits	Social contribution and charitable donations	Purchase and outsourcing	Taxes and dues
Value Distribution	53,187	19,994	25,021	922	622	6,216

Key Outcomes in 2012

Target Sustainability Areas	Area	Unit	2012	2011
	Customer satisfaction indexes	-	1st/1st	1 st /1 st
	-KB Kookmin Bank's rankings in the NCSI and the KCSI			
	Pre-deliberation of products in development	No.	392	319
	Information disclosure and pre-deliberation of advertisement	No.	3,280	3,501
	Yearly amount of KB Smile Microcredit Bank loans	Hundred million KRW	165	280
	Green loans (KB Green Growth Loan, KB Solar Biz Loan)	Hundred million KRW	14,262	14,548
	Support through KB Hidden Star 500	Hundred million KRW	13,941	11,249
	-Financial support			
	Training on the Code of Ethics and internal controls	Hours/person	3.3	3.0
	Greenhouse gas emissions	tonCO ₂ e	129,643	131,087
	-KB Kookmin Bank			
	Paper usage	Ton	14,260	14,224
	% of regular workforce	%	74.8	73.0
	Employee training	Hours/person	149.8	171.5
	Employee grievances resolved	%, Resolved/Received	100	100
	Social contribution activities	Hours/person	13.8	5.9
	Expenses spent on social contribution tasks	Hundred million KRW	922	900
	No. of persons who received economic and financial education	person	45,202	21,357
	-Invitational and on-site education			



Finance that Enriches People's Future

With customer value at the center of all we do, KB Financial Group is taking the lead in enriching people's lives and creating a brighter future for all by providing the best products and services that meet diverse financial needs.

We will continue to strive to preserve and grow customer value to become a financial group that earns the people's trust and love.

- Financial Products and Services

- Financial Consumer Protection






- Customer Satisfaction

- Prevention of Financial Incidents

Financial Products and Services

To cater to different needs of customers in keeping with the changes in society, such as an aging population, and to enrich the future of the people, KB Financial Group operates multi-dimensional business lines to strengthen our customer base.

Major Products and Services

Category	Subsidiary	Children/Teenagers	College Students/Youths	Workers	Senior Citizens
Savings 	KB Kookmin Bank KB Savings Bank	KB Junior Star Account/ Installment Savings KB Savings Bank Free Installment Savings Deposit	-KB RockStar Account/ Installment Savings -KB Kookmin First Investment -Installment Deposit -KB Savings Bank Installment Deposit	-Preferential Savings Deposit for Workers -KB Savings Bank Worker's Asset-building Savings Deposit	-KB Annuity Preferential Installment Savings Deposit -KB Golden Life Installment Savings -KB Savings Bank Time Deposit
Loans 			KB College Student Loan	-KB Preferential Loan for Workers -KB Salary Transfer Credit Loan	KB Golden Life Reverse Mortgage Loan
Credit Card services 	KB Kookmin Card	KB Kookmin Junior Star Check Card	-KB Kookmin Nori Check Card -KB Kookmin it Affiliate Card	-KB Kookmin Office Worker Bonus Check Card	-KB Kookmin Golden Life Card
Investment 	-KB Investment &Securities -KB Asset Management -KB Investment	-KB Whole Nation's Child Love Securities Investment Trust (equity) -KB Whole Nation's Child Love Equity-type Fund	-KB RockStar Securities Investment Trust (equity) -KB RockStar Equity-type Fund	-	-
Insurance 	KB Life Insurance	Nonpar) KB Safe Child Love Insurance	Nonpar) Kookmin Universal Whole Life	Nonpar) KB Kookmin Retirement Planning Whole Life Nonpar) KB Kookmin Variable Retirement Planning Whole Life	Nonpar) KB Golden Life Platinum Annuity II

KB Financial Group has launched 'KB Golden Life Service' for retirement planning, 'KB Real Estate R-easy Service,' a comprehensive real estate service and 'STAR TABLE,' an asset management service to bolster the Group's wealth management service brand and grow into a financial institution specialized in total wealth management services embracing 'customers, finance and real estate'.



STAR TABLE Overview

KB portfolio planning and management service	- Smart wealth management, KB Star Plan System - Asset reallocation and management by spreading risks
Golden Life, KB's retirement planning service	- Customized retirement planning service for each stage of lifecycle from birth to 100 years of age - Service for non-financial segments such as re-employment, start-up, health and leisure
KB's asset management service for real estate owners, R-easy	- Total asset management service for all stages of asset lifecycle from real estate purchase and development to management and sale - Provision of customized real estate information and counseling through our real estate DB used for 30 years - Service covering both real estate and finance, such as real estate re-planning and remodeling to increase real estate value and loan counseling

[Smart Banking]

KB Financial Group provides a variety of smart banking products and services in keeping with the paradigm change from the increasing remote transactions via personal computers and smartphones and to solidify its leadership in smart finance.

Open Banking Strategy



Open Banking Strategy | KB Kookmin Bank has developed an open banking strategy for smartphone banking enabling customers' access to financial services anytime and anywhere with ease and convenience

Smart Banking Organization | KB Financial Group created "Smart Banking Team" within the holding company responsible for coordination of smart banking operations of all subsidiaries. KB Kookmin Bank also has its own "Smart Banking Department," which is charged with the development of smartphone applications and smart branches. KB Data Systems opened Smart Banking Research Center for the analysis of smart banking market trends and the development of smart banking services.

Smartphone Financial Services | KB Financial Group offers banking services through smartphones to enable customers to perform financial transactions regardless of their location. The "KB Star Banking" service covers an array of banking transactions such as balance check, fund transfer and purchase of financial products. As of the end of 2012, 5.46 million customers used the service. Besides KB Star Banking, "KB Star Plus" that provides financial life service over smartphones and "Mobile Home," "Partner Shops" and "KB Honors" of KB Kookmin Card have been released.

[Financial Products for Smartphone Users]

At KB Financial Group, a variety of financial products that meet different needs of smartphone users are available.

KB Smart★Phone Deposit & Installment Savings Deposit | A product that offers preferential rate based on the number of recommendations and features fun elements such as farm raising and icon saving.

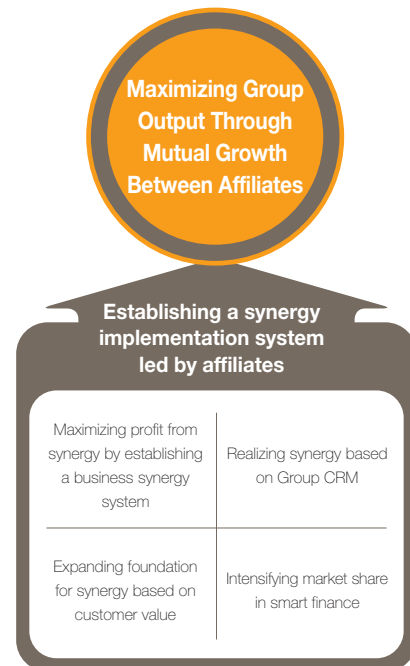
KB Talking Installment Savings Deposit | A product featuring a talking and endearing interactive character and the functionality to send character messages to friends.

KB Dream Talk Installment Savings Deposit | A product that allows users to set account name, target amount and maturity date based on their savings purposes as well as share the savings process with friends on a blog.

Smart-talk S | A one-stop application for securities trading from the registration of customer ID to the issuance of certificate to stock trading from one's smartphone.



Direction for Creating Synergy



[Creation of Group-wide Synergy]

Since the launch of the KB Financial Group in September 2008, we have been developing our value as a total financial group by actively working to maximize synergy amongst affiliates and marketing capabilities. Through linkages such as collaboration between our retail and corporate operations, we were able to increase profit while reducing costs such as procurement costs.

Diversification of Integrated Products and Services | By leveraging KB Kookmin Bank's extensive client base and channels, non-bank affiliates are able to create revenue. KB is offering various products and services that integrate the functions of banking, credit cards, investment and securities subsidiaries in order to meet the diverse needs of our clients and is also operating hybrid service branches in or near KB Kookmin Bank branches.

Leveraging Client Database for Marketing Collaboration | KB Financial Group made enhancements to its Group CRM create new customers and build an enabling environment for cross-selling. Customer data is managed and analyzed uniformly across subsidiaries to develop a group-wide client management strategy and marketing opportunities. In addition, the Group also makes efforts to share the benefits of group synergy with its clients by providing special benefits for those who use multiple subsidiaries' services. Customers are giving a customer rating based on their transactions with all Group subsidiaries as part of a Comprehensive Preferred Customer Program which not only increases customer loyalty, but enhances the Group's customer management capacity.

Centralization of Group IT Resources | Individual IT centers for all subsidiaries were relocated and combined at the Yeouido IT Center and an integrated groupware system was established for operation of integrated IT infrastructure. This provides the technological environment necessary for cooperation between subsidiaries while also enhancing stability of the IT infrastructure and reducing operation costs.

Combining Business Strengths of Subsidiaries | We are working to expand and diversify revenue sources by combining the core capacities of our subsidiaries. For example, KB Kookmin Bank's financing capability and KB Investment & Securities' expertise in M&A advisory can be combined as a new growth engine.

In 2013, our focus will be on "maximizing Group synergy outcome through mutual growth of subsidiaries" and to this end will endeavor to facilitate joint marketing employing Group CRM, expand synergy base by improving customer values and strengthen dominance in the smart financial services market.

[Products and Services for Social Benefits]

KB Financial Group offers a variety of products designed to realize the common good and promote green lifestyle and green industries, while enhancing socially responsible investment.

Public Benefit Products and Services | To fulfill its social responsibilities as a financial institution, KB Financial Group provides the socially disadvantaged and SMEs with tailored products with preferential interest rates while giving ordinary citizens the opportunities to indirectly contribute to society through public benefit products. Major product groups include products with preferential rates in support of the livelihood of the underprivileged, products that raise a certain portion of profits accumulated from financial products and fees of fund distributors and asset managers for donation purpose, products used for public benefit programs by making charitable contributions to municipalities and products designed to support government policy for promoting mutual growth and addressing other social issues. In addition to financial products, counseling channels and financial services exclusively for low-income individuals, such as small-loan clinics, counter service for low-income earners and household debt restructuring programs, are offered to help the financially underprivileged with necessary information. In 2013, the "KB Kookmin BC I WIN Braille Card" will be launched to offer visually impaired customers with better access to our financial services.

Raising Donations based on Credit Card Usage

- KB Kookmin Bank: MOU for setting up New Hope Healing Fund designed to support victims of financial crimes with emergency funds was signed in August 2012. Points amounting to approximately KRW77 million reserved from the use of company credit cards in 2012 were donated to the Credit Counseling & Recovery Service.
- KB Kookmin Card: KRW215 million was donated to charity organizations such as UNICEF and Good Neighbors under donation agreements. KRW75 million worth of scholarships were provided to children of families of highway car accident victims.

Products and Services for Social Benefit

Product	Date Launched /Set Up	Number of accounts (unit: thousand accounts)	Balance (hundred million KRW)	Product Features (Description)
Deposit	KB Keep Happiness Account	4,127	4	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
	KB National Happiness Installment	1,961	36	A product that pays high interest rates to the socially disadvantaged, such as child heads of households, North Korean defectors and relief recipients,
	KB Love My Hometown Deposit	5,423	1,451	Contributes to society by making charitable donations to municipalities designated by customers
Loan	Heemang Holssi (seeds of hope) Loan	65.3	3,881	A product with separate review criteria customized to low-income earners who have no access to bank loans
	Switch Dream Loan	26.7	2,148	A debt rescheduling program designed to swap high-interest loans for lower-interest loans for the financially underprivileged
	KB SME Loan under the Mutual Growth Agreement	0.1	719	A loan product designed to help SMEs using funds raised under an agreement executed with large companies
Card	KB Kookmin Owner's Club Card	47	-	A credit card issued to small business owners with benefits including tax service and discounts for refueling, telecommunication service and purchases at merchandisers
	KB Kookmin Love My Hometown Card	28	-	A social contribution-type product that donates a certain portion of card usage to social contribution activities or to municipal governments sponsored
	KB Kookmin Pointree Card	584	-	A credit card that gives back reward points based on the credit cards signed up, which is used for neighbors in need
Fund	KB Korea Star Securities (equity)	-	4,502	Certain portion of collective investment management fees and distribution fees are donated to public benefit programs
	KB Whole Nation's Child Love Securities (equity)	-	1,462	
	KB Star Korea Index Securities (equity) C-D Class	-	712	
Insurance	(NP)KB Lady Love Insurance	2.3	-	A public benefit product designed to overcome low birth rate with coverage for critical illnesses that can occur during pregnancy

KB Financial Group Integrated Products and Services

Introductory Phase	<p>April 2009 KB Plusstar Account A product allowing for both banking transactions and securities trading using one account. Benefits include preferential rate on security margin and fee exemption based on the use.</p> <p>August 2010 KB Wise Plan Installment Savings & Fund Investment product in which the percentage of funds transfer to an installment savings and fund automatically changes based on the stock index movement.</p> <p>July 2011 KB Good Plan Card & Installment Savings A product that links consumption to savings by automatically transferring a certain portion of credit card usage amounts to a designated installment savings account security margin and fee exemption based on the use.</p> <p>October 2011 KB Safe Plan Installment Savings and Deposit A product in which a fund is automatically redeemed upon attainment of target yield and then the redeemed money is transferred to a savings or installment savings account on security margin and fee exemption based on the use.</p>	<p>568 accounts, KRW402.7 billion</p> <p>Savings: 119 thousand accounts, KRW282.1 billion Fund: 93 thousand accounts, KRW527.9 billion</p> <p>Savings: 9 thousand accounts, KRW1.4 billion Credit Cards: 7 thousand accounts, KRW7 billion</p> <p>Savings: 33 thousand accounts, KRW75.2 billion Fund: 6 thousand accounts, KRW34.3 billion</p>
Mature Phase	<p>June 2012 Term Deposit Meets KB Fund A product that seeks to produce stable yield from a term deposit as well as additional profit opportunity from re-investment into a fund.</p>	<p>Deposits: 148 thousand accounts, KRW4.83 trillion Fund: KRW33.9 billion</p>

As of the end of 2012, 5 products have been launched for a total of **983** thousand accounts worth **KRW6.2** trillion

Green Financial Products | KB Financial Group offers an array of business loans, collective investments (funds) and credit card and insurance products intended to encourage purchase of energy-saving or green products in support of green industries. In 2012, we completed a line-up of Green Cards (credit cards and check cards) intended to encourage individual and business customers to practice a green lifestyle by releasing KB Kookmin Green Check Card, and diversified investment approaches to green companies by launching KB Green Focus Equity-type Fund.

Main Green Financial Products

	Product Name	Unit	2010	2011	2012	Product Features (Description)
Loan	KB Green Growth Loan	Balance (hundred million KRW)	8,215	13,798	13,351	KB Financial Group's flagship green financial product designed to provide financing needed for green growth
	KB Solar Biz Loan	Balance (hundred million KRW)	657	750	911	A loan product designed to support the solar PV (photovoltaic) industry
Fund	Korean Peninsula BTL Fund	Fund size (hundred million KRW)	5,309	5,903	6,171	A collective investment vehicle that invests in BTL projects designed to improve sewer pipes
	Love Your National Land BTL Fund	Fund size (hundred million KRW)	3,005	3,632	3,640	
	New and Renewable Energy Fund	Fund size (hundred million KRW)	900	855	741	A collective investment vehicle that invests in new and renewable energy businesses or assets
Credit Card	KB Kookmin Green Growth Card	Number of Accounts (thousand accounts)	48.2	39.9	32.3	Discounts for use of public transportation/trains, free-of-charge non-life bicycle insurance, carbon cash-back points when using the card at designated merchants
	KB Kookmin Green Card (including credit cards and check cards)	Number of Accounts (thousand accounts) Number of Businesses	-	182.0	117.9	3,750
Insurance (Bancassurance)	Samsung Luxury Healthy Body! Feeling Reassured!	Number of Businesses	14	16	19	A specialized product for bicycles which provides coverage for bicycle related accidents and other aspects of daily life.
	Green Bike Insurance	hundred million KRW	5.9	6.9	8.4	

Support for Green Businesses | KB Kookmin Bank signed an MOU on financial support for "leading environmental companies" designated by the Ministry of Environment. In 2012, the Bank provided preferential interest rates on loans and savings deposits as well as KB WISE financial consulting service to 10 companies with excellent business performance and technologies selected by the Ministry of Environment to improve their competitiveness in domestic and global markets. Going forward, KB Kookmin Bank will continue to lead private sector finance with regard to green SMEs.



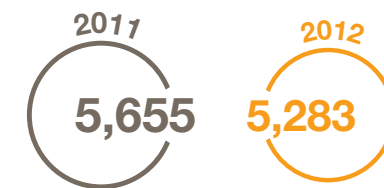
Socially Responsible Investment | KB Financial Group endeavors to promote sound investment and create a sustainable society by taking into consideration in its investment review process the factors that threaten the environment and society. The Group is active in investing in new & renewable energy sources; it takes part in eco-friendly photovoltaic and wind power generation projects (PF). As the chair of the UNEP FI Korea in 2012, KB Kookmin Bank complies with the UNEP FI principles in all its investment decisions and determines the feasibility of projects based on compliance or non-compliance with the principles.

2012 Socially Responsible Investment



Evaluation of Companies' CSR | KB Kookmin Bank evaluates "the level of CSR practice" to encourage business partners to put social responsibilities into practice and tighten risk management. The Bank takes the evaluation result into account in making credit assessment. Re-evaluation is conducted annually with the result being closely monitored.

Evaluation of Socially Responsible Business Practices of SMEs (Unit: No. of Companies)



Evaluation of Eco-friendliness | KB Kookmin Bank employs non-financial indicators in its credit assessment system used for businesses subject to mandatory external audit in an attempt to tighten environmental risk management and give preferential treatment to businesses that utilize green technologies. For businesses and PF projects that are included in green industries or other industries where eco-friendly management is highly needed and whose total loans exceed KRW8 billion, the Bank conducts an eco-friendliness evaluation and uses the result in credit rating decisions.

Eco-friendliness Evaluation Scope

Companies engaged in green growth industries
 Companies engaged in industries where eco-friendly management is highly needed (mining, tobacco manufacturing, utilities, petroleum products manufacturing, chemicals manufacturing, primary metal manufacturing, waste materials manufacturing, general construction, etc.)

Financial Consumer Protection

[Customer-centric Management with Integrity]

Recognizing the seriousness of trust crisis caused by incomplete execution of operations, KB Kookmin Bank held a proclamation ceremony in August 2012 wherein the company vowed to devote itself to KB Hope Management that calls for responsible business practices as a leading bank and commitment to customers.

KB Kookmin Card also had a gathering of branch employees in December 2012 where employees declared their commitment to business with integrity and solicitation practices. Employees pledged not to commit acts or engage in solicitation prohibited by the company.

[KB Financial Consumer Protection Charter]

In February 2013, KB Kookmin Bank announced its "KB Financial Consumer Protection Charter" whereby the Bank reaffirmed its strong commitment to the protection of financial consumers as a leading bank to further solidify customer trust. Following the announcement of the Charter, established to set a new paradigm of win-win growth with customers, customer-caring mindset inherent in KB started to spread to other subsidiaries.

KB Financial Consumer Protection Charter



[Activities to Protect Financial Consumers]

KB Financial Group makes various efforts to provide correct product information in the course of marketing and to design fair products in order to eradicate miss-selling. In August 2012, KB Kookmin Bank promoted its grievance handling center to "Financial Consumer Protection Department" and added necessary staff. In addition to selling financial products, the Bank also provides counseling for customers with financial difficulties as part of effort to practically ease their financial burden.

Prevention of Miss-selling | KB Kookmin Bank operates Monitoring Call to eradicate miss-selling of trust products. The Bank checks employee's observance of suitability and performance of obligation to explain a product to new customers of specified money in trust and reflects the result in branch KPI. In 2012, the Bank doubled the number of customers monitored and in particular, applied Monitoring Call to 50% of high-risk ELS customers in an effort to tighten monitoring for products whose miss-selling possibility is high.

KB Kookmin Card has been actively taking part in the "Reporting of Illegal Solicitations" run by the Credit Finance Association of Korea since December 2012 in order to minimize damage arising from illegal solicitations. Street solicitation, excessive gifts or illegal solicitation of other credit card firms can all be reported, and reported cases are rewarded as much as KRW2 million per case.



KB Investment & Securities complies with the investor protection guidelines that set forth the obligations related to the suitability of investment recommendation, prohibition of undue recommendation and provision of information before executing a transaction.

Education on Financial Consumer Protection | KB Kookmin Bank educates its employees on the protection of financial consumers in order to comply with the tightened consumer protection law. Meanwhile, KB Kookmin Card provided compliance education to its branch staffs in charge of internal controls regarding the enhanced deliberation process for promotional materials and guidelines for the production of promotional materials twice annually.

Counseling for Financial Consumer Grievances | KB Kookmin Bank operates counseling centers at 33 regional headquarters across the nation for people who experience financial difficulties due to the lack of information on financial products and debt obligations. Besides counseling of the products offered by the Bank, such as KB pre-workout product, programs to mitigate redemption burden and small-loan programs for low-income individuals, these individuals can consult with the Bank regarding other financial information they need, such as debt relief program.

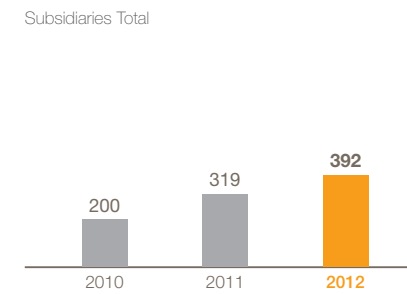
[Pre-deliberation on Products in Development and Promotional Materials]

KB Financial Group ensures that products in development are put under pre-deliberation to increase marketability of products and reduce risks. KB Kookmin Bank added pre-deliberation procedure for hybrid products also to its Product Committee Operating Guidelines in 2012. KB Kookmin Card has a validation process in place whereby the company's "Product Committee" comprising relevant teams deliberates on new products based on the product profitability, market/operational/reputational risks, potential breach of laws calculated by its internal profit analysis model and provides consent before market release.

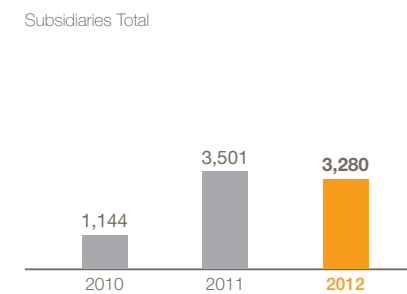
In addition, all advertisement materials and guides are reviewed by relevant teams and pre-approved by Compliance Officer, and pre-approved materials are assigned a certificate of Compliance Officer. Deliberation criteria for promotional materials were modified in 2012 in line with the revised law on the protection of the rights of financial consumers to ensure that promotional materials that may be exaggerated or cause consumer misunderstanding or distortion are pre-deliberated more rigorously. Kookmin Bank posts samples of advertisement materials (Korean/English) revised by the company's Compliance Officer to raise employee awareness of customer protection, while KB Kookmin Card prepared a set of best practices for telemarketing with relevant teams, including telemarketing scripts and checklists, to facilitate compliance with laws.

KB Financial Consumer's Day | The 21st of every month is "KB Financial Consumer's Day" of KB Kookmin Bank when all branch employees carry out financial consumer protection tasks. Under the guidance of deputy branch managers, employees read aloud "KB Financial Consumer Protection Charter" and branch managers collect customer complaints and report them to the management through each regional headquarters or through the Financial Consumer Protection Department. Employee discussions are also held to gather opinions related to the protection of financial consumers.

No. of Pre-deliberations on Products in Development (Unit: case)



No. of Pre-deliberations on Advertisement/Promotional Materials (Unit: case)



Customer Satisfaction

As a total financial service company serving half of the Korean population, or 27.12 million customers, KB Financial Group puts customer satisfaction at the top of its value list and endeavors to create customer value.

[Customer Satisfaction Surveys by External Parties]

KB Financial Group receives customer satisfaction survey results from reputable organizations every year.

CSI Surveys Conducted by External Parties in 2012

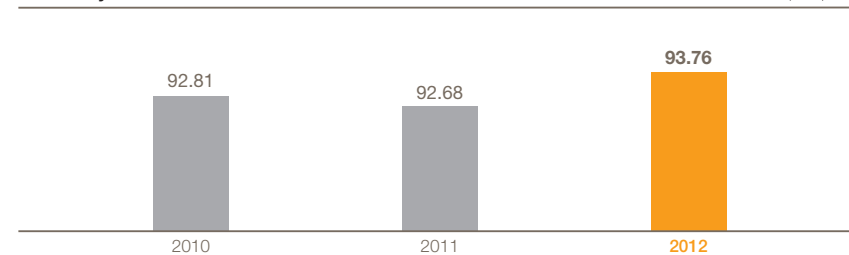
<p>National Customer Satisfaction Index</p>  <p>Ranked 1st in banking for seven consecutive years and ranked 1st in credit card</p>	<p>Korea Customer Satisfaction Index</p>  <p>Ranked 1st in banking for six consecutive years, ranked 1st in check card for two consecutive years</p>	<p>Korea Standard-Service Quality Index</p>  <p>Ranked 1st in credit card for two consecutive years</p>	<p>Korea Service Quality Index</p>  <p>Named the outstanding call center for seven consecutive years (KB Life Insurance)</p>
--	---	---	--

[Customer Satisfaction]

KB Kookmin Bank conducts branch-level customer satisfaction survey to track how much customer-centric service has improved. In 2012, additional 6 branches – hence a total of 1,001 branches – were included in the survey conducted eight times. The branch CSI survey resulted in 93.76 satisfaction points, higher than the target of 91 points set in the most recent three years. In particular, the CSI score in November 2012 hit a record high since the creation of the branch CSI.

CSI Survey Result of KB Kookmin Bank Branches

(Unit: points)



Target: 91 points

[Customer Satisfaction Management]

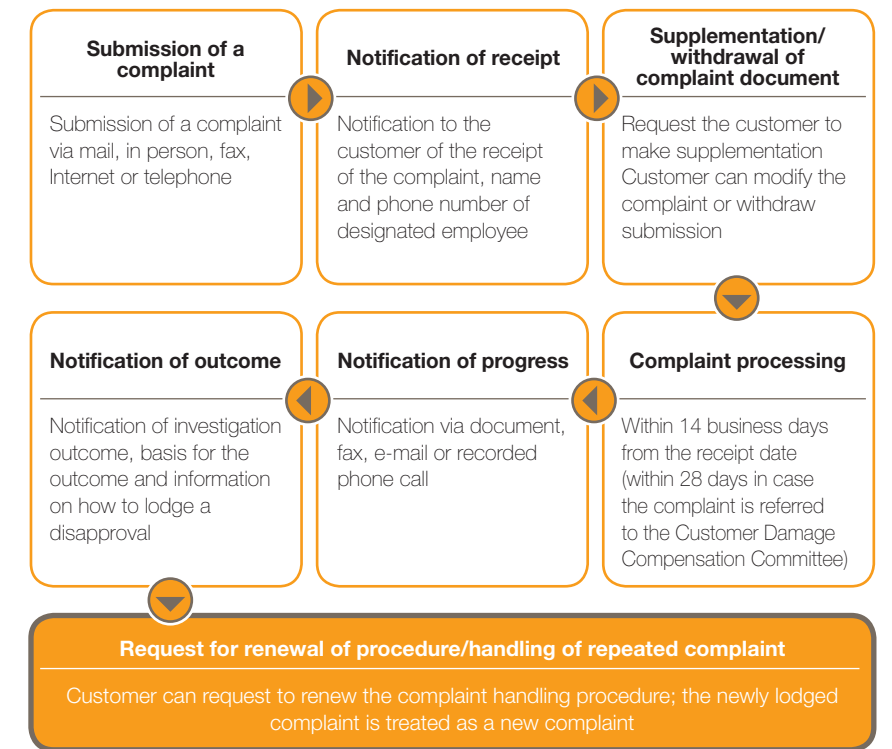
KB Kookmin Card operates "Customer Value Creation Council" for the purpose of identifying and executing opportunities at the company level in relation to customer satisfaction. Chaired by the CEO, the Council is comprised of all executives and division heads and convenes monthly. The Council works to identify innovative ideas to improve customer satisfaction company-wide, eliminate factors that hamper customer satisfaction, set up cross-team bodies to carry out customer satisfaction innovation tasks and check progress and provide feedback about the tasks executed. The Customer Value Creation Council has been conducive to driving customer-centric management and changing the focus of the company's decision-making towards increasing customer value.

[Collection of Customer Opinions]

Putting the highest priority on customer value, KB Financial Group responds promptly to customer opinions and incorporating the opinions in the improvement of its systems and processes for proactive management of reputational risk.

Customer Opinion Response Process | KB Kookmin Bank and KB Kookmin Card receive and handle aversions, complaints, suggestions and inquiries from customers and other parties.

Procedures for Responding to Complaints



Complaint Coordination | KB Kookmin Bank has in operation "Complaints Coordination Council," a non-permanent body for the prevention and fair handling of complaints. The Council, chaired by CEO, convenes meetings with executive members and relevant departments' managers to discuss matters related to customer complaints. Resolution plans are made for items discussed and notified to a department in charge. Implemented plans are regularly inspected for appropriateness. Besides the Complaints Coordination Council, "Complaints Coordination Working Committee" is also in operation to cope with complaints more flexibly and thereby significantly reduce or prevent the recurrence of complaints.

[Customer Satisfaction Activities]

CS Training | KB Kookmin Bank provides customized CS training that deals with both customer satisfaction and sales. CS training consists of various channels, such as branch-level training, group training by job function and grade, CS training for head office employees, cyber training, CS training broadcast and CS Plaza homepage for the distribution of training materials. During 2012, CS training for approximately 1,040 branches, 150 rounds of group training by job function/grade and 56 rounds of head office teams/training center-based training were provided.

CS Activator | KB Kookmin Card established CS-based culture and performance management by designating employees in charge of facilitating customer value-centric CS culture within each department. In 2012, 62 "Activators" who were trained about how to build CS mindset and how to use CS KPIs carried out CS activities at each branch.

Call Monitoring | KB Kookmin Card monitors call answering attitude of its employees of all head office departments and branches twice a year to raise awareness on CS and improve call answering service level among employees. Listening attitude, kindness and enthusiasm in answering phone calls are taken into account in the KPI assessment. Improvement opportunities identified from the monitoring are used in the development of standard call answering guidelines to improve customer satisfaction.

Call Center Work Improvement Council | At KB Kookmin Card, a regular meeting comprising CS-related teams is held to address customer complaints lodged with the Call Center and to improve working conditions for Call Center operators. Suggestions submitted are referred to designated departments to implement improvements and their progress is monitored so that those factors resulting in customer complaints are properly resolved and operators can provide higher-quality service with more productivity.



[Improved Access to Financial Services]

Improvement of branch facilities | KB Financial Group invests in improving banking facilities and the way operations are performed to provide more convenience to financially underprivileged people such as the disabled, the elderly and foreigners. For instance, low bank counters (Universal counters) were installed at 341 branches in 2012. 400 ATMs with Braille keypads and voice assistance for blind people were set up and 2 ATMs that can also be used by wheelchair users are in test operation. Language support has also been increased from 3 to 9 languages – English, Chinese, Japanese, Thai, Indonesian, Vietnamese, Sri Lankan, Russian and Mongolian - to accommodate the growing number of foreigners living in Korea. In 2013, 1,000 additional ATMs will be set up for wheelchair users.



Improved web access | We make continued efforts to improve our website to allow access by various groups of customers such as the blind. KB Kookmin Bank has made "barrier-free financial services" a reality on its website that conforms to the web accessibility standards, giving access to everyone, including the disabled and the elderly, regardless of their technical environment (e.g., hardware performance, OS, browser). In recognition of our contribution to the advanced Internet society through the promotion of convenience and rights of people and the stimulation of the use of the Internet, we won a number of awards related to web accessibility in 2012.

- Jan 2012: Grand prize at the 8th Web Awards Korea by the Korea Internet Professionals Association
- Jul 2012: Chosen as "a website that does not use ActiveX" by the Korea Communications Commission, the first in the banking industry
- Nov 2012: Prime Minister's Award in the promotion of society through the Internet at the 7th Korea Internet Awards by the Korea Communications Commission



Prevention of Financial Incidents

[Enhanced Protection of Customer Information]

KB Financial Group has tightened its requirements for the protection of personal information in its Customer Information Management Guidelines that stipulate the illegal disclosure of customer information.

Establishment of Customer Information Management Guidelines and Designation of Person in Charge

KB Financial Group has operated the Customer Information Management Regulations. We have also created guidelines pursuant to relevant laws to ensure that the provision and use of personal information between the holding company and subsidiaries is done under strict procedures and supervision. Each subsidiary designates more than one executive officer as Chief Privacy Officer who is responsible for managing the risks involved in the provision and use of customer information.

Establish Mechanism to Minimize Information Leakage

Customer's real name-based numbers have been replaced with "K-Pin," a customer numbering scheme that can only be used by the Bank internally in order to minimize damage to customers in the event of information leakage.

[Enhanced IT Security]

We continue to reinforce our IT security by undertaking the IT security control & diagnosis project designed to actively cope with the growing cases of information breach and other factors threatening IT security.

Our Approach to Information Protection

KB Kookmin Bank has in place IT service disaster recovery and information protection process. The Bank is the only company in the domestic banking industry that owns three international certifications in the field of IT. The Bank provides IT security expert training programs to its employees in partnership with a graduate school specializing in IT security to develop excellent security personnel.

In 2013, we plan to establish IT security diagnosis process. Additionally, we will secure human resources and budget stipulated in the Regulation on the Supervision of Electronic Financial Transaction to implement a number of programs designed to enhance compliance, build a group-wide common security control scheme and foster IT security experts.

Reinforced Security Control

KB Kookmin Bank has imposed stricter access control on outsourced personnel to prepare operating guidelines for pre-elimination of accidents that may be caused by outsourced IT personnel. The Bank is reducing the possibility of cyber terrors and information leakage by putting in place access control measures, including signing of non-disclosure agreements, stricter procedure for incoming/outgoing PCs, issuance of security certifications and installation of mandatory security programs.

Our plan for 2013 is to carry out network partitioning between the Internet-based network and internal network in order to provide an environment safe from cyber attacks. KB Kookmin Card has also tightened its security control process by performing security check of customer information management firms, designating key terminals and applying document encryption requirements to all branches. Our 2013 plans include making enhancements to our user rights management system, purchasing fingerprint recognition devices and increasing encryption of customer information databases.

Certifications for Information Protection in 2012

ISO/IEC 27001	-IT security fields such as information protection policy, physical security and control over information access -Renewed the certification in 2012
BS 25999	-IT-related disaster recovery fields such as back-up center, disaster recovery system and disaster recovery procedure
ISO/IEC20000	-IT service management fields such as management of IT hardware equipment, monitoring of electronic transactions, response to IT system breakdowns and the procedure thereof



[Activities to Prevent Financial Incidents]

KB Financial Group carries out activities to prevent financial incidents and ensure continuity and safety of financial services.

Suspicious Transaction Report

KB Financial Group proactively prevents the opening of fraudulent accounts by fully complying with the Customer Due Diligence obligation in accordance with the Act on Reporting and Use of Certain Financial Transaction Information when executing financial transactions with customers. We also comply with the Suspicious Transaction Report and Currency Transaction Report (CTR) requirements through our compliance information system.

In 2013, we will implement a more rigorous verification procedure for customers in high-risk money laundering industries and distribute customer verification manual to increase work accuracy.

Self-assessment of Anti-money Laundering

We conduct a self-assessment of our anti-money laundering operations to raise awareness on and compliance with the law. The self-assessment conducted in 2012 for compliance managers of each branch showed a very high rate of compliance with 96.59% of assessed items marked "Very High."

Anti-money Laundering Training

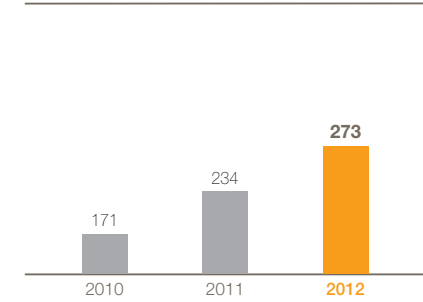
We provide anti-money laundering training to all employees at least once a year to raise awareness of financial frauds. Different types of anti-money laundering training are provided. Individual on-site training on the risk assessment of money laundering of new products is provided to employees responsible for product development, while online training on customer due diligence procedure is provided to branch counter employees so that employees build necessary knowledge and skills.

Service for Prevention of Financial Fraud

In order to prevent Internet-based electronic financial frauds while providing safe transaction platforms to customers, we work together with the Financial Service ISAC and security firms to develop new related technologies and actively identify domestic and global best practices. We also comply with the service guidelines of the FSS for the prevention of electronic financial fraud such as phishing and pharming and provide security services such as personalized image to avoid phishing, green address bar and global certification that help distinguish our site from phishing sites.

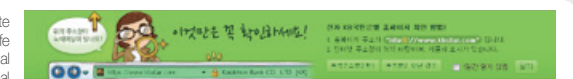
In addition, "Electronic Financial Fraud Prevention Service," one of government programs aimed at preventing damage from voice phishing, has been in test operation since September 2012. As of April 2013, 2.51 million customers subscribed to the service, and beginning in September 2013, we plan to subject all retail Internet banking customers to the service.

No. of Anti-money Laundering Training Sessions Held (Unit: No.)



How to prevent visits to phishing sites through a green address bar

KB Kookmin Bank uses a certificate that guarantees safe electronic banking transactions. EV SSL certificate changes the color of the address bar on the user's browser to green to let the user know that the server is safe and reliable. The green address bar is intended to let the user easily know that he/she is accessing the real website of KB Kookmin Bank. The yellow lock shown on the right side of the address bar means that personal information such as all passwords, login ID and login password are securely encrypted. The English name of KB Kookmin Bank that appears next to the yellow lock is another proof of the website's authenticity. If the user clicks on this, he/she can check detailed certificate information



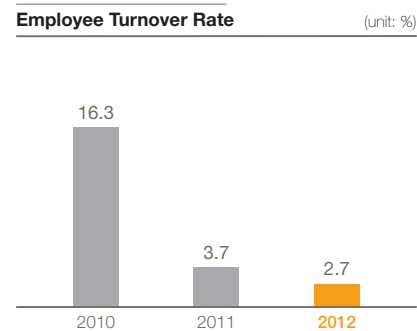
An Exciting Workplace With Work-life Balance

"People" are the key to reinforcing competitiveness in the finance industry. KB Financial Group is dedicated to creating an optimal workplace where employees can nurture and realize their dreams based on our dedication to people-centric Talent Management.



- Job Creation and Retention
- Talent Development
- Corporate Culture

Job Creation and Retention



[Job Creation]

KB Financial Group leads job creation in the domestic financial industry. In 2012, the Group hired 637 new workers.

We do not discriminate employees based on gender in all working conditions and observe the guidelines set forth in the temporary worker protection law and the fixed-term worker protection law to protect the rights of employees.

Workforce (unit: person)

	2010	2011	2012
Total Workforce	24,101	25,563	25,662
New Recruits	254	614	637

Workforce Breakdown by Contract Type (unit: %)

	2010	2011	2012
Regular Staff	72	73	75
Other (Contract staff, temporary)	28	27	25

[Hiring and Retaining Talent]

KB Financial Group has HR systems and processes used to attract and retain talented workers.

Right People for KB | KB Kookmin Bank focuses on searching and training talented individuals who are "financial professionals capable of leading change with creative thinking and behavior as well as improve customer value." Financial professionals are those who lead change voluntarily and responsibly in an innovative way with customer-oriented mindset and efforts to improve services. Financial professionals desired by the Bank are also open-minded people who respect and accept different values and different ways of thinking.

Hiring Global Talent | For the sake of securing global competitiveness, we hire and train international talent to develop a cadre of global professionals. We plan to actively take advantage of their knowledge of local cultures, network and effective communication skills to substantially enhance KB's global business capabilities, including assisting domestic firms to move into overseas markets. In 2012, we hired 92 talented global workers, who will be trained as the key human resources to drive the Group's global business expansion.

Internship Program | We have been offering internship programs to college students. Interns gain diverse experience from the programs, and once internship is completed, high performers are given preferential treatment when they apply for a position with KB Financial Group. In 2012, KB Kookmin Bank hired 450 college students for summer and winter internships and helped them gain on-site work experience, through for instance, support for smart banking and loan/deposit operations.

Workforce Retention at KB Savings Bank | In July 2012, KB Savings Bank promoted most of the contract workers, who had been re-hired when Jeil Savings Bank was acquired by KB Savings Bank in January 2012. These workers receive the same training programs to improve job capabilities and are put under the same personnel policy and employee benefits as members of KB Financial Group. For those who retired, an outplacement service program was in operation for three months.



Open Personnel Policy to Attract Talent Pool

For purposes of improving employees' job satisfaction and workforce operation efficiency through optimal staffing, KB Kookmin Bank held "2012 KB Talent Fair," a successor development program for head office departments. At the end of the fair, which consisted of receipt of applications, paper screening and final interviews on competency, a pool of workers was secured for necessary training.



Beginning in 2012, we started "KB Global Language Fair" aimed at attracting and systematically training workforce fluent in business languages for assignment in overseas offices. Based on the language proficiency test, high score earners are managed as potential global workforce and receive preferential treatment when the company selects employees for overseas training or positions at overseas branches.



[Diversity in Hiring]

Adhering to the principles of diversity and equal employment opportunity, KB Financial Group hires people in an "open manner" without discrimination on the basis of educational background, major or age, except for certain job groups that require professional skills.

Workforce Breakdown by Gender (Unit: %)

	2010	2011	2012
Male	54	56	55
Female	46	44	45

Hiring the Disabled, Patriots and Veterans | Several subsidiaries of KB Financial Group, including KB Life Insurance, offer interview priorities to minority groups such as the disabled. As of the end of 2012, 877 employees including the disabled, patriots and veterans worked for KB Financial Group.

Hiring the Disabled, Patriots and Veterans (Unit: Person)

	2010	2011	2012
Employees with disability	288	288	281
Persons of National Merit	492	588	596

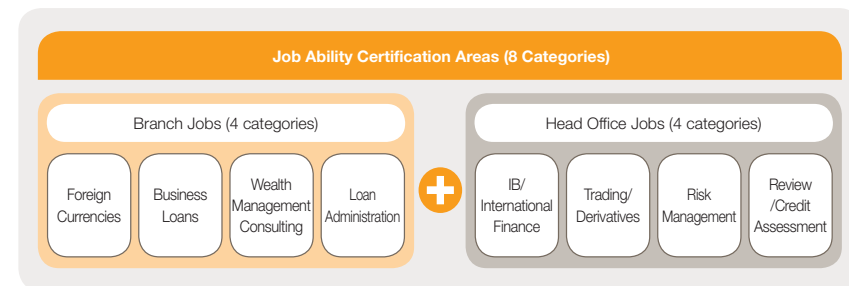
Hiring and Training Local Staff at Overseas Locations | KB Kookmin Bank hires local employees to train them as managers to work at overseas branches. 110 local employees worked for overseas offices in 2012.

Talent Development

[Our Approach to Talent Development]

Keeping competency enhancement of employees at the top priority for the Group's competitiveness, KB Financial Group fosters financial professionals focusing on job competency, global competency and leadership.

Job Ability Certification System | KB Kookmin Bank has in place a "Job Ability Certification System" aimed at fostering job experts through enhanced job competencies of all employees and promoting bank-wide learning culture. Employees can obtain "Junior Expert" or "Senior Expert" certification, step by step, depending on required skills and job abilities in each area of business. The certification result, acknowledged as the Bank's official certificate, is subject to additional KPI points and will be part of requirements for promotion to branch managers beginning in 2014. 1,902 employees obtained the certification in 2012.

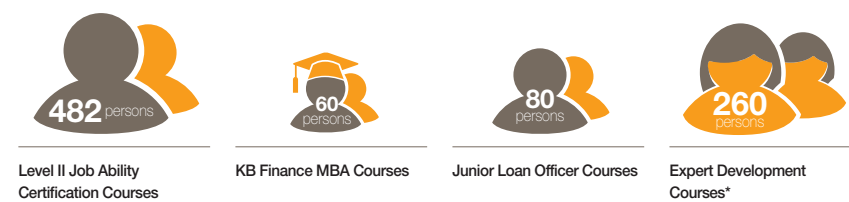


Certification Steps and Criteria

Step	Level I : Junior Expert Ability to perform daily operations independently	Level II : Senior Expert Market experts with working experience and advanced theories
Basic Requirements	- Completion of 5 or more training courses in related fields	- Level I certification - 2 or more years of working experience in related fields, plus relevant certificate
Test	- Self-study for 3 weeks and concurrent online test	- Completion of expert-level training courses focusing on advanced theories and actual business cases - Test during collective training

Long-term Outsourcing Training Programs | KB Kookmin Bank provides long-term training from specialized external institutions to foster the development talent equipped with the latest financial techniques and business analysis skills.

Long-term Outsourcing Training Programs in 2012



* Detailed courses: Certified Documentary Credit Specialists, marketing specialists, IB junior workforce development, IFRS experts, advanced company analysts, global CFO school, real estate developers, etc.

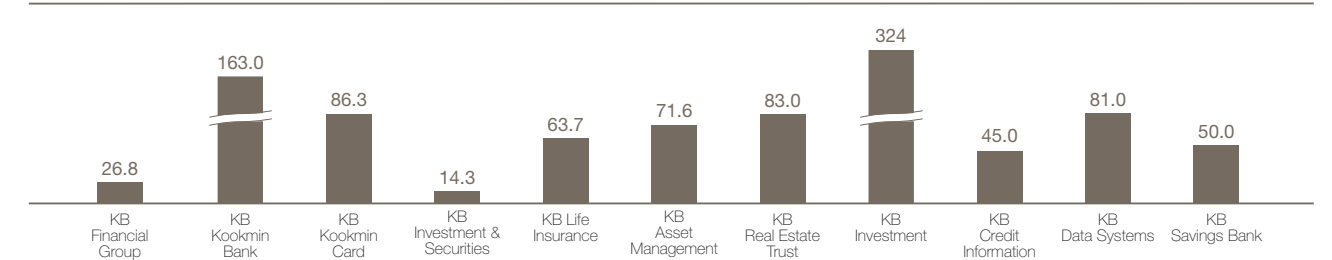
Enhancement of Global Competency | 132 employees sharpened their global competency through the KB global language course (English/Chinese) and the global business expert development course in 2012.

Internal Corporate Venturing at KB Kookmin Card

KB Kookmin Card has an internal corporate venture system aimed at finding hidden ideas in and outside the company to create new revenues and secure sustained growth engines. Anyone at the company can provide ideas related to new market/new business opportunities or new business models of existing business lines that fit the company's management strategies. Ideas submitted are reviewed for feasibility and idea providers are assigned to relevant teams so that they can directly lead projects or receive necessary organizational or staffing support. When profits are generated from the projects, idea providers receive incentives based on the level of contribution as well as preferential treatment during the selection of employees for overseas training.

Average Hours of Training Per Year, Per Employee

(Unit: Hours)



Enhancement of Leadership | New entrants and promotion candidates in each job grade take leadership enhancement courses. At KB Kookmin Bank, 1,882 employees completed KB leadership course and new entrant/promotion candidate course by job grade.



Fair Evaluation and Compensation

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

Corporate Culture

[Corporate Culture of Communication]

KB Financial Group operates communication channels and programs to protect the rights of employees to further solidify win-win labor-management relations.

Labor-Management Council | KB Financial Group conforms to agreements with its labor unions, such as collective agreements and Labor-Management Council Regulations, and operates permanent consultative bodies joined by both the management and labor unions. The council convenes every quarter to discuss management status and gather employee grievances and suggestions. We also ensure that union members are involved in the Group's various programs such as workshops to promote communication with employees. KB Kookmin Bank, KB Kookmin Card and KB Real Estate Trust have collective bargaining arrangements while the other subsidiaries operate labor-management councils.

	2010	2011	2012
KB Kookmin Bank	97.65	92.02	98.79
KB Kookmin Card	-	93.11	92.00
KB Real Estate Trust	76.38	78.40	79.53

Volunteer Spring Cleaning Gyeonghoeru Pavilion

Around 50 employees, including the CEO of KB Kookmin Bank and head of the Labor Union, participated in Spring Cleaning activities at Gyeonghoeru Pavilion (National Treasure No. 224), one of Gyeongbokgung Palace's main attractions. Volunteers worked together to clean the layers of dust accumulated on the second floor of the pavilion, Noomaru, in preparation of its opening to visitors.



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

Employee Grievance Center | KB Financial Group operates various channels and systems to resolve employee complaints or grievances, such as conflict with peers, sexual harassment or discrimination. In addition to the real name-based employee grievance handling process, KB Kookmin Bank operates a secret grievance handling procedure to allow employees to express their grievances without revealing their identities.

	2010	2011	2012
KB Kookmin Bank	162	43	47
KB Kookmin Card	-	5	1



Programs for Promoting Communication

- "KB Friends," a webzine** | KB Friends is a webzine published monthly for employees of KB Financial Group. It is designed to engage employees in open communication and promote intimacy, sense of belonging and loyalty as well as solidarity.
- Conversation with the CEO** | "Conversation with the CEO" is a communication channel between the CEO and employees to promote mutual understanding and boost pride as KB people. In 2012, the session was held 12 times, allowing branch managers, tellers, division heads and others to exchange frank opinions and suggestions regarding field operations with the CEO.
- Team-building Program** | In 2012, KB Kookmin Bank implemented a program aimed at building consensus among branch employees and increasing teamwork. The program allows employees to communicate with each other, assess issues facing branches and identify and execute specific action plans to achieve vision. A survey participated in by 81 branches in 2012 showed improvements in the areas of "sharing goals," "communication" and "community spirit."
- KB Wise Mentoring Program** | KB Kookmin Bank operates an experience and know-how sharing program to enable new employees and promoted employees in each job grade to obtain knowledge and skills needed in carrying out corresponding roles. 561 mentors and mentees including new branch managers and new employees joined the first class, which started in October 2012, and carried out intranet-based online activities as well as offline activities, such as holding the "Mentoring Day" event. The Bank plans to expand the program and include mentor development courses in 2013.

[A Pleasant and Happy Workplace]

KB Financial Group operates a variety of programs aimed at minimizing stress, increasing concentration on work and strengthening organizational power.

Spread KB Love Campaign | KB Kookmin Bank encourages its employees to spread "KB Love" with the pride that "I represent KB Kookmin Bank" and passion and make the love as part of "KB Culture" by voluntarily taking part in key themed programs. "KB Love Practice Committee" is also in operation to assist with the bank-wide KB Love campaign.

Key Themes of KB Love Campaign

KB Love Day (every first Thursday)	Praise Relay	KB Love via SNS
Always With KB (bearing badge and using KB Love logo)	KB Family Love (family invitation events, etc.)	Get One More KB Stock
Company IR	KB Coloring	Clean KB (cleaning 365 street corners near home, etc.)



Family-friendly Management | KB Financial Group encourages childbirth and protects maternity through maternity leave, paternity leave and child-care leave, while providing school expenses for children of employees. Every first, second and third Wednesday and Friday are designated as "Familial Love Day," when employees are encouraged to leave the office on time and spend the rest of the day with their families. We also send a birthday message with a small gift to mark the birthdays of employees' spouses as part of family-caring events.

Labor-Management One Mind Athletic Meet | KB Kookmin Bank holds an athletic meet joined by both the management and labor unions every year at each regional headquarters as an event to promote unity.



[Employee Welfare]

KB Financial Group works hard to put in place systematic welfare programs for employees and improve their quality of life

Retirement Pension | We have introduced a retirement pension scheme in order to protect vested rights of employees and their old age income security. Severance pay is calculated and set aside in KB Kookmin Bank's account pursuant to relevant laws (Labor Standards Act, Employee Retirement Benefit Security Act).

Health Care Support | We provide our employees with periodic medical check-ups and medical grants for early detection of risks to the health of employees and their family members and prevention of diseases. We also provide allowances covering diseases and injuries of employees as well as vacations and leaves to support healthy living. Fitness center and recreational facilities for relaxing and exercising are available at all times.

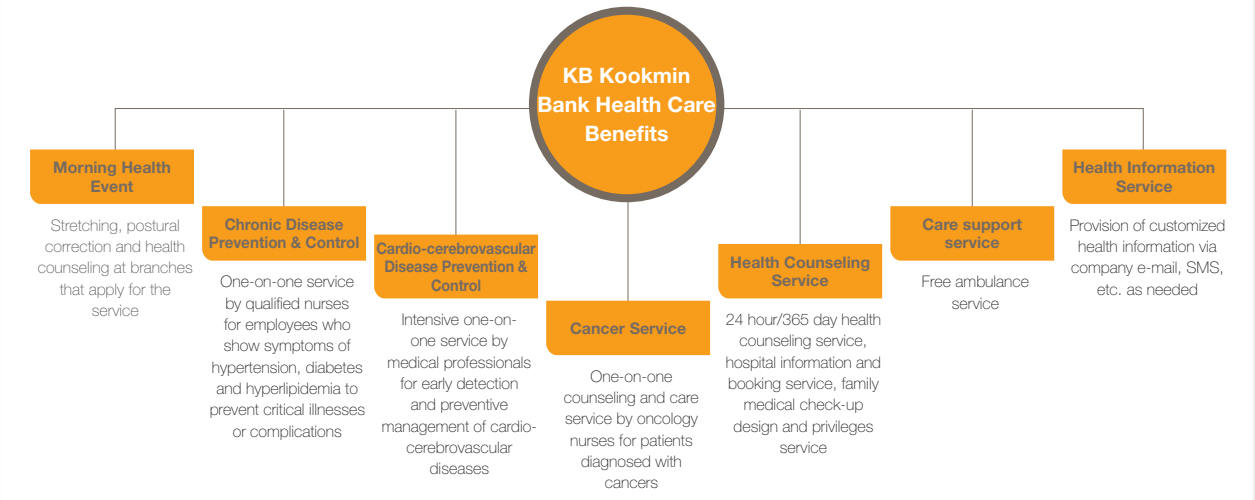


Workplace Accident Rate		(Unit: %)
2011	2012	
0.02	0.02	

* Based on KB Kookmin Bank

KB Kookmin Bank Health Care Benefits

KB Kookmin Bank provides customized health services to its employees using specialized service providers.

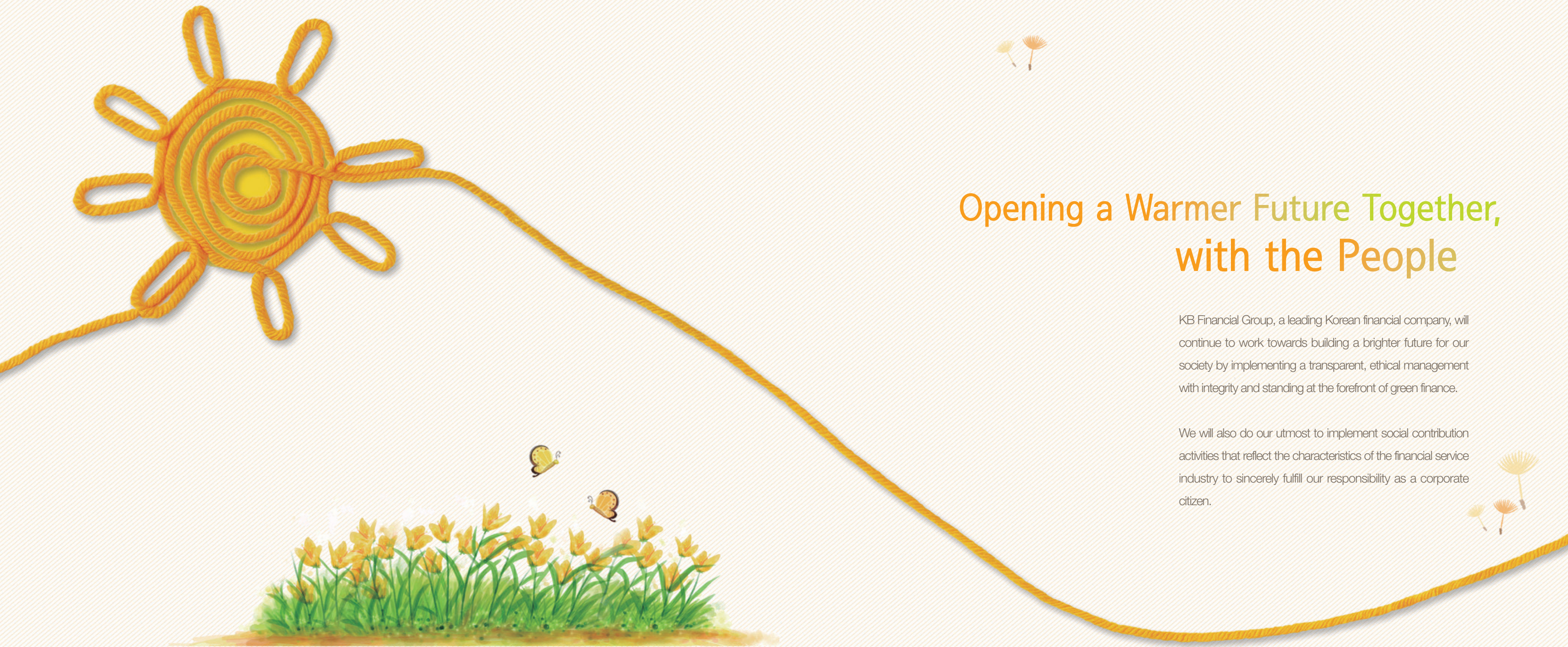


No-Smoking Campaign | KB Kookmin Bank actively supports applicants for the no-smoking campaign for healthy life of employees, family members of employees as well as colleagues. For 100 no-smoking days, applicants receive counseling, no-smoking letters and SMS to successfully quit smoking. A no-smoking fund has also been set up to encourage active participation by employees. Profits from donations voluntarily made by applicants to the fund are distributed to the applicants as dividend at different rates and any outstanding balance is donated to international child relief organizations.



Support for Leisure Life | KB Kookmin Bank operates "Beautiful Korean Peninsula," a refreshment program for employees. The Bank strives to improve the quality of life and satisfaction of employees by providing accommodations at leisure facilities in famous tourist destinations nationwide as well as theme-based facility packages. These welfare programs, which can be used at any time during the year, resulted in resolving the unbalanced vacation scheduling, which tended to be concentrated in the summer months. KB Kookmin Bank plans to develop additional themes in 2013 to promote healthy leisure culture.

Welfare Benefits | KB Financial Group enters into Collective Agreement that specifies safety and health management, workplace inspection, prevention of dangers, safety and health education, periodic medical check-ups, and operation of recreational facilities. Besides, we have incorporated into the Collective Agreement compensations to cover accidents and injuries, group insurance, medical grants, operation of medical rooms and sports in the workplace.



Opening a Warmer Future Together, with the People

KB Financial Group, a leading Korean financial company, will continue to work towards building a brighter future for our society by implementing a transparent, ethical management with integrity and standing at the forefront of green finance.

We will also do our utmost to implement social contribution activities that reflect the characteristics of the financial service industry to sincerely fulfill our responsibility as a corporate citizen.

- Ethical Management
- Green Management
- Social Contribution

Ethical Management



All of us at KB Financial Group lead the way for transparent and fair business practices by conforming to laws and acting ethically as financial professionals.

Ethics Charter | In January 2010, KB Financial Group established its Ethics Charter at the group level and put ethics as the foremost value in management. Accordingly, all employees do their utmost to carry out business ethics as set forth in the charter with regard to customers, shareholders, the nation and society, competitors and suppliers.

Code of Ethics | All employees adhere to the spirit of the Ethics Charter and act according to the Code of Conduct that outlines the standards for making judgment and conducting business.

Business Ethics for Employees (from the Code of Ethics)

- | | |
|---|---|
| 1. Adhere to basic ethical standards | 6. Avoid accepting money, gifts and entertainment |
| 2. Avoid conflicts of interest | 7. Avoid involvement in politics |
| 3. Avoid unfair trade practices such as insider trading | 8. Avoid sexual harassment |
| 4. Protect company assets | 9. Comply with the Code of Ethics |
| 5. Protect information and maintain security | |

Compliance Officer and Internal Control Officer | All subsidiaries of KB Financial Group designate a Compliance Officer and an Internal Control Officer to monitor and report cases of non-compliance to the holding company's Compliance Officer.

[Programs to Practice Ethical Management]

KB Ethical Management Advisory Board | KB Kookmin Bank established "KB Ethical Management Advisory Board" joined by opinion leaders in the field of ethical management in November 2012 to set the right strategic direction for systematic ethical management. The board receives advice on opportunities for improvement and recent trends and plans to convene at least half-yearly to promote ethical management in the Bank.

Compliance Support Program | We have in place an internal control system aimed at preventing possible legal sanctions, financial loss or reputational damage that may arise from violation of laws or regulations by its employees. KB Kookmin Bank regularly monitors through its computerized compliance system whether operations are properly performed while the compliance managers of each branch monitor whether legal obligations are observed at the department and operation level. KB Kookmin Card conducts a survey on self-assessment at the branch level in relation to ethical practices twice a year and implements educational programs to strengthen ethics in areas that received less positive answers.

Ethical Management Training | KB Financial Group mobilizes various channels, including group training and online training, in training its employees to improve job competency related to ethical management and compliance with laws.

Ethics Mileage | KB Kookmin Bank implemented "Ethics Mileage and Certification" program in December 2012 to raise awareness of ethical business practices and promote compliance with laws. Employees receive mileage certifications and additional KPI points based on their performance in ethical business areas (mandatory/plus points/minus points) and outstanding employees and branches receive CEO's commendation along with prize money and other incentives.

	2010	2011	2012
Subsidiaries Total	77,755	85,058	118,963

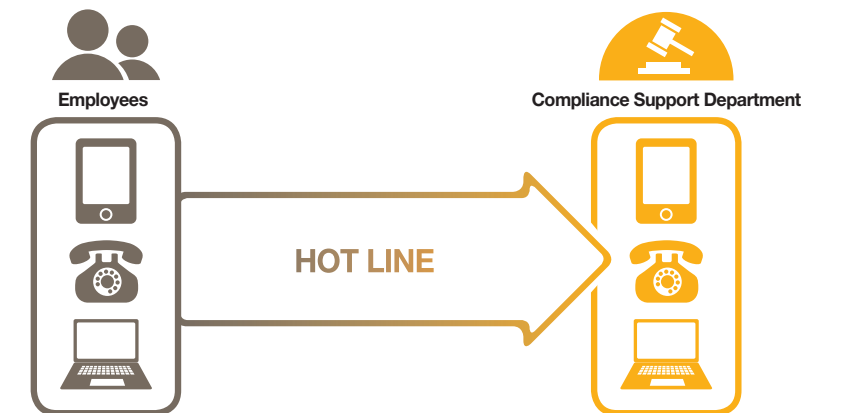
Activities subject to Ethics Mileage

	Practice
Mandatory (4)	Observance of the code of ethics pledge, training on ethics/compliance, participation in surveys on ethics/compliance, violation of ethical standards/laws
Plus Points (9)	Ethics/internal control improvement ideas, business cases of practicing ethics/compliance
Minus Points (2)	Malpractices in operations, violation of compliance criteria

Policies and Procedures relating to External Activities | Lectures outside of the Group or interviews with external organizations are allowed based on the relevance to work, and treatment of income earned from these activities is determined based on the result of such activities. Particularly, attendance at domestic or overseas programs sponsored by third-party organizations is allowed only when the events are relevant to work and are not for entertainment purposes or do not cause any conflict of interest.

Whistle-blowing Center and Protection of Whistle Blowers | KB Financial Group operates internal whistle-blowing programs, including the Group's "Whistleblower Center for Ethical Management," "Right Whistleblower Program" of KB Kookmin Bank and "Wise-whistle" of KB Kookmin Card, as channels for employees to report unethical practices or violations of laws. Information providers are strictly protected under relevant regulations.

Whistle-blowing program



[Mutual Growth]

Committed to mutual growth with its partner suppliers, KB Financial Group continues to improve related policies and procedures to facilitate fair and transparent transactions, helping promising SMEs become global firms with necessary programs.

Enhanced Cooperation with SMEs | Of the 3,892 purchase contracts KB Kookmin Bank signed in 2012, 94% involved SMEs, which is an indication of our efforts towards mutual growth and cooperation with SME suppliers. Excluding IT equipment that needs to be procured from large corporations, a majority of goods were purchased from the 562 SME's registered as business partners as of the end of February 2013.

Also, to ease financial burden on suppliers, the Bank makes sure to pay in cash in the shortest time possible and remit tender bond or performance bond just by written confirmation for suppliers who meet certain criteria. In addition, supplier satisfaction survey is conducted every year for the purpose of maintaining friendly partner relations and effective communication with suppliers.

Supplier Evaluation | Suppliers must meet certain criteria to be registered as business partners of KB Kookmin Bank. KB Kookmin Bank adds points to some non-financial indicators, such as the introduction of ethical management, eco-friendliness of products and social contribution activities, in its evaluation of suppliers in an attempt to expand sustainability in the supply chain.

Major Indicators with Additional Points

Indicator	Evaluation Method
Relevant certificates, eco-friendly products, etc.	Materials relating to patented products, utility models, ISO certification or quality-related system certification, certified products, certification marks and efforts to protect the environment are reviewed or due diligence is observed.
Ethical management, social contribution activities, etc.	Materials relating to the existence of Code of Ethics (Charter), existence of organization and systems for practicing corporate ethics, CEO's ethics and the degree of participation in social welfare programs are reviewed or due diligence is observed.

Evaluation of Suppliers' Ethical Management by KB Kookmin Bank (Unit: number)

	2010	2011	2012
No. of Business Partners Evaluated for Ethical Management	175	174	163

Fair Trade Efforts | KB Financial Group has increased transparency in the contracting process by disclosing any conflict of interest related to contracts before selecting suppliers. KB Kookmin Bank provides transparent and fair business opportunities to its suppliers by disclosing all bidding and private contract information through its e-procurement system. When contracts are signed, suppliers are required to sign an integrity pact that prohibits giving or receiving ill-gotten gains and punishes suppliers through contract termination, discontinuation of transactions or restrictions on bidding in case of violation.

KB Kookmin Card also has operated supplier management guidelines since August 2012 in order to secure transparency in the supplier selection process and improve efficiency in the purchasing process.

Business Partner Satisfaction | KB Financial Group holds regular business partner conferences and conducts business partner satisfaction surveys to collect feedback from its partners and reflect opinions in improvements. KB Financial Group will further strengthen its mutually cooperative relationship with business partners by continuously improving communication.

KB Kookmin Bank Business Partner Satisfaction Survey Results

(Units: Points)



KB Hidden Star 500

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

KB Financial Group provided KRW1,524.8 billion in loans and made KRW56.9 billion equity investments for 272 companies by the end of March 2013. The Group also provided diverse financial and non-financial services for the selected companies, including "business matching service," in conjunction with related agencies such as the KOTRA and the Korea International Trade Association to assist them in developing overseas customers.

In 2013, we plan to select additional 120 Hidden Star companies as part of our continued efforts to fulfill our social responsibilities thereby contributing to the growth of the national economy, improvement of trade balance and creation of jobs through our "KB Hidden Star 500" program.

KB Hidden Star 500 Results

	Unit	2011	2012	2013(1Q)
No. of Companies Selected	No. of companies	106	244	272
Financial Support	hundred million KRW	11,249	13,941	15,248
Foreign Exchange Support	hundred million USD	31	32	8
Equity Investment	hundred million KRW	264	569	569
Business Matching Service	No. of companies	1	29	23
Recruitment Support through "KB Good Job"	No. of companies	10	11	34
KB Wise Consulting	No. of companies	7	13	5
Trade Business Training	No. of companies (persons)	0(0)	55 (90)	0 (0)



Green Management

[Our Approach to Green Management]

Upholding its principles for sustainable development, KB Financial Group has made its management's commitment to eco-friendly business an integral part of the organization.

KB's Green Management Framework



Green Management Organization

KB Kookmin Bank created an organization dedicated to green management, the first in the domestic banking industry, in November 2009 and promoted the organization to an official department of headquarters in August 2010. The Bank is striving to lead the way in the fast growing green markets by increasing its influence internally and externally and establishing a speedy decision-making process.

Environmental Management System

KB Kookmin Bank acquired ISO14001 for its environmental management system to minimize the impact of its relatively large six buildings on the environment and attain continued environmental performance. The Bank trains its environmental officers every year for sustainable management. It incorporates opinions and opportunities collected during the certification review process into its environmental strategies and complies with relevant documentation requirements.

* Six large buildings: Head Offices in Yeouido and Myeong-dong, Sewoo Building, IT Centers in Yeouido and Yeomchang, Jongam Center

[Response to Climate Change]

Recognizing the risks and opportunities associated with climate change, KB Financial Group actively takes part in government initiatives to respond to climate change.

Risks and Opportunities related to Climate Change and KB's Response Strategy

Risks	<ul style="list-style-type: none"> -Increase investment cost to reduce greenhouse gas emissions -Increase requirement for business partners and suppliers of KB Financial Group to implement more rigorous social and environmental risk management -Reduce social reputation due to activities that go against green management
Opportunities	<ul style="list-style-type: none"> -Create new sources of revenue by identifying and investing in or extending loans to green companies or by releasing products that invest in green companies -High asset quality can be maintained through more accurate assessment of green technologies and environmental risks
Strategies	<ul style="list-style-type: none"> -Actively take part in public initiatives and projects that are in line with the public values cherished in the financial industry -Minimize greenhouse gas emissions and energy spending through enhanced management of energy use -Actively take part in various global initiatives



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

KB Kookmin Bank operates KB Greenhouse Gases & Energy Management System (KB-GEMS), a GHG inventory system for the efficient management of energy consumption and GHG emissions. The system allows the Bank to track and manage energy consumption and GHG emissions from all locations of operations pursuant to the "Framework Act on Low Carbon, Green Growth" and the "Guidelines for GHG & Energy Target Management Scheme, etc." and to develop more strategic and cost-effective GHG reduction plans. The Bank has also established guidelines for the management of GHG emissions, under which the Bank sets and implements targets and manages progress and result.

Inclusion in the GHG & Energy Target Management Scheme

Designated as a business subject to the GHG & Energy Target Management Scheme in June 2012, KB Kookmin Bank will negotiate reduction target with the government every year and start reduction during the designated period. Based on the experience earned from the participation in the second pilot target management program for buildings in 2011, the Bank has already made necessary preparations, including an IT system, that comply with the national criteria, which will be used not only in conforming to environmental regulations but also in expanding green management and leading sustainability efforts.

Energy Consumption and GHG Emissions

GHG emissions of KB Kookmin Bank have declined in 2012 from a year earlier, while energy consumption has moderately increased. In nine subsidiaries excluding the Bank, energy consumption and GHG emissions have slightly risen due to business expansion by KB Kookmin Card and KB Life Insurance.

KB Kookmin Bank Energy Consumption

Purpose	Energy Source	Energy Consumption (TJ)			
		2010	2011	2012	
Direct Emissions (Scope1)	Stationary Combustion	Diesel	29.24	30.55	17.87
		LNG	127.52	106.90	114.22
		Others	15.96	14.63	19.10
	Mobile Combustion	Gasoline	134.22	136.12	134.70
		Others	5.43	12.03	13.85
		Sub-Total	312.37	300.22	299.75
Indirect Emissions (Scope2)	Building Consumption	Electricity	2,184.14	2,165.40	2,287.45
		Heat	15.82	16.70	11.70
	Sub-Total	2,199.96	2,182.09	2,299.16	
Total		2,512.33	2,482.31	2,598.91	

*The decrease in energy consumption in 2011 compared to the previous year was due to KB Kookmin Card becoming a separate entity. The increase in consumption figures in 2012 is due to changes in calculation of gross heating value.

KB Kookmin Bank GHG Emissions

	GHG Emissions(tCO2eq)		
	2010	2011	2012
Direct Emissions (Scope1)	18,889	18,365	18,167
Indirect Emissions (Scope2)	113,611	112,722	111,476
Total	132,500	131,087	129,643

*Energy consumption and GHG emissions of KB Kookmin Bank have been calculated for all locations of operations based on the KB-GEMS and then validated by a third-party organization.

*The decrease in emissions in 2011 compared to the previous year was due to KB Kookmin Card becoming a separate entity.

Energy Consumption and GHG Emissions by Source for Non-Bank Subsidiaries

	Energy Consumption(TJ)			GHG Emissions(tCO2eq)		
	2010	2011	2,012	2010	2011	2,012
Head Offices	45.27	81.73	99.45	2,345	4,239	4,865
Branches (excluding head offices)	40.43	114.25	138.43	1,972	5,571	6,750
Total	85.70	195.98	237.88	4,317	9,810	11,615

*For the nine subsidiaries excluding KB Kookmin Bank, calculations have been made based on unit area, taking into consideration the different characteristics of different business locations of KB Financial Group.

*The increase in energy consumption and GHG emissions over the last 3 years is a result of merging KB Kookmin Card in 2011 and KB Savings Bank in 2012.

Energy-saving Facilities and Hybrid Vehicles | KB Kookmin Bank installs energy-saving devices at new, moved and improved facilities. In 2012, we installed LED lightings at 365 automated branches, multi-outlet sockets for standby power reduction and auto light sensors in non-business spaces (such as libraries, bathrooms and cafes).

KB Kookmin Card procured 10 hybrid vehicles to reduce fuel cost and carbon emissions and also established vehicle management guidelines that regulate minimum fuel efficiency requirements for its corporate fleet as part of efforts to minimize the impact of vehicles on the environment.

Energy-saving Campaign | KB Financial Group takes part in the "Energy (-) Love (+) Campaign" run by the Korea Energy Management Corporation, which is intended to encourage energy-saving during summer time and share the saved energy with people in need during the winter. KB Kookmin Bank was chosen as an outstanding energy-saving company by saving 2,355MWh of electricity during 2012. We also hold drills in preparation for potential power cut in summer and winter months and carry out active energy-saving activities every first Monday designated as "Energy-saving Day."

KB Financial Group will continue to carry out carbon reduction programs, such as integrated operations of IT centers, procurement of hybrid vehicles, installation of various energy-saving facilities, test operation of green branches, and expansion of energy-saving campaigns.

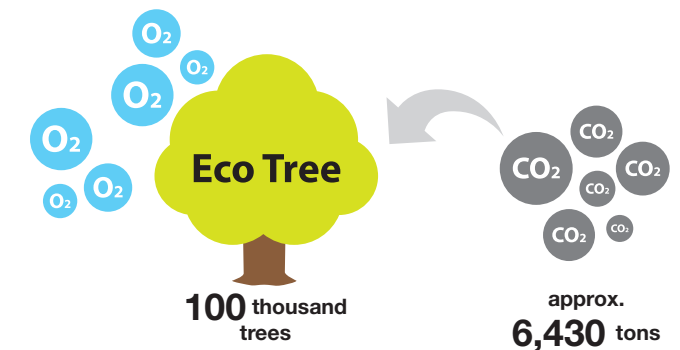


Participation in the Pilot Emissions Trading Scheme Organized by Seoul City | KB

Kookmin Bank is the first bank that has been participating in the "Pilot Emissions Trading Scheme" run by Seoul City since March 2012. The Bank trades carbon credits until 2014 on a virtual trading space using cyber money earned based on the level of attainment of reduction target. By the end of the 1H of 2012, the Bank earned 950-ton worth of credits vis-à-vis the base year through energy-saving efforts. It is our intention to raise awareness on carbon finance and benchmark well-established carbon trading markets to prepare ourselves for the upcoming country-level emissions trading scheme scheduled to be implemented in 2015.



Carbon Offsetting through KB Carbon Neutral Forest and Eco Tree Campaigns



KB Financial Group offset approximately 6,340 tons of carbon emissions* by planting a total of 100,000 trees for five years in its Eco Tree and KB Carbon Neutral Forest campaigns. This is equivalent to approximately 159 tons of offset carbon* on average per year for 40 years.

*Estimates based on the "Offset Calculation Formula using Tree Planting" of the Korea Energy Management Corporation

Credit Card made from Eco-friendly Materials



To contribute to eco-friendly green growth, KB Kookmin Card issues "KB Kookmin Green Growth" cards made from eco-friendly materials. About 5,800 cards were issued in 2012 and additional eco-friendly card materials will be used in 2013.

[Green Office Operations]

We are making energy-saving a habit by avoiding unnecessary waste of resources in the course of business.

e-Documents and Recycled Paper | KB Kookmin Card digitized a variety of slips, including common slips used for deposits/withdrawals, and established internal regulations whereby all approvals should be made electronically. The company saved about 400,000 sheets of paper in 2012 as a result of a campaign to send statements via e-mail. The company makes sure that employees use eco-friendly recycled paper when printing a total of 190 types of forms, such as credit card statements, envelopes, newsletters, information notes, etc., except for cases where recycled paper cannot be used. As a result, 2,667 kW of electricity and 13,000 tons of water were saved. KB Kookmin Bank also carried out the "GreenBank with e-Documents" project aimed at developing and applying to all branches real name certificate scanning, e-slips, common e-slips, and e-statements. The Bank is currently implementing a document and operation digitization program intended to replace paper slips with e-documents in the long term.

Paper Usage (Unit : ton)

	2010	2011	2012
Paper Usage	11,335	14,224	14,260

* Calculation based on KRW 17,000 per box of A4 size paper, 2,500 sheets per box, and a conversion factor of 80g/m²

Recycled Paper Usage

Category	Unit	2012
Recycled Paper Usage	Ten million sheets	4.15
	Ton	2,120
Recycled Paper in Total Paper Consumption	%	90

*KB Kookmin Card

Water Usage (Unit: m³)

	2010	2011	2012
	282,134	280,897	274,706

*Water Consumption figures based on 11 large buildings owned by KB Financial Group (Head Offices – Myeong-dong, Yeouido and Sewoo Building, IT Centers - Yeouido and Yeomchang, Sales Support Center – Jongam Center and Daejeon Call Center, Training Centers – Cheonan, Ilsan, Sokcho and Daechon)

Waste Discharge

	Unit	2010	2011	2012
Recycled	ton	20.4	23.7	
Landfill	L	347,000	430,500	

*Based on KB Kookmin Bank

Mobile Office | We launched the "KB Financial Group Mobile Portal System" which can be accessed in real time without time and location constraints. The portal system enables users to save resources through electronic approvals and perform business operations in real time on their smartphones, hence more communication within the Group.

Business Trip Distance Traveled (Unit: km)

	2010	2011	2012
Distance Traveled	1,038,714	1,863,314	2,275,734

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

[Green Communication]

KB Financial Group actively takes part in global initiatives for proactive response to climate change by fulfilling its social responsibilities and disclosing information in a transparent manner.

UNEP FI | KB Kookmin Bank served as the chair of the UNEP FI Korea Group in 2012. The UNEP FI is a global environmental partnership between the UNEP and some 200 financial institutions from around the world. The partnership holds workshops twice a year where member institutions share information and trends related to sustainable finance, promote green finance and build network. KB Kookmin Bank stepped up its efforts towards green management and makes investment decisions based on the principle of socially responsible investment.

UN Global Compact | The UN Global Compact (UNGC) is the world's largest voluntary corporate citizenship initiative. KB Kookmin Bank joined the UNGC in April 2009 and has been complying with the ten principles in four issue areas of human rights, labor standards, environment and anti-corruption in its management process.

Carbon Disclosure Project (CDP) | KB Financial Group has been disclosing information on its response to climate change and greenhouse gas emissions since KB Kookmin Bank became a signatory to the Carbon Disclosure Project (CDP) in 2009.

Ranked No. 2 in Green Rankings

KB Financial Group placed second at the "Green Rankings 2012" co-sponsored by Korea JoongAng Daily, Sustainvest and FnGuide. The Green Rankings index evaluates management's commitment to eco-friendly management, emissions of pollutants and the level of information disclosure. In 2012, 200 companies were evaluated. KB Financial Group remained 7th place in overall rankings in 2011, but it has shown good performance in 2012 thanks to the Group's heightened level of investment and efforts in green management, including the construction of Green IT Center, energy savings certified by ISO 14001 and UNEP activities as the chair of UNEP FI Korea Group.

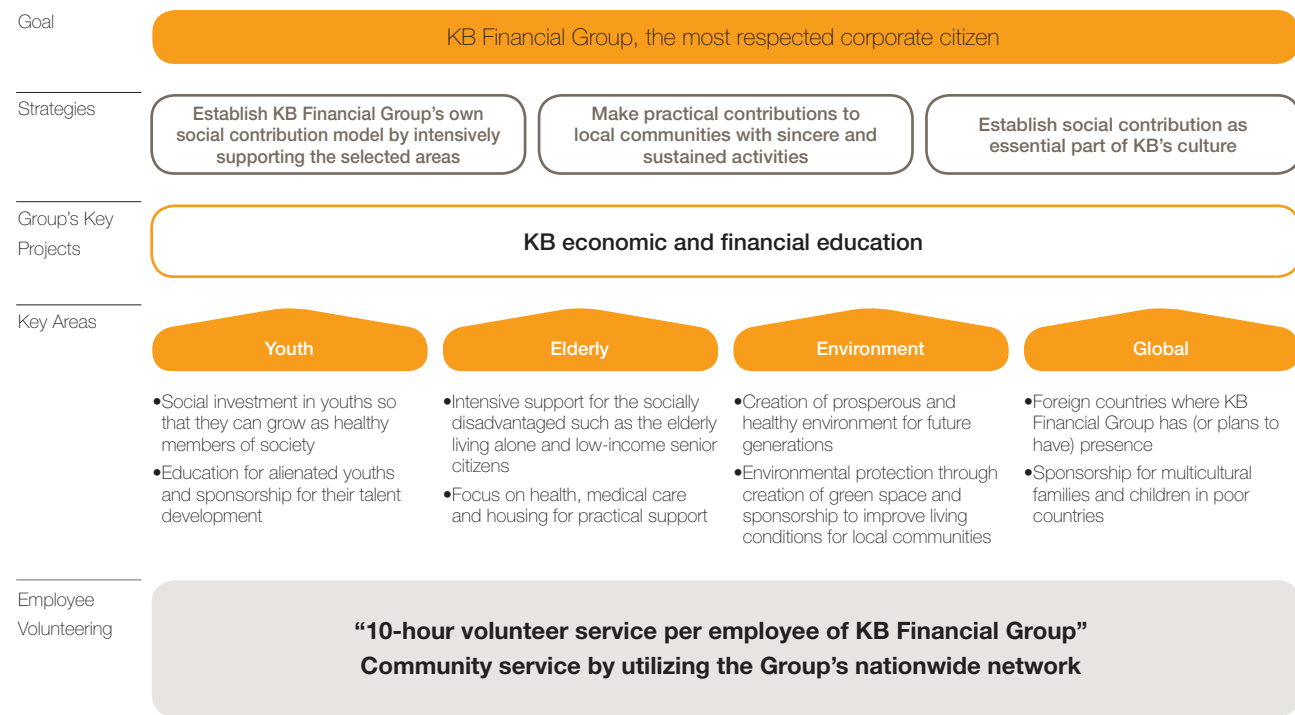
Social Contribution

[Our Approach to Social Contribution]

With the vision of becoming “the most respected corporate citizen” growing together with society, KB Financial Group is moving forward with differentiated strategies in core areas.

KB Financial Group has three strategies with regard to social contribution aimed at establishing a unique and exemplary contribution model. These strategies focus on the four core areas of “youth,” “the elderly,” “the environment” and “global” for more systematic implementation of social contribution programs.

Social Contribution Framework



2012 Social Contribution Activity Performance

Percentage of Volunteer Service Hour in Each Area (%)

Youth	Elderly	Environment	Global
36.1	45.4	17.1	1.4

2012 Volunteer Achievement

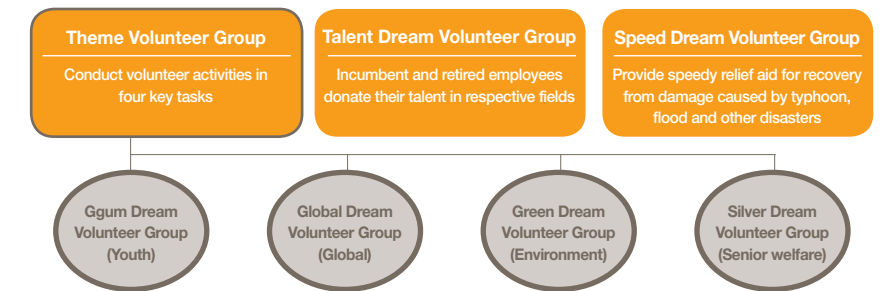


Volunteer Project Development Procedure for Group-wide Engagement



[Volunteer Groups of KB Financial Group]

Under the slogan “We Think of People First,” employees of KB Financial Group conduct volunteer activities as members of “KB Star Dream Volunteer Group” to deliver hopes and dreams for underprivileged neighbors. With a goal of providing “one volunteer service per person,” about 25,000 employees of the KB Star Dream Volunteer Group provided about 13.8 hours of volunteer service per person in 2012.

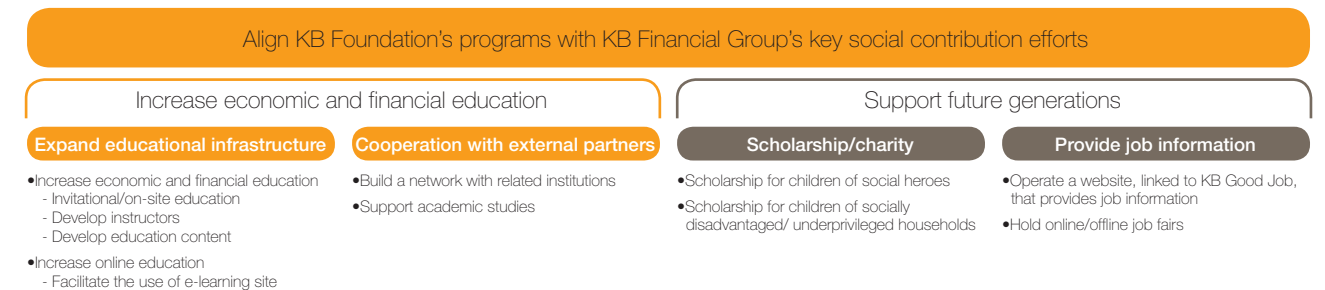


Our volunteer groups will continue our “over 10-hour volunteer service per person” and actively identify tasks where the Group's joint engagement is possible and carry out community services by taking advantage of our nationwide network.

KB Foundation

With the goal of returning a portion of its profit back to neighbors in need and fulfilling its social obligations as a corporate citizen, KB Financial Group launched KB Foundation in 2011 with a capital jointly invested by all subsidiaries. Major programs implemented by the Foundation include “economic and financial education,” a key program of the Group to help low-income individuals, “scholarship and educational/cultural programs” to enable students to continue their study and “connecting jobseekers to SMEs” to resolve youth unemployment and manpower shortages faced by SMEs.

Programs of KB Foundation



Economic and Financial Education | Demand for financial education is growing due to the growing social costs from increased personal debts and the emergence of more complex product structures and associated risks. Accordingly, KB Foundation offers customized financial education to meet different educational needs of different groups of people (youths, middle or late middle age groups, the elderly, and the socially disadvantaged) in order to increase access to finance and combat financial illiteracy.

In 2012, we completed the development of our own teaching materials (teaching aids), development of instructors and provision of invitational/on-site online and offline education. In 2013, we will continue to expand economic and financial education as a key CSR program of KB Financial Group. This will include opening a financial education class for senior citizens along with the economic and financial education class for youths, arranging an economic and financial camp for youths and securing additional instructors.

Economic and Financial Education in 2012

<p>Development of Teaching Materials and Aids</p> <p>8 types for elementary, middle and high school students</p>	<p>Development of Instructors</p> <p>A group of 570 volunteers comprising former and current employees of KB Financial Group who donate their talent.</p>	<p>Education</p> <p>On-site (44,952 people), Invitation (250 people), Online (renewal)</p>
<p>Awards</p> <ul style="list-style-type: none"> - First prize in general competition at the Economic Education Awards by the Korea Association of Economic Education, December 2012 - Grand prize in CSR at Web Awards Korea by the Korea Internet Professionals Association, December 2012 		

Scholarship/Charity Programs | In appreciation of occupations that require self-sacrifice for the sake of the common good, KB Foundation operates "KB Finance Scholarship for Firefighter Families" in support of children of firefighters killed or injured in the line of duty. School expenses and study grants were provided to 50 middle and high school students in 2012. Beginning in 2013, children of police and maritime police killed or injured in the line of duty will also be entitled to the scholarship program. In addition to this, scholarships for the socially disadvantaged and children in art and culture will be implemented as a long-term program.

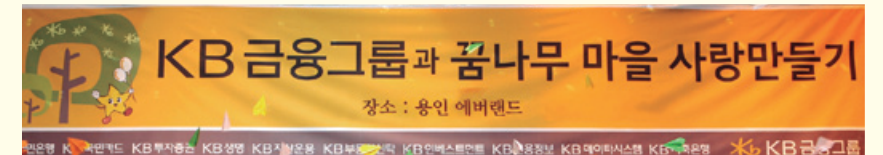
Provision of Employment Information | KB Foundation is operating a job-matching program "KB Good Job" employing our good reputation and nationwide network in order to take the initiative in resolving unemployment and social conflict. Major services include providing of job opening information of promising firms to jobseekers in real time via a job-matching portal and holding "KB Good Job Fair with Promising Firms" every year to connect jobseekers with employers.



 **Youth**

We carry out a number of tasks aimed at providing our future generations with equal opportunities to learn and gain exposure to cultural experiences.

- Make Dream Village with Children (KB Financial Group)
- KB Kookmin Bank Hopeful Study Room (KB Kookmin Bank)
- KB Kookmin Bank Small Library (KB Kookmin Bank)
- KB Museum Stroll (KB Kookmin Bank)
- Counseling/care and legal support for students suffering from school violence (KB Kookmin Bank)
- Ulala Session benefit performance for ill students (KB Kookmin Card)



 **Elderly**

We carry out activities aimed at resolving the growing social issues facing senior citizens, such as the growing number of elderly people living alone and low-income elderly people.

- Connect love for the elderly living alone (KB Kookmin Card)
- Happy Food (KB Investment & Securities)
- Help the elderly get through summer/winter (KB Financial Group)
- Photo service wishing longevity (KB Financial Group)
- Sponsor film festivals for the elderly (KB Financial Group)

Environment

We undertake a number of environmental preservation programs to make a pleasant, green and healthy world for generations to come.

- Carbon Neutral Forest (KB Financial Group)
- Eco Tree Campaign (KB Kookmin Bank)
- Cultural Asset Protector (KB Kookmin Bank)
- Attach labels at the Saryeoni forest path in Jeju Island (KB Kookmin Card)
- Cheonggye Creek Protector (KB Kookmin Card)
- Caring for Seoul Forest (KB Life Insurance)



Global

We carry out relief aid programs mostly in Asian countries and provide lessons on Korean language and other culture programs to multicultural families.

- "RaonAtti," KB's overseas volunteer group of college students' (KB Kookmin Bank)
- Overseas Rainbow Class (KB Investment & Securities)
- Share KB Love for Korean Language (KB Kookmin Bank)
- KB Kookmin Bank Warm-Heartedness (KB Kookmin Bank)
- Korean Learning Plaza (KB Kookmin Bank)
- UNICEF Korean Storybook (KB Kookmin Bank)
- Fine Art Academy for children of multicultural families (KB Kookmin Bank)



Other Social Contribution Activities

In addition to the four key tasks, we provide sincere social contribution for diverse social groups and causes within our society.

- Launched the KB Volunteer Group of 50 (KB Kookmin Bank)
- Vehicle support for social welfare organizations (KB Financial Group)
- Disaster relief for typhoon damaged farms (KB Kookmin Bank)
- Farming community volunteer service, delivering reading boxes for hope to youths, etc.



Sustainability Activities at our Subsidiaries

KB Financial Group is a diversified financial group which is comprised of KB Financial Group Inc. and 10 subsidiaries such as KB Kookmin Bank and KB Kookmin Card.

From the country's leading bank, KB Kookmin Bank to non-banking subsidiaries like KB Kookmin Card, we are solidifying our role as Korea's representative financial group as our subsidiaries work diligently to create customer value and fulfill their social responsibility in their respective fields.



- KB Kookmin Bank
- KB Kookmin Card
- KB Investment & Securities
- KB Life Insurance
- KB Asset Management
- KB Real Estate Trust
- KB Investment
- KB Credit Information
- KB Data Systems
- KB Savings Bank

KB Kookmin Bank

Korea's leading bank with the largest customer base and the most extensive branch network



CEO Byung-Deok Min

All of us at KB Kookmin Bank make a concerted effort to win customer trust, cherish social values and conduct sustainable business management on the basis of principles. We also aim to mutually grow together with our customers and society with a stronger sense of our social responsibility.

(As of December 2012)

Date of Establishment	November 1, 2001
Head Office Address	#9-1 Namdaemunro 2-ga, Jung-gu, Seoul
No. of Branches	A total of 1,201 branch offices, including 1,118 domestic head offices and branches, 75 sub-branches, 5 overseas* branches and 3 representative offices
No. of Employees	22,197

*Overseas subsidiaries in the UK (London), Hong Kong, Cambodia and China are not included

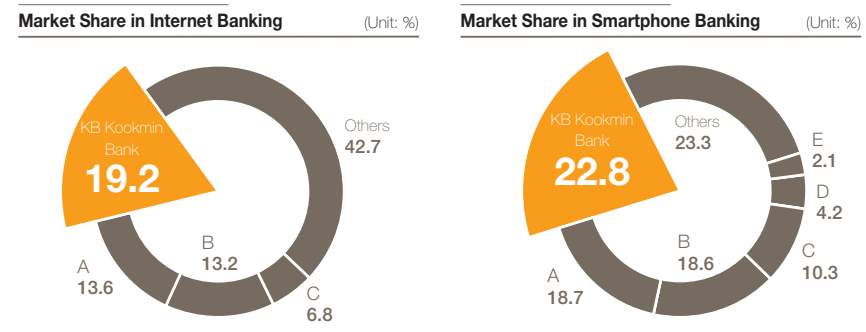
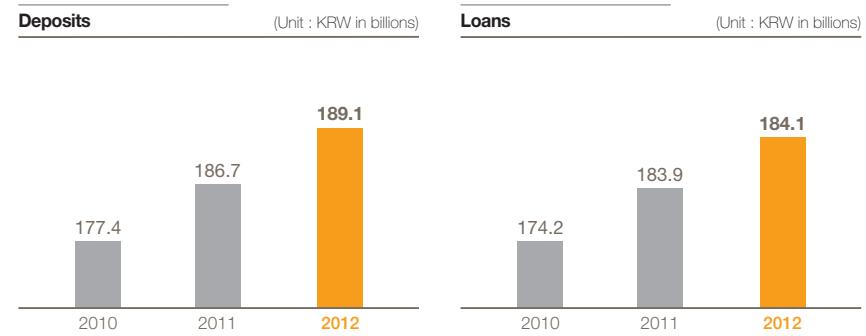
KB Kookmin Bank

KB Kookmin Bank generates stable profits on the firm foundation of traditional banking operations and seeks to continue to lead the way in the commissions market. With the goal of becoming a global bank that leads the Asian financial industry, we are augmenting our overseas presence through our global subsidiaries, including Kookmin Bank Hong Kong Ltd., Kookmin Bank International Ltd., London, Kookmin Bank Cambodia PLC. and Kookmin Bank China Ltd.

(Unit : KRW in billions)

Total Assets	257,748.7
Total Shareholders' Equity	19,957.6
Net Income	1,415.8

*As of December 31, 2012



Detailed company information can be found through the QR code.

Major Awards

- Ranked 1st in the banking sector in the 2012 Korea Customer Satisfaction Index of Korea Management Association Consulting for six consecutive years
- Named the Most Trusted Representative Brand among Consumers in 2012 in the banking sector for six consecutive years, Korea Brand Management Association
- Korea's Most Trustworthy Enterprise chosen by Consumers in the banking sector, Korea Finance Consumer Federation
- Ranked 1st in the banking sector in the National Customer Satisfaction Index (NCSI) for seven consecutive years, Korea Productivity Center
- AsianInvestor 2012 Korea Awards for two consecutive years, AsianInvestor
- 2012 Best Korean Trade Bank for two consecutive years, Trade Finance

Finance that Enriches People

Designated as a custody bank of the National Housing Fund in January 10, 2013, KB Kookmin Bank resumed its NHF services on April 1, which it had operated for 30 years since 1981. The Bank plans to offer new NHF products with preferential rates and financial points in partnership with KB Kookmin Card.



Products and Usage

Funds	Housing subscription savings deposit (reopening or change to subscription savings deposit), national housing bond
Fund Allocation (Loans to consumers)	Home Purchase: Home purchase loans for workers (low-income earners), loans to workers (low-income earners) for mid-payment, housing stabilization loans, mortgage auction loans for bankrupt rental homes, loans for recovery of damaged houses, home financing loans
	Home Lease: Rental home loans for workers (low-income earners), rental home loans for low-income households, loans for individuals evicted from bankrupt rental homes

Ranked 1st in Most Attractive Employer for College Students

In the "Most Attractive Employer" survey of college students conducted by JobKorea, KB Kookmin Bank ranked first in the banking category in 2012 for the third consecutive year. KB Kookmin Bank was the only financial institution to gain over 20% approval from those surveyed.



Reach-out Branches

With the vision of becoming a bank that is more than simply a bank, we operate special-purpose branches in certain commercial districts that are differentiated from other types of branches in terms of branch location, business hours and layout.

KB RockStar Zone

- A new concept branch designed to accommodate banking operations, seminar rooms, study rooms and café in one place.
- Located near colleges across the nation to attract customers in their 20s (41 colleges).
- The interior is custom-designed based on symbols of respective colleges and branches are staffed by young branch managers and casually dressed employees who graduated from the respective colleges and equipped with seminar rooms and smart devices for easy access to financial services by college students.
- 430,000 college students are currently RockStar Zone customers.

Branches for Office Workers in Their 30s and 40s

- Branches are open during evening rush hours to serve office workers who find it difficult to visit branches during the day.
- Located in districts filled with offices for convenience of office workers.
- Business hours are between 12:00 and 19:00 in office districts and between 14:00 and 21:00 in new residential districts.
- Accounting, taxation, real estate and other financial planning services are offered and investment lectures by professional instructors are also scheduled.

Foreign Currency Remittance Center

- Branches designed to provide convenient money exchange and remittance service to foreign workers.
- Located in districts heavily populated by foreign workers.
- Branches are open between 10:30 and 19:30 on weekdays and between 10:00 and 16:00 on weekends, considering working hours of foreign workers.
- Branches are staffed by employees skilled in foreign exchange and foreign languages as well as migrant women married to Korean men to assist with banking needs of foreign workers and economic self-reliance of migrant women.

KB Smart Branch

- Online/offline combined branches whose services include smart banking.
- Customers can execute simple transactions using smart touch or get help from employees when needed.
- A useful process for both customers and the Bank by enabling customers to save time and improving efficiency in banking operations.

First-Mover Branch (Pop-up Branch)

- Container-type mini-branches that can be easily set up to suit the characteristics of respective locations and customers.
- Financial services can be provided to areas with less commercial activity and even in the event of a disaster.
- Containers can be manufactured and assembled from operation modules according to market situations, but there is no difference with other ordinary branches in terms of customer services provided.



Smart Organizational Culture

KB Hope Management | KB Kookmin Bank held a ceremony to declare its commitment to "management with integrity" in order to pursue the realization of our customers', employees', and all citizens' hopes. In addition, to fulfill our responsibility as Asia's lead bank and live up to the trust that our customers have shown us, KB Kookmin Bank pledged to practice "KB Hope Management." Through the unfaltering pursuit of KB Hope Management, we will strive to earn the peoples' trust and affection.

KB Hope Management Projects

KB Hope Management Committee (chair: CEO)		
Social Contribution Hope Project (CSR Management Committee)	Employee Hope Project (Ethics/Right Management Committee)	Customer Hope Project (Customer Focus Committee)
Increase financial support for low-income individuals	Comply with ethical management regulations	Cope with complaints proactively and strategically
Carry out CSR projects and facilitate CSR communication	Protect customers, employees and the organization	Improve incomplete operations
Carry out differentiated social contribution activities	Facilitate commitment to ethical management	Improve customer operations



KB Social Contribution Committee Launch

The KB Social Contribution Committee was launched in order to support the systematic implementation of social contribution activities by objectively assessing KB Kookmin Bank's social contribution activities and gather innovative new ideas and advice for improvement. In August 2012, KB Kookmin Bank declared its commitment to "customer-focused management with integrity," during which our employees pledged to honor our commitment to "Hope Management" aimed at fulfilling our responsibility as a leading bank and living up to the expectations of our customers. The declaration mirrors our intent to give hope to customers and employees, and by extension, our will to become a bank beloved by the people

[Social Contribution Hope Project] Hope Box Delivery

Since April 2013, employees of KB Kookmin Bank have made and delivered "Hope Boxes" every month to the socially disadvantaged in return for the love and support received from customers and people. Hope boxes containing rice, side dishes, tissues and other daily necessities are delivered to some 16,160 households nationwide, including the disabled, the elderly, children and multicultural families.

[Employee Hope Project] KB Bareumi Corner

"KB Bareumi Corner," a program implemented in May 2012 to raise employee awareness on business ethics, is used to share new implications for core values and business ethics found from classics, famous paintings, famous sayings and literary works that are applicable to KB Kookmin Bank with employees every day to create consensus.

[Customer Hope Project] An Emergency Desk for Speedy Response to VIP Customers' Feedback

An "emergency desk for investment products" is in operation to deal with complaints of VIP customers related to the loss from investment products. Complaints are referred through a hot line to experts in various fields, such as investment strategies, products and tax issues, for consistent and timely response and enhanced communication with VIP customers.

Together for a Hopeful Tomorrow

Making Room for Hope | KB Kookmin Bank works to communicate with, and share the joy of giving. We have developed the program "Making Room for Hope" which supports and provides space for underprivileged youths to study, gain stability and cultivate hopes and dreams for the future. Construction of the first study room was completed in February, 2012 and other related activities were completed throughout the year. We provided support for 80 households across the country and will expand the program to provide study rooms for 100 underprivileged youths nationwide in 2013.



KB Kookmin Bank will continue to fulfill our responsibility as a corporate citizen and do our utmost to build a hopeful future, together, with the people.

KB Kookmin Card

A Credit Card Company Aspiring to Become Korea's Best Provider of Life Service Solutions



CEO Gi-Eui Choi

Creativity and challenging spirit drive KB Kookmin Card as a "hub of synergy" for KB Financial Group. We aim to become a life designer who can enrich the life of people and contribute to the growth of the credit card market as well as to the development of the financial services market as a leading credit card issuer.

(As of December 2012)

Date of Establishment	March 2, 2011
Head Office Address	30, Saemunan-ro 3-gil, Jongno-gu, Seoul
No. of Branches	25 domestic head offices and branches
No. of Employees	1,368

KB Kookmin Card Overview

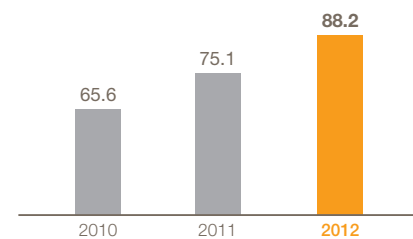
Established upon the completion of the spin-off of KB Kookmin Bank's credit card business in March 2011, KB Kookmin Card capitalizes on the largest domestic banking network in developing strategies best suited to a credit card company and in raising funds and securing new growth engines. We remain a trusted company by our customers based on the industry-best CRM system and service competency.

(Unit : KRW in billions)

Total Assets	14,046.2
Total Shareholders' Equity	3,079.6
Net Income	291.6

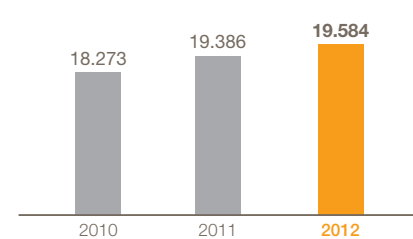
*As of December 31, 2012

Transaction Volume* (Unit : KRW in billions)



*Sum of credit card and check card usage amounts

No. of Card Holders* (Unit : Thousand persons)



*Sum of credit card and check card customers

Major Products and Services

Settlement Services	Financial Services	Life Services
Credit Card: KB Kookmin Hyedam II Card Check Card: KB Kookmin Shinnori Check Card Prepaid Card: KB Kookmin Gift Card	Cash service Card loans	Travel business Life service: shopping, social commerce, golf, etc.



Detailed company information can be found through the QR code.

Finance that Enriches People

"One-card" Based on Customer Needs | KB Kookmin Card is leading the paradigm change in the credit card business by releasing a creative one-plate card "KB Kookmin Hyedam Card," which is designed to encourage reasonable credit card usage. The card provides basic lifestyle services in addition to 12 other services customers can choose to tailor to their lifestyle needs. Users can also adjust benefits. As a result of operating the card based on the customer preferences reflected from the stage of product design, the Hyedam card has been conducive to saving social costs by reducing the number of credit cards issued. The Hyedam card gained big popularity; the issuance exceeded 300,000 and subscriptions to customized services exceeded 1.2 million within a year after it was launched. A second version "KB Kookmin Hyedam II Card" featuring more sophisticated benefits was released in April 2013.

Smart Organizational Culture

Core Values | KB Kookmin Card has developed core values for employees to follow in order to achieve our vision of becoming Korea's best life service solution provider. By embedding the core values in our organization, we will be able to strengthen the culture of respect for customers, shareholders and become a financial corporation that strengthens the peoples' lives.

Customer Value	Shareholder Value	Employee Value
Trust we work to provide finance for peace of mind based on the foundation of the highest credit and trust in Korea	Synergy Engine Act as the core revenue generator for KB Financial Group and be a growth driver for new business between subsidiaries	Customer Insight Provide service based on a differentiated understanding of consumer life finance and proactive understanding of customer needs
Pride We work to provide services and benefits that KB Kookmin Card users can be proud of	Sustainable Value Creator Increase corporate value for the entire KB Financial Group through sustained revenue generation	Professionalism Secure expertise that meets and exceeds the credit card industry's standards and develop talent
Convenience We work to provide the highest quality total life finance care for KB Kookmin card users	Market Leader Lead the KB Financial Group in innovative products and marketing and creative business practices	Competitiveness Build core competencies in order to secure competitive advantage in the market while also developing individuals' capacity



Core Nanum Card Series

- KB Kookmin Pointree Lime Card (donated to Good Neighbors)
- KB Kookmin Pointree Pine Card (donated to UNICEF)
- KB Kookmin Pointree Cherry Card (donated to Community Chest of Korea)
- KB Kookmin Doctor's Card (donated to Save the Children)

Together for a Hopeful Tomorrow

Nanum Card – to Share Compassion | KB Kookmin Card offers the Nanum Card which allows users to save or donate a portion of their spending, bringing the concept of compassion to life and pushing forth with our responsibility as a corporate citizen.

4 Social Contribution Themes and Activities

Youth	Elderly	Global	Environment/ Local
-Lessons on economics and finance for students	-Caring for senior citizens who live alone -Finance and economy education tailored to senior citizens -Sponsor free meal service	-Work experience for children from multi-cultural families -Sponsor "Dream Day Camp"	-KB Finance Dream Tree Village -KB Kookmin Card Dream -KB Dream Forest Camp

KB Investment & Securities

KB Investment & Securities Invests in the Tomorrow of People and Leads Smart Banking



CEO Chi-Yong Noh

Recognizing that customer focus is the underlying principle guiding our thoughts and behaviors and that customer's success is our success, KB Investment & Securities strives to become a financial partner that gives happiness and trust to customers.

(As of December 2012)

Date of Establishment	August 16, 1995
Head Office Address	17/21/22/23 Fl, Shinhan Investment Corp., 23-2, Yeouido-Dong, , Yeongdeungpo-gu, Seoul 2/4/5th Fl 20, Gukjegeumyung-ro, Yeongdeungpo-gu, Seoul
No. of Branches	11 domestic head offices and branches
No. of Employees	456

KB Investment & Securities Overview

KB Investment & Securities maintains leadership in corporate bond/asset backed securities underwriting and real estate project financing (PF) markets with best-in-class manpower and extensive customer network. Our company generates stable profits from our high-quality research-based brokerage business for institutional and international clients including the investment banking business. Our coverage also includes IPOs, equity capital markets (ECM), M&A advisory, equities, bonds and derivatives business.

(Unit : KRW in billions)

Total Assets	3,357.2
Total Shareholders' Equity	545.1
Net Income	18.7

*As of December 31, 2012

Market Share in DCM (Underwriting CBs/ABS)

	2010	2011	2012
No.	2	1	1
M/S(%)	10.8	12.9	13.4

*Source: Bloomberg League Table

Major Awards

- 2012 CEO of the Year in Creative Management, Korea Economic Daily
- 2012 Korea Top Brand Award in Social Contribution, Dong-A Ilbo
- 2012 Social Contribution Corporate Awards in Youth Welfare, Korea Economic Daily



Detailed company information can be found through the QR code.

Finance that Enriches People

Strengthened Protection of Customer Information | In 2012, KB Investment & Securities further tightened its management of customers' personal information from both technical and managerial aspects. On the technical side, we applied one-way encryption to customer passwords and implemented a server access control system that controls and logs access to computer systems for reinforced security. We also implemented remedies to vulnerabilities found from computer systems and carried out physical network portioning between those handling customer information and server administrators. On the management side, we implemented measures for the protection of personal information, such as making all employees sign non-disclosure agreements, revising personal information protection regulations and subjecting electronic financial transaction systems developed to the internal security deliberation process.

BIB Branch Expansion | Since the first "Branch in Branch (BIB)" was opened in the KB Kookmin Bank PB Center in Apgujeong in 2010, we have opened a total of 10 BIBs, including one in Pyeongchon, until 2012. The BIBs provide one-stop wealth management services, including direct equity investment, bonds, wrap accounts and private equity funds, to PB customers. We are making a successful new model for retail operations through the provision of customer-centric services, development of creative products in conjunction with other financial subsidiaries and provision of one-stop wealth management services in partnership with banks, and we plan to roll out the model based on market situations.

Smart Organizational Culture

Open Corporate Culture of Change and Innovation | At KB Financial Group, we understand the need to provide excellent products and services as a total finance and investment company while also developing innovative ideas to fulfill our social responsibility. As a reflection of this understanding, our management listens to voices from on the ground and works together with staff via email building the foundation for management with feelings through trust and communication. The foundation of trust and communication is acting as a launch pad for our quick transition into the leading company in the corporate bonds and Asset Backed Securities market.



Together for a Hopeful Tomorrow

Rainbow Classroom | Rainbow Classroom is our flagship social contribution program that supports the construction of libraries and lounges and provision of books and study tools to rural elementary schools that have poor access to educational and cultural benefits. Beginning in 2012, the scope of the program was expanded beyond national boundaries when we carried out remodeling and reconstruction of an elementary school in Laos, one of the poorest countries in the world. Employee volunteers visited the school to provide lessons on science, arts and sports to students and engage in other activities for local residents.

Happy Food | "Happy Food," designed to deliver daily necessities to and go on an outing together with the elderly living alone in poor living conditions, is another of our important social contribution programs. This program is run under the "Happy Money" fund that raises funds through donations, typically KRW10,000 or less, by employees out of their salaries. In 2012, each division had at least one volunteer activity in which employees visited elderly relief recipients, delivered daily necessities or provided meal service at senior welfare centers. The volunteer program will be carried out by each division at least two times beginning in 2013.

KB Life Insurance

A Full-Service Insurance Company Helping Customers Live a Comfortable Life



CEO Seok-Nam Kim

Under the vision of becoming "the most established insurance company that grows with the focus on customers," KB Life Insurance cherishes customer values and strives to deliver customer satisfaction through confidence and trust. Our company aims to grow with customers, providing them with products and services that are easy to understand, useful and valuable.

(As of December 2012)

Date of Establishment	April 29, 2004
Head Office Address	#16-49 Hangangro-3ga, Yongsan-gu, Seoul
No. of Branches	47 domestic head offices and branches
No. of Employees	311

KB Life Insurance Overview

Established as an insurance company focusing on bancassurance in 2004, KB Life Insurance is operated as a joint venture between KB Financial Group and ING Group, a global financial group, through equity injection by ING Group in January 2005 and a debt-equity swap by KB Financial Holdings in August 2009.

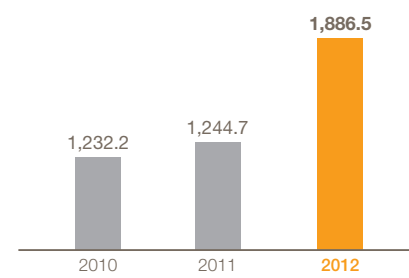
Capitalizing on the nationwide branch network of KB Kookmin Bank and the advanced insurance techniques of ING Group, we launched Agency Marketing (AM) and Direct Marketing (DM) channels in 2008 and Total Consultant (TC) channel in 2009. This channel diversification resulted in creating the basis for generating stable profits. With our business in force standing at KRW13.9 trillion and total assets amounting to KRW5.9 trillion, we have established ourselves as a premier full-service insurance company.

(Unit : KRW in billions)

Total Assets	5,987.9
Total Shareholders' Equity	393.2
Net Income	16.6

*As of December 31, 2012

Life Insurance Commission Income (Unit : KRW in billions)



Started as an insurance company specializing in bancassurance in 2004, we have pursued channel diversification strategies since 2008 and today own BA, AM, DM and TC channels. We have maintained the largest market share in the bancassurance market within KB Kookmin Bank since 2007, and we ranked 4th in bancassurance in terms of first premium in 2012. Our DM channel staffed by high-efficiency telemarketers is used by 11 branches nationwide and we aim to attain industry-best productivity in this channel. With regard to the AM channel, we have strategic partnership with 18 outstanding general agencies that have nationwide network. The TC channel, the only outbound face-to-face channel within KB Financial Group, is used by 35 branches to provide optimal financial consulting to customers. These diverse distribution channels are becoming a driving force behind our company's transformation into a total-service insurance company in its truest sense.

With our premium income in 2012 amounting to KRW1,886.4 billion, which is a 51.6% increase from a year earlier on the back of continued improvement of channel portfolio, we ranked 13th in the life insurance industry. We posted KRW5,987.9 billion and KRW16.6 billion in total assets and net income, respectively, which is the industry-best average annual growth of 57.6% in total assets. Backed by this performance, we remained in the black for four consecutive years since 2009.



Detailed company information can be found through the QR code.

Annuity Products

Main Products for Post-Retirement Financial Security

(Nonpar) KB Kookmin Annuity for 100 Years of Age (Nonpar) KBwise Annuity for 100 Years of Age (Nonpar) KB Golden Life Platinum Annuity II	<ul style="list-style-type: none"> Product that allows for flexible fund management by allowing policyholders to withdraw money in lump sum equivalent to the percentage of life planning funds they selected, or withdraw money during the policy period after payment commencement Policyholders can choose more than two payment options from whole life type, annuity certain type and capital protected type
(Nonpar) KB Kookmin Retirement Planning Whole Life (Nonpar) KB Golden Life Retirement Planning Whole Life	<ul style="list-style-type: none"> Product featuring conventional death protection plus ad-hoc premium payment, additional premium payment and mid-term withdrawal to allow for free death protection planning according to different death protection needs of customers
(Nonpar) KB Children Annuity for 100 Years of Age	<ul style="list-style-type: none"> Product that can be purchased from age 0 and used for both protection and retirement planning at the same time Two types: Savings type with higher annuity amount to meet customer needs and Child care type with additional coverage for diseases, accidents, hospitalization and surgeries

Enhanced Management of Customer Information | We created "CRM Support Team" in April 2012 to oversee operations related to the protection of personal information of customers and employees. The team carries out periodic check on users of personal information system using checklists developed for each department. The team also trains both employees of service providers and KB employees on a regular basis to raise awareness of the importance of protecting personal information. Our customer service that puts customer values before anything else is widely recognized; we maintain the top ratings in the evaluation of civil complaints of the FSS for four consecutive years and were named an outstanding call center in Korea Service Quality Index (KSQI) for seven consecutive years.

Smart Organizational Culture

Efforts to Maintain Cohesive Corporate Culture | KB Life Insurance held a number of events under the slogan "Bravo! KB Life Insurance" to create a pleasant workplace. This event was conducive to building a flexible and cooperative organizational culture through sport match at the department level, lunch with executives and other programs. We collected various best practices through another campaign called "O'My Endorphin" carried out for four months since August 2012 to spread a praising culture.



Together for a Hopeful Future

Social Contribution Activities at KB Life Insurance | KB Life Insurance is committed to the development of local communities and preservation of the environment and carries out an array of programs such as "Grow the Seoul Forest Park" and "Make the Han River Clean." Our employees voluntarily join programs aimed at improving the welfare of the socially disadvantaged, such as meal sharing service, briquette sharing service and 80th/90th birthday parties for elderly people living alone at the City Yongsan Senior Welfare Service Center. Our donations related to social contribution as percentage of net income are among the highest in the industry at 7.55%, and employees spend as many as 2,593 hours a year on volunteer service activities.

* Korea Life Insurance Association, social contribution disclosure for 3Q FY2012

KB Asset Management

A Comprehensive Asset Management Company that Creates a Bigger Future in Wealth Management Together with Customers



CEO Jae-Min Cho

KB Asset Management aims to manage funds and risks through rigorous internal controls based on long-term investment principles, rather than simply seeking higher returns, to enable our clients to use their money for their happy post-retirement life.

(As of December 2012)

Date of Establishment	April 28, 1988
Head Office Address	25th Fl Shinhan Investment Corp. 23-3 Youido-dong Youngdeunpo-gu Seoul
No. of Branches	1 domestic head office
No. of Employees	140

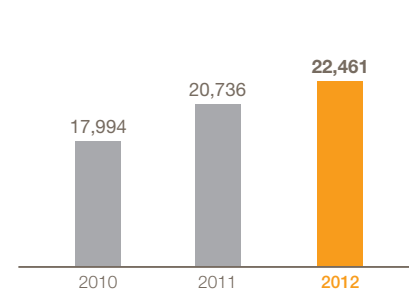
KB Asset Management Overview

KB Asset Management engages in the management and distribution of investment trust products and discretionary investment products. Our company introduced a performance evaluation system focusing on long-term returns for fund managers, the first in the asset management industry, which enables us to focus on continuity and stability of investment returns. In particular, we developed strategies specific to ETF products and created a marketing team in 2012 to gain the upper hand in the Exchange Traded Fund (ETF) market and released products suited to market trends, such as asset allocation products, funds with long-term tax benefits and retirement annuity funds, suited to market trends.

(As of December 2012)

Capital Adequacy Measures	Net Capital Ratio	322.45 %
	Rank by Fund Assets	3 rd

AUM (Unit : KRW in billions)



Total Assets	164.6
Total Shareholders' Equity	127.0
Net Income	35.9

*As of December 31, 2012

Finance Enriches People

Achieving Sustained Growth | To secure sustained growth, KB Asset Management developed a domestic equity fund service line comprised of growth funds, value funds and other types of funds in line with global standards in 2012 and focused on strengthening its core funds' long-term profitability rather than releasing new products. As a result of these concentrated efforts, two of KB Asset Management's main funds, "KB Value Focus Fund" and "KB Growth Focus Fund," entered into the 10 domestic funds exceeding KRW1 trillion.

KB Asset Management's equity funds achieved annual growth exceeding KRW1 trillion and we will continue this trajectory in 2013. We will live up to the reputation of KB Financial Group by maintaining the excellent long-term profitability of our domestic equity funds to solidify our role as a comprehensive asset management firm.



Detailed company information can be found through the QR code.

Main Fund Product Line

KB Value Focus Equity Fund	KB Growth Focus Equity Fund	KB Korea Representative Conglomerates Equity Fund	KB SME Focused Equity Fund
Long-term investment in stocks that are undervalued relative to their performance or corporate value.	Select equities that lead Korea's growth and high-growth equities that are undervalued relative to sales or revenues comprise this fund.	This fund is comprised of Korea's major conglomerates such as Samsung, LG, and Posco, which boast the highest global market share in their relative industries and can draw upon synergies within their group to generate value.	Concentrated investment in strong SMEs with high growth potential and stable profit generation.

Enhancing Brand Value | KB Asset Management has been recognized for our remarkable performance in maintaining stable rate of return in various awards. In particular, KB Asset Management was named "House of the Year" by AsianInvestor, an influential monthly magazine, at the "AsianInvestor 2012 Korea Awards," thus upgrading its status as an internationally acknowledged brand capable of producing stable rate of return and outstanding performance.

Smart Organizational Culture

Strengthening Internal Controls | An efficient internal control system is in place to ensure that all stages of fund management, from product development to fund termination, are operated in a transparent manner within the scope defined in the relevant laws, supervisory regulations and prospectus.

Compliance Training	Business Check	Others
<ul style="list-style-type: none"> Yearly training Training when needed (in the event of changes to laws, supervisory regulations or obligatory regulations) Compliance training & oath-taking when joining the company 	<ul style="list-style-type: none"> Integrity, sincerity and fair execution of operations outlined in the code of ethics are checked at the end of every month and the result is submitted in a personal certificate Department heads create checklist with which to regularly check vulnerable or mandatory operations in respective departments (Submission of compliance certification) 	<ul style="list-style-type: none"> Mandatory reporting of activities outside the company

Together for a Hopeful Future

Funds for Public Benefit Purpose | KB Asset Management donates a certain portion of management and distribution fees determined based on consultation with fund distributors to a public benefit fund. The fund was executed three times in 2012 for such programs as economic lessons for children and youth.

(Unit: Wwon)

Funds Executed	Recipient	Total Amount	Remark (Amount contributed by KB Asset Management)
KB Whole Nation's Child Love Securities Investment Trust (equity)	Economic education for children/youth, trips to colleges	86,571,890	25,976,865
KB Korea Star Securities Investment Trust (equity)	Arts Council Korea	75,600,000	22,680,000
	The Salvation Army Korea	50,000,000	15,000,000

KB Real Estate Trust

A Professional Real Estate Trust Company Committed to Increasing Real Estate Value for Customers



CEO Young-Hwan Sohn

We do our best to provide safe investment opportunities and maximize profits by identifying the most effective real estate utilization method using accurate analysis and extensive network of professionals. Committed to doing things right, we strive to achieve continued growth through business diversification and withstand the instability in the market.

(As of December 2012)

Date of Establishment	December 3, 1996
Head Office Address	15th - 16th Fl. Poonglim Building 823 Yeoksamdong Gangnamgu Seoul
No. of Branches	3 domestic head offices and branches
No. of Employees	140

KB Real Estate Trust Corporate Overview

KB Real Estate Trust, a member of KB Financial Group, is a professional real estate trust company that effectively manages real estate trusts and returns profits to customers. We are a group of professionals specializing in real estate development, management, disposal and REIT service. We have stable credit ratings (CP credit rating A2+ (Korea Investors Service), paid-in capital KRW80 billion) and hold the largest amount of trust deposits in the industry.

Finance that Enriches People

Expansion of Business Areas and Diversification of Profit Sources | We are the first in the real estate trust business that has listed a development REIT product, "KB Bukuk No. 1 Development Commissioned REIT" on the stock exchange in 2012 through a public offering. We have further reinforced our REIT and management competency by joining KB Financial Group's blind fund creation, and have also secured a stable source of long-term gains by successfully carrying out good land development projects such as the one for "e-Pyunhan Sesang" lot-solid apartment complex in Wolbae area, Daegu. In order to develop new businesses, we held a briefing session on urban lifestyle housing and signed an MOU with professional service providers to be a first mover in the market. We also made Project Financing Vehicle (PFV) investment for city development projects and development of multifunctional facilities.

Improved Risk Management System | We make continued efforts to improve risk-related systems for proactive risk management. Our efforts to manage risks of land trust projects more rigorously include setting limit on gross project expenses for land trust, applying enhanced pre-deliberation of risks and improving incomplete customer-related operations.

Smart Organizational Culture

Developing Real Estate Experts | KB Real Estate Trust operates a training program tailored to each job function in order to foster their development into real estate experts in addition to providing study groups for capacity building. We also offer other training for employees to develop management leadership skills through the 'future CEO course' and special courses to enhance customer communication skills. We have diversified the topics covered in the training courses and study groups in 2013 to further enhance specialized expertise and we are planning on conducting a book-share program to encourage a culture of reading.

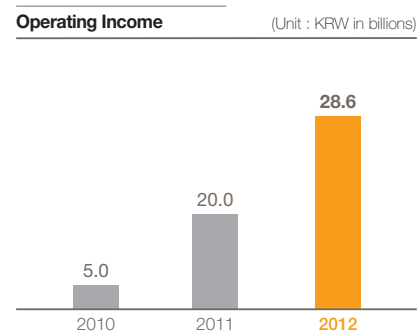
Together for a Hopeful Tomorrow

Community Book Bundles Project | KB Real Estate Trust donates books to local community welfare facilities to help children develop dreams for the future and explore possibilities their paths in life through the 'Community Book Bundles Project.' In June 2012, we donated roughly 200 books and supported meal services for the Myunghwa General Social Services Center and continued activities by delivering books to the Gangnam Orphanage in March 2013.

(Unit : KRW in billions)

Total Assets	201.6
Total Shareholders' Equity	166.2
Net Income	21.4

*As of December 31, 2012



Detailed company information can be found through the QR code.

KB Investment

A Long-term Investment Company Specializing in Financing Non-listed SMEs in New Growth Industries



CEO Han-Ok Kim

KB Investment makes its utmost effort to support the continuous growth of small- and medium-sized venture firms and other established firms struggling to find new growth engines in the rapidly changing business environment by investing in them and providing comprehensive management support as an investment partner.

(As of December 2012)

Date of Establishment	March 27, 1990
Head Office Address	9th Fl Sinyeong B/D 68-5 Chungdam-Dong, Gangnam-Gu, Seoul
No. of Branches	1 domestic head office
No. of Employees	34

KB Investment Overview

KB Investment mostly invests in non-listed domestic and overseas small venture firms, small firms to help their growth into middle-standing firms and buyouts. As a facilitator of a company's growth, we provide a wide range of management support services covering HR, finance, strategy and marketing, in addition to equity investment. As of the end of 2012, we operated a total of 14 funds including 8 venture investment funds and 6 PEFs. As a top-class investment company in assets under management (AUM), investment and recovery (exit), we lead the domestic venture capital and private equity markets.

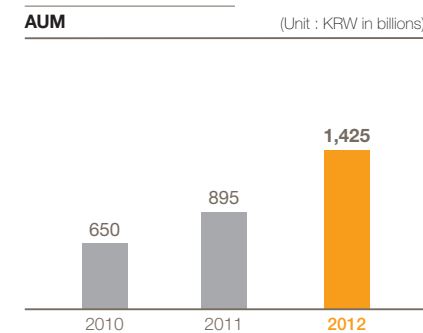
Finance that Enriches People

Portfolio Strategy | KB Investment pursues diversified investment and builds portfolios using promising companies to increase return on investment.

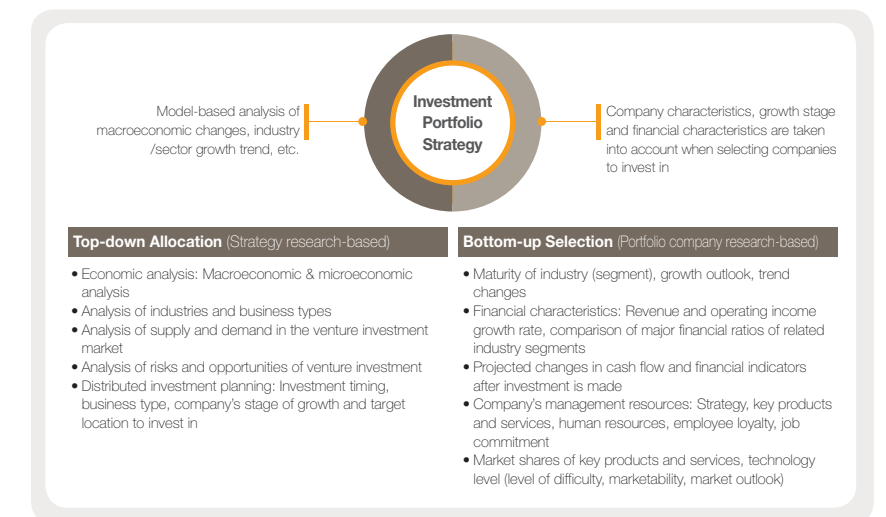
(Unit : KRW in billions)

Total Assets	504.5
Total Shareholders' Equity	123.4
Net Income	5.5

*As of December 31, 2012



Detailed company information can be found through the QR code.



Investment in New Growth Engines | We have a keen interest in the products and services related to next-generation IT, materials and components, the environment and energy as well as products and services that can resolve issues threatening humankind, such as aging society. In 2012, we invested a total of KRW122.6 billion in these new growth industries and life science industries, including KRW22.4 billion in clean-tech industries such as new & renewable energy and secondary battery.

KB Credit Information

A Credit Information Company with Scientific and Systematic Quality Management System



CEO In-Byung Park

KB Credit Information strives to facilitate a sound flow of financial transactions and establish a credit society by quickly and effectively managing non-performing loans. We will focus on improving the asset quality of entrusting companies and increasing customer satisfaction by helping debtors recover their credit with a variety of payback methods that suit each debtor's situations and by minimizing claims.

(As of December 2012)

Date of Establishment	October 9, 1999
Head Office Address	22/23th Fl. Gatewaytower., 107, Huamro, Yongsan-Gu, Seoul
No. of Branches	A total of 24 branch offices, including 20 domestic head offices and branches, 4 sub-branches.
No. of Employees	576

KB Credit Information Overview

KB Credit Information is a professional loan collection and management company with the best stability and growth potential. Our scientific and multi-sided approach to loan collection on a case-by-case basis, sophisticated asset investigation of debtors and speedy provision of accurate data enable us to perform collections in a reasonable manner with due respect for the reputation of creditors. Besides collection, we also engage in credit research, lease investigation and claims handling.

Finance that Enriches People

Building the Foundation for Sustained Growth | Under the strategic goal of enhancing the Group's competitiveness in loan collection and improving management efficiency to facilitate sustainable growth, we actively undertook tasks aimed at reducing delinquency rate by increasing collection of non-performing loans, increasing extraordinary gains from the collection of written-off loans, flexibly operating organization and workforce and reinforcing management of secured loans. As a result, our collection performance within KB Financial Group increased approximately 18.7% from the previous year and we kept the biggest market share in collection. Our plan for 2013 is to focus our efforts on maximizing collection within the Group, facilitating profit-centric business and improving productivity through enhanced sales competency.

Business Plan for 2013

Maximize collection within the Group	<ul style="list-style-type: none"> Carry out joint promotion for collection with other subsidiaries
Facilitate profit-centric business	<ul style="list-style-type: none"> Increase secured loan operations by managing more secured loans, training secured loan managers and building secured loan management system Increase low-cost revenues by carrying our more lease research efforts outside of the Group
Improve productivity through enhanced sales competency	<ul style="list-style-type: none"> Improve fee structure to increase productivity of credit managers Attract outstanding credit managers and put in place knowledge management system for collection

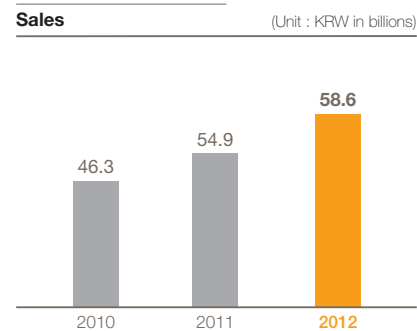
Together for a Hopeful Tomorrow

Continuous Pursuit of Volunteer Activities | We visit local community centers every month for food service as part of our efforts to contribute to local communities. Every third Wednesday is our "Volunteer Service Day" and we will develop more programs in 2013 and actively join the Group's social contribution programs and make volunteer activity part of our life.

(Unit : KRW in billions)

Total Assets	30.4
Total Shareholders' Equity	22.8
Net Income	0.3

*As of December 31, 2012



Detailed company information can be found through the QR code.

KB Data Systems

A Financial IT Specialist Leading the Industry's Drive to Reach Global Standards.



CEO Se-Nyung Huh

Under our long-term vision of becoming "One of Top 5 IT Service Designers," we will move forward with our management principles, "Customer trust, Appreciation of Talent, Creative Innovation and Management with Integrity."

(As of December 2012)

Date of Establishment	September 6, 1991
Head Office Address	78, Mapo-daero, Mapo-gu, Seoul
No. of Branches	1 domestic head office
No. of Employees	189

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. As an IT affiliate of KB Financial Group, we have accumulated financial IT expertise over two decades, which enables us to clearly define the needs of our customers in the face of the rapidly changing financial IT business environment and provide them with the optimized and integrated IT services. Based on our experience in the construction of IT systems for the nation's biggest financial institution, we are expanding our business sphere into global markets and are carrying out IT projects in Indonesia, Vietnam, Kazakhstan and Cambodia to help these emerging countries develop advanced financial IT platforms.

Finance that Enriches People

No. 1 Financial IT R&D | We lead the financial IT market by developing core financial IT technologies and delivering optimal solutions.

Major R&D Activities

Development of solutions and core technologies	<ul style="list-style-type: none"> Develop financial IT solutions Develop new solutions using new technology 	<ul style="list-style-type: none"> Secure key technologies in the field of financial IT
Monitoring and analysis of market trends	<ul style="list-style-type: none"> Analyze IT market trends in preparation for changes in the future Provide company-wide IT technology direction 	<ul style="list-style-type: none"> Provide financial IT news and information Research IT marketing cases of domestic and overseas financial institutions
New technology research	<ul style="list-style-type: none"> Sharpen technological prowess by learning and disseminating new technology 	<ul style="list-style-type: none"> Predict and analyze future technology markets
Generation of higher value from existing industries	<ul style="list-style-type: none"> Strengthen SI business based on high value-added solutions 	<ul style="list-style-type: none"> Develop new markets by offering solutions customized to local situations
Support for external solution package projects	<ul style="list-style-type: none"> Identify superior external solutions and make partnerships 	<ul style="list-style-type: none"> Make business alliance in pre-assessment and build R&D network

Quality Assurance IQEQ (IT Quality is Enterprise Quality) | KB Data Systems strategically manages quality based on 3 quality principles in order to ensure that our clients receive the best IT services available.

Smart Organizational Culture

Developing Talent for Finance IT | KB Data Systems provides employees with training on the most up-to-date mobile technology and IT skills to help them become specialists able to provide high quality services. We also host technology contests to encourage internalization of mobile technology.

Together for a Hopeful Tomorrow

The KDS Volunteer Group | "KDS Social Service Group" of KB Data Systems carries out a number of social service projects aimed at providing practical help to beneficiaries. We visit the senior welfare center in Dongjack-dong twice every month for food service and on May 2012, which is a family month in Korea, held an event called "Sharing Rice Cake" for elderly people who live alone or who have difficulty moving freely. In November, a memorial month for patriotic martyrs, 102 employees visited the national cemetery to remember the war heroes and clean up surroundings. This educational event was attended by both employees and their children.



Detailed company information can be found through the QR code.

KB Savings Bank

A Leading Savings Bank Setting an Exemplary Business Model for Small-Loan Financial Services



CEO Jung-Ho Lee

At KB Savings Bank, we are committed to business ethics and morality and are dedicated to integrity as a clean bank. We aim to become a robust and safe savings bank that is trusted by our customers and capable of providing them with satisfying financial services using the know-how of KB Financial Group.

(As of December 2012)

Date of Establishment	January 2, 2012
Head Office Address	260, Songpa-daero, Songpa-gu, Seoul
No. of Branches	6 domestic head offices and branches
No. of Employees	94

KB Savings Bank Overview

KB Savings Bank was newly established in January 2012 following its acquisition of Jeil Savings Bank for the purpose of contributing to the stabilization of small-loan financial services. We aspire to become a beloved and trusted savings bank by establishing an exemplary business model through advanced risk management, stable portfolio structure and systematic generation of Group synergy.

Finance that Enriches People

Strengthening Corporate Competitiveness | The extensive regulations and restructuring to ensure soundness in Savings Banks have constricted the business environment and damaged credibility leading to increased competition in the market for low-income consumer services. KB Savings Banks leveraged the expertise of the KB Financial Group to develop loan products tailored to the needs of clients and improve businesses processes for loan operations in order to strengthen competitiveness and build a revenue model for sustained growth. Furthermore, we strengthened our sales capacity by producing synergies through collaboration with KB Kookmin Bank leading to increase in loans from KRW395.1 billion at time of acquisition to KRW424.3 billion at the end of 2012.

Smart Organizational Culture

Establishing a Sound Corporate Culture | KB Savings Bank developed HR policies in line with the Group's policies and is sharing KB values. We are building the foundation for individual development for our employees by offering various training and education programs. In 2013, we plan to restructure internal business processes to rebuild the basis for sustainable growth and upgrade our IT system as well.

Together for a Hopeful Tomorrow

Sponsoring Soup Kitchens | KB Savings Bank is a sponsor of the "House of Hasang Baoro," a soup kitchen in the Garak Market, Seoul. Since the founding of our bank on January 2012, 165 employees (cumulative) have devoted about 550 hours on this volunteer service. As a working-class financial institution, we will continue to fulfill our social responsibilities and work for the development of local communities.

(Unit : KRW in billions)

Total Assets	646.7
Total Shareholders' Equity	136.4
Net Income	-34.9

*As of December 31, 2012



Detailed company information can be found through the QR code.

Appendix

Independent Assurance Statement	90
GRI Index	92
GRI Application Level Check Statement	96
Glossary	97
Sustainability Awards and Accolades (2012.1-2012.12)	99

Independent Assurance Statement

To the Readers of 2012 KB Financial Group Sustainability Report

1. Introduction

We were requested by KB Financial Group to perform independent assurance on the information specified in its 2012 sustainability report. The manager of KB Financial Group is responsible for the production of this report. The responsibility of the auditor is to provide appropriate information to the stakeholders and express his or her opinions on whether this report is produced in conformity with the GRI G3.1 Guidelines and GRI Financial Services Sector Supplement (FSSS).

2. The Scope of Assurance

The 2012 KB Financial Group sustainability report contains the company's efforts at sustainability management and performances of the activities around the core issues. The auditor reviewed the following:

Whether information disclosure in the social and environmental sectors is credible and unbiased, and data management systems are reliably managed or not.

Whether the contents are written in conformity with the GRI G3.1 Guidelines and GRI FSSS.

3. Assurance Criteria

The auditor reviewed the report in accordance with Eco-frontier, Assurance Protocol for Sustainability Reporting (Eco-APSR).

* Eco-APSR is an assurance standard which is developed based on the following guidelines :

Global Reporting Initiative (GRI) Sustainability Reporting Guidelines 3.1

AA1000AS(2008) Assurance Standard from AccountAbility

International Standard on Assurance Engagements 3000(ISAE3000) from IFAC

4. Independence

Except for the third-party assurance report, the auditor has no relationship for a commercial purpose with KB Financial Group.

5. Major Assurance Procedures

The auditor performed assurance activities by following procedures.

Phase I: The auditor conducted an overall evaluation by drawing up an assurance plan with the management of KB Financial Group, reviewing the draft and searching various sources.

Phase II: The auditor interviewed with key staff members at the KB Financial Group headquarters and provided our recommendations to be improved.

Phase III: The auditor put results of reviews and analyses together, wrote the contents of analyses and discussions in documents and produced the assurance report in the final step.

6. Conclusion

In accordance with assurance procedures conducted as stated above, the auditor has judged that the report strictly follows the GRI G3.1 Guidelines, GRI FSSS and does not have any significant errors or biases. The followings are evaluations in accordance with detailed assurance principles of the Eco-APSR.

Materiality	The auditor has found that the demands of stakeholders are properly satisfied by the core issues selected through materiality evaluation
Completeness	In terms of the scope, boundaries and period of the report, the report does not omit important information and deals with diverse information in a balanced manner.
Neutrality	The report provides neutral and unbiased information by minimizing the room for error, distortions or biases about the selection and report of information related to performances of sustainable management.
Reliability	The accuracy and comparability of information in the report is well maintained. The quality of information collection, recording and delivery systems stands at a reliable level.
Responsiveness	The level of information disclosure of the report and the company's explanations of policies, strategies and plans are judged to be thorough enough for the readers to evaluate the company's capabilities to deal with sustainability issues and efforts at sustainability.
Stakeholder inclusiveness	The Company selected stakeholders and encouraged them to take part via effective and systematic methods. Stakeholder's demands are appropriately feedback to corporate strategies and goals.

7. Opportunities for Improvement

In accordance with an assurance process conducted as states above, the auditor has suggested following recommendations to be improved.

It is recommended to develop detailed action plans for improvements by analyzing capacities of group sustainability management.

Internalized and enhanced capabilities through these activities will help KB Financial Group achieve market leadership as a global financial group.

KB Financial Group is disclosing annual performances on key performance indicators which established in conjunction with its sustainability strategy. It is further recommended to disclose the future objectives as well as past performances so that related stakeholders may recognize the on-going progress of sustainability initiatives.

June, 2013

President, Eco-Frontier. Cheoung, Hae-Bong

정 해봉

Team Head Ok, Haemyung



GRI Index

GRI Index

Indicators	Reporting Level	Page	ISO 26000	Remark
Strategy and Analysis				
1.1 Message from CEO	●	4-5	6.2	
1.2 Description of opportunities and challenges	●	17	6.2	
Organizational Profile				
2.1 Name of the organization	●	14		KB Financial Group
2.2 Primary brands, products, and/or services	●	14-15, 28		
2.3 Operational structure of the organization	●	15	6.2	
2.4 Location of organization's headquarters	●	14		
2.5 Names of countries with major operations	●	14-15		
2.6 Nature of ownership and legal form	●	14-15		
2.7 Markets served	●	14-15		
2.8 Scale of the reporting organization	●	14		
2.9 Significant changes during the reporting period regarding size, structure, or ownership	●	14		
2.10 Awards received	●	99-100		
Report Parameters				
3.1 Reporting period	●	2		
3.2 Date of most recent previous report	●	2		
3.3 Reporting cycle	●	2		
3.4 Contact point for questions regarding the report or its contents	●	102		
3.5 Process for defining report content	●	23-24		
3.6 Boundary of the report	●	2		
3.7 State any specific limitations on the scope or boundary of the report	●	2		
3.8 Basis for reporting that can significantly affect comparability from period to period and/or	●	2		
3.9 Data measurement techniques and the bases of calculations	●	2		
3.10 Re-statements of information provided in earlier reports	●	-		There has been no significant change during the reporting period.
3.11 Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	●	-		
3.12 GRI Content Index	●	92-95		
3.13 Policy and current practice with regard to seeking external assurance for the report	●	2	7.5.3	
Governance, Commitments, and Engagement				
4.1 Governance structure of the organization	●	18	6.2	
4.2 Indicate whether the Chair of the highest governance body is also an executive officer	●	18	6.2	
4.3 Board composition	●	19	6.2	
4.4 Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	●	18	6.2	
4.5 Linkage between compensation for members of the highest governance body, senior managers, and executives	●	18	6.2	
4.6 Processes in place for the highest governance body to ensure conflicts of interest are avoided	●	18	6.2	
4.7 Process for determining the qualifications, and expertise of the members of the highest governance body in the economic, environmental and social fields	●	18	6.2	
4.8 Statements of mission or values, codes of conduct, and principles	●	16	6.2	
4.9 Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance	●	18	6.2	
4.10 Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance	●	18	6.2	
4.11 Explanation of whether and how the precautionary approach or principle is addressed by the organization	●	20	6.2	
4.12 Externally developed principles or other initiatives to which the organization subscribes or endorses	●	63	6.2	
4.13 Memberships in associations (such as industry associations) and / or national / international advocacy organizations	○	-	6.2	
4.14 List of stakeholder groups engaged by the organization	●	22	6.2	
4.15 Basis for identification and selection of stakeholders with whom to engage	●	22	6.2	
4.16 Approaches to stakeholder engagement	●	22	6.2	
4.17 Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns	●	23-24	6.2	
Economic Performance Indexes				
EC1 Direct economic value generated and distributed	●	25	6.8/6.8.3/6.8.7/6.8.9	
EC2 Financial implications and other risks and opportunities for the organization's activities due to climate change	●	58	6.5.5	
EC3 Coverage of the organization's defined benefit plan obligations	●	50-51		

GRI Index

Indicators	Reporting Level	Page	ISO 26000	Remark
EC4 Significant financial assistance received from Government	○	-		Cannot be disclosed due to internal policies and regulations
EC5 Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation	○	-	6.4,4/6.8	
EC6 Policy, practices, and proportion of spending on locally based suppliers at significant locations of operation	○	-	6.6/6.8/6.8.5/6.8.7	As majority of business is conducted domestically, policies, other than recruitment related policies, are not in place
EC7 Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation	●	45	6.8/6.8.5/6.8.7	
EC8 Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement	●	8-9, 64-69	6.3.9/6.8/6.8.3/6.8.4/6.8.5/6.8.6/6.8.7/6.8.9	
EC9 Understanding and describing significant indirect economic impacts, including the extent of impacts	○	-	6.3.9/6.6.6/6.6.7/6.7.8/6.8/6.8.5/6.8.6/6.8.7/6.8.9	
Environmental Performance Indicators				
EN1 Materials used by weight or volume	●	62	6.5/6.5.4	
EN2 Percentage of materials used that are recycled input materials	●	62		
EN3 Direct energy consumption by primary energy source	●	59		
EN4 Indirect energy consumption by primary source	●	59		
EN5 Energy saved due to conservation and efficiency improvements	●	60		
EN6 Initiatives to provide energy-efficient or renewable energy-based products and services, and reductions in energy requirements as a result of these initiatives	○	-		Not applicable
EN7 Initiatives to reduce indirect energy consumption and reductions achieved	●	60		
EN8 Total water withdrawal by source	●	62		
EN9 Water sources significantly affected by withdrawal of water	●	-		Only waterworks supply is used. No water sources with significant impact
EN10 Percentage and total volume of water recycled and reused	○	-		We do not use recycled water
EN11 Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	●	-		No operations located in areas with impact on biodiversity
EN12 Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	●	-		We do not have any operation site that significantly affects biodiversity, and we do not provide products or financings that have a possibility to destroy the ecosystem
EN13 Habitats protected or restored	●	-		Non-material issue - There is low risk of destroying habitats due to current operations
EN14 Strategies, current actions, and future plans for managing impacts on biodiversity	●	-		
EN15 Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	●	-		Non-material issue endangered species within enterprise zones
EN16 Total direct and indirect greenhouse gas emissions by weight	●	60	6.5/6.5.5	
EN17 Other relevant indirect greenhouse gas emissions by weight	○	-		Currently, we do not calculate Scope 3 emissions
EN18 Initiatives to reduce greenhouse gas emissions and reductions achieved	●	61		
EN19 Emissions of ozone-depleting substances by weight	○	-	6.5/6.5.3	There are no significant emissions of ozone-depleting substances
EN20 NOx, SOx, and other significant air emissions by type and weight	○	-		There are no significant emissions of air-polluting substances
EN21 Total water discharge by quality and destination	○	-		We only use waterworks and discharged water is treated by urban sewage purification systems
EN22 Total weight of waste by type and disposal method	●	62		

GRI Index

GRI Index

Indicators	Reporting Level	Page	ISO 26000	Remark
EN23 Total number and volume of significant spills	●	-		No significant spills of harmful substances
EN24 Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally	●	-	6.5/6.5.3	
EN25 Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff	●	-	6.5/6.5.4/	
EN26 Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff	●	32-33	6.5.6	
EN27 Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	○	-	6.5/6.5.4/ 6.7.5	Not applicable - We do not use packaging materials
EN28 Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations	○	-	6.5	
EN29 Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce	●	62-63	6.5/6.5.4/ 6.6.6	
EN30 Total environmental protection expenditures and investments by type	●	60	6.5	
Labor Practices and Decent Work Performance Indicators				
LA1 Total workforce by employment type, employment contract, and region	●	44-45	6.4/6.4.3/	
LA2 Total number and rate of employee turnover	●	44		
LA3 Benefits provided to full-time employees that are not provided to temporary or part-time employees	●	50-51	6.4/6.4.3/ 6.4.4/ 6.4.5/6.3.10	
LA4 Percentage of employees covered by collective bargaining agreements	●	48	6.4/6.4.3/	
LA5 Minimum notice period(s) regarding significant operational changes	●	48	6.4/6.4.3/ 6.4.4/ 6.4.5/6.3.10	
LA6 Percentage of total workforce represented in formal joint management-worker health and safety committees	●	-	6.4/6.4.6	100%
LA7 Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities	●	50		
LA8 Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	●	50-51	6.4/6.4.6/6.8/ 6.8.3/6.8.4/ 6.8.8	
LA9 Health and safety topics covered in formal agreements with trade unions	●	51	6.4/6.4.6	
LA10 Average hours of training per year per employee by employee category	●	47	6.4/6.4.7	
LA11 Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	●	46-47	6.4/6.4.7/ 6.8.5	
LA12 Percentage of employees receiving regular performance and career development reviews	●	-	6.4/6.4.7	100%
LA13 Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	●	19	6.3/6.3.10/ 6.4/6.4.3	
LA14 Ratio of basic salary of men to women by employee category	●	44	6.3/6.3.10/ 6.4/6.4.3/ 6.4.4	No discrimination by gender
LA15 Return to work and retention rates after parental leave, by gender	○	-		Cannot be disclosed due to internal policies and regulations
Human Rights Performance Indicators				
HR1 Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening	●	33	6.3/6.3.3/ 6.3.5/6.6.6	
HR2 Percentage of significant suppliers and contractors that have undergone human rights screening	●	56	6.3/6.3.3/6.3.5/ 6.4.3/6.6.6	
HR3 Employee training on policies and procedures concerning aspects of human rights	●	54-55	6.3/6.3.5	
HR4 Total number of incidents of discrimination and corrective actions taken	●	-	6.3/6.3.6/ 6.3.7/6.3.10/6.4.3	No incidents of discrimination reported
HR5 Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights	●	-	6.2/6.3.3/6.3.4/ 6.3.5/6.3.8/ 6.3.10/6.4.3/ 6.4.5	We do not have operations or suppliers that are at such risk
HR6 Abolition of child labor	●	-	6.3/6.3.3/6.3.4/6.3.5/6.3.7/6.3.10	
HR7 Elimination of all forms of forced or compulsory labor	●	-		
HR8 Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations	○	-	6.3/6.3.5/ 6.4.3/6.6.6	
HR9 Total number of incidents of violations involving rights of indigenous people and actions taken	●	-	6.3/6.3.6/6.3.7/ 6.3.8/6.6.7	No incident of dispute due to violations involving rights of indigenous people
HR10 Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments	○	-		

GRI Index

Indicators	Reporting Level	Page	ISO 26000	Remark
HR11 Number of grievances related to human rights filed, addressed, and resolved through formal grievance mechanisms	●	48		
Society Performance Indicators				
SO1 Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities	●	64-69	6.3/9/6.8/ 6.8.5/ 6.8.7/6.6.7	
SO2 Percentage and total number of business units analyzed for risks related to corruption	●	54-55	6.6/6.6.3	
SO3 Percentage of employees trained in organization's anticorruption policies and procedures	●	6, 54-55		
SO4 Actions taken in response to incidents of corruption	●	-		No incident of significant corruption found
SO5 Public policy positions and participation in public policy development and lobbying	●	-	6.6/6.6.4/ 6.8.3	Participation in politics is prohibited at the company level
SO6 Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country	○	-		
SO7 Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes	○	-	6.6/ 6.6.5/ 6.6.7	
SO8 Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations	○	-	6.6/ 6.6.7/ 6.8.7	
SO9 Operations with significant potential or actual negative impacts on local communities	●	-	6.3/9/ 6.6.7/ 6.8/ 6.8.5/ 6.8.7	We have no operations found with significant potential or actual negative impacts on local communities
SO10 Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities	●	-		
Product Responsibility Performance Indicators				
PR1 Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures	○	-	6.3/9/ 6.6.6/ 6.7/ 6.7.4/ 6.7.5	Products and services offered by KB Financial Group have low risk of significantly impacting the safety of customers
PR2 Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle	○	-		
PR3 Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	●	35	6.7/ 6.7.3/ 6.7.4/ 6.7.5/ 6.7.6/ 6.7.9	
PR4 Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by result type	○	-		Cannot be disclosed due to internal policies and regulations
PR5 Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	●	36	6.7/6.7.4/6.7.5/6.7.6/6.7.8/6.7.9	
PR6 Programs for adherence to laws, standards, and voluntary codes related to marketing communications	●	34-35	6.7/ 6.7.3/ 6.7.6/ 6.7.9	
PR7 Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship	○	-		Cannot be disclosed due to internal policies and regulations
PR8 Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	○	-	6.7/6.7.7	
PR9 Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services	○	-	6.7/6.7.6	
Financial Services Sector Supplement				
FS1 Policies with specific environmental and social components applied to business lines	●	31-33		
FS2 Procedures for assessing and screening environmental and social risks in business lines	●	33		
FS3 Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions	●	33		
FS4 Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines	○	-		
FS5 Interactions with clients/investors/business partners regarding environmental and social risks and opportunities	●	31-33		
FS6 Percentage of the portfolio for business lines by specific region, size and by sector	●	72, 80, 85		
FS7 Total monetary value of products and services designed to deliver a specific social benefit	●	31		
FS8 Total monetary value of products and services designed to deliver a specific environmental benefit	●	32		
FS9 Coverage and frequency of audits to assess implementation of environmental and social issues and policies	●	33		
FS10 Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues	○	-		Cannot be disclosed due to internal policies and regulations
FS11 Percentage of assets subject to positive and negative environmental or social screening	●	33		
FS12 Voting policies applied to environmental or social issues for shares over which the reporting organization holds the right to vote shares or advises on voting	○	-		Cannot be disclosed due to internal policies and regulations
FS13 Access points in low-populated or economically disadvantaged areas by type	●	39		
FS14 Initiatives to improve access to financial services for disadvantaged people	●	8-9		
FS15 Policies for the fair design and sale of financial products and services	●	35		
FS16 Initiatives to enhance financial literacy by type of beneficiary	●	66		

GRI Application Level Check Statement



Statement GRI Application Level Check

GRI hereby states that **KB Financial Group** has presented its report “2012 KB Financial Group Sustainability Report” to GRI’s Report Services which have concluded that the report fulfills the requirement of Application Level A+.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines. For methodology, see www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf

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

Amsterdam, 24 June 2013



Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative



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

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

Disclaimer: Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 18 June 2013. GRI explicitly excludes the statement being applied to any later changes to such material.

Glossary

NPL Ratio	The amount of non-performing loans over total loans, expressed as a percentage.
Appropriation for a bad/irrecoverable debt	Account of an appropriation for a bad/irrecoverable debt; fund account of a bad/irrecoverable debt; account to cover a bad/irrecoverable debt.
Miss-selling	Sales of a financial product without a reasonable amount of explanation to the customer about the product and investment risks involved.
Sales to Net Capital Ratio	Ratio calculated by equity capital (working capital) divided by total risk for an equities firm.
Liquidity Ratio	The ratio of those assets that can easily be exchanged for money to the total assets of a bank or other financial institution.
Carbon Cashbag	An incentive program to promote energy saving activities and purchase of energy efficient products. Carbon Cashbag points are issued when goods or services provided by participating companies and can be used like cash at OK Cashbag participating retailers. (www.co2cashbag.com)
Phishing	Scam to gain personal financial information by sending out mass emails to a random group of people in order to lure them to a fake website.
Pharming	A method of stealing personal financial information through 'internet explorer favorites' or portal websites from users by planting malware in a users' computer.
BIS capital adequacy ratio	The BIS capital adequacy ratio is used to assess the level of banks' capital in proportion to risk-weighted assets.
BS 25999	BS25999 was the British Standard for Business Continuity Management Systems.
Customer Due Diligence	Policies to ensure transactions are not used for illegal purposes such as money laundering by duly checking with customers' purpose of transaction.
Carbon Disclosure Project (CDP)	A global project related to the disclosure of corporations' greenhouse gas emissions.
Customer Relationship Management (CRM)	A management technique with which to operate a marketing program based information regarding customers or potential customers, arranged and analyzed in a database, and indexed for sales activities of products and services.
Currency Transaction Report (CTR)	Policy that requires financial institutions to check the identity of, and report transaction to the FIU on transactions exceeding 50 million KRW by the same person.

Dow Jones Sustainability Indexes (DJSI)	A global benchmark for corporate sustainability. The index is composed of companies with excellent sustainable practices selected not just based on financial information but also on governance, social contribution and other criteria.
Equity-Linked Securities (ELS)	A hybrid debt instrument that is linked to the equity markets. Equity-linked securities can be in the form of a single stock, a group of stocks or an equity-based index.
Energy Service Company (ESCO)	An ESCO is a business or industry that makes investments in energy-saving facilities on behalf of energy users and recoups their investments from energy savings achieved. Through ESCOs, energy users can gain energy efficiency without financial or technological burden.
Exchange traded fund (ETF)	A security that tracks an index, a commodity or a basket of assets like an index fund, but trades like a stock on an exchange.
GRI (Global Reporting Initiative)	A non-profit, independent organization that developed international standards on sustainability reporting. It produces standard reporting indicators for sustainability reports. G 3.1 is the latest version.
Initial Public Offering (IPO)	An initial public offering (IPO) or stock market launch is a type of public offering where shares of stock in a company are sold to the general public, on a securities exchange, for the first time.
Information Sharing & Analysis Center (ISAC Center)	Founded in 2000 and achieving operational capability in 2001, the Information Technology . Information Sharing and Analysis Center (IT-ISAC) is a non-profit, limited liability corporation formed by members within the Information Technology sector as a unique and specialized forum for managing risks to their corporations and the IT infrastructure. Members participate in national and homeland security efforts to strengthen the IT infrastructure through cyber information sharing and analysis. As a result, members help their companies improve their incident response through trusted collaboration, analysis, coordination, and drive decision-making by policy makers on cybersecurity, incident response, and information sharing issues.
ISO/IEC20000	ISO/IEC20000 represents the international standard for objectively assessing IT service quality. The standard is published by the International Organization for Standardization (ISO) and managed by the IT Service Management Forum (ITSMF).
ISO/IEC27001	ISO 27001 Standard is the international standard for an Information Security Management System (ISMS) based on BS7799.
ROA (Return On Assets)	An indicator of how profitable a company is relative to its total assets.
ROE (Return On Equity)	The amount of net income returned as a percentage of shareholders equity, a measure of profitability.
SSL (Secure Sockets Layer)	The Secure Sockets Layer (SSL) is a commonly-used protocol for managing the security of a message transmission on the Internet.
STR (Suspicious Transaction Report)	Reporting made by a financial institution to the Korea Financial Intelligence Unit (KoFIU) for suspicious transactions. The decision to file a SAR is an inherently subjective judgment. A suspicious transaction here is a financial transaction over KRW20 million or over US\$10,000 suspected of constituting an illegal fund or money laundering.
UNEP FI (United Nations Environment Programme Finance Initiative)	A global public-private partnership between the United Nations Environment Programme and the financial sector. About 200 representative financial institutions such as banks, asset managers and insurers around the world are the members of this partnership.
UNGC (UN Global Compact)	A strategic policy initiative for businesses whose ten principles address human rights, labor, environment and anti-corruption. More than 650 companies throughout the world participate in the initiative.

Sustainability Awards and Accolades (2012.1-2012.12)

Month	Subsidiary	Award Details	Given by
Jan.	KB Kookmin Bank	Named at the banking industry in Forbes Korea Best Brand Awards	Forbes Korea
	KB Kookmin Card	Grand prize, 2012 Customer Satisfaction Management Award for five consecutive years	Korea Daily Economy
Feb.	KB Kookmin Bank	Employer of Choice by Job-seekers, Finance Sector 1 st place	Job Korea
	KB Asset Management	Named Best Onshore Custodian for two consecutive years in Asian Investor 2012 Korea Awards	Asian Investor Magazine
Mar.	KB Financial Group	House of the Year, Asian Investor 2012 Korea Awards	Asian Investor Magazine
	KB Financial Group	Korea's Most Ethical Corporations 2012	Fortune Korea
Apr.	KB Financial Group	2012 Increasing Happiness Social Contribution Awards - Overall Grand Prize, Finance category	The Dong-a Ilbo, Association of Korean Journalists
	KB Kookmin Bank	Ranked 1 st at Korea Customer Surprise Brand Index, 2012	Korea Brand Management Association
May.	KB Financial Group	2012 Conference for Socially Responsible Corporations - Award of Excellence	Digital Chosun Inc.
	KB Kookmin Bank	2012 Socially Responsible Corporation Grand Prize - Private Company category	Digital Chosun Inc.
Jun.	KB Life Insurance	Named the Best Call Center for six consecutive years in the Korea Service Quality Index (KSQI)	Korea Management Association Consulting
	KB Life Insurance	Level 2 for Civil Complaints achieved (Level 1 n/a)	Financial Supervisory Service
May.	KB Financial Group	Grand prize, Korea's Most Beloved Brands 2012	Chosun Biz
	KB Financial Group	Korea's Most Admired Companies 2012	Fortune Korea
Jun.	KB Kookmin Bank	Grand Prize for 'KB Hidden Star 500' at Win-win Growth category in 2012 Korea Top Brand Award	Services Marketing Association, Korea Sustainability Management Evaluation
	KB Kookmin Bank	2012 Korean Banking Industry Sustainability Index 2 nd place	Economic Research Institute for Sustainable Society
Jun.	KB Investment & Securities	Named at Social Contribution category in 2012 Korea Top Brand Award	The Dong-A Ilbo
	KB Financial Group	Grand Prize at the 2012 Transparent Management Awards	Korea Accounting Association, The Korea Institute of Certified Public Accountants
Jul.	KB Financial Group	Excellent Company Award in Corporate Governance	Korea Corporate Governance Service
	KB Kookmin Bank	Named the Best Call Center for four consecutive years in the Korea Service Quality Index (KSQI)	Korea Management Association Consulting
Jul.	KB Kookmin Bank	1 st Annual Information Protection Day Presidential Citation	Ministry of Security and Public Administration
Aug.	KB Kookmin Bank	2012 Service sector National Brand Competitiveness Index Finance category selection, 1st in Banking for 9 years running	Korea Productivity Center
Sep.	KB Financial Group	Chamber of Commerce Forbes Social Contribution Grand Prize	Forbes Korea & Korea Chamber of
	KB Kookmin Bank	Ranked 1 st in the banking industry for six consecutive years in the Korea Customer Satisfaction Index (KCSI)	Korea Management Association Consulting
	KB Kookmin Card	Ranked 1 st in the Check Card category for two consecutive years in the Korea Customer Satisfaction Index (KCSI)	Korea Management Association Consulting

Month	Subsidiary	Award Details	Given by	
Oct.	KB Financial Group	2012 GSMA Corporate Sustainability Report Category Award of Excellence	Korea Management Association Registrations & Assessments	
		2012 Korean Reader's Choice Awards – Excellent Corporate Sustainability Report	Korea Standards Association	
		Award of Excellence for Good Corporate Culture in Korea Awards	Digital Chosun Inc.	
		Asia Today Finance Awards Best-of-Best Customer Satisfaction category	Asiatoday	
	KB Kookmin Bank	2012 Asia Today Finance Awards Banking Category Low Income Supporter Prize	Asiatoday	
	KB Kookmin Card	2012 Social Contribution Corporation Awards – Cultural Welfare category Grand Prize	Korea Daily Economy	
		KS-SQI 'KB Kookmin Card' 1 st place for 2 years running, Credit Card category	Korea Standards Association	
	KB Investment & Securities	2012 Social Contribution Corporation Awards – Financial Expertise Contribution category	Korea Daily Economy	
		2012 Social Contribution Corporation Awards Grand Prize Youth Welfare category	Korea Daily Economy	
	Nov.	KB Financial Group	Sustainable Management Grand prize	Association of Korean Journalists
Green Ranking Awards Overall 2 nd			Korea Joongang Daily	
KB Kookmin Bank		The Most Trusted Representative Brands among Consumers 2012, Banking Industry Grand Prize (6 years running)	Korea Brand Management Association	
		2012 Korea Management Awards – Consumer Satisfaction Management Grand Prize	Korea Management Association Consulting	
		7 th Annual Korea Internet Awards Prime Minister Prize	Korea Communication Commission	
KB Kookmin Card		5 th Annual Korea Internet Communication Awards, Credit Card Category grand prize	Korea Internet Communication Association, Electronic Times	
Dec.		KB Financial Group	Grand Prize, First Annual "Walking Together with Local Communities" awards	Korea Weekly
			9 th Annual Web Awards Korea, Social Contribution category 'Best of Best'	Korea Internet Professional Association
		KB Kookmin Bank	Ranked 1 st in the banking industry for seven consecutive years in the National Competitiveness Satisfaction Index (NCSI)	Korea Productivity Center
			3 rd Annual Smart Apps Award 'KB Star Banking' Financial Industry Overall Grand Prize	Korea Internet Professional Association
	Consumer's Choice 2012 Award for Most Trustworthy Financial Company (Banking category)		Korea Finance	
	Ranked 5 th among Korea's Top 100 Brands in 2012		Consumer Federation	
	KB Kookmin Card	2012 Sharing Love, Social Contribution Grand Prize – Financial Education Training category	Brand Stock	
		1 st in National Consumer Satisfaction Index for Credit Cards	Chosun Economy	
		"KB Kookmin Check Card" selected as Most Recommended by Consumers Award	Korea Productivity Center	
		Consumer's Choice 2012 Award for Most Trustworthy Financial Company (Credit Card category)	Korea Finance Consumer Federation	

A PDF version of this report is available on KB Financial Group's website at <http://www.kbfg.com>.
If you have inquiries or opinions on KB Financial Group's Sustainability Report, please contact us with the information provided below.

9-1, 2-ga, Namdaemun-ro, Jung-gu, Seoul, Republic of Korea 150-868

Tel : (02) 2073-7822 Fax : (02) 2073-0639



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

